Ethical culture and leadership for sustainability and governance in public sector organisations within the ESG framework Introduction The investigation of ethical dimensions within organisational culture remains a persistent area of research subject, representing the impact across diverse domains including organisational management, ethics, and the increasingly emphasised Environmental, Social, and Governance (ESG) principles. Research into organisational culture has played a pivotal role in shaping the fields of organisational management, business ethics, sustainability, and Environmental, Social, and Governance (ESG) principles (Trevino, 1986; Victor and Cullen, 1988; Trevino et al., 1998; Linda K et al., 2006; Metwally et al., 2019; Cano and Londono–Pineda, ˜ 2020; Ferine et al., 2021; Puerta et al., 2021; Yuana et al., 2021; Jinhyo Joseph Yun et al., 2023). The influence of ethical culture on the decision–making process is of particular relevance when considering sustainability and ESG integration and finds theoretical support in models of ethical decision–making within organisations (Brown and Trevino, ˜ 2006; Brown and Trevino, ˜ 2013; Pichlak and Szromek, 2021). Ethical culture encompasses an organisation's contextual factors that either promote or deter ethical and unethical behaviours, a factor of immense significance within the sustainability and ESG framework (Brown and Trevino, ˜ 2006; Huberts et al., 2007; Kaptein, 2008b). The motivation for this study comes from the need to delve into the significant dynamics of ethical culture and its influence on decisionmaking within organisations, especially in the context of sustainability and ESG integration. Trevino's conceptualisation of ethical culture emphasises the interplay between an organisation's formal and informal systems, which either reinforce or contradict ethical behaviours (Trevino, 1986). The components of Trevino's ethical culture questionnaire encompass the role of top management, the presence of organisational incentives for ethical behaviour, penalties for integrity violations, and adherence to rules and regulations (Trevino et al., 1998). This has spurred further research exploring the distinctions between ethical culture and ethical climate in subsequent studies (Trevino et al., 1998; Vardi, 2001; Bello, 2012; Silvija and Ksenija, 2012; Morales et al., 2014). The leadership style encompassed by ethical leadership is believed to have an impact on organisational behaviours (Shin et al., 2015; Erakovich and Kolthoff, 2016; Ozden ¨ et al., 2019). The charisma of leaders and their influence from the top also play a role in shaping organisational behaviour (Staicu et al., 2013; Free, 2015; Alblooshi et al., 2021). Prior research has been conducted to assess and validate the constructs of ethical leadership in organisations to determine if this leadership style has any impact on organisational development (Bolden, 2016; Alblooshi et al., 2021). Their underlying assumption was that leaders serve as a crucial source of ethical guidance for employees, and they noted a dearth of empirical research focusing on the ethical dimensions of leadership during that era. A different perspective has explored the influence of ethical leadership on social behaviours, positing that the presence of ethical leadership within organisations fosters positive social behaviours among employees (Mayer et al., 2010; Le and Nguyen, 2023). Building upon the recognition of the research gap evident in the literature, this study's core objectives revolve around exploring the profound impact of ethical culture and ethical leadership, especially within the context of sustainability and Environmental, Social, and Governance (ESG) principles, on organisational behaviour. It specifically aims to unravel their influence on decision–making processes, employee conduct, and the overarching development of organisations, all while considering the broader framework of sustainability and ESG. In

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today's global landscape, the public sector stands as a key point for achieving sustainability and governance objectives, particularly within the Environmental, Social, and Governance (ESG) framework. This is because governments are the governing entities responsible for determining which policies to implement, and whether they prioritise industrial development or emphasise sustainable practices. The employees within these organisations play a crucial role in how they respond to the adoption of ESG frameworks and the establishment of sustainable working conditions (Singhania and Saini, 2023). However, despite growing recognition of the critical role played by the public sector in these domains, challenges persist in fostering an ethical work culture and leadership that align with the principles of sustainability and ESG. This problem statement seeks to address the fundamental issue of how public sector organisations can effectively integrate ethical work culture and leadership into their operational frameworks, with a clear focus on ESG criteria. The crux of the problem lies in understanding the barriers, gaps, and potential solutions that can propel public sector organisations towards a more sustainable and ethically responsible future, in