

## A Delphi Method Exploration of Performance Pressures and Ethical Leadership Compromises in Business Organizations

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### ABSTRACT

A deep understanding of the dynamics between performance pressures and ethical leadership becomes crucial in an era of stressful economic recovery. This research explores the complex relationship between organizational performance pressures and ethical leadership, focusing on how these pressures impact ethical decision-making and the challenges of maintaining ethical integrity in demanding environments. Employing a convenience sampling method and the rank-type Delphi method, the study engaged 40 experts from both academic and practical fields to identify and rank key performance pressures that compromise ethical leadership. Significant pressures identified include the imperative to generate positive financial reports, achieve greater efficiency, withstand competitive pressures, and pursue aggressive growth strategies, all eroding ethical leadership. These pressures lead to unethical practices, such as falsifying financial reports, exploiting working conditions, unfair competition, and aggressive merger and acquisition tactics. The findings underscore the critical need for leaders to recognize and manage these pressures effectively to foster an environment conducive to ethical leadership. This study contributes valuable insights into the mechanisms by which performance pressures undermine ethical leadership and highlights the importance of cultivating a culture that promotes normative behavior and addresses ethical challenges, thereby enriching the existing body of knowledge on organizational ethics and leadership.

### Keywords:

*Competitive, Delphi method, ethical leadership, market share growth pressures, performance pressure, profitability, productivity.*

### ABSTRAK

*Pemahaman mendalam tentang dinamika antara tekanan kinerja dan kepemimpinan etis menjadi krusial di era pemulihan ekonomi yang penuh tekanan. Penelitian ini mengeksplorasi hubungan kompleks antara tekanan kinerja organisasi dan kepemimpinan etis, dengan fokus pada bagaimana tekanan ini memengaruhi pengambilan keputusan etis dan tantangan dalam mempertahankan integritas etis di lingkungan yang menuntut. Dengan menggunakan metode pengambilan sampel yang mudah dan peringkat metode Delphi, penelitian ini melibatkan 40 pakar dari bidang akademis dan praktis untuk mengidentifikasi dan memberi peringkat tekanan kinerja utama yang membahayakan kepemimpinan etis. Tekanan signifikan yang diidentifikasi meliputi keharusan untuk menghasilkan laporan keuangan yang positif, mencapai efisiensi yang lebih besar, menahan tekanan kompetitif, dan mengejar strategi pertumbuhan yang agresif, yang semuanya mengikis kepemimpinan etis. Tekanan ini mengarah pada praktik yang tidak etis, seperti memalsukan laporan keuangan, mengeksploitasi kondisi kerja, persaingan tidak sehat, dan taktik merger dan akuisisi yang agresif. Temuan ini menggarisbawahi kebutuhan*

*kritis bagi para pemimpin untuk mengenali dan mengelola tekanan ini secara efektif untuk menumbuhkan lingkungan yang kondusif bagi kepemimpinan etis. Penelitian ini memberikan kontribusi tentang mekanisme bagaimana tekanan kinerja melemahkan kepemimpinan etis dan menyoroti pentingnya menumbuhkan budaya yang mempromosikan perilaku normatif dan mengatasi tantangan etika, sehingga memperkaya pengetahuan yang ada tentang etika dan kepemimpinan organisasi.*

*Kata Kunci:*

*Kompetitif, metode Delphi, kepemimpinan etis, produktivitas, tekanan pertumbuhan pangsa pasar, tekanan kinerja, profitabilitas.*

## **INTRODUCTION**

Organizational leaders are under intense pressure to achieve economic success amid the ongoing global recovery from the COVID-19 pandemic and growing local and global competitive pressures. These issues, combined with continuous organizational moral dilemmas, have elevated ethical leadership to the top of the priority list for both local and multinational firms (Shin *et al.*, 2015). Little is known about the empirical interplay between organizational performance pressures and ethical leadership.

According to Shin *et al.* (2015), organizations are under significant performance pressures to prosper in the face of economic adversities such as sluggish economic growth, intense competition, and customer socioeconomic challenges. Recent examples of ethical corporate failures such as Steinhoff inflated profits and assets by R250 billion, Tongaat Hulett overstating the value of the company by R3.5 to 4.5 billion, KPMG's failure in their independent auditing duties when it failed to report the alleged Gupta wrongdoing and many more, serve as a sharp reminder of the potentially disastrous consequences of business leaders' unfettered pursuit of profit maximization (Business Insider SA, 2020). Internationally, the collapses of Enron, Arthur Anderson, and WorldCom, which have been extensively documented in the literature, as well as the 2008 global financial crisis, which resulted in significant financial reforms following the collapse and bailout of organizations such as Lehman Brothers and Merrill Lynch, highlight the ongoing prevalence of unethical business practices (Drezner & McNamara, 2013).

