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RESEARCH ARTICLE

Leader Behavior, Job Performance, and Service Quality: Ethical Perspective From Banking Sector*

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Abstract

This study aimed to examine the relationships between ethical leadership behavior, ethical work climate, employee job performance, and customer service quality. The impact of ethical leadership on three types of ethical climates—egoist, benevolent, and principled—, employee job performance, and customer service quality were analyzed, as were the relationships between all of these variables as well. Data were gathered from 379 bank branch employees and 406 bank customers in Izmir, Türkiye. Results of the PLS-SEM analysis revealed that ethical leadership behavior affects benevolent and principled ethical climates, but contrary to the hypothesis suggested, it also has a positive effect on an egoistic climate. However, the results indicate that the egoist and benevolent climates do not have a significant influence on job performance, but the principled climate positively affects the job performance of employees. In addition, ethical leadership affects job performance positively. However, ethical leadership and service quality, as well as job performance and service quality, are not significantly related. These findings further suggest that ethical leadership behaviors affect an ethical working climate and have a positive effect on employee job performance and quality of service.

Keywords

ethical leadership, ethical climate, job performance, service quality, SEM-PL

Introduction

Trying to operate in an intensely competitive environment can cause businesses and employees to display unethical behaviors. Scandals around the world (such as Lehman Brothers in 2008 and Volkswagen in 2015) have highlighted the concept of “ethics” in the business world (Guğerçin, U., & Ay, Ü (2017), and brought the importance of ethics in leadership to the agenda. With Facebook’s data scandal in 2018, this concept has started to be reconsidered and examined in leadership studies. Most of the research on organizational ethics has focused on ethical leadership and ethical climate as critical antecedents of organizational outputs (Demirtaş and Akdoğan, 2015:59). The ethical climate in the organization is an important mechanism that ethical leadership relies on to promote ethical behavior (Elçi and Alpkın, 2009).

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Studies show that ethical working climates have important effects on employees' behaviors, attitudes, and organizational outputs. One of these outputs is job performance. Leaders can have a very important role in creating a work environment that increases job performance. In addition, job performance is expressed by researchers as one of the most important factors affecting customers' perception of service quality (Berry et. al., 1988; Tsaur et al., 2004; Gould-Williams, 1999; Bitner, 1990), which is one way of providing competitive advantage and superiority in the market.

Many researchers in the field of organizational behavior have examined the relationship between leadership styles and outcomes, but there is limited research on ethical leadership and behavioral consequences in Turkey (Demirtaş and Akdoğan, 2015:59). This study aims to examine the effect of the ethical leadership behavior of branch managers in the banking sector on the ethical climate of the branch, the work performance of the employees, and the quality of the service. The banking sector is one of the most important building blocks of the financial system in a country, and competition is more intense than in many sectors. Accordingly, it is important to analyze in detail the behavioral outputs of managers and employees in this sector, as well as the effects of these behaviors on customers. When previous research on the issue is examined, studies analyzing the relationships between some of the concepts investigated in this research could be found (Berry et al.,1988; Jaramillo et al.,2006; Mayer et al., 2010; Bouckennooghe et al.,2015). However, there has not been any study that reveals the relationship between all of these concepts at the same time, and also in the banking sector. Therefore, this study is based on data collected from bank employees and customers. In addition, unlike prior studies analyzing the relationship between ethical leadership and ethical climate, the effect of ethical leadership on three different ethical climate types (egoistic, benevolent, and principled) was investigated within the scope of the research. The lack of a corresponding study in the banking sector is the study's most encouraging feature. Therefore, the study is expected to be an important resource in this regard.

Literature Review and Hypotheses Development

Ethical Leadership and Ethical Climate

Brown et al. (2005) defined ethical leadership as displaying normatively appropriate behaviors through personal actions and interpersonal relationships and ensuring that such behaviors are widespread among employees through communication and support. The main components of ethical leadership, according to Trevino et al. (2000; 2003), are "moral person" and "moral manager." The "moral person" is the core of ethical leadership and refers to the leader who is ethically exemplary and treats all employees fairly. A moral manager, on the other hand, efficiently supervises his subordinates' ethical behavior, either by encouraging ethical behavior or by communicating with them about the consequences of unethical

activity. Previous studies indicate that the leader's behavior has a substantial influence on employees (Brown and Trevino, 2006; DeConinck, 2010; Kalshooven et al., 2011). Although different researchers explain the effects of ethical approaches such as being a role model, reward system, and informing about ethics with different processes, they agree that the leader has a major influence on the creation and maintenance of the ethical climate (Trevino et al., 1998; Grojean et al., 2004; Schminke et al., 2005; Mulki et al., 2009; Neubert et al., 2009). An ethical climate is defined by Victor and Cullen (1987) as "shared perceptions about what ethically appropriate behavior should be and how ethical issues are handled." Many researchers consider ethical climate to be a multi-dimensional structure (Shin, 2012:300). Victor and Cullen's (1988) typology is the most well-known classification of ethical climate. Victor and Cullen (1987, 1988) suggested an ethical climate typology based on three main moral judgment bases: egoism, benevolent, and principled.

Based on Kohlberg's (1969) pre-conventional stage, the egoism criterion reflects egoistic ethical theory. In an egoistic ethical climate, individuals react to ethical issues with a self-centered perspective, judge ethical situations in terms of their consequences, and the basic response is to "maximize benefit" at the individual, company, or cosmopolitan level (Schminke et al., 2005:136, Akdoğan and Demirtaş, 2014:109). In organizations where an egoist ethical climate prevails, employees act only by considering themselves and their interests when confronted with an ethical problem, and they don't even take into account laws and rules, as well as how their colleagues may be affected by their actions. As a result, it might be concluded that the leader does not display ethical leadership conduct in an egoistic climate. Thus, the following hypothesis is suggested:

H1: Ethical leadership affects egoistic ethical climate negatively.

