Development of CSR through Ethical Leadership: Constructive Role of Ethical Culture and Intellectual Capital

Irfan Ullah (Corresponding author)
Department of Business Administration, Iqra University, Islamabad, Pakistan
Email: irfanullahtarar1979@gmail.com

Kashif Ur Rehman
Department of Business Administration, Iqra University, Islamabad, Pakistan
Email: drkashif@iqraisb.edu.pk

Raja Mazhar Hameed
Department of Business Administration, Iqra University, Islamabad, Pakistan
Email: rajamazharhameed@yahoo.com

Nida Zahid Kayani
Department of Management Sciences, Bahria University, Islamabad, Pakistan
Email: nidazahidkayani@gmail.com

Abstract

In the contemporary era, the scandals of business leaders have shaken the trust and belief of stakeholders in corporate as well as in public sector organizations. The practitioners and scholars are progressively concerned about moral concerns associated with businesses, however, empirical and theoretical developments are still lacking. The prime purpose of the present study is to examine the relationship between ethical leadership and corporate social responsibility (CSR) by concentrating on the mediating role of the intellectual capital and ethical culture of the organization. Data for this study was collected through personally administered questionnaire survey from manufacturing sector of Pakistan and utilized 357 questionnaires for analysis. After the collection of data from respondents, statistical tools including correlation analysis and structural equation modeling were employed in the present study. This study concludes that ethical leadership positively affects CSR. This study finds the presence of ethical culture, social capital and human capital as mediator in relationship between ethical leadership and CSR. This study is the first attempt in Pakistan towards the perspective i.e. ethical leadership, ethical culture, and intellectual capital in relation to CSR.

Keywords: ethical leadership, ethical culture, social capital, human capital, intellectual capital, corporate social responsibility (CSR).

1. Introduction

In the contemporary era, ethics is a type of competence that might be endowed into production to generate social wealth (Wang, 2015). Scientifically, ethics has the utility of boosting human being to continually improve them, and at the same time, constantly improve and value the social relations within co-existence, to shape a better living atmosphere based on the notion of coherent survival, accelerating viable social development. Wherever the utility is applied in production, human value, particularly ethical value and quality, would obviously be improved that will confidently contribute to harmonious support and self-motivation. Subsequently, the benefits and functions of physical resources are exploited and work productivity is therefore increased (Wang, 2015). Obviously, it should be considered that only scientific ethics could become a kind of assets in the process of production.

Leadership develops from ethics. Leadership is being considered as a two-way transformative and intrinsically ethical link between leaders and their employees. The groups included in a leadership relation—the leaders and their followers—ethically transform and promote each other through their interactions. Hence, ethical leadership comes to be the prime channel through which not only individuals, but also firms for which these individuals effort to develop morality. Leadership cultivates individual moral values, permitting it to grow and organize a favorable business culture (Sison, 2003). Business scandals have broadly elevated consciousness and responding to ethical matters in corporate leadership. The consciousness and responsiveness of scholars have demonstrated by the growing quantity of research on ethical leadership that may be defined as the manifestation of prescriptively suitable manner through personal activities and social relations, and the elevation of such manner to employees through reciprocal decision-making, reinforcement, and communication (Brown, et al., 2005). The principal role of ethical leadership is the enhancement of the ethics of corporate leaders. Multicultural study has pointed out that ethical leadership is a shared distress among leaders in the United States, Asia and Europe (Resick et al., 2011). It has been observed to consequence in different optimistic results comprising voice behavior, job autonomy, job significance, job security, effort, supervisor effectiveness, interactional justice, citizenship behavior, and satisfaction with managers (Walumbwa & Schaubroeck, 2009; Piccolo, Greenbaum et al., 2010; Loi et al., 2012; Liu, et al., 2013; Huang et al., 2014).

In spite of these fertile results, insignificant consideration has been given to the association between ethical leadership and CSR, mostly theorized as context-specific business activities and guidelines, which consider stakeholders' anticipations and the multiple result of environmental, social and economic performance (Aguinis, 2011). Extraordinary altitudes of CSR may convey several advantages to customers, employees, organizations and stakeholders. These benefits include competitive advantage, attractive to institutional shareholders, and business repute (Aguinis & Glavas, 2012; Akdoğan, et al., 2016). CSR has been publicized as a constructive management device to reinforce the performance of business from a better impression in the mind of stakeholders and also as a consequence of their responsible behavior toward the environment and society (De Roeck & Farooq, 2017). CSR can be termed as circumstances in which the organization goes beyond obligation and involves in activities, which seem to do further social good, beyond the interest of the organization and that which is demanded by law (McWilliams & Siegel, 2001). Although the study of Waldman et al. (2006) has analyzed the relation between transformational

leadership and CSR, the limitation of transformational leadership instead of ethical leadership to forecast CSR is recognizable because ethical leadership more openly evaluates the ethical assets of leaders rather than transformational leadership (Brown et al., 2005). The qualitative study of Yin and Zhang (2012) posits that ethical leadership is a key predecessor to CSR. To examine the influence of ethical leadership on CSR in an empirical way, the first purpose of present study is to investigate the influence of ethical leadership on CSR.

Moreover, prior studies have mostly ignored how ethical leadership influences CSR and the presence of ethical culture and intellectual capital (human & social capital) as mediating variables have not been examined. Relating upper echelons theory, which proposes that organizational outcomes reveal top managers' psychosomatic features (Hambrick & Mason, 1984), the study has concentrated towards the mediating effect of organizational culture in enlightening the association among leadership values and business outcomes (Berson, et al., 2008; Choi et al. (2015). At present, the organizational identification theory appears to be useful in linking the mediating role among ethical leadership and corporate social responsibility. Derived from social identity theory, organizational identification denotes to the psychosomatic association between the definition of a firm and the definition of an employee (Shin et al., 2016). The literature indicated that when employees perceive their firm's image to be eye-catching, they are more likely to have robust identification with their organization and tend to share their values, thus promoting and ethical culture of the organization. To disclose the mediating effect between ethical leadership and CSR, the second objective of present research is to observe the mediating effect of firms ethical culture, which reveals the views about a business ethics (Wu et al., 2015) that are shared by employees (Kuvaas et al., 2012). In the modern era, the attention of the economy has changed from laborer or capital-intensive businesses to knowledge-intensive businesses. Knowledge is the core quality and key to constant competitiveness of modern industries (Ahmed et al., 2016; Busoi, 2014). Likewise, the ability to cultivate and exploit rare, valued and unique knowledge capitals is crucial to organizational performance (Grant et al., 2014). Subsequently, intellectual capital, entailing the addition of all intangible knowledge assets, an organization might utilize for viable benefit. Intellectual capital is linked with higher economic performance. The research shows that ethical leadership and intellectual capital may have a constructive influence on competitiveness and organizational performance (Donker et al., 2008; Youndt et al., 2004). Nevertheless, little study consideration has focused ethical leadership and intellectual capital and the association between corporate social responsibility (Polo & Va´zquez, 2008; Koonmee et al., 2010). According to social learning theory, people learn manners through observation and displaying constructive role model (Bandura, 1977). Corporate leaders have the peak stages of position and power in the business; therefore, they are probable to turn out to be examples for business employees (Mayer et al., 2009). The research has demonstrated that sophisticated social styles and self-disciplined ethical values may significantly increase productivity and it is rational to inspire businesses to get profits in an ethical way (Yaoming, 2012; Wang, 2015). Understandings of social learning theory, therefore propose that ethical leadership modifies employees-learning behavior by stimulating a constructive atmosphere in which employees obey to moral conduct (Li, et al., 2013; Schminke et al., 2015; Mayer et al., 2012; Ahmed et al., 2016). In order to bridge this gap, the third purpose of current research is to reply the query: How do intellectual capital (social and human capital) play a mediating role in the ethical leadership and CSR relationship? Consequently,

