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## Antecedents of Organisational Ethical Culture towards Social Sustainability for Companies in Malaysia

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### Abstract

The topic of sustainability development has remained crucial where Malaysian government is trying its best to strengthen sustainability commitment to achieve the sustainable development goals (SDGs). The lack of emphasis on sustainability awareness from leaders hinders the effort of sustainability commitment to be ingrained in organisational culture. Therefore, this study aims to investigate the role of ethical leadership and organisational ethic culture play in promoting social sustainability, with the support of the social exchange theory adopted as the theoretical framework. The target population of this research encompasses employees working in Malaysia companies. A total of 202 data respondents were analysed using Statistical Package for the Social Sciences (SPSS) and SmartPLS 4. The expected outcomes of this study are to prove that having ethical leadership is crucial for an organisations' ethical culture development and plays a significant role in promoting employees' well-being. The study found that job satisfaction effectively mediates the relationship between ethical leadership and employees' well-being.

**Keywords:** Social Sustainability; Ethical Leadership; Employees' Well-Being; Job Satisfaction; Organisational Ethical Culture; SPSS; SmartPLS 4.

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## 1.0 Introduction

In today's business landscape, the expectation of sustainability requirements no longer limits large corporations, but to small and medium enterprises (SMEs) (Das et al., 2020). As reported in Star News (Rupinder, 2022), the Malaysian government has introduced various initiatives, including environmental, social, and governance (ESG) guidelines suited for SMEs to adopt sustainable practices (Paul, 2023). Recognizing the importance of sustainability, the government has also integrated green economy principles into Malaysia's budget for 2023 and established sustainable financing for corporates and SMEs to have adequate financial resources in conducting programs and projects contributing to SDGs (Ministry of Finance, 2022).

However, there is still a lack of commitment to sustainability practices and SDGs in both corporations and SMEs. According to the Sustainability Report in 2022, research done by the United Nations Global Compact Network Malaysia and Brunei (2022), less than 20% of the private sector has adopted sustainability practices. Accordingly, Tushar (2017) stated that ethical leaders can be a great catalyst for shaping a firm's sustainability development as quoted from the author "In order to develop a sustainable organisation, a leaders or managers needs to be socially and environmentally responsible with moral obligation and to be able to integrate principles of sustainability in all organisational processes and practices".

Sustainability development encompasses 3 dimensions that need to achieve long-term stability in economic, environmental, and social dimensions. Additionally, the United Nations member countries also introduced 17 Sustainable Development Goals (SDGs) in 2015 for all United Nations members including Malaysia, to contribute towards a more sustainable future (Filipowicz, 2023). In the context of SDGs, social sustainability tackles the topic of decent work and economic growth (SDG8), gender equality (SDG5), and social justice (SDG16) (Pharrell et al., 2022), as these goals address societal problems happening in the world. For example, SDG5 aims to promote equal opportunities for all women and girls, and SDG16 aims to promote a peaceful and inclusive society (Filipowicz, 2023). While, SDG8 aims to promote positive employee treatment where employees' health and

safety, dignity and satisfaction, as well as fair working conditions, are prioritised (Rai et al., 2019). While economic and environmental factors in corporate sustainability are given more attention in comparison to social factors, organisations in Malaysia seem to have a narrow perspective on how to achieve social sustainability (Hamzah et al., 2023). As reported by Zainoddin et al. (2018) findings, most firms deem themselves to have achieved social sustainability by making community donations and charity to the less fortunate groups. Hence, this study will address the gap in how ethical culture plays a role in the social dimension of sustainability practice.

Therefore, this study aims to investigate the roles of ethical leadership have influence on employees' well-being and shaping organisational ethical culture, influencing improving social sustainability, being one of the three pillars in sustainability development.

## **2.0 Literature Review and Hypotheses Development**

### **2.1 Social Exchange Theory**

Social Exchange Theory (SET) is one of the most relevant theories when understanding organisational behavior (Cropanzano & Mitchell, 2005). This theory was originally proposed by Homans (1958) in “social behavior as exchange”, and was further evolved and expanded by Blau (1964) referring to the exchange of social as a transaction. While the implication of SET revolves around the sociological field, this theory has increasingly been used to discuss the complexity of organisations human management and employees' behavior (Ahmad et al. 2023). According to Hanafi et al. (2024), SET explains the discretionary behaviors of how employees reciprocate their behavior, based on how the organisations treat them. When employees perceive that their efforts are acknowledged and their well-being is prioritized by the organisation, they are more likely to reciprocate positively and uphold the same standard as their leaders (Hanafi, 2024). Thus, having an ethical leader who demonstrates care, concern for employees, and fairness towards their employees, creates a sense of obligation and reciprocity, where employees feel compelled

