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Research on Entrepreneurial Leadership and Ethical Climate in the Public Sector: Exploring the Roles of Confucian Public Values

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I . Introduction

Ethics in the Public Sector



- **Ethics in the public sector** emerges as an important element of institutionalizing ethical practices and policies in advancing public value (Diefenbach 2009).
- Considering the limitation of the law, **organizational solutions** to eradicate corruption is needed to achieve the ethical values which is fundamental for the competitive government.

- **Victor and Cullen (1987)**

- There are **three types of locus in an ethical climate**: individual, local, and cosmopolitan.

		Locus of Analysis		
		Individual	Local	Cosmopolitan
Ethical motive	Egoism	Self-Interest	Company Profit	Efficiency
	Benevolence	Friendship	Team Interest	Social Responsibility
	Principle	Personal Morality	Company Rules and Procedure	Laws and Professional Codes

- The literature examining determinants of ethical climate is still both **"fragmented"** and **"under-researched"** (Martin and Cullen 2006, 179).

Locus of Analysis	Individual	Local	Cosmopolitan
Dimensions of analysis	Individual	Organization	External Organization
Variables of analysis	Public Service Motivation	Entrepreneurial Leadership	Confucian Values

I . Introduction

Entrepreneurial Leadership

- Along with the development in the field of public administration, **entrepreneurship** was largely viewed as a **strategic management and leadership principle**.
 - **Public managers** are encouraged to **display entrepreneurial leadership behaviors**—innovative, proactive, and risk-taking behaviors.
 - There is scant scholarly inquiry on **EL's consequences** especially on **ethical values in the public-sector organization**.
-

Confucian Values and PSM

- In order to do research reflecting the reality in the Korean public sector, the current study examines the effect of Confucian values.
- The study assumes that **the Confucian values contribute to organizational and management practices**.
- It is not easy to find studies which have investigated how **PSM** is influenced by **sociocultural disposition**.
- Current research contributes to resolving the limitation of PSM studies by **proving that Confucian values can enhance PSM**.

II. Literature Review

Hypotheses

1 PSM with a Lens of Stewardship Theory

- Positive relationship between PSM and ethical behavior has been proved by previous literature (E.g., Brewer & Selden, 1998; Lim 2004; Park 2012).
- According to Daft(1992), employee internalizes standards and norms of socially appropriate and accountable conduct are described by ethics; **Diffusion of Ethics**
- **Stewardship theory**: Members of the organization are understood as stewards and, therefore, tend to show pro-organizational attitudes and behavior.
H1. PSM will be positively and significantly associated with Ethical Climate.

2 Confucian Values based on Social Learning Theory

- Confucian values are perceived as translated into managerial ideologies.
- The positive effects of **Confucian values on PSM and ethics** are shown in findings of **Bangcheng (2009)** that as elements of Chinese public employees' PSM, attitudes, behavior, and ethics could be attributed to Confucian values.
- **Social learning theory**: In the social context, the environment surrounding individuals influences behavior through cognitive processes.
H2. Confucian Values will be positively and significantly associated with Ethical Climate.
H3. Confucian Values will be positively and significantly associated with PSM.

II. Literature Review

Hypotheses

3 Entrepreneurial Leadership with Path-Goal Theory

- Value-based entrepreneurial leadership might **encourage Confucian values** through inducing group members to work together on a positive emotional basis (Gupta, MacMillan, and Surie 2004).
- Given that PSM is basically intrinsic motivation, which increases when autonomy is provided, entrepreneurial leadership is particularly effective.
- Neubaum, Mitchell, and Schminke (2004) explored the effects of organizational newness and entrepreneurial orientation on ethical climate, and their results show that **newness and entrepreneurial orientation positively influence the ethical climate.**
- **Path-goal theory:** The role of the leader is to guide subordinates to choose the best paths to reach their goals (House 1996).

H4. Entrepreneurial Leadership will be positively and significantly associated with Confucian Values.