ethical leaders are anticipated to improve organizational ethical culture and employees' intellectual capital that in turn enhance CSR. Therefore, present research contributes to the ethical leadership literature by enlightening the mechanisms by which intellectual capital mediates the association among ethical leadership and CSR.

The study carries immense significance within the domain of decision making by top management. Since, CSR and leadership domains must be integrated for organizational identification differential advantage. Therefore, the contemporary indigenous organizations of Pakistan will be benefitted immensely from this study. Last but not the least, the current study will enhance the understanding between ethical leadership, ethical culture, intellectual capital in relation to CSR.

The contemporary firms in Pakistan are confronted with the problem, i.e. the Pakistani firms yet to comprehend the CSR perspective in relation to ethical leadership, ethical culture and intellectual capital. This shortcoming is hindering the proposition of CSR to be identified as a key component towards the decision making at the top level of a firm. If practiced accordingly, then firms will be recognized as a responsible corporate institution which will lead to enhanced organizational identification differential advantage.

This study has investigated and answered an ever emerging question, i.e. do ethical leadership, ethical culture and intellectual capital in conjunction towards CSR have any implications towards top level decision making of a firm?

In the rest of the manuscript, the concepts of ethical leadership, organizational ethical culture, intellectual capital and CSR will be presented and hypotheses about their association developed. Figure 1 portrays the proposed model. Subsequently, the research methodology is pronounced and study results demonstrated. Finally, discussion, conclusion, implications, limitations and future directions are described.

2. Literature Review and Study Framework

2.1 Ethical Leadership, Ethical Culture and CSR

Ethics can be defined as a set of moral or ethical principles, which discriminate in right and wrong. It is a normative area as it recommends what one should do or refrain from doing (Beekun, 1997). The word most diligently associated with ethics in the Holy Book Qura'n is *Khuluq,* also uses a whole range of terms to pronounce the conception: *Birr* (righteousness), *Khayr* (goodness), *Haqq* (truth and right), *Adl* (justice), *taqwā* (piety) and so on. Holy Prophet Hazrat Muhammad (Peace be upon Him) said, "You are not better than the persons with black or red skins except you surpass them in piousness." Once a person asked the Holy Prophet Hazrat Muhammad (Peace be upon Him), "When would the Doomsday come to pass?" Holy Prophet (PBUH) replied, "When righteousness is gone, then wait for Doomsday." The person asked, "How will that be gone?" The Holy Prophet (PBUH) replied, "When the authority comes in the hands of frail individuals" (Beekun, 1997). In al-Qur'ān, it is declared: Give fair trials and cause no loss. Moreover, weigh with scales true and upright, and reserve not things impartially because of people (26:181-183).

Ethical leadership may be explained as the manifestation of normatively suitable behavior by personal acts and interpersonal relations, and the promotion of such behavior to the followers by two-way decision-making, communication, and reinforcement (Brown et al., 2005). Leaders who follow an ethical leadership style are more likely to construct an atmosphere, which boosts the behavior and attitude of followers. Two attributes of the

ethical leader are reflected from this definition (Brown et al., 2005). First, the individual following an ethical leadership style has high ethical values regarded as honesty, motivation, trustworthiness (Hansen et al., 2013), integrity, and justice (Xiaojun & Guy, 2014). Second, an ethical leader affects the behavior and attitude of his followers through his leadership behavior (Trevino & Brown, 2004).

The roots of ethical leadership exist in two diverse theories that are the social learning theory and upper echelon theory (Hambrick & Mason, 1984; Brown et al., 2005). The upper echelon theory proposes that organizational outcomes reveal top managers' psychosomatic features (Hambrick & Mason, 1984). The social learning theory proposes that employees are more likely to be impressed and reproduce the behavior of their leaders as they cautiously observe and learn every trait of their leader (Bandura, 1986). The social learning theory proposes that followers respond in a suitable way that their leaders interact with them. For instance, if the leaders treat their followers with fairness, show concern, support them in need, encourage and give them opportunities, then the followers will definitely respond with an optimistic behavior (Kuvaas et al., 2012; Mayer, et al., 2009). Both of these theories help to recognize the ways a follower reacts to an ethical leadership style.

Ethical leadership is the ethical image of an organization towards its behaviors and their influences. This image may be presented in its stress of business morals upon liability, trust, honesty, integrity, fairness, accountability, cooperation, professionalism, competence and open communication (Kaptein, 2004). Ethical leadership also worries about the business stakeholders, which may be influenced by its behaviors (Schwartz, 2005). These stakeholders contain business customers, employees, suppliers, shareholders, people and society as a whole (Das, 2005). Ethical struggles to deal the stakeholders may be displayed in several ways (Kaptein, 2004; Schwartz, 2005; De Roeck & Farooq, 2017). For example, it will attempt to remove discrimination, offer a healthier work environment and development prospects for its workforces and want them to follow proficient ethical rules. For example, for shareholders, it will stress transparency, corporate governance and it will work for their benefits. For business customers, it will reject to deceit them or develop defective or dangerous goods, whereas it will deliver for suppliers' realistic revenues and teamwork openings. For society, it could attempt to avoid ecological harm and develop environmental friendly equipment, goods and procedures. Nonetheless, its ethical consideration has to also look at the struggles required to upkeep all the organizational stakeholders and develop stability between them because of inadequate assets (Donker et al., 2008; Pasricha et al., 2017).