line with global ESG standards. One of the primary challenges facing public sector organisations is the establishment of ethical leadership that champions sustainability and governance within the ESG framework (Kristijono et al., 2022). The absence of clear guidelines and strategies for cultivating ethical work culture and leadership in these organisations hampers their ability to drive environmental responsibility, promote social equity, and enhance governance structures. This problem statement aims to delve into the core issues of this challenge, shedding light on the need for tailored approaches and practical solutions that can bridge the gap between the public sector's potential impact on sustainability and ESG and its current state of practice. Additionally, while the private sector has made significant strides in ESG integration, the public sector lags behind in harnessing the full potential of ethical work culture and leadership to foster sustainability and governance. There is a pressing need to identify the specific obstacles that public sector organisations face and uncover the strategies and practices that can facilitate their alignment with ESG criteria. By doing so, public sector organisations can not only fulfil their role as responsible stewards of public resources but also lead by example, influencing the broader community and private sector to adopt more sustainable and ethical practices. This problem statement aims to guide research efforts toward unveiling the critical factors and solutions necessary to bring public sector organisations closer to the ideals of ESG and sustainability while emphasising the central role of ethical work culture and leadership in this journey. This study, employing a quantitative approach, examines ethical leadership, organisational culture, and integrity violations within the ESG framework based on data collected from government employees. Subsequent sections will present empirical findings and discuss practical implications, offering an overall comprehensive exploration for readers. Literature review Research on organisational culture has played a significant role in shaping the fields of organisational management and business ethics (Staicu et al., 2013; Free, 2015; Shin et al., 2015; Erakovich and Kolthoff, 2016; Ozden ¨ et al., 2019; Alblooshi et al., 2021). Ethical culture's impact on decision-making processes is rooted in theoretical models of ethical decision-making within organisations. Ethical culture encompasses an organisation's contextual factors that influence ethical and unethical behaviours. Trevino's conceptualisation of ethical culture underscores the interplay between formal and informal

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systems within organisations. These components include the role of top management, organisational incentives for ethical behaviour, penalties for integrity violations, and adherence to rules and regulations. Research has also examined the distinction between ethical culture and ethical climate in subsequent studies (Shin et al., 2015; Erakovich and Kolthoff, 2016; Ozden ¨ et al., 2019). Additionally, ethical leadership, characterised by its leadership style and charisma, has been investigated for its influence on organisational behaviours, with a focus on its potential impact on organisational development and positive social behaviours among employees. In conclusion, these studies collectively highlight the significance of ethical culture and leadership in organisational settings, shedding light on their potential implications for ethical decision-making and improved organisational behaviour. There is a research gap related to the need for a comprehensive investigation into the combined impact of ethical culture and ethical leadership on organisational behaviour within the context of the Malaysian public sector. While existing studies have explored the individual effects of ethical culture and ethical leadership, there is limited research that delves into how these two factors interact and jointly influence employee conduct and overall organisational development in this specific setting. Therefore, the research gap lies in the absence of a holistic understanding of the interplay between ethical leadership and organisational culture and their collective impact on shaping organisational behaviour, which is crucial for promoting transparency, integrity, and ethical practices in government departments (Zahari 2019a; Zahari 2019b; Asencio, 2019). Similar studies that were conducted on these areas were done in Western region nations, while this study attempts to examine Eastern values and the landscape of a developing nation (Kolthoff et al., 2010). Ethical leadership and organisational culture play interconnected and important roles in the cultivation of Environmental, Social, and Governance (ESG) alignment within public sector organisations (Gill et al., 2023; Krambia-Kapardis et al., 2023). Ethical leadership, characterised by trustworthiness, active listening, and ethical decision-making, sets the tone for a more positive organisational culture (Said et al., 2018; Asencio, 2019; Zainal et al., 2022). This, in turn, influences the values, norms, and behaviours of employees, creating an environment that embraces ESG