Recent scholarly work reveals a growing interest in ethical leadership mechanisms and their impact on organizational integrity and performance. Studies have explored various aspects, including the definition and conceptualization of ethical leadership (Brown & Mitchell, 2010; Banks *et al.*, 2020), its antecedents and outcomes (Ko *et al.*, 2018; Roy *et al.*, 2023), and its embeddedness in societal, industry, and organizational contexts (Eisenbeiss & Giessner, 2012). Researchers have identified the need for more empirical validations and longitudinal studies to better understand the direct impact of ethical leadership on decision-making and organizational culture (Roy *et al.*, 2023). These studies underscore the importance of ethical management but frequently leave the direct impact of external pressures on ethical decision-making less examined. The ethical concerns that triggered these scandals were almost always linked to issues of ethical leadership. Recent research highlights the significant role

of search engines, particularly Google, in shaping public perception of corporate scandals. Google Trends data has been used to analyze interest in business ethics, revealing geographical and temporal patterns (Kiss, 2019). This troubling tendency, in which each scandal outperforms the preceding one in terms of brand value and complexity of ethical misconduct, raises significant concerns about the role of leadership in these ethical crises

These corporate crises have been linked to various unethical leadership activities, including bid-rigging, price-fixing, collusion, fabrication of financial statements, corruption, and others (Competition Tribunal of South Africa, 2009; Pops, 2006). To emphasize the significance and relevance of the current study, which intends to identify organizational performance pressures and the factors that compromise ethical leadership when the two intersect. Management and academics must identify and better understand the interplay between the two constructs; the current study identifies these factors through a rank-type Delphi method.

Despite widespread recognition that performance pressures in today's business environment have become increasingly sophisticated as a result of the need for short-term results, growing global competition, and the economic downturn, there has been little systematic investigation into how these pressures impact ethical leadership behavior. The current study seeks to fill this void by identifying factors that risk ethical leadership under performance pressure. Brown and Mithcell (2010) define ethical leadership as normatively appropriate conduct demonstrated through personal acts, interpersonal interactions, and decision-making. This ethical leadership framework has two critical components: the leader as an ethical manager who directs subordinates to behave ethically, and the leader as an honorable person who embodies ethical behavior. Despite a wealth of research on ethical leadership, the impact of performance pressures on ethical leadership behavior has yet to receive much consideration. Most research on ethical leadership has focused on organizational culture, moral awareness, leadership styles, perceptions, and profitability.

The evaluation of ethical leadership under performance pressures is crucial in today's business environment, characterized by global economic instability and rising competitiveness. Recurring organizational failures reinforce this viewpoint, typically based on unethical leadership actions, such as the abovementioned ethical failures. There is a significant study vacuum in addressing the empirical link between ethical leadership and performance pressures, necessitating a thorough analysis to disentangle the complex dynamics at work. This research could be critical in developing effective ways to minimize ethical issues, thereby improving organizational sustainability and contributing to the global business ethics conversation.

Identifying organizational performance pressure and factors that compromise ethical leadership is critical for scientific knowledge of organizational behavior, effectiveness, and ethical management practices. This study adds to the body of knowledge by identifying and investigating how high-performance pressure environments can influence ethical behavior in the context of leadership. It can

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lead to new models and theories that provide a more nuanced understanding of leadership behavior and decision-making processes under challenging circumstances. Furthermore, the study's findings can be used to generate empirical evidence for creating strategies and treatments that encourage ethical leadership, even in high-performance contexts. As a result, the research has the potential to significantly increase ethical leadership quality and organizational performance and contribute to the broader area of management science. This study is relevant for leadership and organizational behavior studies because it investigates how critical stakeholders' pressures and expectations might impact individual and organizational behavior.

The influence of stakeholders' pressures and expectations on ethical leadership and organizational behavior comes before individual leaders and organizational levels. It highlights how these pressures influence decision-making, shaping corporate ethical standards and culture, performance expectations, accountability, regulatory pressures, innovation and sustainability pressures, and talent attraction and retention. Stakeholders, including investors, customers, employees, suppliers, and the community, have their expectations and demands from the organization. Leaders must navigate these pressures to align with ethical standards and promote positive organizational behavior. Performance expectations, accountability, transparency, compliance with regulations, and innovation and sustainability pressures also shape an organization's ethical culture. Leaders must cultivate an environment that values ethical behavior to attract and retain talent.