Business moral behaviors and thinking might be channeled by morality and values. Morality and values influence organizational policy, behaviors and decision-making (Boynton, 2006). According to Cambra-Fierro et al., (2008), business values are a set of shared values, which institute the attitude, ideology, approach, and philosophy to understand business activities. Therefore, corporate values influence what an organization deliberates as corrective actions to do (Biong et al., 2010). Accordingly, organizations that have ethical values would exhibit the said caring behaviors towards their stakeholders and perform morally as organizations line up their activities with their values (Valentine et al., 2011). Foregoing in view, moral values are deliberated as a set of shared and fundamental values, relating to ethical disputes, which found the philosophy, values and approach of understanding business actions. It is the accountability of management to launch and

reinforce a moral atmosphere in an organization (Robertson, 2008). In order to promote moral values within the organizations, corporate leaders often openly inform the significance of morality, ethics, and award employees for their moral behaviors. Ethical leadership develops philosophy, strategy and code of moral conduct, wants workers to follow proficient moral rules, hold moral training programs, and launch moral commissions (Schwartz 2005; Yaoming, 2012). Intrinsically, ethical leadership and business moral values could also be established through and assessed by the extent to which a person considers his organization supports moral values through reinforcement, support, and other controlling behaviors (Valentine et al., 2011). Ethical behavior steered by moral values and reinforced by an organization through reward and punishment can create a corporate culture, cited as a group of customs and values shared by employees. This inspires particular forms of behaviors through which employees recognize and respond to the atmosphere, and generates a progressive atmosphere boosting honest behaviors (Schein, 1996).

Moral business can increase its competitiveness and financial performance through creating ethical leadership and honest culture, improving employees' commitment and improving the image of customers and suppliers. Business culture, organizational employees and relationship with suppliers and customers are key mechanisms of intangible resources and intellectual capital (Striukova et al., 2008). Therefore, it is realistic to propose that organizations could increase their effectiveness and ambitiousness through improving their business morality. Business ethical culture may aid construct a solid sense of ownership in employees highlighting social responsibility as imperative, thus improving the coherency of employees regarding their moral development and ethical decision making (Key, 1999; Wu et al., 2015). Previous studies suggest that grounded on the stakeholder perspective, ethical leaders in their attempt to meet the expectations of their stakeholder can chalk out means to improve the firm's environmental, moral, and social performance, and therefore promote the detection of moral responsible organizational practices (Groves & LaRocca, 2011; Zhu et al., 2014). In the organizations having this type of culture, employees are stimulated to take accountability for ethical decisions and to consider several views and themes of benefits (Trevino, 1986). Subsequently, employees put the interest of the business and the public beyond their own personal interest, deliberate the sustainability and durable influence of results, and perform sensibly whereas work together with society, clients, government, the natural atmosphere, and upcoming groups. This proposes a positive association between organizational ethical culture and CSR.

Overall, we have established a statement that ethical leadership cultivates an ethical culture to increase CSR by aiming on employees' consideration of ethics and by emphasizing priorities, which monitor and harmonize employees' struggles toward accomplishing higher levels of corporate social responsibility. This relation is shown in figure 1. Therefore, it is proposed:

➢ **H₁:** Ethical leadership is significantly related to organizational ethical culture.

➢ **H₂:** Ethical leadership is significantly related to corporate social responsibility.

➢ **H₃:** Ethical culture of the organization is positively related to corporate social responsibility.

2.2 Ethical Leadership, Intellectual Capital, and Corporate Social Responsibility

Knowledge proposition is discussed as the key quality derivative of contemporary business and the strategic component to global competitiveness (Ahmed et al., 2016; Capo ´-Vicedo et al.*,* 2011; Striukova et al.*,* 2008). In this study, knowledge denotes to reasonable real faith, emphasizing the vibrant human development to rationalize theories for the aim of the fact (Nonaka & Peltokorpi, 2006). People cultivate their tacit knowledge, which is challenging to categorize, formalize and formulate as compared with explicit knowledge, which is easy to codify, formalize and communicate. Organizations play a vital role in explaining, modifying, magnifying and incorporating individual knowledge (Nonaka & Peltokorpi, 2006; Huang, et al., 2014). The study of Nonaka (1994) reveals that through allowing frequent exchanges among persons and among persons and their organization and frequent interchange between tacit knowledge and explicit knowledge through externalization, socialization, grouping and internalization, individual knowledge could be improved and incorporated into organizational knowledge and contrariwise. Knowledge assets, assumed in an extensible way in this research, denote to knowledge and competences to emphasize the achievement and the intended orientation of persons and organizations to realizing their objectives. Therefore, in this esteem, IC denotes to the totality of intangible knowledge assets—the summation of all individual and organizational knowledge and competences—an organization could utilize for its competitive advantage (Grant, 2008; Kang & Snell, 2009).

IC of an organization can be categorized into two main classes— structural and human capital. Structural capital may be classified into two types; organizational capital and customer capital. The study exclaims that human capital may be considered as the capabilities, knowledge and skills workers utilize to complete their job and organizational goals (Youndt & Snell, 2004). Organizational capital denotes to institutionalized knowledge assets possessed by an organization and not rooted in workers, containing databases, handbooks, organizational procedures, culture, strategies, and organization philosophy. According to Roos et al.*,* (1998), customer capital involves intangible capitals accessible through the social associations and linkages with clients for example customer devotion and brand or external stakeholders. Organizational capital could be classified as process capital and innovation capital. Innovation capitals are the knowledge assets about corporate development and renewal for example, intangible properties of evolving intellectual property and new goods or services. Process capital may be defined as the knowledge assets regarding a corporate procedure and the enhancement of effectiveness and value. According to Youndt, Subramaniam and Snell (2004) intellectual capital contains social and human capital. Forgoing in view, in the current research, within the outline of the literature review, we define two elementary components of IC as human capital and social capital. Guthrie et al.*,* (2006) advocate that IC of an organization includes three sets of intangible assets: individual capability, for example the capability of research and development people and plant workforces, external arrangement, for example the relations with suppliers and customers and business image, and inner configuration for example systems and patent.

IC is considered as to have an optimistic impact on economic performance of an organization. It includes social, human, and organizational capital (Youndt et al.*,* 2004). Therefore, human capital denotes to the skill, knowledge, and capabilities of the firm's workers. Organizational capital is the customary knowledge and organized capabilities

living within and utilized through data banks, copyrights, booklets, structures, philosophy, organization culture, philosophy of management and organizational procedures. Social capital means the knowledge capitals rooted within, accessible, and utilized by exchanges among workforces and their linkages of interrelationship (Youndt et al., 2004). According to Adler and Kwon (2002), social capital emphasizes that knowledge assets might be prepared accessible to interrelated players on account of their social relationships. These relationships must be preserved as resources and efficiently leveraged to enhance knowledge, innovation and learning (Jamali et al., 2011). To face worldwide competition, companies want to create a moral, honest and moral culture. Moreover, an optimistic atmosphere is also needed for continuous improvement in the organization's operation, competence, capability and quality. In addition to that, improving business competitiveness, evolving better relations and exchanges with suppliers, customers and employees are also critical to create innovative knowledge (Nonaka & Peltokorpi, 2006). To appropriately compact with these relations and exchanges and the improvement of organizational culture, process, competence and quality, organizations must hire and retain talent. Hence, the idea of IC including social and human capital can offer an organization with a universal sight of its acute assets and resources.

