

DIGITALES ARCHIV

Ngcobo, Senzo; Reddy, Colin D.

Article

Exploring the link between organisational performance pressures and the factors that compromise ethical leadership

Provided in Cooperation with:

Athens Institute for Education and Research (ATINER)

Reference: Ngcobo, Senzo/Reddy, Colin D. (2024). Exploring the link between organisational performance pressures and the factors that compromise ethical leadership. In: Athens journal of business & economics 10 (2), S. 139 - 158.

<https://www.athensjournals.gr/business/2024-10-2-4-Ngcobo.pdf>.

doi:10.30958/ajbe.10-2-4.

This Version is available at:

<http://hdl.handle.net/11159/653916>

Kontakt/Contact

ZBW – Leibniz-Informationszentrum Wirtschaft/Leibniz Information Centre for Economics

Düsternbrooker Weg 120

24105 Kiel (Germany)

E-Mail: [rights\[at\]zbw.eu](mailto:rights[at]zbw.eu)

<https://www.zbw.eu/econis-archiv/>

Standard-Nutzungsbedingungen:

Dieses Dokument darf zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden. Sie dürfen dieses Dokument nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, aufführen, vertreiben oder anderweitig nutzen. Sofern für das Dokument eine Open-Content-Lizenz verwendet wurde, so gelten abweichend von diesen Nutzungsbedingungen die in der Lizenz gewährten Nutzungsrechte.

<https://zbw.eu/econis-archiv/termsfuse>

Terms of use:

This document may be saved and copied for your personal and scholarly purposes. You are not to copy it for public or commercial purposes, to exhibit the document in public, to perform, distribute or otherwise use the document in public. If the document is made available under a Creative Commons Licence you may exercise further usage rights as specified in the licence.

Exploring the Link between Organisational Performance Pressures and the Factors that Compromise Ethical Leadership

By Senzo Ngcobo* & Colin D Reddy[‡]

Purpose: This research paper explores the link between threat-appraised organizational performance pressure and factors that compromise ethical leadership. **Design/Methodology/Approach:** The study uses a qualitative approach, using a rank-type Delphi method and administered questionnaires to 40 academic and practitioner experts and 10 organisational leaders. The collected data was analysed through qualitative comparative analysis (QCA). **Results:** The findings provide empirical evidence of the detrimental impact of threat-appraised performance pressure on ethical leadership behaviour. Four themes are identified as top-ranked organisational performance pressures and factors compromising ethical leadership: market share growth pressure, pressure to present positive financial statements, pressure to achieve greater efficiency, and competitive pressure linked to several factors that compromise ethical leadership. **Practical Implications:** This research has practical implications for academics, ethics practitioners, policymakers, and organizations, emphasising the importance of mitigating the negative consequences of performance pressures on ethical decision-making. The research supports the development of effective measures, training programs, and ethical frameworks to navigate ethical challenges posed by performance pressures, contributing to long-term success and sustainability. **Originality/Value** This research contributes novel insights to the field of ethical leadership by exploring the relationship between organisational performance pressures and factors compromising ethical leadership. It fills a significant gap in empirical evidence and advances our understanding of how performance pressures can impact ethical leadership behaviour. The rigorous methodology, comprehensive analysis, and practical implications make it valuable for academics, researchers, practitioners, and policymakers.

Keywords: ethical leadership, performance pressure, qualitative comparative analysis, Delphi method, dishonesty, unfairness, low moral judgement, lack of accountability

Introduction

In the current global landscape, organisations face intense organisational and competitive pressures in pursuit of economic success, particularly in the wake of the COVID-19 pandemic (Shin et al. 2015, Abdelgalil 2022). Ethical leadership has emerged as a critical issue in response to ongoing ethical concerns as a result of performance pressure for both local and international organisations operating in

*Lecturer, Business Management Department, University of Johannesburg, South Africa.

[‡]Senior Lecturer, Business Management Department, University of Johannesburg, South Africa.

South Africa. However, the empirical relationship between ethical leadership and organisational success remains underexplored (Kuenzi et al. 2019).

Organisational performance pressure, such as low economic growth, fierce competition, meeting and exceeding organisational and socioeconomic challenges faced by customers, create high pressure to achieve organisational success (Shin et al. 2015). Furthermore, the COVID-19 pandemic has exposed an ethical crisis within managerial ranks, leading to corporate scandals and eroding public trust in organisations (Abdelgalil 2022). The prevalence of corporate scandals in South Africa involving prominent companies like Steinhoff, VBS, KPMG, Tiger Brands, and Momentum highlights the importance of addressing ethical leadership issues (Mjo 2018). These scandals have damaged businesses' reputations and fostered suspicion and mistrust when unethical misconduct is uncovered.

Bridoux and Stoelhorst (2020) acknowledge the importance of investigating the relationship between organisational performance pressures and the factors that undermine ethical leadership. However, they also highlight notable deficiencies within the current body of literature. Gamble et al. (2019) argue that prior studies have inadequately explored the factors that undermine ethical leadership in performance pressure. They contend that the dynamic interplay between performance pressures and ethical leadership warrants a more in-depth investigation. Moreover, Gamble et al. (2019) highlight the necessity of examining the contextual factors that influence the relationship between performance pressures and ethical behaviour, indicating that this area needs more exploration. There is a need to deepen the understanding of ethical leadership, particularly in the South African context, given the prevalence of ethical challenges and corporate scandals in the country. The existing literature has mainly focused on the impact of ethical leadership on organisational outcomes, such as employee culture, climate, satisfaction and performance.