H5. Entrepreneurial Leadership will be positively and significantly associated with PSM.

H6. Entrepreneurial Leadership will be positively and significantly associated with Ethical Climate.

III. Methods & Analysis

Data and Instrumentation

1 Data

- 2015 Public Sector Entrepreneurship Survey data collected from Korean public sector employees
- Total 1,215 (response rate: 81%)

2 Sample Characteristics

Gender	Male	752(61.8%)	Age	20s	85(7.0%)
	Female	448(36.8%)		30s	533(43.8%)
				40s	423(34.8%)
				50s	161(13.2%)
				60s	1(0.1%)
Educational Attainment	High School or Less	61(5.0%)	Tenure	1 month – 3 years	195(16.0%)
	College (2 to 3 years)	92(7.6%)		3 – 5 years	157(12.9%)
	Bachelor's Degree	776(63.8%)		5 – 10 years	281(23.1%)
	Master's Degree	233(19.2%)		10 – 15 years	201(16.5%)
				More than 15 years	362(29.8%)

III. Methods & Analysis

Measures

Table 1. Reliability Test & Validity Test (CFA)

Variables		Cronbach's alpha		
Suggested		>0.6		
Entrepreneurial Leadership		.96		
PSM	Rational PSM	.79		
	Norm-based PSM	.82		
	Affective PSM	.86		
Confucian Values	Reciprocity	.87		
	Hierarchy	.78		
	Humility	.73		
	Face-saving	.83		
Ethical Climate		.81		

Model	CFI	SPMR	RMSEA
Suggested	>0.95	<0.8	>0.06
PSM	3.401	.028	.052
Confucian Values	0.954	.064	.064

III. Methods & Analysis

Results

Table 2. Means, standard deviations, and correlations among constructs

Variable	M	SD	1	2	3	4
1. Entrepreneurial leadership	4.87	1.27	1			
2. PSM	4.18	.66	.258**	1		
3. Confucian values	4.67	.65	.107**	.269**	1	
4. Ethical climate	4.70	.1.08	.294**	.036*	.086**	1