Companies, which observe to moral values and emphasize moral behaviors, shape a moral and honest climate as a basis for the development of relations with their stakeholder and hence that of social capital, which is the knowledge resource imbedded and utilized by relations among workers and their nets of interrelationship (Youndt et al., 2004; Busoi, 2014; Khokhar & Rehman, 2017). For business traders, they incline to be respectful, honest, receptive, open and unbiased to them in commercial relations for the development of long-term and honest relations (Bendixen & Abratt, 2007; Gullett et al., 2009). For consumers, this trade rate their well-being, handles their plea and offer them with quality goods and services that could guide to an improvement in customer satisfaction, image, understanding, and relations (Vilanova et al., 2009). For business personnel, they inspire collaboration and knowledge argument and sharing among personnel instead of inspiring cruel competition, which hinders cooperation, sharing and exchange (Ruppel & Harrington, 2001). Companies observing to moral principles and emphasizing moral behavior would have a higher human capital that relates to skills, knowledge, and capabilities of the individuals (Youndt et al., 2004). Ethical leadership and honesty construct employees' belief in these organizations, and their good will and employees' behavior must attract and retain brilliant people (Johnson, 2003). According to Trevino and Nelson (2007), individuals also incline to value being hired by ethical firms.

To develop corporate social responsibility struggles, the management may select to make a culture, established in suitable ethical values (Chaudary & Ali, 2016; Puffer & McCarthy, 2008). According to Giberson et al., (2009), business culture is a consideration of higher-level leadership. Launching an organizational ethical culture is a vital job of a moral manager and leader. The study of Grojean et al., (2004) reveals that one recommended approach for business leaders to propagate the chosen culture is by establishing a moral pattern themselves. According to social learning theory, people learn manners through care, observation, and mock of role model (Bandura, 1977). Corporate leaders have the peak stages of position and power in the business; therefore, they are probable to turn out to be examples for business employees (Mayer et al., 2009; Akdoğan, et al., 2016). The upper echelons theory proposes that organizational outcomes reveal top managers'

psychosomatic features (Hambrick & Mason, 1984). Moreover, by presenting fair treatment, honesty, liability, respect of others, and suitable mode and conduct, an ethical leader is attractive, authentic, and credible. Therefore, he should be obvious in the business context (Brown et al., 2005). Keeping in view the literature, given here, we can hypothesize as:

- ➢ **H4:** Ethical leadership is positively related to social capital.
- ➢ **H5:** Ethical leadership is positively related to human capital.
- ➢ **H6:** Social capital is positively related to corporate social responsibility.
- ➢ **H7:** Human capital is positively related to corporate social responsibility.

2.3 Mediating Role of Ethical Culture

To develop CSR struggles, the management may select to make a culture, established in suitable ethical values (Chaudary & Ali, 2016; Puffer & McCarthy, 2008). According to Giberson et al. (2009), business culture is a consideration of higher-level leadership. Launching an organizational ethical culture is a vital job of an ethical manager and leader. The study of Grojean et al. (2004) reveals that one recommended approach for business leaders to propagate the chosen culture is by establishing a moral pattern themselves. Social learning theory proposes that people learn manners through care, observation, and mock of role model (Bandura, 1977). Corporate leaders have the peak stages of position and power in the business; therefore, they are probable to turn out to be examples for business employees (Mayer et al., 2009; Pasricha et al., 2017). Moreover, by presenting fair treatment, honesty, liability, respect of others, and suitable mode and conduct, an ethical leader is attractive, authentic, and credible. Therefore, he should be obvious in the business context (Brown et al., 2005; Babalola et al., 2016). Moreover, the organizational identification theory appears to be useful in linking the mediating role between ethical leadership and CSR. Derived from social identity theory, organizational identification denotes to the psychosomatic association between the definition of a firm and the definition of an employee (Shin et al., 2016). The literature indicated that when employees perceive their firm's image to be eye-catching, they are more likely to have robust identification with their organization and tend to share their values thus promoting an ethical culture of the organization.

Overall, we have established a statement that ethical leadership cultivates an ethical culture to increase CSR by seeking to consider ethics by focusing on priorities that monitor and coordinate employees' struggle towards higher levels of CSR. The study of Berson et al., (2008) has observed the mediating influence of business culture in the relation between leaders' values and business outcomes. Therefore, it is projected:

- ➢ **H8:** Ethical culture of the organization mediates the relationship between ethical leadership and corporate social responsibility.

2.4 Mediating Role of Intellectual Capital

To develop the corporate social responsibility proposition, the management may select to develop intellectual capital (Huang et al., 2014). According to Rego et al., (2014), development of intellectual capital is a consideration of higher-level leadership. At present, leadership understands the fact that the organization's advantage is essentially a focus on what the organization recognizes, how knowledge is used, and how organizational learning benefits something new. Moreover, most managers recognize that the main source of future

cash flows will limit the active management of intellectual capital. Meeting customer requirements is what matters and thus, intensify the use of knowledge to solve problems, contract bids, provide better services and deliver tailor-made products rather than financing in a new dynamic capacity. For example, the implementation of CSR requires the commitment of senior leadership, employees' commitment and the provision of knowledge, skills, incentives and tools. It is clear that the involvement of employees and participation in the provision of CSR ambitions is the core of this success. Human resource practices, including competency development may help to incorporate CSR into the organization and strengthen the bottom line (Zeglat & Zigan, 2014). Organizations recognized for having a sound CSR are taking advantage of the stakeholders' point of view that an organizational behavior and its employees conform to the values of corporate social responsibilities.

Overall, we have established a statement that the ethical leadership reinforces intellectual capital to promote corporate social responsibility by seeking to consider ethics by focusing on priorities that monitor and coordinate employees' struggle towards higher levels of CSR. Keeping in view the literature, it can be hypothesized as:

➢ **H9:** Human capital mediates the relationship between ethical leadership and corporate social responsibility.

➢ **H10:** Social capital mediates the relationship between ethical leadership and corporate social responsibility.