A benevolent ethical climate is concerned with satisfying as many people's interests as possible (Elci and Alpan, 2009:298). This ethical climate creates general well-being by improving friendships, interpersonal relationships, and loyalty within the group and society (Akkoç, 2012). This ethical climate improves group and societal well-being by enhancing friendship, interpersonal relationships, and loyalty (Akkoç, 2012). Priorities are defined as the interests and benefits of all employees in the company, and decisions are made to maximize them (Saygan and Bedük, 2013). Employees that consider the leader as a role model develop ethical behaviors (Mayer et al., 2009; Bello, 2012), and they will also act in the interests of their colleagues rather than their own interests when evaluating the outcome of their actions. From this point of view, the following hypothesis is put forward:

H2: Ethical leadership affects a benevolent ethical climate positively.

A principled climate reflects the internalization of universal codes, standards, and beliefs by members of an organization (Appelbaum et al., 2005: 44; Cullen et al., 2003:129). In cont-

rast to the two previous human-based climates (Akkoç, 2012), morally acceptable behaviors are determined with respect to the principles of universal morality and justice (Schimnke et al., 2005). This approach does not consider the happiness and satisfaction of the individual or group; rather, it focuses on rules and procedures, as well as laws and codes (Akkoç, 2012). Ethical leaders set codes of conduct (rules and procedures) for the ethical behavior of employees and base them on laws and regulations. In addition, as a role model, the leader forms the perceptions of employees about what ethical conduct should be with his/her law and rules-based behaviors. As a result of this, organizations, where ethical leadership occurs, would be regarded as having a principled ethical climate. Therefore, it is hypothesized that:

H3: Ethical leadership affects principled ethical climate positively.

Ethical Leadership and Employee Job Performance

Job performance refers to measurable actions, attitudes, behaviors, and outcomes that are linked to and contribute to organizational goals set and are demonstrated by employees (Viswesvaran and Ones, 2000). Although job performance may seem related to the person himself at first glance, it actually emerges as a result of the interaction of different variables such as work, employee, and environmental factors (Milkovich and Wigdor, 1991). Leadership style is one of the organizational factors that can affect individual performance at various levels (Özmutaf, 2007). Ethical leaders are “moral people” who act as role models by displaying ethical behavior, while at the same time they are “moral managers” who encourage ethical conduct (Brown and Trevino, 2006). In this context, ethical leaders shape employees’ behaviors and work-related outcomes as a result in two ways: as role models (directly) and through interaction (indirectly). Social exchange theory (Blau, 1964), followed by another important theory, social learning theory (Bandura, 1977, 1986), has been suggested by Brown and Trevino (2006) to explain the theoretical basis of the relationship between employee behavior and ethical leadership. According to the social exchange theory, if the quality of the social interaction between two parties is high, both parties will demonstrate beneficial behaviors towards each other. In the opposite case, harmful conduct is unavoidable. In other words, if employees get support and trust from their leaders, as well as material and moral benefits from the organization and other employees, they will feel responsible for repaying these benefits and positive behaviors (Brown and Trevino, 2006; Kalshoven et al., 2011; Mayer et al., 2012). Employees respond to this conduct by enhancing their performance when they believe their leader cares about them and is looking out for their best interests (Walumbwa et al., 2011). In social learning theory, according to Bandura and Walters (1977), the impact of ethical leadership on the behavior of employees is due to the fact that the leader is a role model. Employees learn what behaviors are expected of them, and they must perform well at work in this way (Bouckennooghe et al., 2015). Ethical leaders act in a manner aligned with ethics; they treat their employees fairly, are concerned for them, and they are significant gu-

ides in these matters. For this reason, employees take an example of the behavior of ethical leaders and thus adopt values and attitudes. Employees who observe such values and attitudes and learn acceptable behaviors are more likely to achieve high levels of job performance by doing their duties sincerely. Based on this relationship between ethical leadership and job performance, the following hypothesis has been proposed;

H4: Ethical leadership affects job performance positively.

Ethical Climate and Employee Job Performance

In organizations, creating an appropriate ethical climate leads to ethical conduct and attitudes. These behaviors and attitudes turn into results, such as increasing individual performance, and these results provide many contributions to both employees and organizations. However, there may be different types of ethical climates in organizations, and these have different levels of impact on the employees and job-related outputs. Previous studies revealed that there is a negative relationship between the egoistic climate (locus of analysis: self-interest, company profit, efficiency) and the positive work outcomes of employees (e.g. job satisfaction, organizational commitment, job performance) (Desphande, 1996; Cullen et al., 2003; Martin and Cullen, 2006; Tsai and Huang, 2008; Elci and Alpkan, 2009; Wang and Hsieh, 2012), and a positive relationship between individual and organizational negative behaviors and intentions, such as turnover intentions and counterproductive behaviors (DeConinck, 2011; Mulki et al., 2009; Kish-Gephart et al., 2010). Work climates with high ethical standards, trust, and accountability that are adopted by employees will increase employee productivity and efficiency (Weeks, et al., 2004). In egoist climates, employees will consider that organizational activities exceed the acceptable ethical limits and that these activities do not fulfill social ethical expectations (Cullen et al., 2003). In a climate where the code of ethics is not applicable, job-related outputs such as job loyalty and job satisfaction will be negative, and this will lead to inefficient work efforts. On this basis, the following hypothesis is proposed:

H5: Egoistic ethical climate affects job performance negatively.