Freeman & Dmytriyev (2017) argued that the stakeholder theory framework offers comprehension of how businesses can run in a way that considers the interests of all stakeholders, not just shareholders. This theory posits that the success of an organization depends on its ability to manage and integrate the needs and demands of its diverse stakeholders, which include customers, employees, suppliers, the community, and the environment, in addition to its shareholders. Integrating Stakeholder Theory with the perspective of stakeholder pressures and ethical leadership involves adopting a holistic and balanced approach to decision-making and organizational behavior.

An understanding of organizational behavior that is both complicated and nuanced can be attained by combining the theoretical frameworks of performance pressure and ethical leadership. Theories are conceptual frameworks that present definitions, assertions, and qualities that aid in understanding, forecasting, and exercising control over phenomena. In this setting, the theory of performance pressure and ethical leadership are subjected to in-depth analysis.

According to Zimbardo & Leippe (1991), the term "performance pressure" refers to a mentality that leads to negative assessments concerning a person's level of performance and the idea that one's current level of performance is not adequate for the achievement of the following desired goal. Overstreet *et al.* (2013) define organizational performance as a process leading to accomplishing goals and objectives, and Kent (2018), who identifies pressure as situational incentives for optimal performance, contributes to expanding this concept. Together, these researchers provide an essential

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contribution. However, this pressure can lead to ethical issues when goals are ill-conceived (Mitchell *et al.*, 2018) and stakeholders exert undue pressure (Donaldson & Dunfee, 1994; Mitchell *et al.*, 1997), as stated in the previous paragraph. Both Friedman's (1970) shareholder primacy position and Miles' (2017) stakeholder theory provide further illustration of the ethical responsibility of leaders and the source of such performance pressures.

According to Brown and Michell (2010) and also Ko *et al.* (2018), ethical leadership is a concept that combines ethics and leadership. This type of leadership is characterized by normatively appropriate behavior that is expressed through personal actions and interpersonal connections. Ethical leaders are aware of what behaviors and actions are appropriate and inappropriate when it comes to the pursuit of organizational prosperity, and they can influence the behaviors and actions of individuals for the sake of goal attainment (Botha & Musengi, 2012). According to Wart (2014), ethical leadership requires treating all stakeholders fairly and honestly and combining a variety of ethical perspectives, such as virtue ethics, deontology, and utilitarianism.

However, performance pressure and ethical leadership necessitate a critical assessment. Excessive performance pressure can erode ethical leadership, leading to company crises and loss of trust among stakeholders, according to evidence from real-world circumstances (Business Insider SA, 2020). Theoretical foundations are helpful, but practical evidence shows that this can occur. The complexities and challenges in the real world, such as competing stakeholder interests, the ever-changing nature of organizational goals, and the diverse ethical norms and practices in different cultures and nations, must be considered in the theories. Furthermore, they should include ways to prevent and mitigate ethical issues caused by performance pressures.

The theories must address the dichotomy between shareholder primacy and stakeholder theories. The former places an exclusive emphasis on the interests of shareholders, whilst the latter promotes a fair and equitable approach to all relevant stakeholders. These competing interests must be reconciled, and performance demands must be managed not to compromise ethical leadership. The theories need to provide clear guidance for how to do this. The KPMG case serves as a reminder that ethical practices should be ensured by regulatory bodies as well as independent auditors (Business Insider SA, 2020).

Although performance pressure and ethical leadership provide valuable insights, the theories underlying these concepts must be continuously refined and critically evaluated to keep up with the ever-changing, complex, and challenging environment in which modern organizations operate. To address this need, the current study aims to close this gap by identifying factors that compromise ethical leadership under threat-appraised performance pressure. The research is guided by the following questions: (RQ1) What factors determine organizational performance pressures?; (RQ2) What are the factors that compromise ethical leadership when performance pressure is exerted?; (RQ3) What is the rank order of the most significant performance pressures and factors that compromise ethical leadership? This research not only fills a critical gap but also integrates the diverse needs and

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expectations of all stakeholders, thereby guiding ethical leadership practices and corporate strategies. This approach is pivotal in enhancing the organization's overall effectiveness, sustainability, and moral integrity (Freeman, 1994).