2.5 Proposed Model

Figure 1 depicts that ethical leadership encourages an ethical culture to increase CSR by seeking to consider ethics by focusing on priorities that monitor and coordinate employees' struggle towards higher levels of CSR. The study of Berson et al.*,* (2008) has observed the mediating influence of business culture in the relation between leaders' values and business outcomes. Therefore, it is proposed that ethical culture mediates the relationship between ethical leadership and corporate social responsibility. To develop corporate social responsibility struggles, the management may select to develop intellectual capital (Huang et al.*,* 2014). The implementation of CSR requires the commitment of senior leadership, employees' commitment and the provision of knowledge, skills, incentives and tools. It is clear that the involvement of employees and participation in the provision of CSR ambitions is the core of this success. Human resource practices, including competency development may help to incorporate CSR into the organization and strengthen the bottom-line (Zeglat & Zigan, 2014). Hence, we can hypothesize that intellectual capital mediates the relationship between ethical leadership and CSR.
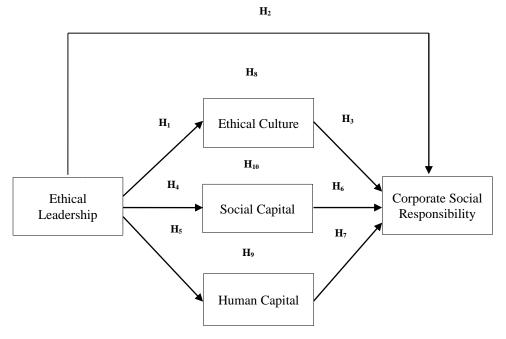
H₂

$$H_2$$

Figure 1: Proposed Model for the Study

H₁ Ethical Culture **H₃**

H₈

H₄ Social Capital **H₆**

H₁₀

H₅ **H₇**

Ethical Leadership

H₉

Human Capital

Corporate Social Responsibility

Figure 1: Proposed Model for the Study

3. Materials and Methods

3.1 Population, Sampling and Procedure

A list of Pakistani manufacturing organizations was developed from which a number of organizations were inscribed after telephonic surveys about their willingness for participation in this study. Pakistan has 6417 manufacturing organizations, 3590 of them are located in Punjab Province where this research was done (Pakistan Bureau of Statistics, 2006). Manufacturing firms from FMCG, textile, sports, and automotive sectors were incorporated in the study. The composition of the manufacturing sector remained unchanged where FMCG and textile industries, accounting for nearly half of the production. Cotton textiles have dominated industrial exports, whereas the world demand array is moving to the segments, which are more dynamic. Even within textile sector, Pakistan has lost market shares to regional rivals for example China, Bangladesh and India. Employment in the manufacturing sector has not preserved with the increase in labor supply. The industrial sector of Pakistan accounts for about 24 percent of GDP. Apparel manufacturing and Cotton textile production are the largest industries of Pakistan, which account for 66% of the merchandise exports and almost 40% of the employed labor force. The Philippines that until 1985 had a lower level of manufactured exports than Pakistan was capable to increase manufacturing exports ten times in one decade and has been increasing quickly and subsequently. Bangladesh, which has only $3 billion of ready-made garment exports in 2003 - as well as Pakistan has crossed $25 billion, whereas we are still fighting in the range of $2 billion (Zahid, 2017).

Data for this study was collected through personally administered questionnaire survey from Pakistani manufacturing organizations. As a portion of a rigorous study focusing on

ethical leadership and business approach in Pakistan, this research selected proportional sample from manufacturing organizations listed by the government. The target persons were top executives, middle managers, HR managers, and non-managerial employees of the target organizations.

There are two types of sampling: probability and non-probability. In probability sampling, each element in the population has a known non-zero chance of being selected using a random selection procedure. Non-zero probability choice has not been covered under the non-probability sampling technique. Conversely, elements of the sample were selected under the subjective methods. Non-probability sampling technique is useful where unknown population exists. Moreover, there are three sampling techniques of non-probability sampling and those are convenience sampling, purposive sampling and convenience sampling techniques. Convenience sampling technique refers towards the approach where data collected from conveniently available respondents (Marshall, 1996). It is the sampling method, concerning the selection of the most handy subjects. Moreover, this technique is considered as the least expensive to the scholar, in terms of money, time and effort (Smith, 2004). Therefore, this sampling technique suits for collection of data for this study. Therefore, in the current study, data were collected through convenience-sampling technique.

3.2 Measurement

All the measures adopted by the research were selected from the earlier literature. Ethical leadership was measured using the scale of Brown et al. (2005). Reply choices had ranged from "1, strongly disagree to 5, strongly agree". Example statements are ''Our company's leader makes balanced and fair decisions, and he can be trusted''.

A 9-item measure developed by Key (1999) was employed to quantify ethical culture of the organization. Reply choices had ranged from "1, strongly disagree to 5, strongly agree''. Example statements contain ''Ethical behaviour is a norm in our organization, and Organizational procedures and rules regarding ethical behavior serve only to maintain the public image of the organization''.

A 17-item measurement cultivated by Turker (2009) was used to quantify CSR. Reply choices had ranged from "1, strongly disagree to 5, strongly agree''. Example statements are: ''our organization obeys the legal procedures promptly and completely, and Our organization provides full protection to the consumer rights beyond the legal obligations''.

To measure social and human capital, this research employed the intellectual capital scale established by Youndt et al. (2004).

4. Data Analysis and Results

4.1 Validity and Reliability of the Scale

Cronbach's alpha was used for measuring the reliability of the scale. Cronbach's Alpha coefficient is a measurement of internal consistency. The values of Cronbach's alpha have ranged from zero to one. The higher value of Cronbach's alpha designates greater reliability. According to Jolibert and Jourdan (2006), 0.6 is frequently used as a minimum level by scholars. The reliability of the scale is given in the table 1.

The reliability of the ethical leadership scale was 0.851, and ethical culture scale was 0.792. It is also apparent from the table that the reliability of the CSR scale was 0.850; the human capital scale was 0.780 and for the social capital scale was 0.794.

Table 1: Chronbach's Alpha / AVE /CR

Constructs	Items	Chronbach's Alpha	AVE	CR
Ethical Leadership	10	.851	0.666	0.740
Human Capital	5	.780	0.549	0.725
Social Capital	5	.794	0.542	0.799
Ethical Culture Of The Organization	9	.792	0.513	0.909
Corporate Social Responsibility	17	.850	0.709	0.961

The intensity of shared variance between the latent variables has been commonly tested through the most famous technique of Fornell-Larcker (1981). Moreover, Fornell-Larcker (1981) proposed Composite Reliability (CR) and Average Variance Extracted (AVE) to test the convergent validity of measurement models. Where, AVE is being used to assess the level of variance calculated by constructing versus the level of measurement error. The acceptable value of AVE is 0.5 whereas, 0.7 is known a very good value. Furthermore, CR is used to check the reliability of data and this technique is considered less biased than Cronbach's alpha. The acceptable value of CR is 0.7 and above which is a similar value to the acceptable value of Cronbach's alpha.