principles. Leaders who practice ethical conduct are able to inspire a culture where sustainability and responsible governance directly and indirectly become integral components. Consequently, the alignment with ESG standards is not merely a strategic objective but becomes integral in the organisational ethos, guided by ethical leadership practices and a culture that values ethical considerations, transparency, and social responsibility. Organisational based theory Organisational culture is related to the culture practised in the organisation, whether it has a normative culture, aggressive culture, or ethical culture (Denison, 1996; Free et al., 2007; Toor and Ofori, 2009; Kimemia, 2013; Campbell and Goritz, ¨ 2014). Organisational theory, discussed in the literature, seeks to comprehend the functioning of organisations within their operational environments (Jones, 2007; Jones and Jones, 2013). Organisational culture, on the other hand, encompasses the core values, beliefs, and attitudes shared among an organisation's members, as described by other researchers (Rashid et al., 2004; Serpa, 2016). Ethical culture, a facet of organisational culture, plays a pivotal role in shaping an organisation's ethical principles and norms (Trevino et al., 1998; Key, 1999; Brown and Trevino, ˜ 2013). Organisational culture and climate, constitute the fundamental domains through which organisational members perceive and experience

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their workplace (Schein, 2010; Schneider et al., 2013). Their literature stated that characterised organisational culture as the collective perception of employees, which in turn shapes patterns of beliefs and expectations within the organisation. The identified weaknesses in existing literature, particularly the lack of clarity on the collective perception of employees regarding ethical culture within organisations, shows and conform that the current study's research questions by directing a focus on understanding how organisational members perceive and experience their workplace in the context of ethical culture. The study's objectives aim to address these gaps by investigating the dynamics between ethical leadership, organisational culture, and integrity violations, specifically within the realm of Environmental, Social, and Governance (ESG) compliance. The overall interpretation of dictionaries state that organisations are defined as structured groups of individuals with a specific purpose, encompassing government entities, business organisations, or departments (Oxford, 2017). Effectiveness is a broad term denoting the extent to which an organisation succeeds in achieving its intended outcomes. Organisational ecology, a theoretical framework frequently employed in organisational studies, was pivotal in early research on organisational effectiveness, underscoring the notion that an organisation's effectiveness hinges on the context in which it operates (Hannan and Freeman, 1977, 1989; Rowlinson et al., 2014). Of significance is the relationship between organisational effectiveness and improved overall organisational performance. Studies on organisations are indispensable for identifying effective approaches to managing employees and enhancing their attainment of organisational objectives (Koh and Boo, 2001, 2004; Pfister, 2009; Demirtas and Akdogan, 2015). The utilisation of appropriate and effective methods within a challenging operational context may yield superior results compared to organisations operating in less demanding environments. Previous researchers have scrutinised organisational behaviours to discern the factors that drive their functioning (Hannan and Freeman, 1989; Hannan and Carroll, 2000). An organisation's structure stands as one of its primary components. These researchers' explanation of the theory posits that organisational variations, influenced by the surrounding environment, will invariably affect an organisation's outcomes, leading to differing results. The concept of organisational effectiveness pertains to whether the agency, represented by its public servants, effectively fulfils its designated tasks, whether its personnel exhibit diligence, and whether their actions and adherence to procedures align with the achievement of organisational goals and missions (Lawrie et al., 2016). Ethical leadership Studies in ethical leadership towards organisational is an area of significant interest as it is important as a catalyst for improving and enhancing organisational effectiveness (Toor and Ofori, 2009; Mitonga-Monga and Cilliers, 2016; Mohammed Sayed Mostafa and Shen, 2020). Leadership encompasses the actions undertaken by leaders within an organisation, exerting influence on followers and organisational activities (Onyeneke and Abe, 2021). It involves a set of processes through which individuals within an organisation influence groups in the pursuit of their missions and objectives (Northouse, 2012). Prior research on ethical leadership has traditionally emphasised its impact on efficiency and performance, with limited exploration of its effects on its impact in the organisation (King et al., 2010; Muresan et al., 2010; Asencio, 2019). Effective and robust leadership has frequently been linked to improved organisational performance (Covey, 2016). Moreover, previous studies, conducted within the context of leadership analysis, have underscored the role of inculcated