Despite recognising performance pressure's impact on ethical leadership, more research should be conducted on the specific factors that undermine ethical leadership under such conditions. Additionally, the literature needs to sufficiently explore the contextual influences and mechanisms that mediate the relationship between performance pressure and ethical behaviour. Therefore, a research gap needs to be addressed to provide a comprehensive understanding of the dynamics between performance pressure and ethical leadership.

The study aims to bridge the gap in the literature by exploring the link between organisational performance pressures and factors that compromise ethical leadership. By investigating the factors that undermine and compromise ethical leadership under performance pressure and examining the contextual influences, this study seeks to contribute to a deeper understanding of the complex relationship between performance pressure and ethical behaviour. The findings inform the development of strategies to promote ethical leadership and mitigate ethical risks in organisations, particularly in South Africa.

Literature Review

Performance Pressure

It is a multifaceted construct that includes the mentality and judgement of performance adequacy, belief in the inadequacy of current performance, and the negative response associated with that view (Zimbardo and Leippe 1991). It is impacted by situational incentives for optimal performance and maximum results (Kent 2018). Kaptein (2015) argues that formulating ill-conceived goals—those not adequately informed by the organisational context and deemed unreasonable—alongside performance pressures and temptations poses significant ethical risks for organisational leaders. Competitive environments intensify performance pressure as leaders strive to outcompete rivals and achieve a competitive advantage (Martin et al. 2007) and, recently, the COVID-19 pandemic business performance challenges and demands (Manuel and Herron 2020).

The literature acknowledges that performance pressure can have both positive and negative effects. It can enhance motivation and performance but also trigger negative behaviour and process losses (Gardner 2012). Stenmark and Mumford (2011) found that increased performance pressure on organisational teams boosts unethical behaviours, like falsifying financials or skipping safety steps to meet goals. This is often driven by a focus on immediate results, disregarding ethical standards and the organisation's long-term well-being. Performance pressure influences ethical decision-making and behaviour, posing ethical risks for leaders (Thiel et al. 2012). Ethical leadership, characterised by aligning actions with moral principles and promoting ethical behaviour, has significant positive impacts on employee satisfaction, performance, and organisational effectiveness (Theriou et al. 2020).

Ethical Leadership

Ethical leadership is a concept that merges ethics and leadership. It involves normatively appropriate conduct demonstrated through personal actions, interpersonal relationships, and the promotion of such conduct to followers (Brown et al. 2005). Ethical leaders uphold universal values such as honesty, truth, justice, reliability, impartiality, and encourage the formation of morality in thinking and actions (Kang 2009). They create an ethical environment by communicating and acting consistently with the organisational code of ethics, reinforcing ethical behavior while pursuing organisational goals (Cheteni and Shindika 2017).

While previous research has explored the link between performance pressure and ethical leadership, there are several gaps in the literature. Limited attention has been given to the specific factors that compromise ethical leadership under performance pressure, apart from general references to performance pressures and temptations (Kaptein 2015). The interplay between performance pressures and ethical leadership requires further investigation. Additionally, the contextual factors that link organisational performance pressure and ethical behaviour still need to be explored. A deeper understanding of the impact of performance pressure

on ethical leadership in the South African context is needed, given the persistent prevalence of ethical business failures in the country (Competition Tribunal of South Africa 2009, Pops 2006).

Factors that Compromise Ethical Leadership

The existing literature lacks a comprehensive exploration of the link between organisational performance pressure and the factors that compromise ethical leadership. Although dimensions of ethical leadership have been identified, little attention has been given to how performance pressure influences these factors (Bachmann 2017a, b, Brown et al. 2005, Brown and Caylor 2006, Fatoki 2020, Theriou et al. 2020). This section aims to bridge this gap by examining the factors that compromise ethical leadership in the context of performance pressure. There are a number of factors that compromise ethical leadership in the context of performance pressures, however streamline and focus the study, only a few are reviewed.

Dishonesty is a factor that negatively influences and compromises ethical leadership. Stakeholders, particularly shareholders, exert pressure on leaders to achieve profitability and meet performance objectives. When performance pressure is negatively appraised, leaders may engage in dishonest behaviours such as overbilling, falsifying financial records, and utilizing misleading marketing tactics (Lin et al. 2018). These unethical behaviours can damage the organisational reputation and result in the loss of customers and revenue.

Low moral judgement is another factor that compromises ethical leadership. Moral judgement plays a crucial role in determining organisational behaviour and decision-making. However, the lack of consequences for poor moral judgement among influential decision-makers can lead to a decline in overall moral judgement within the organisation (Lo et al. 2019). Examples of low moral judgement include prioritize profits or short-term gains at the expense of employee well-being demonstrate, exploit vulnerable individuals or communities for personal gain, such as engaging in sweatshop labour, environmental degradation, or other forms of exploitation.

Unfairness emerges as a factor compromising ethical leadership when competitive pressure intensifies, and stakeholders demand market dominance. In the pursuit of business growth and outcompeting rivals, leaders may resort to unfair competitive practices such as false advertising, deceptive pricing, and noncompliance with manufacturing standards (Will 2020). Furthermore, some leaders collude with competitors to fix prices or manipulate pricing strategies in a way that eliminates fair competition and artificially inflates prices. This harms consumers and restricts their choices. These behaviours undermine fairness and justice, which are fundamental principles of ethical leadership.

Lack of accountability is a critical ethical issue in various industries. Organisational leaders face pressure to make decisions that ensure profitability, productivity, and market share growth. However, there is often a lack of mechanisms to assess whether these objectives have been achieved within ethical boundaries (Tseng 2019). This absence of accountability can lead to a culture of

blame-shifting and evasion of consequences, and unethical practices as leaders prioritize economic success without considering the moral and ethical implications.