## **RESEARCH METHODS**

This research revolves around the expert interplay between performance pressure and ethical leadership constructs. The study involved 40 experts, including 21 academics and 19 practitioners, from various fields, including ethics. The criteria for choosing these academic experts emphasized ethics, specific expertise, experience, and scholarly contributions. The aim was to gather a diverse group with varied perspectives and backgrounds to enrich the study, ensuring the credibility and relevance of their insights through their professional standing and recognition in the academic community. The selection process prioritized individuals who were knowledgeable, willing, and capable of effectively communicating and making meaningful contributions to the research objectives. The study used non-probability convenience sampling techniques and the rank-type Delphi. The Delphi method is a valuable approach for researching ethical leadership and organizational performance. It allows for iterative, confidential exchanges between experts on sensitive topics (Fletcher & Marchildon, 2014; Okoli & Pawlowski, 2004).

The Delphi Method, a renowned consensus-building technique, was utilized to harness the collective wisdom of the expert panel. This method, grounded in the principles of group decision-making, is particularly suitable for our quest to explore and rank-order factors of threat-appraised performance pressure. Enabling anonymity and iterative feedback mitigates the risk of dominant voices unduly influencing the group's consensus (Fletcher & Marchildon, 2014; Okoli & Pawlowski, 2004). The Delphi process unfolded over three phases. In the first brainstorming phase, experts were encouraged to generate factors related to performance pressure and ethical leadership through questionnaires 1 and 2. The second phase narrowed down these factors, using Questionnaire 3. The final phase focused on ranking pertinent factors via a fourth questionnaire, which underwent three iterations. The process was guided by a stop criterion (Kendall's  $W$ , 0.7), ensuring a robust consensus (Fletcher & Marchildon, 2014; Okoli & Pawlowski, 2004).

A custom measurement tool was created to capture the dynamics of organizational performance pressure. The instrument is grounded in Rubin *et al.* (2010) three-time measure and Mitchell *et al.*'s (2018) daily performance pressure measure. Experts were invited to respond to questions about identifying performance pressure and elucidating its negative manifestations in leadership behavior.

Parallel to exploring performance pressure, the study delved into ethical leadership. An instrument was crafted, drawing on three authoritative sources: The Ethical Leadership Scale (ELS) by Brown *et al.* (2005), the Ethical Leadership at Work Questionnaire (ELWQ) developed by Kalshoven *et al.* (2011), and the Ethical Leadership Questionnaire by Yukl *et al.* (2013). These tools, renowned

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for their reliability and validity, guided the development of questions that probed into ethical leadership factors and how these factors compromise leadership behavior under performance pressure. This methodological design serves as a pathway to navigate the intricate nexus of performance pressure and ethical leadership. It combines rigorous consensus-building techniques with robust measurement tools, offering an insightful exploration of the constructs under scrutiny.

## **RESULTS AND DISCUSSIONS**

The fundamental purpose of our research study is to contribute to the body of social scientific knowledge by expanding our understanding of the ethical leadership and performance pressure organizations face as they strive to achieve economic success. An instrument that was painstakingly designed to answer our research questions was based on the Brown *et al.* (2010) Ethical Leadership Scale (ELS), the Yukl (2006) Ethical Leadership at Work Questionnaire (ELWQ), and Rubin *et al.*'s (2010) Performance Pressure Scale. It allowed us to negotiate this complex interface and provide answers to our research questions. Under the strain of threat-appraised performance pressure, a three-phased rank-type Delphi approach was used, which offered an enriched identification of the factors that compromise ethical leadership.

### **Phase 1. Unearthing the Underlying Factors**

In the first phase of our research, we generated four lists of organizational performance pressures: Organizational Performance Pressures List (OPPL), Profitability Pressures List (PPL), Productivity Pressures List (PrPL), Competitive Pressures List (CoPL), and Market Share Growth Pressures List (MSPL). We also generated a list of factors that negatively influence and compromise ethical leadership (FCEL). These lists of factors were identified through coding and categorization, and themes emerged and were placed under the list in Table 1.

During this stage, 157 antecedents of organizational performance pressures and 53 antecedents that compromise ethical leadership were identified. These two sets of findings characterized this phase. Only five of each performance pressure is presented in these results to focus the study. These crucial antecedents, referred to as 'factors' for uniformity from this point forward, provide a comprehensive map of the pressures and leadership behaviors associated with them that permeate the organizational landscape.