Martin and Cullen (2006) claimed that the most preferred work climate by employees is a benevolent ethical climate. Studies have revealed a positive relationship between job outputs and this climate type, such as job satisfaction and organizational commitment (Schwepker, 2001; Cullen et al., 2003; Martin and Cullen, 2006; Akbaş, 2010; Elci and Alpkan, 2009). In addition, this climate reduces unethical behaviors (Kish-Gephart et al., 2010). Employees in benevolent climates base their decisions and behaviors on the well-being of others, and they tend to act in the most favorable way possible. Koopmans et al. (2011) stated that performance involves positive employee behaviors, such as guiding, helping, and cooperating with colleagues, taking into account the work's social structure. In a benevolent ethical climate, it can

be said that the employees will work most effectively and efficiently, taking into account the team members' and team's well-being, and at the same time, based on teamwork and helping each other. Hence, the following hypothesis is formulated:

H6: Benevolent ethical climate affects job performance positively.

According to Kish-Gephart et al. (2010), there is a negative relationship between unethical behaviors, intentions, and the principled climate. This climate type affects turnover intentions (DeConinck, 2011; Mulki et al., 2009), organizational commitment (Cullen et al., 2003, Akbas, 2010), and job satisfaction (Elci and Alpkan, 2009; Koh and Boo, 2001). In a principled ethical climate, employees act on the basis of codes of ethical behavior, professional rules, and laws. Employees in organizations with clearly defined and implemented ethical codes of conduct will know what is expected of them and will act accordingly. From this point of view, the main priority of the employees in a principled ethical climate is endeavoring to do their job in the best way as written in the job descriptions. Therefore, the following hypothesis can be suggested:

H7: Principled ethical climate affects job performance positively.

Ethical Leadership and Service Quality

Parasuraman. et. al. (1986) defined service quality as an emotional response, an affective judgment similar to an attitude or inference about the superiority of a product or service based on a rational assessment of its features or attributes. Employee behavior is one of the most critical aspects affecting customers' perceptions of service quality. Parasuraman et al. (1985) also determined the dimensions of service quality as competence, responsiveness, tangibles, access, security, courtesy, credibility, communication, understanding/knowing, and reliability. As can be seen, all these dimensions depend on the attitudes and behaviors of employees.

The leader is the most essential factor that shapes these attitudes and behaviors in the organization. Ethical leaders, according to Brown and Trevino (2006), behave in accordance with ethics, treat others fairly, and value their subordinates. They serve as key role models and constitute an environment in which doing the right thing is valued. Thus, as role models, ethical leaders inspire their employees on how to provide the best service possible. In Schaubroeck et al.'s study (2016), the ethical leadership behavior of peer leaders is an important variable that positively affects employee service quality commitment and service performance. According to a study by Hui et al. (2007), if the perceived service climate is weak, the manager does not display effective leadership behavior, and service quality decreases. According to Schaubroeck et al. (2016), employees regard colleagues and managers as role models to demonstrate specific sorts of service conduct. In other words, employees adopt ethical leaders' principles and attitudes by imitating their behavior. Employees who observe such

values and attitudes and learn acceptable behaviors are more likely to provide quality service by doing their jobs sincerely. Therefore, it is hypothesized that:

H8: Ethical leadership affects service quality positively.

Employee Job Performance and Service Quality

Service quality is the general perception of the customer after many purchases (Parasuraman, 1988). The customer's perception of service quality is almost entirely dependent on the behavior of employees because the service is the result of interaction between customers and the employees who provide it. Berry et al. (1988), Tsaor et al. (2004), Gould-Williams (1999), and Bitner (1990) suggested that employee performance was one of the most important factors affecting customer perceptions of service quality. Berry et al. (1988) also concluded that the most important dimension determining the quality of service provided to the customer is reliability. As can be understood from these studies, it is obvious that the attitudes and behaviors of the employee providing service to the customer will have a significant impact on the customer's perception of service quality. Customers expect employees to provide the fastest service, act by empathizing, and most of all, be reliable in doing everything they are committed to doing. In addition to this, behaving in accordance with the organization's service quality standards is also a determining factor in employee performance. All in all, the following hypothesis has been established with the belief that the relationship between performance and service quality may be positive:

H9: Employee job performance affects service quality positively.

Methodology

The survival of a company by working efficiently in an intensely competitive environment depends on the interconnected and coordinated interaction of multiple variables. Studies conducted so far display the importance of variables such as ethical leadership, ethical climate, job performance, and service quality for the organization. This research aims to reveal the results of the ethical leadership of managers in the banking sector by analyzing the mutual relationship between all variables. In this way, it aims to provide a guide for banks to make the necessary regulations to increase employee performance and service quality, which are important tools of competition in the sector. From this point of view, the model of the study was determined as seen in Figure 1.