The existing literature has identified factors such as dishonesty, low moral judgement, unfairness, and lack of accountability as compromising ethical leadership. However, there is limited research on how these factors are specifically influenced by organisational performance pressure (Gardner 2012). Understanding the dynamics between performance pressure and these compromising factors is crucial for developing effective strategies to promote ethical leadership in high-pressure environments.

Additionally, the current literature needs a comprehensive examination of how organisational performance pressure affects the factors that compromise ethical leadership. Most studies focus on describing unethical behaviours and their consequences without delving into the underlying mechanisms and contextual influences. This research gap calls for a deeper understanding of how performance pressure influences ethical leadership, particularly in terms of the identified factors.

Main Research Objective (MrO)

The main objective of this study is to examine the relationship between organisational performance pressures and ethical leadership. Specifically, the study aims to identify threat-appraised performance pressures and the factors that compromise ethical leadership, determine the most influential factors in these two constructs, assess expert consensus, and provide recommendations for organisations based on the findings. To achieve this objective, four secondary research questions have been formulated.

Secondary Research Objectives (SrO)

- SrO1 To identify and rank the threat-appraised performance pressure, as perceived by experts in the field.
- SrO2 To identify and rank the most influential factors that compromise ethical leadership posed by performance pressure in the workplace, as perceived by experts in the field.
- SrO3 To evaluate leadership narration on how performance pressures compromise ethical leadership behaviour.
- SrO4 To explore the link between threat-appraised performance pressure and unethical ethical leadership.

Methodology

The present study employs an exploratory research approach to investigate the link between organisational performance pressures and factors compromising ethical leadership. This approach is suitable when there is limited information

available on the topic under study, allowing for an in-depth exploration of how performance pressure compromises ethical leadership (Sekaran and Bougie 2013).

Sample and Procedure

The sample for the first part of the study consisted of 40 experts, that is, 21 academic and 19 practitioner experts, while the second part involved 10 organisational leaders. When selecting 21 academic experts, the focus criteria were ethics, area of expertise, experience, and contributions to scholarly literature. Diversity in perspectives and backgrounds among the chosen experts was to enrich the study, while their professional standing and recognition in the academic community ensured the credibility and relevance of their insights. Ultimately, the selection was to prioritise individuals who were knowledgeable, willing, and able to communicate effectively and contribute meaningfully to the research objectives. The 19 ethics experts had expertise in various domains, with notable contributions and proven impact on ethical practices and policy in areas such as the RSA Public Protector's office, Ethics Institutes, etc. Participants include ethics committee members, professionals, and award recipients with a strong track record in applying ethical principles in healthcare, business, or environmental contexts. Non-probability convenience sampling techniques were employed to select the participants. The experts were chosen based on their qualifications and experience in ethics, leadership, and organisational behaviour. The rank-type Delphi method was used to solicit the participation of qualified experts who understand the issues related to ethical leadership and organisational performance (Okoli and Pawlowski 2004). The second part of the study utilised the leadership confirmatory narrative process to confirm and provide context on how performance pressure compromises ethical leadership.

Measures

Self-developed measurement instruments were used in the study. To ensure the instrument's effectiveness, a pilot study was executed with a representative sample to test for reliability and validity, aiming to identify and rectify any issues with the questionnaire's design and content. This process was critical for refining the instrument to accurately measure the intended constructs and produce reliable, valid data for the main study. The questionnaire included demographic information, organisational pressures, and ethical leadership sections. The organisational performance pressure questions were based on a three-time measure developed by Rubin et al. (2010). The ethical leadership questions drew from existing measurement scales such as the Ethical Leadership Scale by Brown et al. (2005), the Ethical Leadership at Work Questionnaire by Kalshoven et al. (2011), and the Ethical Leadership Questionnaire by Yukl et al. (2011). These measures helped assess the factors compromising ethical leadership when performance pressure is exerted.

Data Collection and Analysis

Part I of the Study used the rank-type Delphi method was employed in three phases: brainstorming, narrowing down factors, and ranking relevant factors. The brainstorming process involved ranking experts and inviting them to participate in a study. The email communication had an attached informed consent letter, a reminder of the purpose and frequency of contact, and the first questionnaire. Participants were required to identify factors related to organisational performance pressure and factors that compromise ethical leadership. They were then asked to verify these factors and make any necessary changes. Brainstorming as a primary data collection process was crucial because it systematically gathers expert consensus through iterative rounds of anonymous feedback, enhancing the reliability and depth of insights. A stop criterion was used to ensure consensus among the experts, determined by Kendall's W statistic with a threshold of 0.7 (Okoli and Pawlowski 2004). In Part II, organisational leaders were invited to verify the factors identified in Part I and provide narrative accounts of how threat-appraised performance pressure compromises ethical leadership. The data collected through the Delphi method and narrative accounts were analysed using qualitative comparative analysis (QCA) to identify the key factors linking performance pressure and ethical leadership (Cheverud et al. 1989, Esposito et al. 1997, Greckhamer et al. 2018).

Ethical Considerations

The study follows a structured and methodical approach, adhering to the research onion paradigm, which covers various aspects of research methodology (Brenner 1992). The methodology employed offers a rigorous and systematic framework to identify important factors and their linkage, ensuring the dependability, trustworthiness, and credibility of the findings. Ethical considerations were addressed through Delphi ethical procedures, such as monitoring compliance and reporting, as well as obtaining ethical clearance and complying with University of Johannesburg ethics committee requirements, including informed consent and secure data storage.