to reciprocate with positive attitudes, and behaviors, and uphold the same ethical values and norms in the organisation. Andriotis & Paraskevaidis (2021) also explain the positive relationship between organisational psychological ownership and corporate green operations using social exchange theory. When an organisation can fulfill employees' needs on ownership, efficacy, and identity, employees will reciprocate the same by adopting positive behaviors that benefit the organisation such as helping the company to reduce waste when performing their work and operation, reduce the usage of energy and waste disposal, etc (Andriotis & Paraskevaidis, 2021). Thus, this theory is used as the theoretical framework in this study to support the positive relationship on how ethical leadership can improve employees' well-being, which leads to fostering an ethical culture and increases the contribution of social sustainability within the organisation.

## **2.2 Social Sustainability**

According to the explanation by Dempsey et al. (2011) and Filipowicz (2023), even though the terms are not clearly defined, social sustainability means meeting the needs of society, including other stakeholders' needs, such as social justice, health and safety of society, social inclusion, social capital in the long-term. Social sustainability is about achieving stakeholders' well-being, and prioritising basic human needs while making positive contributions to society (Ilyas et al., 2020; Di Fabio, 2017). This includes decent working environments, health, and safety, rapport with workers, well-being, diversity, basic rights, non-discriminatory, community engagement, and charity (Shaharudin et al., 2022; Alsayegh et al., 2020).

It is important to note that social sustainability involves addressing both internal and external stakeholders, organisations can work towards promoting social sustainability and building stronger, more resilient communities that prioritize the well-being and equitable treatment of all individuals (Pharrell et al., 2022). Therefore, in this study the term social sustainability will be defined as the long-term value creation of addressing issues such as

diversity, quality of life, social equity, and social cohesion can help create a more inclusive and supportive environment.

### **2.3 Organisational Ethical Culture**

According to Nguyen et al. (2020), organisational ethical culture is defined as the norms shaped by a complex interaction of both formal and informal systems used by leaders or the organisation to control the behavior of the organisation. Formal systems include the establishment of policies, training programs, and incentives designed to encourage ethical conduct, while informal systems are the ways employers and employees interact with each other creating a healthy environment. It refers to a shared belief system and practices within an organisation. In this study, both formal and informal systems will be studied for their influence on organisational ethical culture. In addition, Zahari et al. (2024) research mentioned that organisational culture represents a collective perception of employees that shapes their patterns of belief and expectations in the organisations. Thus, in this study, organisational ethical culture will be defined as the formal and informal system implemented by the company to shape employees' behavior.

This hypothesis is supported by social exchange theory, where an organisation with a great ethical culture will naturally build a great reputation, credibility, and trust of the organisation from the public (Tushar, 2017). As employees gain more self-esteem and self-respect from working in organisations who has a great culture, they will develop a sense of ownership and responsibility in an organisation, and behave in a way that brings benefit to the organisation (Shao et al., 2022). Quote by Packalén (2010) “culture and sustainable development go hand in hand”. Therefore, the following hypothesis is proposed:

H<sub>1</sub>: Organisational ethical culture has a positive relationship with social sustainability.

## **2.4 Employees' Well-being**

In the early stage, well-being is defined subjectively as the state of happiness (Wright & Bonett, 2007), and in the context of employees' well-being is defined as happy workers. Page & Vella-Brodrick (2009) stated that employees' well-being can be distinguished into 3 forms which are subjective well-being, workplace well-being, and psychological well-being, where subjective well-being is about employees' life satisfaction and happiness, while working well-being relates to employees' job satisfaction. Another definition was provided by Sarwar et al. (2020) stating employees' well-being was defined as employees' senses and feelings of satisfaction towards their working environment and surroundings. The research of Bryson et al. (2017), also explains that heightened subjective well-being can translate into employees' well-being. Thus, since the term happiness and the concept of subjective well-being have been used across the years of studies, therefore the definition of employees' well-being will be employees' happiness.