4.2 Confirmatory Factor Analyses

The association between a group of item estimation and relevance of these factors is analyzed with technique named Confirmatory Factor Analysis (CFA). Moreover, CFA primarily estimate the validity of variables by using measurement, assessment model fit approach and this technique are a more reliable technique. Furthermore, structural equation modeling (SEM) is also employed to estimate the relationship among observed variables of this study. SEM helps researchers to estimate the about how good are variables of the same construct relate to each other (Hair et al., 2006). Moreover, Confirmatory Factor Analysis (CFA) confirms the validity of overall model and it helps to utilization of model measurement to estimate the goodness of fit.

CFA was carried out with AMOS 16.0 to assess the validity of all variables. The results of factor loading are given in the table 2.

Table 2: Factor Loading

Construct	Item	Factor Loading
Ethical Leadership	EL1	.732
	EL2	.687
	EL3	.981
	EL4	.643
	EL5	.782
	EL6	.862
	EL7	.980
	EL8	.829
	EL9	.805
	EL10	.809
Human Capital	HC1	.973
	HC2	.907
	HC3	.804
	HC4	.850
	HC5	.780
Social Capital	SC1	.871
	SC2	.902
	SC3	.937
	SC4	.897
	SC5	.859
Ethical Culture of the Organization	EC1	.783
	EC2	.709
	EC3	.769
	EC4	.827
	EC5	.861
	EC6	.798
	EC7	.896
	EC8	.784
	EC9	.950
Corporate Social Responsibility	C1	.764
	C2	.751
	C3	.830
	C4	.871
	C5	.890
	C6	.710
	C7	.814
	C8	.728
	C9	.972
	C10	.709
	C11	.890
	C12	.983
	C13	.980
	C14	.894
	C15	.679
	C16	.972
	C17	.873

The output indices values are shown in table 3. The overall model's Chi square, the Tucker-Lewis Index (TLI), the comparative fit index (CFI), and the root mean square error of approximation (RMSEA) were employed to evaluate the model fit (Hair et al., 1998). In addition to that an endpoint value near to or over .90 for TLI, CFI and an endpoint value lower than .08 for root mean square error of approximation specify that there is a comparatively adequate fit between the suggested framework and the witnessed statistics (Hair et al., 1998). The results show that all the study models fitted the data well. Moreover, the entire factor loading was observed as significant, given that indication for convergent validity.

Table 3: Summary of CFA Results

Model	GFI	CFI	NFI	RMSEA	IFI	AGFI
1	.956	.973	.931	.041	.920	.953
2	.901	.930	.973	.040	.901	.943
3	.940	.909	.958	.043	.957	.905
4	.925	.908	.967	.037	.972	.920
5	.942	.923	.981	.048	.970	.973

4.3 Descriptive Statistics

A convenience sample of 357 (male = 76%) contributed in this study. Female respondents comprised about 24% of the sample and male 76%. The ages of the members varied from 23 to over 50. Job experience varied between 1 year to over 21 years. With regard to education, 6% of the participants had intermediate, 40% had graduate degree, 45% were master and 9% had PhD qualifications. The distribution of participants' job level was non-managerial (29%), middle management (30%), senior management (22%) and executive management (19%).

Table 4: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Human Capital	357	1.00	4.60	3.0896	.63602
Social Capital	357	1.00	4.80	3.7944	.92431
Ethical Culture	357	1.33	4.67	3.0609	.63537
Ethical Leadership	357	2.50	3.70	3.1669	.34023
CSR	357	1.71	4.35	3.1588	.57380

Table 4 depicts the means, standard deviations and correlations of the study constructs. Means and standard deviations of the constructs ranged from 3.0896 to 3.7944 and 0.34023 to 0.92431 respectively. The values of maximum range from 3.70 to 4.80. With regard to minimum, the values range from 1.00 to 2.50.

Table 5: Correlation Matrix

		HC	SC	EC	EL	CSR
HC	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	357				
SC	Pearson Correlation	.210**	1			
	Sig. (2-tailed)	.000				
	N	357	357			
EC	Pearson Correlation	.248**	.417**	1		
	Sig. (2-tailed)	.000	.000			
	N	357	357	357		
EL	Pearson Correlation	.429**	.331**	.354**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	357	357	357	357	
CSR	Pearson Correlation	.210**	.323**	.428**	.471**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	357	357	357	357	357

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

Table 5 reports the correlations for all measures, including ethical leadership, ethical culture, human capital, social capital, and corporate social responsibility. The results show that all the variables are positively and significantly correlated with each other.

4.4 Hypothesis Testing

To test the study model, a structural equation modeling (SEM) method through AMOS 16 was used. The result of table 6 and figure 2, report regression estimates, critical ratio, regression path, standard error, significance values, and label of conjectured associations. The results indicate the positive and significant influence of ethical leadership on organizational culture (β=. 35, P< 0.05).
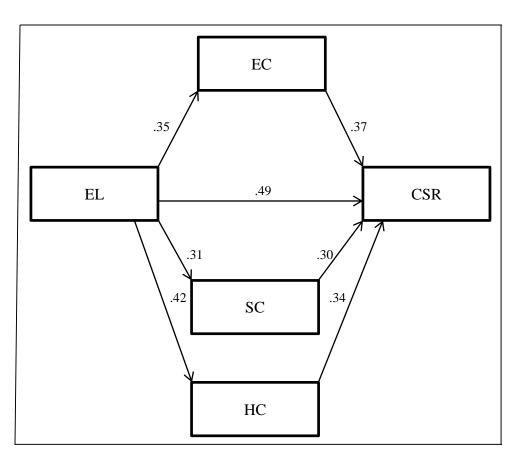
Figure 2: Path Diagram of Regression Analysis

It demonstrates that ethical leadership increases organizational ethical culture by 35% roughly. The critical ratio (CR=25.813) discloses that ethical leadership is deliberated as a significant determinant of ethical culture of the organization. Thus, hypothesis 1 is supported.

Table 6: Regression Results

Effect			Estimates	S.E.	Critical Ratio	P Value	Remarks
EC	<---	EL	.354	.034	25.813	***	Accepted
SC	<---	EL	.312	.024	10.184	***	Accepted
HC	<---	EL	.419	.056	4.756	***	Accepted
CSR	<---	EL	.491	.043	20.534	***	Accepted
CSR	<---	EC	.374	.053	30.307	***	Accepted
CSR	<---	SC	.298	.048	22.419	***	Accepted
CSR	<---	HC	.343	.040	11.541	***	Accepted

Note: ***p<.05*
Note: EL=Ethical leadership, EC=Organization Ethical Culture, SC=Social Capital, HC=Human Capital, CSR=Corporate Social Responsibility

The results further demonstrate that ethical leadership is observed as to positively and significantly associated with social capital (β=. 31, P< 0.05) and human capital (β=.42, P< 0.05), which support hypothesis 4 and hypothesis 5. In addition to that, ethical leadership is related to corporate social responsibility (β=.49, P< 0.05) thus supporting hypothesis 3, and organization ethical culture is significantly and positively associated with CSR (β=.37, P< 0.05). It supports hypothesis 2. Moreover, social capital (β=.30, P< 0.05) and human capital (β=.34, P< 0.05) were observed to have a positive and significant impact on CSR, thus supporting hypothesis 6 and hypothesis 7 respectively.