The methodological approach of this study combines an exploratory research design, the rank-type Delphi method, qualitative comparative analysis (QCA), and develop measurement instruments from established measurement scales. This comprehensive approach allows for in-depth exploration and understanding of the relationship between organisational performance pressures and factors compromising ethical leadership. The use of self-developed measures, the selection of qualified experts, and the rigorous data collection and analysis process contribute to the methodological rigour and trustworthiness of the study.

Results

Qualitative Comparative Analysis (QCA) was employed to analyze the data collected in this study. The transcripts yielded a total of 80 codes, which were then classified into 35 categories and further grouped into four themes. Coding in the study allowed for the systematic breakdown of expert feedback into thematic “codes” for easy analysis and interpretation of qualitative data from survey rounds. By categorising similar responses, such as those related to financial pressures, under collective codes (e.g., “pressure to meet financial targets”), this approach helped identify common themes and patterns. This process was instrumental in gaining insights into the underlying factors that lead to dishonest behaviour due to performance pressures. Four themes were selected and linked to meet the study objectives based on a confirmatory research procedure. These themes were: Market share growth pressure linked to lack of accountability, Pressure to present positive financial statements linked to dishonesty, Pressure to achieve greater efficiency linked to low moral judgement, and Competitive Pressure linked to unfair market business practices. The study findings are presented in Tables 1, 2, and 3.

Several original quotes from the survey questionnaire were incorporated to provide a deeper understanding of the results. These quotes offer valuable insights into the perspectives of the participants regarding the relationship between performance pressure and ethical leadership. The inclusion of these quotes enhances the richness and authenticity of the findings.

The combination of three phases of the rank-type Delphi approach (brainstorming, narrowing, and ranking) with QCA proved instrumental in gaining a comprehensive understanding of the critical factors that elucidate the link between performance pressure and ethical leadership. This methodological approach allowed for systematically exploring and identifying the key themes and their connections. The results are presented as follows:

In meeting the secondary research objective one (SrO1): To identify and rank the threat-appraised performance pressure, as perceived by academic and practitioner experts.

The experts’ results and the rank order of performance pressure were identified and ranked. Table 1 has three main columns: Columns one and two present academic and practitioner top ten ranked performance pressures, respectively. The third column presents organisational leaders who confirmed the expert’s results and provided the final leadership organisational performance list (LOPL) and leadership factors that negatively influence and compromise ethical leadership (LFCEL) list below.

Table 1. Identification and Rank of Experts' Results and the Rank Order of Performance Pressure

	Academic Experts	%	Practitioner experts	%	Organisational Leaders	%
1	Competitive pressure	100	Competitive pressure	100	Achieving greater efficiency	100
2	Achieving greater efficiency	100	Pressure to contain costs	100	Pressure to present positive financial reports	100
3	Declining customer base	100	Achieving greater efficiency pressure	100	Competitive pressure	100
4	Demanding customers	90	Quality Pressures	84	Growth through acquisition pressures	90
5	Pressure from the financial control mechanism	90	Pressure to present positive financial reports	84	Income and profitability	90
6	New innovative competitors	80	Growth through acquisition pressures	76	New innovative competitors	80
7	Pressure to present positive financial reports	80	Income and profitability	76	Pressure to contain costs	60
8	Internal process: productivity and innovation	80	Declining customer base	76	Pressure to buy competitors & mergers	80
9	Market pressure	80	Market pressures	69	Internal process: productivity	80
10	Social pressure	80	Demanding customers	7	Quality	80

The following quotes are some of the responses from participating experts in Table 1 (*PE* denotes practitioner expert, and *AE* denotes academic expert and expert number):

“Globalisation has intensify competition both locally and internationally. Leading companies have an edge over local and smaller companies as far as pricing is concerned. ...they are able to bring better prices to the country from the efficiencies and economies of scale received from China. Competitive pricing sometimes take out local businesses from the market because of the inability to compete on pricing... **Negative behaviour:** big companies force out smaller and vulnerable businesses through charging lower prices to force out the competition; ...some leading businesses engaging in price manipulation;...price cutting to prevent smaller competitors from participating in the industry ...”AE17

“...there is an over-emphasis on getting production of cable support instruments on time and within budget... at times, it is impossible to achieve this as other issues come up and disrupt production such as breakdowns, delivery delays etc. At the end of the month, targets are demanded, and when one doesn't meet them, report after report is required to explain the reasons....**Negative behaviour:** even if production machines give us problems, production needs to continue, compromising workers' safety.” PE3

“A culture of cost savings has positive outcomes for profit-making; ...**negative behaviour** ...however, cost-cutting can have unintended consequences when it leads

to cutting corners and compromising ethical standards; as a strategy, it becomes unsustainable for organisations. Such actions damage the reputation of the business over time". Academic expert number 11 (AE 11)

In meeting the secondary research objective one (SrO2). To identify and rank the most influential factors that compromise ethical leadership posed by performance pressure in organisations, as perceived by academic and practitioner experts.

The expert's results and the rank order of factors that compromise ethical leadership when pressure is exerted were identified and ranked. Table 2 has three main columns: Columns one and two present academic and practitioner top ten ranked factors that compromise ethical leadership, respectively. The third column presents organisational leaders who confirmed the expert's results and provided the final leadership factors that negatively influence and compromise ethical leadership (LFCEL) list below.