This hypothesis is supported by social exchange theory, where when employees perceive fairness in organisational norms, they gain trust in the organisation allowing them to uphold similar ethical standards in the organisation (Johnson et al., 2012). This trust is foundational for fostering a positive organisational culture, including organisational ethical culture (Schaufeli & Bakker, 2004). Thus, the following hypothesis is proposed:

H<sub>2</sub>: Employees' well-being has a positive relationship with organisational ethical culture.

## **2.5 Ethical Leadership**

According to Trevino et al. (2003), ethical leadership was defined as a leader who influences the ethical behaviors of his subordinates by encouraging ethical behavior (Yang, 2014). According to Eisenbeiß & Brodbeck (2014), when describing ethical leadership two

perspectives can be looked into, (i) compliance-oriented (leaders that adhere to the law and comply with guidelines); and (ii) value-oriented perspective (leaders' internal value displayed comes from their personal conducts and management choices). In this research, the concept of ethical leadership will mainly focus on the value-oriented perspective same as most of the research describes the characteristics of ethical leadership from the value-oriented perspective (Ilyas et al., 2020; Nicholson & Kurucz, 2019; Qing et al., 2020; Zahari et al., 2024). For example, Zhu et al. (2014) described ethical leadership as someone who can foster values of integrity, accountability, fairness, and ethical behavior within the organisation. In management style, an ethical leader is a leader who will lead by example, exhibiting ethical behavior in their own actions before expecting others to follow (Zhu et al., 2014). Nguyen (2021) defines ethical leadership as leaders who demonstrate ethical norms and adopt proper social behavior in personal acts. According to Lameck (2022), ethical leaders are leaders who instill moral virtues in others, influencing them to perform tasks based on duty and moral standards. Therefore, the definition of ethical leadership in this research will focus on the value-oriented perspective.

According to Nguyen et al. (2021), ethical leadership is crucial in effectively fostering organisational ethical culture, due to the qualities of an ethical leader having commendable traits like integrity, dependability, and trustworthiness, demonstrating accountability for their decisions. An ethical leader will care more about stakeholders' interests, making them more possibility to put effort into implementing an effective system of incentives and penalties to promote ethical conduct and deter unethical behaviors (Eisenbeiß & Brodbeck, 2014). An organisation's ethical culture is often described as a reflection of leadership ethical standards and values (Moberg & Caldwell, 2007), which can influence employees' perspectives on ethical conduct (Keith et al., 2003). This means the value exhibited by an ethical leader will reflect on the organisational culture and employees' views on ethics.

Besides, Chungtai et al. (2015) research also stated one of the reasons ethical leaders can positively influence employees' well-being is due to their managerial style and choices made. Ethical leaders exhibit great communication skills, care about the interests of their

employees, and ensure employees are equipped with sufficient resources to perform their jobs (Yang, 2014). The research found that ethical leaders are people-oriented leaders, that able to lead by example before expecting their followers to instill these moral practices (Chungtai et al., 2015). Due to the nature of ethical leadership, they can create a trust-based relationship with their subordinate, allowing them to effectively influence their followers and cultivate an organisational ethical culture (Brown et al., 2005). Thus, the following hypothesis is proposed:

H<sub>3</sub>: Ethical leadership has a positive relationship with organisational ethical culture.

H<sub>4</sub>: Ethical leadership has a positive relationship with employees well-being.

## **2.6 Job Satisfaction**

According to the definition of Rad & Yarmohammadian (2006), job satisfaction is defined as an employee's attitude or feeling towards their job, based on comparing their expectation and actual outcomes of the experience at work. A similar definition given by Voon et al. (2011) stated job satisfaction is a positive or pleasing emotional state from the job itself or experience from the job.

Based on Daniel et al. (2023) study findings show that good leadership and management have a significant impact on job satisfaction. According to Wright & Bonett (2007), the research found that individuals with low levels of well-being have a higher chance of leaving the organisation as a result of low job satisfaction. This means when organisations focus on improving employees' job satisfaction, it could have a positive result in improving employees' well-being. Ejaz et al. (2022) have done similar research on investigating the mediating role of job satisfaction to study the impact of ethical leadership on employees' well-being. The findings show ethical leadership and employees' well-being