** = $p < .01$, two-tailed tests of significance, * = $p < .05$, two-tailed tests of significance

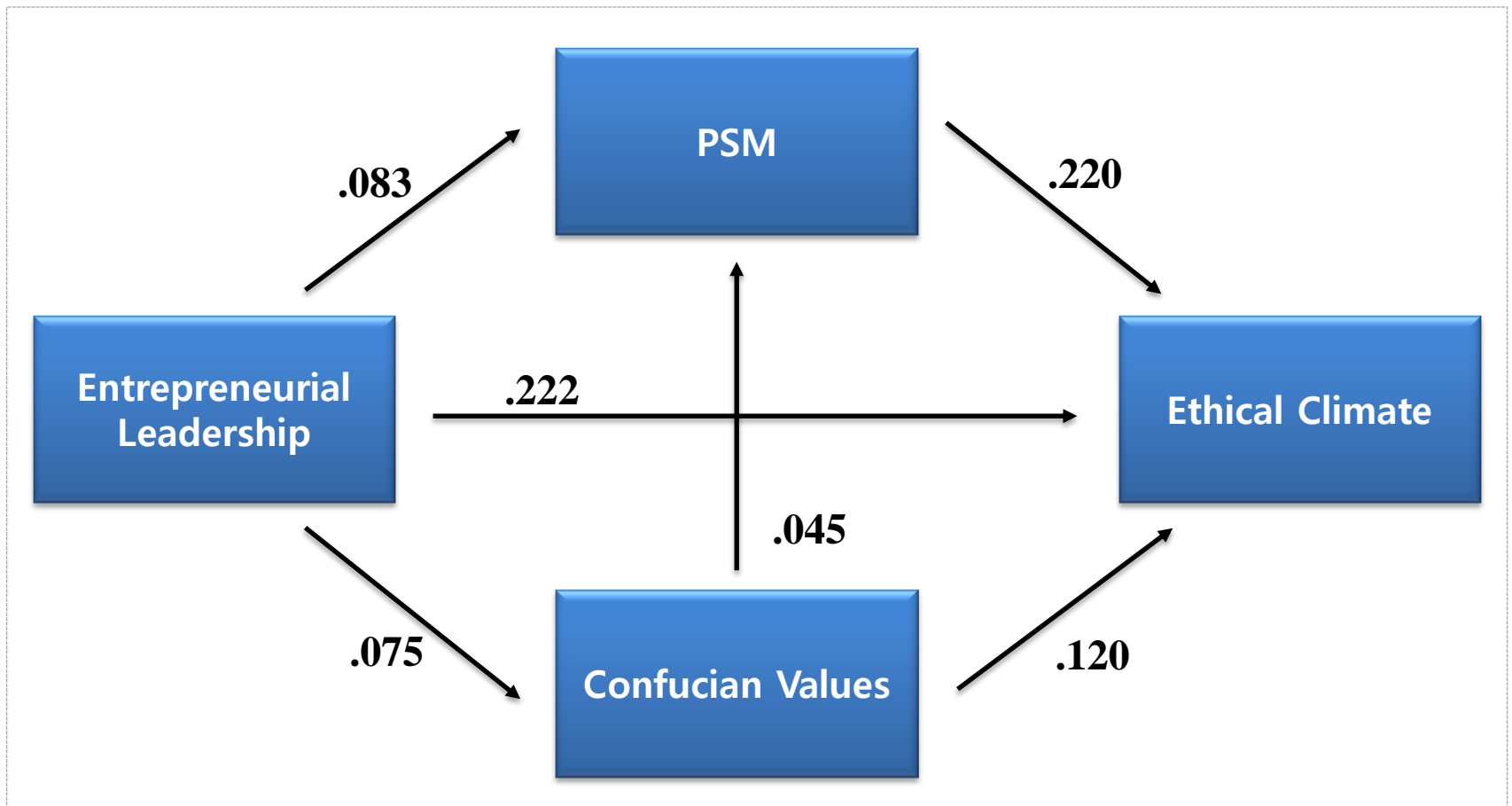
Table 3. Model Fit

Model	CMIN/Df	CFI	SRMR	RMSEA	PClose
Suggested	>3	>0.9	>0.06	>0.05	>0.05
PSM	4.198	.934	.067	.051	.121