Table 2. Identification and Rank of Expert's Results and the Rank Order of Factors that Compromise Ethical Leadership when Pressure is exerted

	Academic Experts	%	Practitioner experts	%	Organisational Leaders	%
1	Lack of accountability	100%	Lack of accountability	100%	Lack of accountability	100%
2	Lack of integrity	100%	Dishonesty	100%	Dishonesty	100%
3	Dishonesty	100%	Lack of integrity	100%	Unfairness	100%
4	Lack of ethical guidance/sensitivity	91%	Short-termism	100%	Low moral judgement	100%
5	Low moral judgement	100%	Low moral judgement	69%	Lack of transparency	90%
6	Lack of transparency	91%	Unfairness	76%	Lack of integrity	90%
7	Unfairness	75%	Transparency	76%	Injustices	90%
8	Lack of power-sharing	66%	Lack of ethical guidance/sensitivity	69%	Short-termism	90%
9	Injustices	41%	Conflict of interest	69%	Weak corporate governance	80%
10	Tolerance for an ethical violation	16%	Injustices	46%	Lack of ethical guidance/sensitivity	70%

The following quotes are some of the responses from participating experts in the above table (*PE denotes practitioner expert, and AE denotes academic expert and expert number*):

"...decisions and actions are the determinants that shape organisational conduct. Lack of understanding of ethical sensitivity in leadership decisions is a major issue in South Africa...what informs most decisions depends on whether profits are achieved or not; the consequences of most decisions are not factors in..." PE 8.

"Sometimes one wonders if personal accountability means anything to some of the executives when one looks at the corporate scandals that have been exposed to the public. And what is of interest; how did some of the Board of Directors give the green light to some of the senior managers' decisions...it's clear evidence that there is

a lack of oversight and failure to hold senior managers accountable for wrongdoing...
”AE 3.

“...my opinion on ethicality in our context is the inability to live the values articulated in companies’ value statements. Many of these values statements sound perfect: treating all stakeholders with respect, dignity and honesty. How they treat their employees and customers is the complete opposite of their value statements...
”AE10.

The completion of the questionnaire resulted in three iterations that provided the final leadership organisational performance list (LOPL) and leadership factors that negatively influence and compromise ethical leadership (LFCEL). The ranking concluded with the consensus of all practitioners.

In the third and final column, some of the leaders (L) participants’ quotes for the above tables 1 and 2 (leadership final ranking on the righthand side of the tables) are presented below:

Achieving greater efficiency was a factor that was ranked the highest, with a mean of 2.7 and mode of 1.

“Sometimes in the mining industry, the leaders of companies are put under such intense pressure to increase production that they take shortcuts and disregard the safety protocols and environmental regulations to achieve increased efficiency. ...They push their employees to their breaking points without regard for the consequences, and they may compromise their moral judgment and engage in questionable practices that harm the businesses in the long run.” L7

“In my experience working for manufacturing and telecommunications firms, I've seen cases where top-level leaders placed enormous pressure on finance teams to present positive financial reports by manipulating numbers, which leads to long-term consequences for the company's reputation and sustainability if uncovered....The dishonesty provides short-term relief to any performance threats that might have faced the leader. This performance pressure undermines organisational integrity and fosters a toxic work atmosphere.” L3

“With the desire to succeed and outperform competitors, some senior managers in the insurance industry sometimes resort to unethical practices that give them an unfair advantage and damage the whole sector’s image.These corrupt leaders encouraged their employees to prioritise sales through misinformation about their insurance products over customer satisfaction, and the leadership turned a blind eye to such practices”. L8

Pressure to present positive financial reports was the second-highest factor, with a mean of 3 and mode of 3.

Competitive pressure was the third highest-ranking factor, with a mean of 4.9. and mode of 5, leaders ranked this pressure in the top half; they all had the highest ranking of 1.

Growth through acquisition pressures was the fourth highest-ranking factor, with a mean of 5.8 and 90% of leaders ranked *Growth through acquisition* in the top half; they all had the highest ranking of 1.

“The pressure to improve market position and increase market share by maintaining a competitive edge led some industry leadership teams to engage in dubious conduct, such as our competitors acquiring our suppliers. The move was intended to improve the efficiency of the industry’s supply chain, but it created a conflict of interest. Due to the lack of effective anti-competitive behaviour, no one was held accountable for such anti-competitive conduct” L5.

In meeting the secondary research objective three (SrO3): To evaluate leadership narration on how performance pressures compromise ethical leadership behaviour.

The aim of this study was to evaluate how performance pressures compromise ethical leadership behaviour. The analysis of the narratives provided valuable insights into the specific themes related to different performance pressures and their impact on ethical leadership.

The first theme, “Achieving Greater Efficiency Pressure,” highlighted the importance of resource utilization and cost containment in organisational efficiency. The pressure to achieve greater efficiency often leads to unethical behaviours, such as unequal treatment of employees and the hiring of illegal workers for cost-saving purposes. These practices undermine ethical leadership and compromise organisational values. The quote:

“...The pressure mounts on cost reduction, where things like ‘employees that were employed recently will not get certain benefits that old employees have’ are acceptable at first. They then move to inequality of pay systems based on race or gender, and it continues to practice hiring illegal desperate workers. Where they pay them next to nothing and work them far above legislated working hours.” L8

The second theme, “Pressure To Present Positive Financial Statement,” focused on the pressure to demonstrate profitability in financial reports. This pressure often leads to the manipulation of financial records and the use of financial engineering tactics to present positive results. The findings revealed the detrimental effect of this pressure on ethical leadership, as leaders may engage in dishonest practices to meet profitability objectives. The quote:

“...you must remember profitability is an outcome of good performance, mostly it is to be illustrated. The financial statement of results illustrates profitability and losses. There is great pressure to show positive results to the shareholders, analysts, and capital lenders. And as a result, there is a temptation to misrepresent the results to favour profitability objectives...” L5