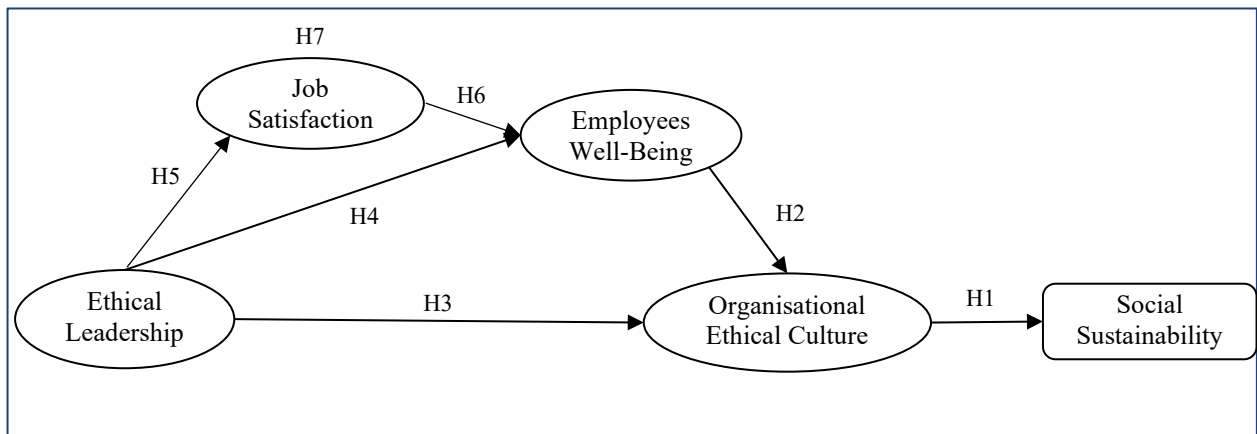
are positively related, while ethical leadership and job satisfaction are positively related as well. Thus, the following hypothesis is proposed:

H<sub>5</sub>: Ethical leadership has a positive relationship with job satisfaction.

H<sub>6</sub>: Job satisfaction has a positive relationship with employees' well-being.

H<sub>7</sub>: Job satisfaction mediates the relationship between ethical leadership and employees' well-being.

Therefore, the study's conceptual framework is illustrated in Figure 1.



**Figure 1: Theoretical Framework for this Study**

### 3.0 Methodology

The target population of this research would encompass employees working in Malaysia companies, to assess the influences of ethical leadership. Since there is no sampling frame for the target population chosen, thus the sampling techniques adopted will be non-

probability sampling techniques where samples are picked based on accessibility (Pace, 2021). In this research, the non-probability sampling techniques employed were judgemental sampling and snowballing sampling methods.

Data respondents were collected via Google survey form, which contains two sections, namely Section A and Section B. Section A will collect demographic information of respondents, while Section B focuses on the six construct measurement, which is social sustainability as the dependent variable, organisational ethical culture, ethical leadership, and employees' well-being as the independent variable as well as job satisfaction as the mediator (refer to Table 1). Section A of the questionnaire was designed in a way where only respondents who ticked “currently working” may proceed to Section B. The data collection process was commenced in March 2024, where 240 data respondents were collected. After the data-cleaning process was undergone, only 202 data sets were employed for further analysis.

**Table 1: Questionnaire Design**

This research item on social sustainability was adapted from Das et al. (2020).

1. My company values workforce diversity and inclusion within the workforce.
2. My company support the professional growth and development of its employees.
3. My company prioritize health and safety measures for employees in the workplace.
4. My company have a quite conducive and favourable working environment to perform well.
5. My company was involved in community development projects.
6. My company had regular donation scheme for weaker communities of the society.

This research item on employees' well-being was adapted from Lyubomirsky and Lepper (1999) using the subjective happiness scale.

1. In general, I consider myself very happy at work.
2. Compared to most colleagues, I consider myself happier.
3. Some colleagues are generally very happy at work. They enjoy work regardless of what is

going on. To what extent does this characterization describe you?

4. Some colleagues are generally not very happy at work. Although they are not depressed, they never seem as happy as they might be. To what extent does this characterization describe you?

This research item on organisational ethical culture was adapted from Nguyen et al. (2020).

1. My manager regularly shows they truly care about ethics.
2. My manager demonstrates high ethical standards at work.
3. My manager mostly guides decision-making in an ethical direction.
4. The management at our company disciplines unethical behavior when it occurs.
5. Employees in our company accept the organisation's rules and procedures regarding ethical behaviors.
6. The organisational rules and procedures regarding ethical behavior only serve to maintain our company's public image.
7. Penalties for unethical behavior are strictly enforced in our company.
8. Ethical behavior is a norm in our company.
9. Ethical behavior is rewarded in our company.