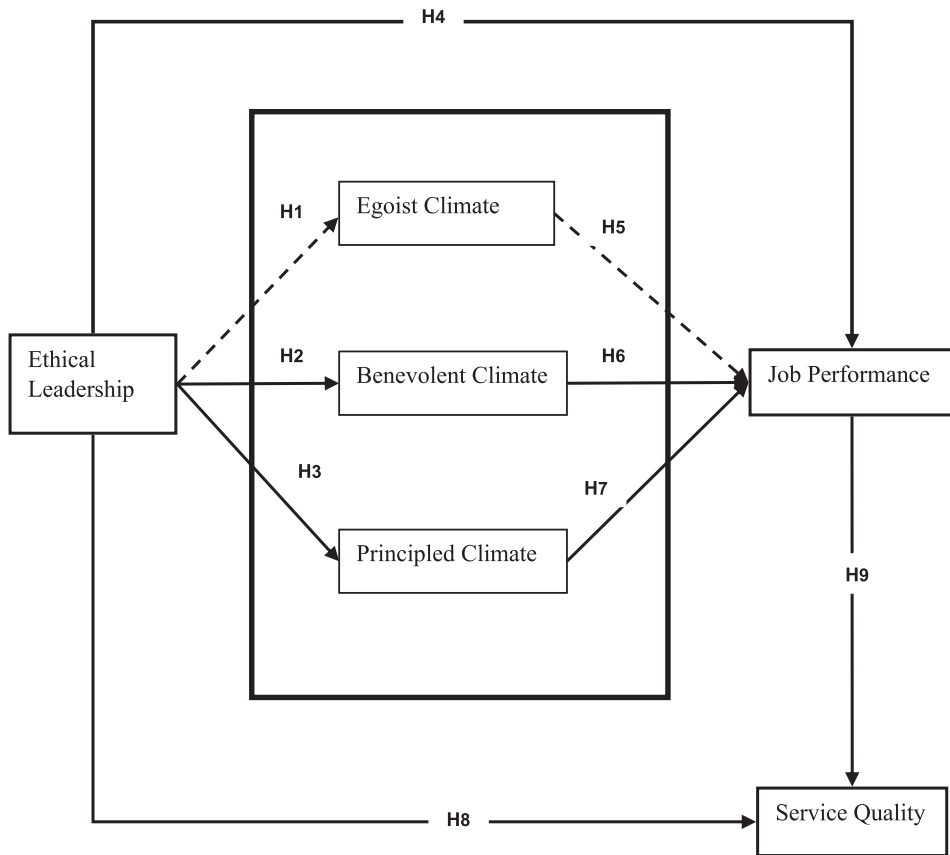


Figure 1. Research model

Sample

The samples consist of all employees of public and private bank branches operating in the city center of Izmir, the third-largest in Turkey, and the customers of these branches. Data were obtained by two distinct questionnaires: one for the bank branch employees and the other for the bank branch customers, using the “convenience sampling” method. A total of 379 bank employees and 406 bank customers responded to the survey.

Measures

The questionnaire developed for bank branch employees consists of three parts: the “Ethical Leadership Scale”, which includes statements about the ethical leadership behavior of the branch manager; the “Ethical Climate Scale” which includes statements about the ethical climate perceived by employees at the bank; and the “Employee Job Performance” scale, where

questions are asked to measure the job performance of bank branch employees. The Ethical Leadership at Work (ELW) scale (Kalshoven et al., 2011) was used to measure ethical leadership behavior. The “Ethical Climate Questionnaire-ECQ”, which was developed by Victor and Cullen in 1988 and revised by Cullen, Victor, and Bronson in 1993, was used to measure the prevailing ethical climate at work. The 36-item English scale was translated into Turkish by Elçi (2005) and transformed into a 38-item scale where cultural adaptation and reliability were tested. In order to measure the job performance of the employees, the scales developed by Kirkman and Rosen (1999), Fuentes et al. (2004), and Rahman and Bullock (2005) were used (Erdogan, 2011). The five-point Likert-type response scale was adopted, ranging from 1 = strongly disagree to 5 = strongly agree. The service quality scale, SERVPERF, was used in the survey for bank customers. The scale was developed by Cronin and Taylor (1992) and consists of five dimensions: tangibles, reliability, responsiveness, assurance, and empathy. The seven-point Likert measurement scale was adopted, ranging from 1 (strongly disagree) to 7 (strongly agree). The analyses revealed that all the scales used in the post-study had a reliability coefficient of 0.97 and 0.96. This indicates a high degree of reliability. Regarding demographics, 51.7% of bank employees are women. Eighty-one percent of those taking part work for a private-sector bank. The respondents were working in the following departments: (70.2%) marketing; (28.5%) operation; and (1.3%) counter. The sample included Master’s/PhD (10%), university (84.4%), and high school (5.5%) graduates. 51.2% of customer participants are male. In terms of education, (23.2%) high school, (59.4%) university, and (9.9%) Master’s/PhD graduates. 36.7% of the participants have worked with banks for more than 7 years, 22.9% have worked with these banks for 0 to 3 years, and 26.4% have worked with these banks for 3 to 5 years, while 14% said they have worked between 5 and 7 years.

Data Analysis

The data were analyzed using Partial Least Squares to Structural Equation Modeling (PLS-SEM), also known as PLS Path Modeling, in the context of Structural Equation Modeling from multivariate statistical methods. PLS is a very variable modeling technique used to reveal cause-and-effect relationships and increase the explained variance of the endogenous variable (dependent variable) (Hair et al., 2011). It is widely applied in many social science disciplines, including management (Ali et al., 2018; Hair et al., 2011, 2019; Kaufmann and Gaeckler, 2015; Peng and Lai, 2012; Sosik et al., 2009).

Hair et al. (2019) suggest choosing PLS-SEM when the model is complex with many structures, indicators, or model relationships. PLS-SEM can be applied for exploratory research (exploratory factor analysis) when the primary focus of the research is to predict and explain the key target constructs and/or identify the key driver constructs (Hair et al., 2017). Additionally, when formative constructs are part of a model (Hair et al., 2014), PLS-SEM would be the preferable choice. Hence, for models with formative constructs, or a combinati-

on of both reflective and formative constructs, PLS-SEM has the edge. An exploratory factor analysis (EFA) was performed to determine the factors that constitute the basis of the research model. The “Ethical Leadership at Work Scale” was divided into two dimensions as a result of EFA. The ethical leader has two main factors: “moral person” and “moral manager”. This conclusion overlaps with Trevino’s (2000) study. Apart from the two factors explaining the ethical leadership dimension, the other factors explain the ethical climate scale. This scale has three factors: egoistic climate, benevolent climate, and principled climate. This factorization is consistent with Schimnke et al. (2005). In the meantime, the perceived customer service quality scale (SERVPERF) is represented by four factors: Tangibility, reliability/assurance, responsiveness, and empathy.

The PLS-SEM method has been performed after obtaining the new latent variables. Analyzing and interpreting the theoretical model created by the PLS-SEM method requires two stages: evaluation of the measurement model and construction of the structural model (Hair et al., 2011). The measurement model reveals the relationship between observed variables and latent variables. Relations between latent variables are determined by the structural model. After evaluating the capability of the measurement model and structural model, bootstrapping has been implemented to facilitate the significance of PLS-SEM parameters.