The third theme, “Growth Through Acquisition Pressure,” explored the pressure to increase market share and grow the organisation. This pressure is driven by the need to satisfy shareholders and maintain market dominance. The findings indicated that leaders may engage in strategies that hinder technological

innovations and impede the growth of other businesses. This compromises ethical leadership and prioritizes shareholder value over other stakeholders and sustainable practices. The quote:

“...The goal to grow the organisation is mostly not informed by situational variables such as conducive economic conditions to grow, but they need to increase profits to negate economic conditions. Due to limited capital and a cut-throat global competitive environment, businesses buy other organisations, particularly smaller and innovative businesses. These tactics make perfect sense when capital is limited and there is increased competition. However, leaders buy these businesses not to grow their businesses but to kill certain technological innovations that could potentially kill their industry’s business models... L10

The fourth theme, “Competitive Pressure,” focused on the intense competition in the marketplace and its impact on ethical leadership. Collaboration among competitors for mutual economic benefit is common, but it can also lead to questionable behaviors such as price-fixing and market allocation. The findings highlighted the challenges faced by leaders in maintaining ethical standards in a highly competitive environment. The quote:

“...there is a great deal put on collaboration strategies these days. For example, they come together in various associations to negotiate salaries with trade unions... The situation gets tricky, where collaboration goes beyond the legal mutual economic benefit to collaboration full of questionable behaviour. The company’s leaders come together in an informal setting and start to collaborate through tactics like price-fixing and market allocation...” L2

These themes provide important insights into the relationship between performance pressures and ethical leadership. They emphasize the need for leaders to navigate performance pressures while upholding ethical principles and organisational values. The narratives from the participants illustrate the complexities and challenges faced by leaders in balancing performance objectives with ethical considerations.

In meeting the secondary research objective four (SrO4): To explore the link between threat-appraised performance pressure and unethical ethical leadership. The results on the linkage between the top-ranked performance pressure and the factors that compromise ethical leadership are presented in Table 3. It also emerged that the organisational performance pressures were also aligned with major performance evaluation tools such as the Balance scorecard. They emanate from an internal Business process perspective (productivity/achieving greater efficiency pressure), Finance perspective (profitability/ presenting positive financial report pressure), Customer perspective (competition/ competitive pressure) and Growth perspective (market share growth/ growth through acquisition pressure).

Table 3. *The Link between Organisational Performance Pressures and the Factors that compromise Ethical Leadership*

Organisational Performance Pressures	Factors That Negatively Influence and Compromise Ethical Leadership
Achieving greater efficiency pressure: Productivity	Low moral judgement
Presenting positive financial reports pressure: Profitability	Dishonesty
Competitive pressure: Competition	Unfairness
Growth through acquisition pressure: Market Share Growth	Lack of accountability

The first performance pressure theme, “**Achieving greater efficiency pressure,**” was identified as the top-ranked factor in the category of productivity pressure. Achieving greater efficiency is a fundamental objective for organisations aiming for success. This theme highlights the importance of moral judgment in guiding decisions and actions related to resource utilization and organisational objectives. The findings indicate that low moral judgment is a significant risk factor for ethical leadership when faced with pressure to achieve greater. Unfair labour practices, such as cost-cutting measures working long illegal hours and, underpaying employees, compromise ethical standards, are examples of the consequences of this pressure.

The second performance pressure theme, “**Presenting positive financial reports pressure,**” emerged as the highest-ranked factor within the profitability category. Shareholders and other stakeholders often exert pressure on leaders to achieve profitability maximization. Under the negative appraisal of performance pressure, leaders may resort to dishonest behaviours to present positive financial reports. This finding aligns with previous research highlighting the detrimental impact of dishonest leadership behaviours, such as manipulation of financial statements to present a good financial performance which then compromises ethical leadership and organisational reputation.

The third performance pressure theme, “**Competitive pressure,**” was identified as the top factor within the competition category. Outcompeting rivals in the marketplace is a critical goal for an organisation’s sustainability. However, the findings indicate that competitive pressure can lead to unfair competition and unethical business practices. Collaboration between competitors is meant to benefit consumers, but when collaboration with the intention to maximise profits takes over, unfair competitive business practices such as price fixing emerge. Fairness, an essential dimension of ethical leadership, is compromised when these practices occur.

The fourth and final performance pressure theme, “**Growth through acquisition pressure,**” ranked highest in the market share growth category. Organisational leaders face pressure to achieve market share growth, which is closely linked to economic success and shareholder value. Lack of accountability is identified as a significant factor compromising ethical leadership under this pressure. The study highlights the importance of accountability in ensuring ethical leadership behaviours and decision-making. Lack of accountability emerges when organisations deliberately kill competition by buying other emerging and weak

competitors for market dominance. Essentially killing competition. Organisational leaders ought to be accountable for their actions and be subjected to evaluation to maintain ethical standards in mergers and acquisitions.

The rigorous results analysis using QCA, the selection and linkage of themes, and the inclusion of participant quotes yielded insightful and meaningful results. These results advance our understanding of ethical leadership's complexities in the context of performance pressure, opening avenues for further exploration and offering practical implications for organisational leaders.

Discussion

Organisations operating in today's competitive business environment face numerous pressures to perform and excel in their respective sectors. However, the pursuit of organisational economic success can come at a cost when ethical leadership is compromised. This study aimed to explore the link between organisational performance pressures and factors that compromise ethical leadership when pressure is exerted, revealing fascinating insights into this complex relationship.

