

# **THE ROLE OF LEADER POLITICAL SKILL AND ETHICAL LEADERSHIP ON EMPLOYEE DEVIANCE BEHAVIOR**

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## **ABSTRACT**

Political skill reflects capabilities to show social concern, to make interactions, and to give influence. Political skill is often associated with the leader figure. Leader political skill will determine the style and behavior of leaders, including ethical leadership. Ethical leadership is a leadership process that transfers ethical leader behavior on employee behavior through the mechanism of social learning, exchange and identity. Leaders who have political skill will be viewed to be more ethical than leaders who are lack of political skill. Leaders with political skill will demonstrate their ability to behave in a manner which is consistent with the existing ethical norms. Ethical leadership, in turn, will affect employees in various aspects, such as commitment, satisfaction on the leaders, trust, leaders' effectiveness, and organizational citizenship behavior; it also creates an ethical climate within the organization, which in turn, can reduce employee deviant behavior in the workplace (Kalshoven et al. 2011, Mayer et al., 2010). This study aims to examine the relationship between leader political skill, ethical leadership, ethical climate, and deviant behavior in the workplace. This study is conducted in the local government in Karanganyar, Indonesia. Data is analyzed by using Partial Least Square (PLS), a method which combines path regression and confirmatory factor analysis. Results show that leader political skill is positively and significantly related to ethical leadership which is positively and significantly related to the ethical climate. The ethical climate that is confirmed to mediate the relationship between ethical leadership and deviant behavior is also proved to be negatively and significantly related to employee deviant behavior.

**Keywords:** Leader political skill; Ethical leadership; Ethical climate; Deviance behavior

## 1. INTRODUCTION

Political skill construct attracts the scholars more as the importance of organizational ethics grows. Political skill reflects the ability to show social concern, to make interactions, and to give influence (Harvey, Harris, Kacmar, Buckless & Pescosolido, 2014). Furthermore, Harvey et.al (2014) argues that leader political skill has a positive impact on employees, for instance, employees' perceptions about the effectiveness of leaders.

Leader political skill might determine leaders' style and behavior; one that is often attributed is ethical leadership. Ethical leadership at all levels of management is the priority agenda of many organizations because this type of leadership is expected to have a positive effect (Kalshoven, Den Hartog & De Hoogh, 2011). It is closely related with the efforts to reduce unethical behavior in the organization, so that scholars and practitioners focus on the role of leaders, including ethical leadership.

In addition to its association with leader political skill, ethical leadership is also believed to have an influence on employees. According to Kalshoven et al (2011), ethical leader behavior correlates and positively affects attitudes and behaviors of employees, such as commitment, satisfaction to leaders, trust, leader effectiveness, and organizational citizenship behavior. A study by Mayer et.al (2010) proved that ethical leadership would create an ethical climate within the organization, which in turn, can reduce employee deviant behavior within the organization.

This study aims to examine the relationship between leader political skill, ethical leadership, ethical climate and deviant behavior in the workplace. The research is carried out in the scope of local government in Karanganyar Regency, Central Java. Since reformation in 1998, Indonesia government has declared to reform the bureaucracy in all government institutions, including the local governments. Meanwhile, the local governments are still confronted with the problematic of bureaucratic reform, such as the existence of bureaucratic pathology driven by the associated moral decadence in various forms of conspiracy action (Evaluation of Bureaucratic Reform Policy-Directorate of Sectoral Development Performance Evaluation Ministry of National Development Planning/*Bappenas*, 2013). Sanusi (in Bureaucracy Reform Evaluation -Directorate of Sectoral Development Performance Evaluation of the Ministry of National Development Planning / *Bappenas*, 2013) adds some key challenges in bureaucracy reform: (1) low corruption perception index (IPK) in 2011 with the score 3.0, which is still far from the 2014 target with a GPA of 5.0; (2) decreasing public confidence in the government (Kompas and LSI survey, January 2012); as well as corruption, collusion, and nepotism practices that occur in various areas of government.

Various problems occurred in the implementation of bureaucratic reform and governance are closely related to ethical issues within the organization. Therefore, it takes effort to control unethical behavior in the organization through the role of ethical leadership.

## 2. LITERATURE REVIEW

### 2.1. *Leader Political Skill and Ethical Leadership*

Harvey et.al (2010) suggested that leader political skill could influence employee's ethical perception of the leader. This is because political skill enables leaders to demonstrate that they are trustworthy and committed to employees. Political skill enables people to show the impression that they are concerned about social norms and their behavior is consistent with the norms. The normative behavior expressed by leaders is a key component in employee perceptions of ethical leadership.