III. Methods & Analysis

Direct Effects

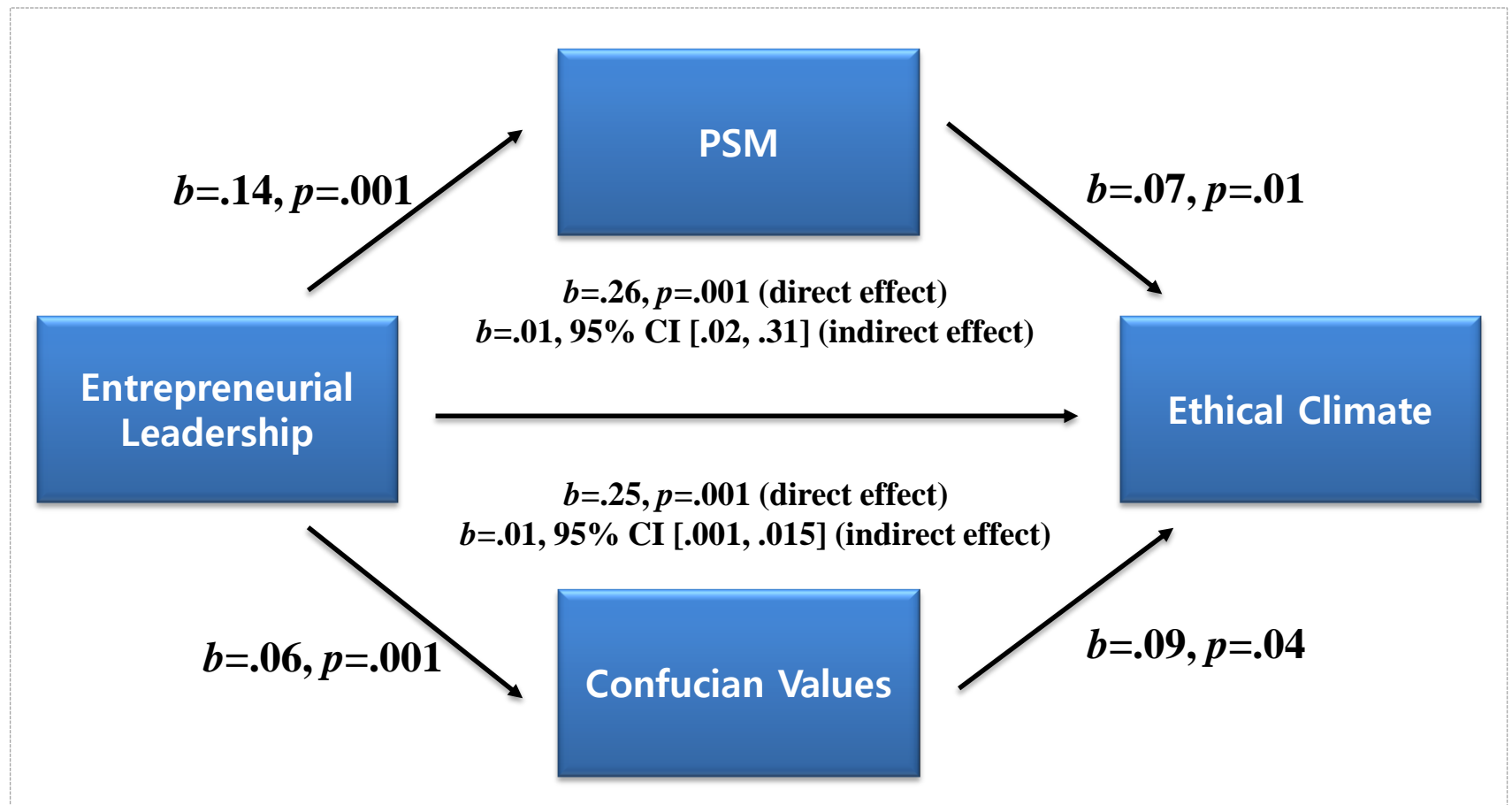
Structural Equation Model Results



III. Methods & Analysis

Mediating Effects

Mediation Model Results



IV. Conclusions and Implications

1 Conclusions

- **Entrepreneurial leadership** strategies and employees' **PSM** and **Confucian values** are jointly **effective at promoting ethical climate** by enhancing employees' altruism and benevolence.
- Confucian values cultivate an ethical climate through enhancing pro-organizational and collectivist behaviors.

2 Implications

[Theoretical Implication]

- Using **various theories** such as path-goal theory, stewardship theory, and social learning theory, we proved that all of hypotheses were confirmed.
- This study is the **first study to show the mediating effects** of Confucian values and PSM between entrepreneurial leadership and ethical climate.
- This research is the first empirical analysis considering all three dimensions of ethical climate: individual, local and cosmopolitan.

[Practical Implication]

- 1) **Candidates' level of PSM and Confucian values** such as benevolence and altruism should be **evaluated when selecting new employees**.
- 2) **HRD programs** should be designed to cultivate employees' PSM and Confucian values to promote ethical climate in the public sector.
- 3) **Leadership training**—increased professional competencies, such as the knowledge needed for the performance of public duty—could be **provided to all civil servants** above a certain level. This HRD system could **be used to train managers on the significance of performing as entrepreneurial leaders beyond conventional leadership styles such as transactional leadership**.