Results

Measurement Model Assessment

Measurement model evaluation analysis the reliability and validity of the constructs with their corresponding items. As recommended by Hair et.al. (2011), evaluating the measurement model involves determining factor loadings [>0.5], internal consistency reliability (CR [>0.7] and CA [>0.6]), discriminant validity, and convergent validity (AVE [>0.5]). Values in brackets are considered acceptable (Memon and Rahman,2014) and (Hair et al., 2011) respectively. Cronbach’s α and Composite reliability (CR) is the more traditional method for measuring internal consistency reliability in PLS-SEM data analysis and tends to be more accurate. Values in brackets are considered acceptable (Litwin,1995, Hair et al.,2011). The internal consistency reliability (CR) values of this study are between 0.820 and 0.949, and Cronbach’s Alpha values are 0.787 and above. In the current study, the AVE is evaluated to check for convergent validity, and AVE values are calculated between 0.788 and 0.866, The suggested AVE values of more than 0.5 indicate that at least 50% of the variance of the items under each construct can be explained.

After performing the measurement model, it is realized that the model does not fit the measure within acceptable limits. To make the fit better, the latent variables that have both less than 0.50 factor loadings and 0.85 AVE values are removed from the measurement model.

As shown in Table 1, factor loadings, convergent validity, and discriminant validity are all suitable in this study.

Table 1
Results Summary for Structural Model Evaluation

	Loadings	AVE	CR	Cronbach's Alpha
Moral Manager		0.788	0.949	0.933
EL23. Clearly explains integrity-related..	0.882			
EL26. Ensures that employees follow codes of integrity..	0.896			
EL27. Clarifies the likely consequences....	0.900			
EL28. Stimulates the discussion of integrity issues..	0.882			
EL29. Compliments employees who behave according to ethics	0.878			
Moral Person		0.862	0.949	0.920
EL3. Pays attention to my personal needs.	0.920			
EL6. Sympathizes with me when I have a problem.	0.933			
EL7. Cares about his/her followers.	0.932			
Egoistic Climate		1.000	1.000	1.000
EİK10. Efficient solutions to always sought.	1.000			
Benevolent Climate		0.810	0.927	0.882
EİK17. Look out for each other's good	0.900			
EİK18. Team spirit is important	0.895			
EİK19. Concerned about what is generally best	0.905			
Principled Climate		0.827	0.927	0.882
EİK33. Whether a decision violates any law	0.897			
EİK35. Strictly follow legal or professional standards	0.901			
EİK37. Law or ethical code is the major consideration	0.930			
Job Performance		0.822	0.902	0.787
CP4. Completes tasks in time that is expected	0.885			
CP5. Meets formal performance requirements	0.929			
Tangibility		1.000	1.000	1.000
SP3R. Employees are dressed well and look elegant.	1.000			
Reliability/Assurance		1.000	1.000	1.000
SP14. You can trust employees.	1.000			
Responsiveness		0.851	0.820	0.828
SP12. Employees are not always willing to help customers.	0.903			
SP13. Employees are too busy to reply demands of customers.	0.941			
Empathy		0.789	0.918	0.866
SP19. Employees do not show special interest to you.	0.862			
SP20. Employees do not know your needs.	0.922			
SP21. Employees does not look after your interest.	0.879			

Finally, cross-loads and the Fornell-Larcker criterion are used for discriminant validity. The square root of each construct's AVE should be greater than its highest correlation with

other constructs (Hair et al., 2017). As seen in Table 2, squared correlations for each construct are smaller than the AVE by the indicators calculating that construct. Therefore, there is discriminant validity in this study.

Table 2

Discriminant Validity

	JP	EC	EMP	MM	MP	TAN	R/A	RES	PC	BC
Job Performance (JP)	0,91									
Egoist Climate (EC)	0,21	1,00								
Empathy (EMP)	-0,16	-0,12	0,89							
Moral Manager (MM)	0,33	0,25	-0,09	0,88						
Moral Person (MP)	0,20	0,12	-0,05	0,68	0,93					
Tangibility (TAN)	-0,05	-0,06	0,26	0,12	0,04	1,00				
Reliability/Assurance(R/A)	0,01	-0,09	0,28	0,11	0,15	0,36	1,00			
Responsiveness (RES)	-0,11	-0,06	0,63	0,00	0,02	0,25	0,38	0,92		
Principled Climate (PC)	0,34	0,18	-0,05	0,54	0,36	-0,02	0,03	0,01	0,91	
Benevolent Climate (BC)	0,28	0,24	-0,14	0,52	0,49	-0,02	0,04	-0,07	0,43	0,90

Structural Model Assessment

After the construct measures are confirmed to be reliable and valid, the next step is to evaluate the structural model. The key criteria for evaluating the structural model are the measurement of R^2 as well as the significance level of the path coefficients that define the variance of the endogenous latent variables (Hair et al., 2011). The R^2 result in PLS reveals the overall amount of variance in the constructs that the model enunciates. According to Cohen's (1988) suggestion, the value of the R^2 range is between 0.02 and 0.12, which means weak; between 0.13 and 0.25 means moderate, and 0.26 and above means important (Memon and Rahman, 2014). The path coefficient shows the hypothetical link between the structures in the model (Hair et al., 2013). When the path coefficient is close to +1, it indicates a strong positive relationship, and when it is close to -1, it indicates a strong negative relationship (Hair et al., 2013). In addition, the R^2 value and path coefficients (β) indicate how strongly the data support the assumed model (Chin, 1998). The explanatory power of the present study is estimated from the R^2 values.