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values in shaping behaviour and overall management effectiveness (Faraz et al., 2021). Research on ethical leadership's impact on organisational effectiveness is a subject of substantial interest, recognising its pivotal role as a driver for enhancing organisational performance (Mohammed Sayed Mostafa and Shen, 2020). Leadership, encompassing leaders' actions that influence followers and organisational activities (Onyeneke and Abe, 2021), represents a set of processes through which individuals within an organisation shape groups towards fulfilling their missions and goals (Northouse, 2012). Previous studies have predominantly focused on the link between ethical leadership, efficiency, and performance, with the need to improve on its exploration of its influence on overall ethical culture (Lasthuizen et al., 2011; Metwally et al., 2019). Notably, effective leadership has consistently been associated with improved organisational performance, and earlier research, within the context of leadership analysis, has highlighted the pivotal role of instilled values in shaping behaviour and enhancing overall management effectiveness. In conclusion, ethical leadership emerges as a critical element in driving organisational success, particularly in terms of performance and the cultivation of values that influence behaviour and management effectiveness. Ethical culture Researchers have been actively studying the influence of ethical culture within organisations on their overall performance (Thoms, 2008; Kaptein, 2009, 2011). Ethical culture serves as a critical component of organisational culture, focusing specifically on the organisation's approach to encourage open innovation cultures and managing deviant behaviours, integrity violations, and both ethical and unethical conduct Studies on organisations have implemented surveys related to ethical culture and ethical climate to assess these two dimensions (Silvija and Ksenija, 2012). Their findings indicate that organisations with a stronger ethical culture tend to exhibit higher levels of ethical climate compared to those with weaker ethical cultures. Another investigation focusing on ethical culture, involving a group of accountants, demonstrated its potential influence on their anticipated moral behaviours and decision-making (Douglas et al., 2001). There are also established connections between a negative ethical culture and undesirable outcomes, such as indifference to wrongdoing and detrimental behaviours within a community (Kaptein, 2011; Kangas et al., 2015). The study involving public sector employees revealed that a heightened ethical culture enhances organisational effectiveness in deterring breaches of integrity (Kangas et al., 2015). In scenarios where a strong level of ethical culture appears, it discourages negative behaviours that could lead to integrity violations (Shafer and Simmons, 2011; Liu et al., 2017). This underscores the significant impact of ethical culture levels on the moral compass of both individuals and groups within an organisation. Ethical culture pertains to the collective organisational values that are upheld and reinforced through ethical principles (Key, 1999; Douglas et al., 2001; Vardi, 2001; Suh et al., 2018). Prior research has indicated that maintaining strong levels of ethical culture is integral for ensuring the efficiency of an organisation (Bowrin, 2004; Smith et al., 2018; Waheed and Zhang, 2022). Similarly, a high prevalence of ethical cultural values exerts a positive influence on the organisational climate, subsequently enhancing the working conditions for employees (Silvija and Ksenija, 2012; Al Halbusi et al., 2022). This highlights the significance of studying ethical culture, as previous research has shown that a more robust ethical culture is associated with a reduced occurrence of integrity violations within the organisation (Kangas et al., 2015). Research on the impact of ethical culture within organisations has

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been the subject of extensive investigation in the context of ESG (Environmental, Social, and Governance) and sustainability (Saha et al., 2020; Sarwar et al., 2020; Lu and Wang, 2021) Ethical culture plays a crucial role in shaping organisational conduct, particularly in managing deviant behaviours, integrity violations, and ethical conduct (Webb, 2012; Martin et al., 2013). Studies conducted on various organisations have employed surveys to evaluate both ethical culture and ethical climate, revealing that organisations with strong levels of ethical cultures tend to exhibit higher levels of ethical climate (Key, 1999; Douglas et al., 2001; Vardi, 2001; Suh et al., 2018). Additionally, research involving accountants has highlighted the potential influence of ethical culture on their anticipated moral behaviours and decision-making, indicating its relevance within ESG and sustainability frameworks. Furthermore, there is a well-established link between negative ethical cultures and undesirable outcomes, including indifference to wrongdoing and detrimental behaviours