The managerial contribution of this study lies in recognising and resolving the adverse effects of various types of performance pressures, particularly threat-appraised performance pressures, on ethical standards within organisations. Organisational leaders must be aware of the direct link between performance pressures, such as market share growth pressure, pressure to present positive financial statements, competitive pressure, pressure to achieve greater efficiency, and their potential to compromise ethical leadership. In identifying these factors, organisations can develop performance management systems that integrate ethical considerations, fostering leadership honesty, moral judgment, fair competition, transparency, accountability, and clear ethical guidelines and policies. These measures can help leaders navigate the demands of performance pressures while maintaining ethical leadership and creating a complete ethical culture.

Ethical awareness and sensitivity are vital aspects of organisational performance. Therefore, implementing ethical training programs can assist leaders in balancing performance expectations with ethical behaviour and promoting ethical decision-making. Establishing an ethical leadership culture and emphasizing ethical values, principles, rules, and regulations are crucial steps in developing an ethical organisational environment. In a quantitative study, further research is needed to understand the complex interplay between performance pressures and ethical leadership to understand the strength of these relationships and linkages.

One unique aspect of this study is its focus on identifying both financial and non-financial performance pressures. By considering alternative measures of success beyond financial performance, organisations can reduce the pressure to prioritize financial goals over ethical behaviour. This approach simplifies the complexity of ethics audits and allows for regular assessments of an organisation's ethical climate. And secondly, there have been blind spot-on ethical dilemmas in non-financial performance pressure, which the study put to bear.

The theoretical implications of this study highlight the significance of contextual factors and the nature of performance pressures when studying ethical leadership. Different types of performance pressures may have varying effects on ethical behaviour. The findings contribute to our understanding of the intricate relationship between performance pressure and ethical leadership, emphasizing the need for further investigation into the underlying mechanisms connecting these constructs. The study also raises important questions about leadership's role in creating or perpetuating performance pressure that compromises ethical behaviour, suggesting potential areas for future research, particularly in examining how performance pressures influence ethical decision-making.

The study enlightens a critical business ethical area with significant organisational behavioural and decision-making implications. It provides valuable insights into how organisations can maintain ethical leadership in the face of performance pressures. The findings underscore the importance of ethical leadership for long-term organisational performance and emphasize the need for leaders to prioritize ethical considerations in their decision-making processes. With our understanding of the complex dynamics between performance pressures and ethical leadership, organisations can strive for sustainable success while upholding ethical standards.

The results of this study reveal the specific performance pressures and factors compromising ethical leadership. They highlight the importance of moral judgment, honesty, fairness, and accountability in navigating these pressures. The study makes a contribution to the current knowledge on ethical leadership and provides valuable insights for researchers, leaders, and organisations aiming to foster ethical leadership practices in the face of performance pressures.

Conclusion

The study's exploration of the linkage between performance pressure and factors compromising ethical leadership has significant implications for theory and practice. Firstly, it provides insights into how different types of performance pressure can impact ethical leadership. The study explicitly links market share growth pressure and lack of accountability, pressure to present positive financial statements and dishonesty, competitive pressure and unfair business practices, and pressure to achieve greater efficiency and moral judgement as key factors linked to compromised ethical decision-making under pressure as key factors. Understanding these pressures can help practitioners better grasp the issues they confront and build effective solutions to offset the adverse effects on ethical leadership.

Furthermore, the findings have consequences for organisational leaders, scholars, and governments entrusted with establishing ethical norms and addressing challenges related to firm performance pressure. By acknowledging the various pressures that can hinder ethical leadership for each performance objective, leaders can develop focused rules and guidelines to support ethical behaviour in enterprises. Furthermore, the study's findings can be used to design training programmes and ethical frameworks that support ethical decision-making under

pressure. These initiatives can give executives the skills and information they need to overcome performance pressures while adhering to ethical ideals.

The report also highlights the importance of ethical leadership in maintaining company integrity and reputation. Leaders can create an ethical climate inside their firms by prioritising ethical considerations. This contributes to long-term success and sustainability. This emphasises the significance of ethical leadership as a crucial part of business culture.

However, it is critical to recognise the study's shortcomings. Using self-reported data brings errors and biases, such as the social desirability bias. The study focuses on a limited range of internal performance pressures while ignoring the impact of additional external pressures, such as societal and regulatory government pressure. The data's correlational character precludes drawing definitive causal conclusions, emphasising the necessity for additional study to demonstrate quantitative causality.

In conclusion, the study demonstrates that threat-appraised organisational performance pressure can indeed lead to unethical leadership behaviour. With the knowledge and understanding of the factors compromising ethical leadership, organisational leaders can integrate ethical considerations into their decision-making processes and foster an ethical climate. These efforts are essential for the long-term sustainability and success of organisations.