As can be seen from Figure 2, the moral manager's R^2 value (0.468) indicates that the moral person explains 0.468% of the variance in the moral manager variable. Similarly, egoistic climate, principled climate, and benevolent climate are explained by 0.066%, 0.287%, and 0.308% of the independent variables, respectively, in this study. The R^2 value of employee performance is 0.164. Of the service quality variables, empathy is explained by 0.027% of the independent variables, tangibility by 0.025%, reliability-assurance by 0.024%, and responsiveness by 0.014%. However, in order to evaluate the structural model, the statistical significance of the path coefficients was evaluated by bootstrapping (5000 resamples), as suggested by Hair et al. (2016). In the structural model, the path coefficients (β) are measured by the

significance level of the t-value. Hair et al. (2011) state that acceptable t-values are 1.65 for 10% significance level, 1.96 for 5% significance level, and 2.58 for 1% significance level.

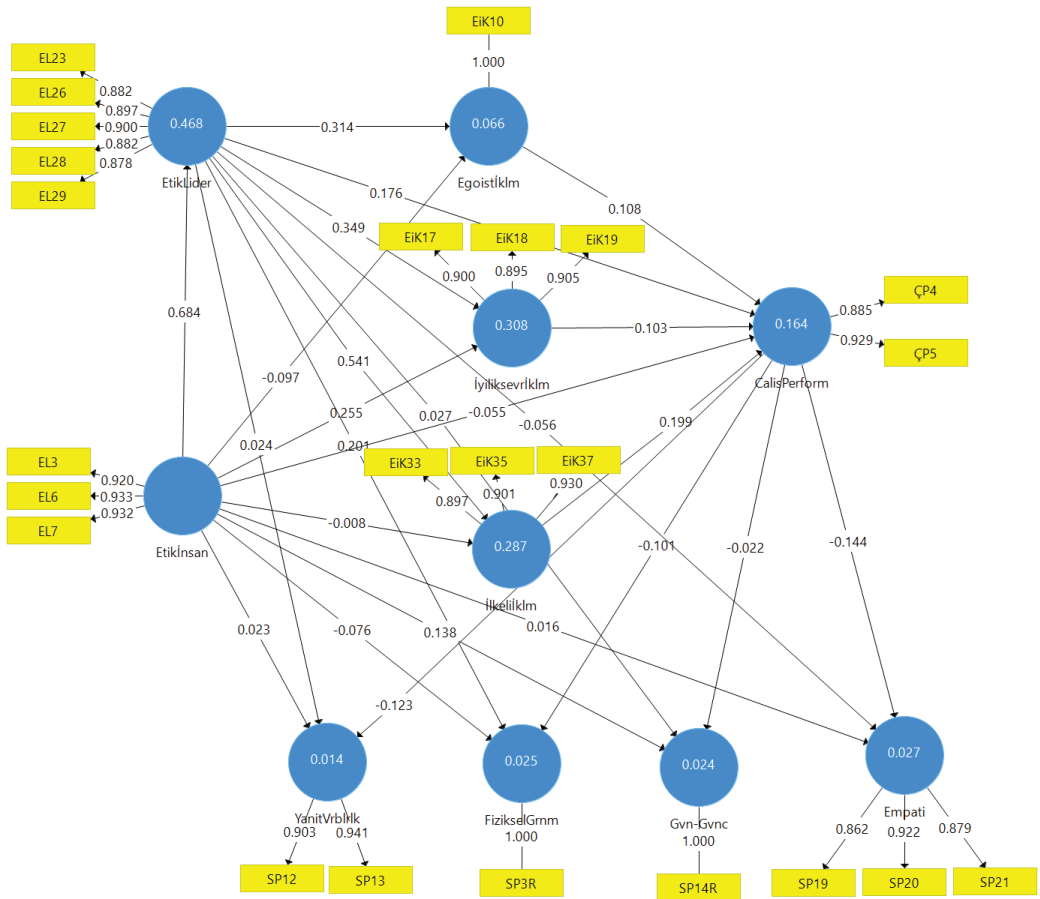


Figure 2. Structural Model with loading factor, path coefficients, and r square

As seen in Table 3, there is a strong relationship ($\beta=0.684$, $t=19.129$, $p=0.000$) between the two components of ethical leadership, the moral manager and the moral person. Together, they constitute ethical leadership behavior (Trevino et al., 2000;2003). The moral manager variable has a significant effect on the egoistic climate ($\beta=0.314$, $t=4.096$, $p=0.000$). However, the moral person has no effect on the egoistic climate ($\beta=-0.097$, $t=1.283$, $p >0.000$). Therefore, H1 was rejected. H2 was accepted because of the positive effects of moral manager and moral person on a benevolent climate (respectively $\beta=-0.349$, $t=5.866$, $p=0.000$ and $\beta=-0.255$, $t=4.498$, $p=0.000$). Moral manager has a significant effect on principled climate ($\beta=0.541$, $t=7.986$, $p=0.000$), but moral person has no meaningful effect on principled climate ($\beta=-0.008$, $t=0.117$, $p=0.907$). Therefore, H3 hypothesis was accepted. Job performance is