Table 7: Summary of Model Fit

Model	GFI	CFI	NFI	RMSEA	IFI	AGFI
1	.965	.937	.914	.045	.905	.936
Criteria	>.90	>.90	>.90	>.10	>.90	>.90

Table 7 reveals six model fitness criteria. The Goodness of Fit index (GFI), by convention the value of GFI equal to or greater 0.90 is acceptable (Schumacker & Lomax, 2004). This criterion fulfills the minimum acceptance level of Model Fit (GFI > 0.90) and AGFI is a variant of goodness of fit, which adjusted goodness of fit index for degree of freedom. Further criteria include CFI (comparative fit index), which is revised form of NFI (norm fit index). The suggested value for NFI and CFI is equal or greater .90 (Hooper et al., 2008). RMSEA (root mean square error of approximation) tells about optimally chosen parameters would fit the population co-variance Matrix (Byrne, 1998). RMSEA value below 0.08 shows good fit of the model.

4.4.1 Mediation Analysis

For mediation analysis, the main model of this study was divided into four sub-models using SEM through AMOS (Hartono et al., 2010). Baron and Kenny (1986) proposed four conditions in support of mediation estimation which are: (1) the independent variable (i.e., ethical leadership) is significantly associated to the mediator (ethical culture of the organization); (2) the independent variable is significantly associated to the dependent

variable (CSR); (3) the mediator is positively associated to the dependent variable; and (4) when the mediator is present, the association between the independent and the dependent variable come to be nonsignificant. In the first model, direct relationship between ethical leadership and CSR was analyzed. In the second model, organizational culture (mediating variable) was analyzed to study the direct and indirect relationship. In the third model, human capital (mediating variable) was analyzed to observe the direct and indirect relationship between independent and dependent variables. Finally, in the fourth model, social capital (mediating variable) was analyzed to observe the direct and indirect relationship between independent and dependent variables.

To analyze the mediating influence of ethical culture of the organization, we first observed the direct relation of ethical leadership and CSR. The results originated a positive and significant relation (β=.49, r > 0.10, p<0.05). By inserting the third variable organization culture, the value of β is reduced to .31 as shown in table 8 model 1 that demonstrates partial mediation. Therefore, hypothesis 8 is supported. Likewise, by introducing human capital, the value of β is reduced to .23 (table 8 model 2). Consequently, hypothesis 9 is also accepted that human capital mediates the relation between ethical leadership and CSR. Finally, taking social capital as mediating variable, the β value is also reduced (table 8, model 3), which supports hypothesis 10.

Table 8: Results of Standardized Regression Weights of Mediation Analysis

Model	Effect			Estimates	S.E.	Critical Ratio	Remarks
1	CSR	←	EL	.311	.041	20.423	Accepted
2	CSR	←	EL	.233	.042	21.215	Accepted
3	CSR	←	EL	.197	.036	20.308	Accepted

5. Discussion

It was the objective of this research to advance comprehension in the emerging field of ethical leadership and CSR. More specifically, we established a comprehensive framework in order to cover the effect of ethical leadership on CSR through mediating variables, for example ethical culture and intellectual capital of the organization. A direct association was observed between ethical leadership and CSR. More precisely, the present research has specified that ethical leadership positively affected CSR. The results of this study are consistent with our theorized anticipations. The literature on ethical leadership enforces present findings, for example, Waldman et al. (2006) found a positive association between transformational leadership and CSR. In addition to that, Walumbwa et al. (2011); Khokhar & Rehman (2017); Bouckenooghe et al. (2015) stated that ethical leadership was positively related to employees' performance. Moreover, Mayer et al. (2012); Choi et al. (2015) stated that ethical leadership was positively related to CSR.

An indirect relationship was found between ethical leadership and CSR through ethical culture and intellectual capital. More precisely, it was revealed from the outcomes that intellectual capital and ethical culture of the organization mediated the association between ethical leadership and CSR. The findings of this study are coherent with the hypothesized anticipations.

To develop CSR struggles, the management may select to make a culture, established in suitable ethical values (Chaudary & Ali, 2016). Launching an organizational ethical culture is a vital job of a moral manager and leader. The study of Grojean et al. (2004) reveals that one recommended approach for business leaders to propagate the chosen culture is by establishing a moral pattern themselves. We have applied three different theories; the organizational identification theory, upper echelon theory and social learning theory. Organizational identification denotes to the psychosomatic association between the definition of a firm and the definition of an employee (Shin et al., 2016). The literature indicated that when employees perceive their firm's image to be eye-catching, they are more likely to have robust identification with their organization and tend to share their values thus promoting an ethical culture of the organization. The upper echelon theory proposes that organizational outcomes reveal top managers' psychosomatic features (Hambrick & Mason, 1984). Sophisticated social styles and self-disciplined ethical values may significantly increase productivity and it is rational to inspire businesses to get profits in an ethical way (Yaoming, 2012; Wang, 2015). Social learning theory proposes that people learn manners through observation and displaying constructive role model (Bandura, 1977). Corporate leaders have the peak stages of position in the business; therefore, they turn out to be examples for employees (Mayer et al., 2012). Social learning theory, therefore proposes that ethical leadership modifies employees' learning behavior by stimulating a constructive atmosphere in which employees obey to moral conduct (Li, et al., 2013; Schminke et al., 2015). According to Rego et al. (2014), development of intellectual capital is a consideration of higher-level leadership. At present, leadership understands the fact that the organization's advantage is essentially a focus on what the organization recognizes, how knowledge is used, and how organizational learning benefits something new.

Leadership behavior has a profound relationship with the valuable employees. Good leaders have good influence on the employees, and instead bad behavior leaders have a negative impact. In the businesses, there are several difficulties about leadership, top management and other personnel. Furthermore, firm's employees are the key asset of the firm. Therefore, leadership and other employee's clash exist. Moreover, leadership and other employees' harmony are also mandatory for the implementation of change in the business (Ullah & Rehman, 2015; Wu et al., 2015).

The findings of the study have some important theoretical contribution and practical implications.