This research item on ethical leadership was adapted from Nguyen et al. (2021).

1. My senior managers conduct their personal lives in an ethical manner.
2. My senior managers define success not just by results but also by the way that they are obtained.
3. My senior managers listen to employees.
4. My senior managers discipline employees who violate ethical standards.
5. My senior managers make fair decisions.
6. My senior managers can be trusted.
7. My senior managers discuss business ethics with employees.
8. My senior managers set an example of how to do things the right way in terms of ethics.
9. My senior managers have the best interests of their employees in mind.

10. When making decisions, our senior managers would ask, "what is the right thing to do in terms of business ethics?"

This research item on job satisfaction was adapted from Cammann et al. (1983).

1. In general, I like working here.
2. In general, I like my job.
3. All in all, I am satisfied with my job.

#### 4.0 Results

Descriptive analysis was carried out to depict a summary of respondents' demographic information as presented in Table 2.

**Table 2: Summary of the Respondents' Demographics**

<b>Demographic Variables</b>	<b>Frequency (N)</b>	<b>Percentage (%)</b>
<b>Gender</b>		
Male	89	44.1%
Female	113	55.9%
<b>Age Group</b>		
21-30 years old	56	27.7%
31-40 years old	42	20.8%
41-50 years old	45	22.3%
51 years old and above	59	29.2%
<b>Working Experiences</b>		
1 to 3 years	56	27.7%
4 to 6 years	42	20.8%
7 to 9 years	45	22.3%
Above 10 years	59	29.2%

**Job Position**

Junior Entry Level	16	7.9%
Intermediate	43	21.3%
Middle Manager	39	19.3%
Senior Manager	86	42.6%
Executive/C-suite Level	6	3.0%
Others	12	5.9%

Data from 202 respondents who are currently working in Malaysia companies were analysed. The reliability test for all six constructs were illustrated in Table 3 where Cronbach's Alpha ( $\alpha$ ) values were observed to measure the consistency of the constructs (Kotian et al., 2022). All constructs in this study have passed the rules of thumb of higher than 0.70 Cronbach's Alpha ( $\alpha$ ) value, indicating a favorable range of reliability in this study (Hair et al., 2020).

**Table 3: Constructs Cronbach's Alpha for the Study**

<b>Constructs</b>	<b>No. of Items</b>	<b>Cronbach's Alpha (<math>\alpha</math>)</b>	<b>Reliability Assessment</b>
Ethical Leadership (EL)	10	0.963	Very Good/ Excellent
Job Satisfaction (JS)	3	0.850	Good
Employees' Well-Being (EWB)	4	0.770	Acceptable
Organisational Ethical Culture (OEC)	9	0.890	Good
Social Sustainability (SOS)	6	0.844	Good

Furthermore, PLS-SEM was assessed using Smart-PLS 4 to determine the relationship between each variable: ethical leadership, job satisfaction, employees' well-

being, and organisational ethical culture (independent variable) for social sustainability (dependent variable).

A measurement model was developed to assess the outer loading, Composite Reliability (CR), and Average Variance Extracted (AVE). Based on Table 4 all variables have met the threshold of factor loading of above 0.7. All the CR values were accepted with above 0.7, as well as all AVE values met the threshold of above 0.5 (Hair et al., 2017).

**Table 4: Measurement Model**

<b>Variables</b>	<b>Items</b>	<b>Factor Loading</b>	<b>CR</b>	<b>AVE</b>
<b>Employees' Well-Being (EWB)</b>	EWB1	0.858	0.853	0.603
	EWB2	0.852		
	EWB3	0.846		
	EWB4	0.484		
<b>Organisational Ethical Culture (OEC)</b>	OEC1	0.877	0.907	0.532
	OEC2	0.865		
	OEC3	0.853		
	OEC4	0.691		
	OEC5	0.773		
	OEC6	0.431		
	OEC7	0.631		
	OEC8	0.768		
	OEC9	0.543		

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<b>Ethical Leadership (EL)</b>	EL1	0.871	0.967	0.752
	EL2	0.878		
	EL3	0.876		
	EL4	0.503		
	EL5	0.921		
	EL6	0.919		
	EL7	0.880		
	EL8	0.915		
	EL9	0.913		
	EL10	0.910		
<b>Job Satisfaction (JS)</b>	JS1	0.838	0.909	0.771
	JS2	0.903		
	JS3	0.892		
<b>Social Sustainability (SOS)</b>	SOS1	0.817	0.88	0.554
	SOS2	0.686		
	SOS3	0.801		
	SOS4	0.541		
	SOS5	0.744		
	SOS6	0.836		