positively affected by the moral manager ($\beta=0.176$, $t=2.504$, $p=0.012$). The relationship between the moral person and job performance ($\beta=-0.055$, $t=0.827$, $p=0.408$) is not statistically significant. Thus, the H4 hypothesis was accepted. Hypotheses H5 and H6 were rejected because of the relationship between job performance and egoistic climate ($\beta=0.108$, $t=1.880$, $p=0.060$) and benevolent climate ($\beta=0.103$, $t=1.753$, $p=0.080$) was not statistically significant. However, the principled climate affects job performance ($\beta=0.199$, $t=3.167$, $p=0.002$). Therefore, the H7 hypothesis was accepted. When the customer service quality dimensions are examined, it is seen that the moral manager variable has no effect on empathy ($\beta = -0.056$, $t=0.807$, $p=0.420$), reliability-assurance ($\beta=0.027$, $t=0.361$, $p=0.718$) and responsiveness ($\beta=0.024$), $t=0.330$, $p=0.742$). Only the relationship between tangibility and moral manager is statistically significant ($\beta=0.201$, $t=2.435$, $p=0.015$). On the other hand, moral person has no effect on empathy ($\beta=0.016$, $t=0.222$, $p=0.824$), responsiveness ($\beta=0.023$, $t=0.331$, $p=0.741$) and tangibility ($\beta= -0.076$, $t=1.016$, $p=0.310$). Only the relationship between reliability-assurance ($\beta=0.138$, $t=2.076$, $p=0.038$) is statistically significant. For these reasons, H8 is rejected. Job performance has no effect on service quality dimensions, respectively, reliability-assurance ($\beta=-0.022$, $t=0.398$, $p=0.690$), responsiveness ($\beta=-0.123$, $t=2.218$, $p=0.027$), and tangibility ($\beta=-0.101$, $t=1.849$, $p=0.064$). However, the relationship between job performance and empathy ($\beta=-0.141$, $t=2.676$, $p=0.007$) was statistically significant. Therefore, H9 is rejected.

Table 3

Structural Model: Hypothesis Testing

Hypotheses	Path Relations	Path coefficient	t statistics	p value		
H1	EL-EC	MM-EC	0.314	4.096	0.000	Not Supported
		MP-EC	-0.097	1.283	0.200	
H2	EL-PC	MM-PC	0.541	7.986	0.000	Supported
		MP-PC	-0.008	0.117	0.907	
H3	EL-BC	MM-BC	0.349	5.866	0.000	Supported
		MP-BC	0.255	4.498	0.000	
H4	EL-JP	MM-JP	0.176	2.504	0.012	Supported
		MP-JP	-0.055	0.827	0.408	
H5	JP-EC	0.108	1.880	0.060	Not Supported	
H6	JP-PC	0.199	3.167	0.002	Not Supported	
H7	JP-BC	0.103	1.753	0.080	Supported	

H8	EL-SQ	MM-EMP	-0.056	0.807	0.420	Not Supported
		MM-R/A	0.027	0.361	0.718	
		MM-RES	0.024	0.330	0.742	
		MM-TAN	0.201	2.435	0.015	
		MP-EMP	0.016	0.222	0.824	
		MP-RES	0.023	0.331	0.741	
		MP-TAN	-0.076	1.016	0.310	
		MP-R/A	0.138	2.076	0.038	
H9	JP-SQ	JP-EMP	-0.144	2.676	0.007	Not Supported
		JP-R/A	-0.022	0.398	0.690	
		JP-RES	-0.123	2.218	0.027	
		JP-TAN	-0.101	1.849	0.064	

MM: Moral manager, MP: Moral person, EC: Egoist climate, PC: Principled climate, BC: Benevolent climate, JP: Job performance, SQ: Service quality, R/A: Reliability –assurance, TAN: Tangibility, RES: Responsiveness, EMP: Empathy.

According to Hu and Bentler (1998, 1999), Standardized Root Mean Square Residual (SRMR) is an adequate goodness-of-fit criterion for SEM-PLS. Since SRMR is an absolute measure of fit, a value of zero indicates a perfect fit. However, a value of less than 0.10 or 0.08 is considered an indicator of acceptable fit (Hu and Bentler, 1999). In this study, the SRMR value was calculated as 0.039, and it can be said that the model suggests a good fit.

Discussion

The findings of the study have several theoretical implications. First, this study is one of very few attempts to simultaneously analyze the relationships between ethical leadership, ethical climate, job performance, and service quality. Secondly, a study conducted in a different culture supports Trevino et al.’s (2000; 2003) research, which explains the moral manager and moral person as components of ethical leadership. Third, considering the ethical climate dimensions as egoistic, benevolent, and principled, it is important in terms of revealing the relationship between these dimensions and ethical leadership and job performance. Another implication is the direct effect of ethical leadership on service quality dimensions. Finally, it examines in detail the relationship between job performance and service quality. The analysis of the relations between all these variables in the banking sector differentiates this study from other studies.

Studies on leadership have revealed that leader behaviors have important effects on the conduct and attitudes of employees and, therefore, on shaping the ethical climate in the organization. Neubert et al. (2009) stated that the ethical behavior of the leader is the critical determinant of the ethical climate. Studies examining the relationship between ethical leadership and ethical climate have found a positive relationship between the two of them (Pel-

letier and Bligh, 2008; Mayer et al., 2010, Shin, 2012). However, it can be said that the number of studies analyzing the effect of ethical leadership on ethical climate dimensions is not sufficient. Similar to this study, Akdoğan and Demirtas' (2014) research examined the effect of ethical leadership behavior on five theoretical ethical climates determined by Victor and Cullen (1988). According to the results, ethical leadership behavior has a positive relationship between laws and codes (principled climate), caring (benevolent climate), independence (principled climate), and efficiency (egoistic climate) dimensions, and a negative relationship between instrumental (egoistic climate) dimensions. Similarly, in this study, it was found that there is a positive and significant relationship between ethical leadership behavior and benevolent, and principled ethical climate. Unlike Akdoğan and Demirtas' (2014) study, however, it was not found a negative relationship between ethical leadership behavior and egoistic ethical climate. Studies examining the effect of ethical leadership on an employee's job performance initially revealed a relationship between the employee's work-related efforts and ethical leadership. According to these studies, there is a positive relationship between ethical leadership and employees' extra job effort (Brown et al., 2005; Brown and Trevino, 2006; Toor and Ofori, 2009). Later studies analyzed the direct relationship between ethical leadership and job performance and suggested that there is a positive relationship between the two (Piccolo et al., 2010; Resick et al., 2011; Walumbwa et al., 2011; Zehir and Erdogan, 2011; Ayan, 2015). In addition, Kia et al.'s (2019) study with bank employees revealed that ethical climate mediates the relationship between ethical leadership and employee performance. In this study, similar to previous studies, it was concluded that ethical leadership behavior has a positive effect on employee performance. The result is important in terms of supporting the literature.