References

- Abdelgalil AM (2022) The role of ethical leadership on the relationship between organisational cynicism and alienation at work: an empirical study. *Journal of Applied Sciences* 42(4): 457–476.
- Bachmann B (2017a) *Ethical leadership in organizations: concepts and Implementation*. Springer.
- Bachmann B (2017b) The implementation of business ethics explored: 11 “key themes” or building blocks. In *Ethical Leadership in Organizations*, 1–20. Springer.
- Brenner SN (1992) Ethics programs and their dimensions. *Journal of Business Ethics* 11(5–6): 391–399.
- Bridoux F, Stoelhorst JW (2020) Stakeholder governance: solving the collective action problems in joint value creation. *Academy of Management Review* 47(2).
- Brown LD, Caylor ML (2006) Corporate governance and firm valuation. *Journal of Accounting and Public Policy* 25(4): 409–434.
- Brown ME, Trevino LK, Harrison DA (2005) Ethical leadership: a social learning perspective for construct development and testing. *Organisational Behavior and Human Decision Processes* 97(2): 117–134.
- Cheteni P, Shindika ES (2017) Ethical leadership in South Africa and Botswana. *Brazilian Administration Review* 14(2).
- Cheverud JM, Wagner GP, Dow MM (1989) Methods for the comparative analysis of variation patterns. *Systematic Zoology* 38(3): 201–213.
- Competition Tribunal of South Africa (2009) Available at: <http://www.comptrib.co.za/>.
- Espósito F, Malerba D, Semeraro G, Kay J (1997) A comparative analysis of methods for pruning decision trees. *IEEE Transactions on Pattern Analysis and Machine Intelligence* 19(5): 476–491.

- Fatoki O (2020) Ethical leadership and sustainable performance of small and medium enterprises in South Africa. *Journal of Global Business and Technology* 16(1): 62–79.
- Gamble JE, Thompson AA, Strickland AJIII (2019) *Crafting and executing strategy: the quest for competitive advantage*. 15th Edition. McGraw-Hill Irwin.
- Gardner H (2012) Performance pressure as a double-edged sword: Enhancing team motivation but undermining the use of team knowledge. *Administrative Science Quarterly* 57(1): 1–46.
- Greckhamer T, Furnari S, Fiss PC, Aguilera RV (2018) Studying configurations with qualitative comparative analysis: Best practices in strategy and organization research. *Strategic Organization* 16(4): 482–495.
- Kalshoven K, Den Hartog DN, De Hoogh AHB (2011) Ethical leadership at work questionnaire (ELW): Development and validation of a multidimensional measure. *The Leadership Quarterly* 22(1): 51–69.
- Kang J (2009) *Antecedents and consequences of ethical leadership of public relations practitioners* (Unpublished doctoral dissertation). The University of Alabama.
- Kaptein M (2015) The battle for business ethics: a struggle theory. *Journal of Business Ethics* 144(2): 343–361.
- Kent S (2018) The effects of coping interventions on the ability to perform under pressure. *Journal of Sports Science and Medicine* 17(1): 40–55.
- Kuenzi M, Mayer DM, Greenbaum RL (2019) Creating an ethical organisational environment: the relationship between ethical leadership, ethical organisational climate, and unethical behavior. *Personnel Psychology* 73(1): 43–71.
- Lin X, Clay PF, Hajli N, Dadgar M (2018) Investigating the impacts of organizational factors on employees' unethical behaviour within organization in the context of Chinese firms. *Journal of Business Ethics* 150(3): 779–791.
- Lo CJ, Tsarenko Y, Tojib D (2019) Does consumer-firm affiliation matter? The impact of social distance on consumers' moral judgments. *Psychology and Marketing* 36(12): 1215–1225.
- Manuel T, Herron TL (2020) An ethical perspective of business CSR and the COVID-19 pandemic. *Society and Business Review* 15(3): 235–253.
- Martin KD, Cullen JB, Johnson JL, Parboteeah KP (2007) Deciding to bribe: A cross-level analysis of firm and home country influences on bribery activity. *Academy of Management Journal* 50(6): 1401–1422.
- Mjo O (2018) *Five big businesses that made headlines this year – for wrong reasons*. Sunday Times Business. Available at: <https://www.timeslive.co.za/sunday-times/business/2018-12-27-five-big-businesses-that-made-headlines-this-year-for-all-the-wrong-reasons>.
- Okoli C, Pawlowski SD (2004) The Delphi method as a research tool: an example, design considerations and applications. *Information and Management* 42(1): 15–29.
- Pops G (2006) The ethical leadership of George C. Marshall. *Public Integrity* 8(2): 165–185.
- Rubin RS, Dierdorff EC, Brown ME (2010) Do ethical leaders get ahead? Exploring ethical leadership and promotability. *Business Ethics Quarterly* 20(2): 215–236.
- Sekaran U, Bougie R (2013) *Research methods for business: a skill building approach*. 6th Edition. Wiley.
- Shin Y, Sung SY, Choi JN, Kim MS (2015) Top management ethical leadership and firm performance: mediating role of ethical and procedural justice climate. *Journal of Business Ethics* 129(1): 43–57.
- Stenmark CK, Mumford MD (2011) Situational impacts on leader ethical decision-making. *The Leadership Quarterly* 22(5): 942–955.

- Theriou G, Chatzoudes D, Cesar ADM (2020) The effect of ethical leadership and leadership effectiveness on employee's turnover intention in SMEs: the mediating role of work engagement. *European Research Studies Journal* XXIII(4): 947–963.
- Thiel CE, Bagdasarov Z, Harkrider L, Johnson JF, Mumford MD (2012) Leader ethical decision-making in organizations: strategies for sensemaking. *Journal of Business Ethics* 107(1): 49–64.
- Tseng LM (2019) How implicit ethics institutionalization affects ethical selling intention: the case of Taiwan's life insurance salespeople. *Journal of Business Ethics* 158(3): 727–742.
- Will CM (2020) The problem and the productivity of ignorance: public health campaigns on antibiotic stewardship. *The Sociological Review* 68(1): 55-76.
- Yukl G, Mahsud R, Hassan S, Prussia GE (2011) An improved measure of ethical leadership. *Journal of Leadership and Organizational Studies* 20(1).
- Zimbardo PG, Leippe MR (1991) *The psychology of attitude change and social influence*. McGraw-Hill.