within the organisational community. In the public sector, strong levels of ethical culture have been shown to enhance organisational effectiveness in preventing integrity violations, emphasising its relevance within ESG and sustainability efforts. The prevalence of ethical cultural values also positively impacts the organisational climate, improving working conditions for employees. These findings highlight the importance of investigating and promoting ethical culture within organisations to align with ESG and sustainability goals, as it has been associated with a reduced occurrence of integrity violations. Integrity violations (ESG compliance) This study focuses on integrity violations that are related to ESGrelated areas. Integrity violations within organisations are a part of the range of unethical behaviours, including those related to ESG (Environmental, Social, and Governance) principles (Bach et al., 2017; Sultana et al., 2018). This study hypothesises that ethical leadership, which includes the promotion of ethical values and ESG principles, negatively influences integrity violations. In other words, as the level of ethical leadership increases, the incidence of Integrity Violations (including ESG-related violations) decreases. Ethical leaders are expected to set a moral tone, promote fairness, and demonstrate integrity, which should discourage unethical behaviours, including ESG-related violations. H1. There will be a significant and negative relationship between ethical leadership and Integrity Violations (including ESG-related violations). Ethical Culture represents the overall ethical values and practices within an organisation (Kolthoff et al., 2010; Webb, 2012; Kangas et al., 2015; Metwally et al., 2019). This hypothesis reflects that a strong ethical culture has a negative impact on integrity violations, including those related to ESG. Ethical culture fosters an environment where ethical conduct is valued and unethical behaviour is discouraged. As a result, organisations with a strong Ethical Culture are expected to have fewer integrity violations, including ESG-related violations. H2. There will be a significant and negative relationship between ethical culture and integrity violations (ESG compliance). This conceptual framework aims to investigate the relationships between ethical leadership, ethical culture, and integrity violations, including violations related to ESG principles. By examining these relationships, the study seeks to shed light on the role of leadership and organisational culture in shaping ethical behaviours and ESG compliance within organisations. Method The research design provides the systematic framework through which data will be collected, analysed, and interpreted, bringing the researchers to the findings of the research questions and test the hypotheses effectively (Clark et al., 2008; Creswell and Creswell, 2017;

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Bloomfield and Fisher, 2019). In this particular study, a quantitative research method will be employed, utilising surveys and statistical techniques to gather, analyse and bring forward the interpretation of the data. Quantitative research is chosen for its ability to provide structured, numerical data that can be statistically examined, offering valuable insights into the relationships between variables. This method allows us to explore the impact of ethical leadership and ethical culture on integrity violations (including those related to ESG principles) with a focus on understanding the strength and direction of these associations. The use of quantitative research methods enables the study to generate empirical evidence and contribute to the existing body of knowledge within the field of organisational ethics, leadership, and ESG compliance. The investigation of the study's variables, including ethical leadership, organisational culture, and integrity violations related to ESG compliance, requires a quantitative approach to establish statistical relationships and patterns as aligned with prior works using similar research approach (Derecskei, 2016; Tuurnas et al., 2019; Zhang et al., 2021). The questionnaire developed for this cross-sectional study comprised items from studies that had thoroughly established the grounds for defining ethical leadership and ethical culture. This study's distinctiveness lies in its creation of frameworks for assessing overall integrity violations while also highlighting the organisations' capacity for ESG compliance. In other words, this research uniquely developed structured frameworks that not only measure the extent of ethical breaches but also shed light on the organisations' ability to adhere to ESG (Environmental, Social, and Governance) standards. This dual focus allows for a comprehensive evaluation of an organisation's ethical behaviour, encompassing both traditional integrity violations and those related to ESG principles. By doing so, the study provides a holistic view of an organisation's ethical performance and its alignment with broader ESG objectives. Tables 1–5. Ethical leadership values are argued to be an always-developing area of research and development (Trevino ˜ and Brown, 2007). This would be

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