5.1 Theoretical Contribution

Theoretically, present research has made a significant contribution to the existing literature. This research finds to develop a framework focused on ethical leadership, organizational ethical culture and intellectual capital, which explain the effects on CSR. Within this model, ethical leadership accelerates ethical culture. As a result, employees have a tendency in sharing similar moral values. A consequence of this involvement is that followers act sensibly when acting with the stakeholders, including clienteles, government, humanity, and the atmosphere, demonstrating an exceptional corporate social performance (Clarkson, 1995; Xiaojun & Guy, 2014; Akdoğan, et al., 2016; De Roeck & Farooq, 2017).

Through statistical tests the entire hypotheses of the current study were accepted. Our framework supports to describe, on the one hand, how ethical leadership accelerates CSR,

and alternatively, which nature of organizations would get advantage in terms of CSR under ethical leadership of business leaders. This research not only offers strong proof for the statement that ethical leadership can affect CSR, but also encompasses the appreciation of how this type of relationship develops in a positive way. This research registers the view of Mayer et al. (2012) for evaluating the impact of ethical leadership concerning to the CSR. Moreover, it discourses the call of Choi et al. (2015) to study the relation of ethical leadership and organizational moral culture along with the broader circumstance for the effect of ethical leadership. We also propose that the application is vigorous, consistent with the statement that business culture and consequences manifest higher leaders' values. Ethical leadership is observed as favorable to the growth and cultivating of business moral culture and CSR.

This research has addressed the question of how ethical leadership is associated with the development of intellectual capital in organizations. This research claims that ethical leadership is associated with the development of intellectual capital, which is considered as human and social capital in this study. Moreover, it indicates the importance of ethical leadership in their development. An organized survey method was adopted for this study. We employed social learning theory, organization identification theory, and upper echelon theory to link ethical leadership to the outcomes. The results show that organizations with higher moral values have improved intellectual capital. Consequently, in reply to the plea to treat ethical leadership and intellectual capital together and the relation between them (Polo & Va ´zquez, 2008; Huang et al., 2014), this research encompasses the existent intellectual capital works by joining study on ethical leadership with intellectual capital notions and observing the relationship of ethical leadership with human capital and social capital in a quantitative way.

Ethical leadership inspires organizations to tolerate social responsibility, generating a good social atmosphere for corporate development. Market demand forces urge organizations to modify policies, decrease investment and retrench employments. Even when confronted with giant marketplace stress, businesspersons should take morals earnestly. Business leaders and managers can only accomplish their goals by incorporating moral needs into business plan (Peter, 1999; Valentine et al., 2011; Wu et al., 2015; Pasricha et al., 2017). Moral capital needs businesspersons to be accountable for humanity overall, and not just that within the businesses. Businesspersons have recognized the significance of social responsibility to the point that it has nowadays come to be a vital principle for business success (Wang, 2015). Businesspersons with a decent appreciation of social responsibility and with the light of ethics travelling within them would guide their businesses to be more liable for humanity and society (Bragues, 2009; Piccolo et al., 2010; Busoi, 2014). It will definitely develop the magnitude of corporate capital, and generate a good social atmosphere and develop an open belief, which will be very much useful for supplementary corporate development (Beneduce, 2015).

The results of this research offer empirical proof substantiating the latest corporate tendency in increasing moral principles for attracting talent, improving corporate image and forming a moral and ethical culture and developing a healthier atmosphere for shared learning, product development, open communication, teamwork and innovative working improvement. This research signifies a step regarding the quantitative investigation of the relationship between ethical leadership and intellectual capital that can initiate further study in this area.

5.2 Practical Implication

The research has concrete implications for experts by drawing their consideration to the encouraging links between ethical leadership, ethical culture and the development of intellectual capital, and CSR. Thus, companies can originate by emphasizing the significance of moral values. To display the tone from the top, the top management should do this. The target firms emphasize the values of fairness, integrity, compliance, collaboration, open communication, long-term orientation, professionalism, transparency, and corporate citizenships. Care must also be given to increase the responsiveness of the significance of intellectual capital that could affect the long-term viability of the firm, instead of only focus on physical assets and short-term economic performance. Transparency of each intellectual capital, which is human and social capital, can be improved to permit their examination and development through selecting suitable signals. At this point, the firms can put effort to make an observable link between ethical leadership and the enhancement of intellectual capital to inspire capital that is more intellectual by reinforcing moral principles. Everything should lift together for the organization's long-term performance. In expressions of social capital, it also points its decent relations with clients to its integrity, corporate citizenships, and competence.

Based upon moral and honest culture, the organization is capable to stress that handling worldwide challenges of confined assets with cost-effective goods and services, which improve access and quality, reduce ecological and social cost and encourage human rights and order, also creates worthy business wisdom. It is encouraging to forecast that the visibility of the relation between ethical leadership and intellectual capital would progressively increase as organizations originate for monitoring the development of their human and social capital and relate their business ethics with their developments as recommended by the outcomes of this research. Business managers can demonstrate their employees, clients and stakeholders that, through stimulating morality and ethics, they not only take accountabilities towards their associated stakeholders, but also improve human and social capital for better performance and competitiveness.

To enhance CSR in the firm is to find managers who keep an extraordinary stage of management discretion. This study designates that the optimistic influence of ethical leadership and ethical climate of the business, are very effective for corporate leaders having freedom. Hence, businesses must pay supplementary consideration to such leaders and inspire them to employ ethical leadership meant for stimulating the moral culture and CSR.

5.3 Limitations and Direction for Future Research

The present study has a number of limitations. Firstly, present research used cross-sectional assessment for data collection. Future studies might use longitudinal survey. A second limitation is that we focused only on limited outcomes. However, research by Mayer et al. (2012) has recommended that ethical leadership is associated with constructive behaviour, such as employee voice and citizenship behavior. In future studies, it will be imperative to inflate the nomological network of likely dependent variables by considering positive outcomes of ethical leadership for example cooperation, employee voice and business performance. Thirdly, the sample of this research was the manufacturing organizations. Further study with samples from diverse industry sectors in which the intellectual capital is also vital to their growth and competitiveness would extend understanding and develop

generalizabality to other circumstances. Finally, this study was executed in Pakistan. Intrinsically, a cherished path for further study is to execute a multicultural investigation for observing the generalization of this framework.

5.4 Conclusion

This framework incorporates organizational ethical culture and intellectual capital (social capital and human capital) as critical factors of the relation between ethical leadership and CSR. Overall, the framework of present research explicates how morality counts utmost when it relates to exercise CSR. The results of this study subsidize to the morality, corporate social responsibility, business culture, and strategic leadership research by checking the relationship of ethical leadership and CSR with earlier uncultivated variables such as organizational culture, human capital and social capital. In this way, the present study provides a foundation for future study, understanding the fundamental progressions, which stimulate and improve corporate social responsibility.

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