Although there are many studies examining the relationships between ethical climate and work-related outcomes, they mostly focus on employee behaviors, and organizational outcomes, such as job satisfaction (Elci and Alpan, 2009; Schwepker, 2001; Schwepker and Hartline, 2005), organizational commitment (Eren and Hayatoğlu, 2011; Mulki, et al., 2009; Büte, 2011), and turnover intentions (Mulki et al. 2009; Schwepker, 2001). There are, however, few studies that examine the relationship between ethical climate and job performance (DeConinck, 2010; Eren and Hayatoğlu, 2011; Büte, 2011; Aksoy, 2013; Karatepe, 2013; Jaramillo et al., 2006). These studies focused on the ethical climate in general and did not take into account the dimensions. In previous studies, no study was found that investigated the effect of ethical climate sub-dimensions on job performance. This study stands out in this regard since it reveals the effects of perceived ethical climate dimensions on job performance. According to the findings of the analysis, while egoistic climate and benevolent climate do not have any effect on job performance, principled climate positively affects it.

In service companies, employee behavior is one of the most important factors affecting consumer perceptions of service quality. And, the leader is the most significant factor in

shaping the attitudes and behaviors of employees in an organization. Despite the well-known correlation between the two, any studies examining the impact of ethical leadership on service quality have not been found. Only Schaubroeck et al. (2016) revealed that there is a relationship between the high level of ethical leadership behavior by peer leaders and the increase in employees' normative beliefs, and this has a significant indirect effect on employees' commitment to service quality. This study proposed that the ethical leadership behavior of the manager is one of the important and direct determinants of service quality. The findings were not completely insignificant, as they indicated a positive relationship between ethical leadership behavior and tangibility, as well as reliability-assurance, two dimensions of service quality. When examining the studies that investigate the relationship between job performance and service quality, Berry et al. (1988), Tsaur et al. (2004), Gould-Williams (1999), and Bitner (1990) revealed that job performance is one of the most important factors affecting customers' perception of service quality. In research on hotel/motel customer-contact employees, Schwepker Jr. and Dimitriou (2021) revealed that the perception of ethical leadership behavior has a positive impact on employee performance quality. This study revealed that job performance does not affect service quality. However, in this study, unlike similar studies, the relationship between job performance and service quality dimensions was examined in detail. However, unlike similar studies, the relationship between job performance and service quality dimensions was investigated in detail in this study. It has been revealed that there is a significant relationship between job performance and the empathy dimension of service quality.

Implications for practice

This study aims to determine how the bank branch manager's ethical leadership behavior affects the ethical climate and job performance in the branch, as well as how all of this impacts service quality. In this context, the branch manager's ethical leadership behavior was analyzed based on employee perceptions, and the relationship between this behavior and the branch's ethical work climate was determined. Furthermore, the impact of ethical leadership on job performance was revealed. In addition, the effects of the bank branch manager's ethical leadership behavior and the job performance of bank branch employees on the quality of service were analyzed. According to the findings, the perception of the employees, in general, is that it is more important for the branch manager to be a moral manager than to be a moral person. In other words, the branch manager's ethical management features have a greater impact on the employees than his ethical personality characteristics. The manager's overall ethical leadership behavior has an impact on the branch's ethical work climate. According to this, there is a positive relationship between the ethical leadership behavior of the bank branch manager and the egoistic, benevolent, and principled climate. The branch manager who wants to build an egoistic or principled climate in the branch should emphasize moral manager characteristics. However, in order to constitute a benevolent climate in the branch, the manager should guide his employees by using both moral manager and moral person traits at the same

time. Job performance is positively affected when the ethical work climate in the branch is principled. When bank employees consider that they are performing their tasks in accordance with professional principles, rules, and laws, their performance will increase. As a result, bank branch managers should strive to build a principled ethical climate in the branch in order to enhance employee job performance. The study also revealed that ethical leadership behavior has an impact on job performance. In other words, the more the branch manager's ethical leadership behaviors, the higher the job performance. The important point here is that the moral personality traits of the branch manager do not affect employee performance. As a result, emphasizing the moral manager qualification of the branch manager will be able to improve the performance of the branch employees. It has been determined that the branch manager's ethical leadership behavior has no impact on the bank branch customers' perceptions of service quality. However, there is an important point to be made here. The tangibility dimension of the service quality is positively affected by the branch manager's moral manager behavior. Trust, on the other hand, is one of the most critical factors influencing customers' perceptions of service quality. According to the findings, the branch manager's ethical behavior creates the impression that the service offered to the consumer is reliable, and customers also believe that employees are dependable. The empathy dimension of perceived service quality is positively affected by branch employee job performance. Customers' perceptions of the service will be positively affected by behaviors such as displaying sincere interest and delivering services by considering their needs and demands. As a result, ethical leadership behavior has a number of consequences within the organization. The ethical leadership behavior of bank branch managers will affect the ethical working climate of the branch, with beneficial outcomes such as increased job performance and improved service quality.

Limitations and Future Research Directions

The results of the study should be evaluated within the framework of some limitations. First and foremost, the variables within the scope of the study are measured by employee and customer perceptions. For the purpose of the research, data was gathered from volunteers from bank branches and clients of the same branches. Therefore, this factor should be taken into account when evaluating the results. This study is expected to be a guide for future studies. In the theoretical framework, some suggestions can be made in this context. The impact of ethical leadership behavior on headquarter departments may be studied, or the study can be applied to only one bank overall. It can be carried out by assessing employee performance against specific parameters. Thus, the effect of ethical leadership behavior on the objective work outputs of employees can be measured.

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