Political skill also enables leaders to control their behavior and communication with employees. Harvey et.al (2014) explained that people with high political skill would not only know exactly what to do in different social situations, but also how to do it sincerely. Furthermore, Harvey et al (2014) predicted that political skill could help leaders to look better than their actual conditions and prevent leaders from being unethical by showing them socially acceptable impressions and behaviors. Therefore, we propose a hypothesis as follows:

Hypothesis 1: Leader political skill has a positive effect on employee perception of ethical leadership.

### 2.2. *Ethical Leadership, Ethical Climate and Deviant Behavior in the Workplace*

According to Mayer et.al (2010), leaders play an important role in developing an ethical climate. Leaders apply an ethical pattern to the organization through the establishment of practices, policies and procedures that help demonstrate the appearance of ethical behavior and reduce deviant behavior.

Using Social Learning Theory, Mayer et.al (2010) explained the effect of the ethical leader on ethical climate. Social Learning Theory asserted that individuals learn an appropriate way to act through the role-modeling process by imitating the behavior of others. Furthermore, Social Learning Theory explained that individuals tend to pay attention and imitate the behavior of an attractive and credible role model. Leaders in organizations are often regarded as a model of legitimization of normative behavior. Employees are influenced by their leaders because the leaders have the power to determine the punishments or the rewards for ethical or unethical behaviors. Social Learning Theory also allows individuals to learn what is expected from them in terms of appropriate behaviors.

An ethical leader acts as a role model of ethical behavior and teaches employees about how to maintain high ethical standards. Through appropriate role modeling of behavior, an ethical leader creates an ethical climate where doing the right thing is something rewarding. Schaubroek et al., (2012) explains that the formal ethical cultural system within the organization includes policy, authority structure, reward system and ethical training program. The informal system includes the behavior of co-workers, the use of ethical language, myths, stories and ethical norms. When organizational members have a strong understanding of these issues, they are expected to be more aware of ethical issues to prevent personal ethical violations and make others unwilling to commit ethical violations. Based on the literature, the second hypothesis is formulated as follows:

Hypothesis 2: Ethical leadership positively affects ethical climate.

The realization of the ethical climate within the organization will avoid any deviant behavior. Mayer et.al (2010) describes this process using Social Information Processing Theory. According to the theory, the individual will look for signs in his environment to identify the characteristics of his work environment and to understand the ways that are considered to be appropriate behaviors. Ethical climate can serve as an indicator that helps individuals to know the types of ethical or unethical behaviors that are accepted or rejected in the workplace. In addition, ethical climate provides information to individuals about the proper behavior in the work environment. Ethical climate also gives individual clues as to how others perceive what behaviors are acceptable. Therefore, if ethical climate is higher in emphasizing ethical action, employee deviant behavior will diminish. Therefore, the third hypothesis is formulated:

Hypothesis 3: Ethical climate has a negative effect on employee deviant behavior

In general, a climate helps explain the processes that individuals use to understand their work environment. Individuals do not directly respond to the work environment, but they will be involved in the process of initial understanding and then interpret the work environment. In such condition, climate mediates the relationship between organizational context and individual behavior. Moreover, organizational climate acts as an important mediator between organizational variables and the outcomes (Mayer et al., 2010). Thus, we propose the fourth hypothesis as follows:

Hypothesis 4: Ethical climate mediates the relationship between ethical leadership and employee deviant behavior

### **3. RESEARCH METHOD**

#### **3.1. *Research Design***

This research will be conducted by using the individual perspective through a survey in the local government in Karanganyar Regency, Indonesia. All employees of the local government become the population of the study. Proportional Random Sampling is applied to select the sample by dividing the population into some groups based on divisions of the local government of Karanganyar. The sample is taken proportionally by the number of employees of each division randomly. Based on the permission given by the local government, the sample size of this study is 100 respondents.

#### **3.2. *Measurements***

Leader political skill is measured by using a questionnaire adapted from Ferris et.al (1999, as cited in Perrewe, Zellars, Ferris, Rossi, Kacmar, and Ralston, 2004), which consists of 6 items. Ethical leadership is measured by adopting questionnaire from Brown, Trevino, and Harrison (2005), which consists of 10 items. Deviance behavior is measured by using questionnaire adapted from Bennett and Robinson (2000), which consists of 8 items. Eventually, ethical climate is measured by using items developed by Mayer et.al with 6 items.