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The following assessment evaluates the structural model where the path coefficient was assessed to test each hypothesis and the significance of each relationship between each construct where the p-value shall exceed 0.01. Referring to Table 5, H<sub>1</sub> results indicated a negative and insignificant effect of organisational ethical culture on social sustainability ( $\beta = -0.200$ ,  $t=1.073$ ,  $p=0.283$ ). Hence, H<sub>1</sub> was not supported. H<sub>2</sub> shows a positive and significant relationship between employees' well-being and organisational ethical culture ( $\beta =0.241$ ,  $t=2.878$ ,  $p=0.004$ ). Hence, H<sub>2</sub> was supported. H<sub>3</sub> reflects a positive and significant relationship between ethical leadership and organisational ethical culture ( $\beta =0.774$ ,  $t=17.254$ ,  $p=0.000$ ). Hence, H<sub>3</sub> was supported. H<sub>4</sub> results indicate a positive and significant relationship between ethical leadership and employees' well-being ( $\beta =0.111$ ,  $t=7.976$ ,  $p=0.000$ ). Hence, H<sub>4</sub> was supported. H<sub>5</sub> shows a negative but significant relationship between ethical leadership and job satisfaction ( $\beta =-0.345$ ,  $t=6.165$ ,  $p=0.000$ ). Hence, H<sub>5</sub> was not supported. consequently, H<sub>6</sub> shows a positive and significant relationship between job satisfaction and employees' well-being ( $\beta =0.877$ ,  $t=27.073$ ,  $p=0.000$ ). Hence, H<sub>6</sub> was supported.

**Table 5: Summary of Path Coefficients Hypothesized Relationship**

	Direct Effect	Standard Error	t-statistic	p-value	Results
H <sub>1</sub> : Organisational Ethical Culture → Social Sustainability.	-0.200	0.186	1.074	0.283	Not Supported
H <sub>2</sub> : Employees' Well-Being → Organisational Ethical Culture.	0.241	0.084	2.878	0.004	Supported



H <sub>3</sub> : Ethical Leadership→Organisational Ethical Culture.	0.774	0.045	17.254	0.000	Supported
H <sub>4</sub> : Ethical Leadership→Employees' Well-Being.	0.111	0.052	7.976	0.000	Supported
H <sub>5</sub> : Ethical Leadership→Job Satisfaction.	-0.345	0.056	6.165	0.000	Not Supported
H <sub>6</sub> : Job Satisfaction→Employees' Well-Being.	0.877	0.032	27.073	0.000	Supported

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Note: Ethical Leadership (EL); Job Satisfaction (JS); Employees' Well-Being (EWB); Organisational Ethical Culture (OEC); and Social Sustainability (SOS)

Last but not least, referring to Table 6 presents the indirect effect of each construct indicating that job satisfaction mediated the relationship between ethical leadership and employees' well-being ( $\beta = 0.302$ ,  $t = 5.887$ ,  $p = 0.000$ ). Therefore, H<sub>7</sub> was also supported.

**Table 6: Indirect Effect**

Hypothesized Relationship	Indirect Effect	Standard Error	t-statistic	p-value	Results
H <sub>7</sub> : Ethical Leadership→Employees' Well-Being.	0.302	0.051	5.887	0.000	Supported

Therefore, here is the summary of findings depicted in Table 7.

**Table 7: Summary of Hypotheses Findings**

<b>Hypotheses (H)</b>	<b>Findings</b>
H <sub>1</sub> : Organisational ethical culture is positively related to social sustainability.	Not Supported
H <sub>2</sub> : Employees' well-being is positively related to organisational ethical culture.	Supported
H <sub>3</sub> : Ethical leadership is positively related to organisational ethical culture.	Supported
H <sub>4</sub> : Ethical leadership is positively related to employees' well-being.	Supported
H <sub>5</sub> : Ethical leadership has a positive relationship with job satisfaction.	Not Supported
H <sub>6</sub> : Job satisfaction has a positive relationship with employees' well-being.	Supported
H <sub>7</sub> : Job satisfaction mediates the relationship between ethical leadership and employees' well-being.	Supported

## 5.0 Discussion

Based on the findings summarized in Table 7, indicated that job satisfaction does have a mediating effect between ethical leadership towards employees' well-being, and ethical leadership has a positive effect on employees' well-being. besides, the results also depict the important role of ethical leadership in shaping an organisational ethical culture in Malaysia companies.