IV. Conclusions and Implications

3 Limitations

Suggestions for future research:

- 1) Employing **diverse methods** such as FGI and Experimental research.
- 2) **Comparative research on nations** (within Confucian Asia) **and sectors** (private vs. public)
- 3) Analyzing each effects of **multiple variables of Confucian Values** (e.g., hierarchy, reciprocity, face saving, group orientation, and humility)
- 4) Examining how those variables influence on **individual level such as ethical motives** (e.g., fraud and deceit) with a perspective of **regulatory focus theory** as it is used to explain the mechanism of individual behavior.

Appendix

Survey Items

(1) Entrepreneurial leadership

Absorbing uncertainty

Leader in my agency presents a vision for the future.

Leader in my agency anticipates possible future events.

Leader in my agency instills others with confidence by showing confidence in them.

Path clearing

Leader in my agency is skilled at interpersonal relations.

Leader in my agency has an unusual ability to persuade others of his/her viewpoint.

Leader in my agency gives confidence, or hope through reassuring and advising.

Building commitment

Leader in my agency demonstrates and imparts strong positive emotions for work.

Leader in my agency able to induce group members to work together.

Leader in my agency seeks continuous performance improvement .

Specifying limits

Leader in my agency integrates people or things into cohesive working whole.

Leader in my agency is generally optimistic and confident.

Leader in my agency makes decisions firmly and quickly.

Appendix

Survey Items

(2) Public Service Motivation

Rational PSM

I have a negative perception on politics. (Reverse Coding)

The compromises that are involved in public policy making don't appeal to me. (Reverse Coding)

I don't care much for politicians. (Reverse Coding)

Norm-based PSM

I unselfishly contribute to my community.

Meaningful public service is very important to me.

I consider public service my civic duty.

Affective PSM (Self-sacrifice)

Making a difference in society means more to me than personal achievements.

I believe in putting duty before self.

Much of what I do is for a cause bigger than myself.

Serving citizens would give me a good feeling even if no one paid me for it.

Affective PSM (Compassion)

Most social programs are too vital to do without.

It is difficult for me to contain my feelings when I see people in distress.

To me, patriotism includes seeing to the welfare of others.

Appendix

Survey Items

(3) Confucian Values

Face saving

I am concerned with bringing shame to myself.

I am concerned with bringing shame to others.

I pay a lot of attention to how others see me.

I feel ashamed if I lose my face.

Humility

I avoid singing my own praises.

I try not to openly talk about my accomplishments.

Being boastful is a sign of weakness and insecurity.

I do not actively tell others about my achievements.

Group orientation

I am conscious of social expectations, norms, and practices.

When I am uncertain how to act, I try to do the same as what others do.

I usually make decisions without listening to others. (Reverse Coding)

If there is a conflict between my interest and my family' s interest, I will put priority on mine.

(Reverse Coding)

Hierarchy

I am happy if people look up to me.

We have a vertical order in the society that we should respect.

In the society, a person with high personal achievements is considered to have high social standing.

Wealth and power are becoming important determinants of social status.

Reciprocity

The practice of 'give and take' of favor is an important part of social relationships.

I feel a sense of obligation to a person for doing me a favor.

It is a bad manner not to return favors.

When I receive a big favor, I try to go an extra mile to do something nice in return.

Appendix

Survey Items

(4) Ethical Climate

In our agency, someone misused confidential information. (Reverse Cording)

Our agency sometimes acquire budget inappropriately from upper and/or outside organization.
(Reverse Cording)

In our agency, someone took credit for another' s work performance.(Reverse Cording)

תודה
Dankie Gracias
Спасибо شكراً
Merci Takk
Köszönjük Terima kasih
Grazie Dziękujemy Děkojame
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Kiitos Täname teid 谢谢
Thank You Tak
感謝您 Obrigado Teşekkür Ederiz
Σας Ευχαριστούμ 감사합니다
ඔබට
Bedankt Děkujeme vám
ありがとうございます
Tack