## 4. RESULTS AND DISCUSSION

### 4.1. Validity and Reliability

The validity and reliability tests are conducted by using convergent validity and composite reliability. A result of convergent validity is explained as follows:

**Table 1:** Cross Loading Value

	Ethical Climate (EC)	Ethical Leadership (EL)	Leaders' PoliticalSkill (LPS)	Deviant Behavior (DB)
EC1	0,776664	-0,254296	-0,387217	0,502592
EC2	0,797198	-0,259627	-0,348883	0,412636
EC4	0,675236	-0,202022	-0,163291	0,299578
EC5	0,8093	-0,234618	-0,267888	0,406836
EC6	0,710381	-0,102626	-0,217523	0,349521
EL1	-0,13253	0,736842	0,431848	-0,334145
EL10	-0,10826	0,750081	0,422464	-0,009118
EL2	-0,33307	0,890933	0,660818	-0,184874
EL3	-0,30102	0,852969	0,659685	-0,132482
EL4	-0,13069	0,640911	0,374387	-0,009104
EL5	-0,27449	0,848582	0,606059	-0,188613
EL6	-0,35563	0,844943	0,684123	-0,2192
EL7	0,052169	0,574961	0,274611	-0,082367
EL8	-0,09722	0,74906	0,425369	-0,17457
EL9	-0,26048	0,886437	0,656307	-0,117969
LPS1	-0,30263	0,449269	0,673697	-0,131
LPS2	-0,36888	0,586228	0,800696	-0,218099
LPS3	-0,24109	0,680263	0,872072	-0,133593
LPS4	-0,31674	0,566614	0,898907	-0,176018
LPS5	-0,35806	0,547126	0,8399	-0,213544
DB1	0,196477	0,032526	-0,01552	0,587416
DB5	0,41617	-0,073268	-0,143233	0,763493
DB6	0,427162	-0,179626	-0,178094	0,820335
DB7	0,495754	-0,26763	-0,230743	0,845691

*Source:* Primary data, 2018

As shown in Table 1, the cross-loading value of each indicator of the relevant variable is greater than that of cross loading on other variables, for all indicators in the ethical climate, ethical leadership, leadership political skill, and deviant behavior. Thus, it can be concluded that this research instrument is said to be valid discriminant.

For composite reliability testing, the indicator of a research instrument that measures a variable has good composite reliability if it has a value greater than 0.5. The following table shows the results of composite reliability:

**Table 2: Composite Reliability Value**

	<b>Composite Reliability</b>
Ethical Climate	0,787212
Ethical Leadership	0,925577
Leader Political Skill	0,834173
Deviant Behavior	0,846501

*Source:* Primary Data, 2018

Instrument reliability test results show that all variables are reliable as they have a composite value of reliability > 0.5.

#### **4.2. Hypothesis Testing**

Hypotheses are tested by using Partial Least Square (PLS). Given the gender as a control variable, the PLS analysis is conducted with the groups of male respondents, female respondents and the whole groups of respondents. The results are presented as follows:

##### 1. The male group

**Table 3: Results of PLS Analysis within the Male Group**

	<b>Original Sample (O)</b>	<b>Sample Mean (M)</b>	<b>Standard Deviation (STDEV)</b>	<b>Standard Error (STERR)</b>	<b>T Statistics ( O/STERR )</b>	<b>Explanation</b>
Ethical Climate ->Deviant Behavior	-0,28974	-0,36953	0,276108	0,276108	1,989382	Significant
Ethical Leadership ->Ethical Climate	0,255621	0,282817	0,2482	0,2482	1,979901	Significant
Ethical Leadership ->Deviant Behavior	-0,21217	-0,11203	0,249466	0,249466	0,850511	Not Significant
Leader Political Skill ->Ethical Leadership	0,649799	0,667134	0,14256	0,14256	4,558088	Significant

*Source:* Primary Data, 2018

Based on Table 3, the statistics show that almost all the relationships are proved to be significant, except ethical leadership, which is not significantly related to deviant behavior (t-statistic = 0.850511, <1.96).

## 2. The female group:

**Table 4:** Results of PLS Analysis within the Female Group

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics ( O/STERR )	Explanation
Ethical Climate - >Deviant Behavior	-0,39946	-0,48043	0,222824	0,222824	1,792719	Not Significant
Ethical Leadership ->Ethical Climate	0,200199	0,183544	0,270415	0,270415	0,740339	Not Significant
Ethical Leadership ->Deviant Behavior	-0,18388	-0,09084	0,291973	0,291973	0,629794	Not Significant
Leader Political Skill ->Ethical Leadership	0,772883	0,785264	0,119564	0,119564	6,464175	Significant

*Source:* Primary Data, 2018

Results of the PLS analysis in table 4 show different conditions for the female group compared to the male group, in which almost all relationships between variables are not proved to be significant. Only leader political skill is significantly related to ethical leadership (t-statistic = 6,464175, > 1,96).