However, the factor of organisational ethical culture has no significant influence in promoting social sustainability. This indicated that organisational ethical culture might not be the key barrier for corporates and SMEs to not practice social sustainability or care about stakeholders' well-being. The barrier for corporates and SMEs in Malaysia to have such a

low commitment to social sustainability could be due to a lack of understanding of the ways to effectively implement sustainability practices (Das et al., 2020).

Some articles discussed the drivers for corporates and SMEs in Malaysia to adopt sustainability practices could be from an external factor, which comes from the expectations primarily from customers and strong regulations implemented by the government (United Nations Global Compact Network Malaysia and Brunei, 2022).

Additionally, the finding also shows that ethical leadership has a negative influence on job satisfaction. This means that the effect of ethical leadership on employees' well-being can be explained by the impact of job satisfaction, but there is no direct relationship between these two variables. The reason for this may be due to that Malaysians have high expectations from ethical leaders which when they are not met, could lead to low job satisfaction. By saying that, maybe work-life balance and salary pay could be a greater factor in determining job satisfaction (Lim, 2020).

### **5.1 Implication for Theory and Practice**

This study incorporated insightful information on the social exchange theory implementation highlighting the positive relationship between ethical leadership, employees' well-being, and organisational ethical culture, indicating that when employees are treated with fairness and care, employees will reciprocate the same values in their workplace creating a positive and ethical working culture in the organisation. This underscores the importance of nurturing a supportive and ethical environment that prioritizes employee well-being and ethical practices. Therefore, this study contributes valuable insights for future researchers to further examine the intricate relationships between ethical leadership, employee well-being, and organisational ethical culture. This research sets the stage for future exploration into the impact of ethical practices on organisational culture and employee outcomes, providing a foundation for advancing knowledge in the field of organisational behavior and ethics.

The research underscores the importance of ethical leadership in fostering a positive work environment and promoting employees' well-being, which can bring valuable insights to human resource departments or firms that practice human resource management. Managers can leverage the positive influence of ethical leadership on employees' well-being to foster a supportive work environment that enhances employee morale, engagement, and job satisfaction.

For policymakers or authorities such as securities services, this study provides evident support on how crucial it is to have ethical leaders and management in fostering organisational ethical culture. As written in intended outcome 3.0 in the Malaysia Code of Corporate Governance (Securities Commission Malaysia, 2021), leaders in the organisations are the board have the obligation to set the standards for promoting ethical values and maintaining a healthy corporate culture. They are expected to be the pillar for the whole organisations and take the lead. Thus, this study can be a good example to show the critical role of leaders in uplifting organisational ethical culture, with the mediating mechanism of the ethics program. Industry professionals advocating for corporate sustainability development can utilize the insights from the research to emphasize the significance of ethical leadership and employee well-being in fostering ethical organisational cultures.

## **6.0 Conclusion and Future Research**

In conclusion, the objective of this study was to investigate the role of ethical leadership influence on corporate sustainability in the social dimension. The findings suggest that organisational ethical culture is positively influenced by ethical leadership, employees' well-being, and job satisfaction. On the other hand, Organisational ethical culture has no direct impact on building the social sustainability of an organisation, leaving for future research to explore better factors affecting the social sustainability practice of an organisation. The key takeaways from this research are how ethical leadership plays a crucial role in fostering organisational ethical culture when employees' well-being is prioritised.

The present data only focuses on judgemental and snowballing sampling techniques. Future research could consider employing random selection to ensure a wider population of employees working in Malaysia is represented. Besides, future research could explore one specific demographic population rather than a generalized target population, such as employees from SMEs, Multinational Corporations, or Public Listed Companies. More demographic information should be attained to explore deeper into specific industries to have a more well-rounded understanding of the effect. This could provide a clearer picture of how ethical leadership practices vary across different organisational sizes and structures.

Given that the proposed hypothesis on the relationship between organisational ethical culture and social sustainability was not supported, future research could explore other potential factors that could have a direct influence on the promotion of social sustainability. Investigating variables such as leadership styles, organisational policies, external stakeholder engagement, or specific sustainability initiatives within different industries can offer a more comprehensive understanding of the factors affecting an organisations' social sustainability.

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