The analysis of PLS in two groups of male and female respondents shows different results; in the male group, almost all the relationships between the variables are proved to be significant, meanwhile in the female group, the result shows the opposite, that almost all relationships between variables are proved to be insignificant. This finding indicates that gender affects the relationship between the variables tested. In other words, men respond differently to women related to leader political skill, ethical leadership, ethical climate and deviant behavior within the organization.

## 3. The whole group of respondents:

**Table 5:** Results of PLS Analysis within Whole Groups

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics ( O/STERR )	Explanation
Ethical Climate - >Deviant Behavior	-0,29637	-0,35758	0,157033	0,157033	1,987311	Significant
Ethical Leadership ->Ethical Climate	0,28738	0,28269	0,124842	0,124842	2,301972	Significant

	<b>Original Sample (O)</b>	<b>Sample Mean (M)</b>	<b>Standard Deviation (STDEV)</b>	<b>Standard Error (STERR)</b>	<b>T Statistics ( O/STERR )</b>	<b>Explanation</b>
Ethical Leadership ->Deviant Behavior	-0,04701	-0,07411	0,197111	0,197111	0,238517	Not Significant
Leader Political Skill ->Ethical Leadership	0,697749	0,712534	0,089668	0,089668	7,781451	Significant

*Source* : Primary Data, 2018

Based on the data of all respondents, the results of PLS analysis in Table 5 show that almost all relationships between variables are proved to be significant, except for ethical leadership that is not significantly related to deviant behavior (t-statistic = 0.238517, <1.96).

Hypothesis 1 which stated that leader political skill is positively related to ethical leadership is supported in this study (O = 0.697749, t-statistic = 7,781451, > 1,96). Hypothesis 2 which stated that ethical leadership is positively related to the ethical climate, is also supported (O = 0.28738, t-statistic = 2.301972, > 1.96). Similarly, hypothesis 3 which suggested that the ethical climate is negatively related to deviant behavior is supported in this study (O = -0.29637, t-statistic = 1.987311, > 1.96). In the mediation testing of hypothesis 4 which stated that ethical climate mediates the relationship between ethical leadership and deviant behavior, it appears that ethical leadership is not significantly correlated with deviant behavior (t-statistic = 0.238517, <1.96), while ethical leadership is significantly related to ethical climate, and ethical climate is also significantly related to deviant behavior. It can be concluded that ethical climate mediates the relationship between ethical leadership and deviant behavior. Hence, H4 is supported in this study.

### **4.3. Discussion**

Based on the results, leader political skill is positively and significantly correlated with ethical leadership. It means that a leader who possesses high political skills which are demonstrated by the ability to give social attention, make interactions, and show influence is possible to show a strong impression in the employees' view that they can be trusted. Political skill enables people to show the impression that they are concerned about social norms and their behavior is consistent with the norms (Liu et al., 2007). This, in turn, encourages ethical leadership of leaders. This findings in line with Harvey et.al (2014).

Ethical leadership has also been proved to be positively and significantly related to the ethical climate. Thus, the stronger ethical leadership, the stronger ethical climate is built into the organization. This result reinforces Mayer et.al (2010)'s view of the ethical leader's influence on the ethical climate. Based on Social Learning Theory, Mayer et.al (2010) suggested that individuals learned the appropriate way to act by imitating the role model's behavior that was considered attractive and credible, such as leaders'.

This study also proves that ethical climate is negatively related to deviant behavior. The stronger ethical climate is built into the organization, the lower deviant behavior of the employees. This result reinforces the findings of Martin and Cullen (2006) that ethical climate can reduce



dysfunctional behavior, and it supports the results of Peterson's (2000) study which proved that the ethical climate could reduce deviant behavior in the organization.

Finally, the results of this study also found that the ethical climate mediates the relationship between ethical leadership and deviant behavior, whereby the mediation is fully mediated. It means that ethical leadership can reduce the occurrence of employee's deviant behavior by strengthening the ethical climate in organizations conducted by ethical leader figures.

## 5. CONCLUSION

This study proves that leader political skill can strengthen ethical leadership, which in turn it builds an ethical climate within the organization so that it can ultimately reduce the deviant behavior. There are several limitations in this study that are important to be considered, especially for further research. This research is conducted at a government institution, so it takes caution in generalizing the results because the phenomenon that occurs on the research subject does not necessarily occur in other subjects. The data in this study were collected through self-report questionnaire. Therefore, the information obtained is still limited to the question items in the questionnaire. Information extracted through in-depth interviews will further enrich the data.

Further research is expected to generalize the data by extending the scope of research on other subjects, including comparisons with phenomena occurring in private sectors. In-depth interviews can be done to obtain more in-depth information that can complement the data from the questionnaire.

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