The summary of the factors as identified by the top 60% of all experts is shown in Table 1, and a few participants' quotes are presented thereafter: Academic Experts are denoted by AE, and PE and the participant number denote the participant number and Practitioner Experts. The recap of Organizational Performance Pressures List (OPPL) and Factors that Compromised Ethical Leadership List (FCEL) can be presented in Table 1.

**Table 1. Organizational Performance Pressures List (OPPL) and Factors that Compromised Ethical Leadership List (FCEL)**

Organizational Performance Pressures List (OPPL)	Factors that compromised Ethical Leadership List (FCEL)
Profitability Pressure (PPL)	Absence of ethics reporting and training
Pressure to reduce costs	Abuse of power and influence
Pressure from the financial control mechanism	Absence and weak code of ethics.
Pressure to achieve business goals at all costs	Conflict of interest
Pressure to present a positive financial statement	Lack of value-based decision-making
Pressure to increase sales and revenues	Disrespect
	Failure to consider environmental and ecological issues.
Productivity Pressure (PrPL)	Lack of ethical guidance/sensitivity
Pressure to achieve greater efficiency	Instilling fear and intemperance
Pressure to meet daily, monthly, and yearly production targets	Imposing unrealistic organizational goals
Pressure to improve quality products and services	Greed
Pressure to use cost-effective ingredients	Imprudence
Pressure to report complaints/ incidences	Ineffective and deceptive communication
	Inhumane practices
	Injustices
Competitive Pressure (CoPL)	Lack of accountability
Pressure to Achieve Competitive Advantage:	Lack of compliance
Competitive Pressure	
Pressure from competitive pricing	Lack of dignity
Pressure for brand recognition	Lack of empathy
Pressure to achieve higher creativity and market /product innovation	Lack of integrity & Dishonest
Pressure from suppliers	Lack of power-sharing
	Low moral judgement
Market Share Growth Pressure (MSPL)	Manipulation
Pressure to acquire other organizations to grow the market share (Mergers)	Overemphasis on efficiency
Pressure to increase the sales share	Punishing whistleblowing and inconsistencies on the issue
Pressure to keep market share lead and dominate competition	Preference of perceived important stakeholders
Pressure to develop the market to other territories	The culture of profitability over all other concerns
Pressure to develop new products and improve existing products	Self-interest
	Short-termism
	Superstar leadership transactional leadership style
	Lack of transparency
	Unfairness
	Untrustworthiness
	Weak corporate governance

*Source: Authors' work (2024)*

**Quotes:**

*“...profits are a necessary evil in business; if you don't have a profit, you don't have a business. Beyond optimal performance, adverse pressure starts to creep in. In difficult economic conditions, there is no growth in profits, so reducing costs and restricting operations becomes the strategy...negative behavior: ..in dealing with costs, it becomes important to identify and reduce the biggest cost item, which is salaries. It is where exploitation of illegal economic migrants comes in...” AE20.*



"...unbelievable pressure on lowering production costs keeps most production staff and the executives awake at night, and the level of burnout results in increased stress-related sickness within the production with production teams. Negative behaviour: it is common practice in this country to resort to sourcing cheap labour; the influx of economic migrants, many of them illegal, are used as cheap labour to realise competitive production costs." AE1

"...some industries have high input costs, particularly labor costs, failure to collaborate on labor cost may prove detrimental to the whole industry; ...employers association come together as associations to determine industry salaries to forge uniformity. There is pressure to belong and join industry associations to achieve this...**Negative behaviour:** From these interactions, relationships are formed amongst senior managers, and they start to illegally collaborate with competitors in price-fixing and collusion, bid rigging, and collaboration to divide up the market and limit competition" PE19

"Organic organizational growth can sometimes be a daunting task. Big businesses usually take the route of acquisitions and mergers to grow at a faster rate...I guess it is the issue of resources for business for big businesses. Boards demand executives to be consistent in looking for potential acquisitions. **Negative behavior:** These industry manoeuvres lead to acquisitions of competitors to close them down to limit competition and maintain business growth." PE19

## Phase 2. Refining the Factors

The academic and practitioner lists were refined throughout the second phase of the study, which helped narrow down the organizational performance pressures. It was essential to go through this pruning procedure to narrow down the most important factors relevant to the study issue. During this phase, academics identified 15 organizational pressures (AOPL) and 16 factors compromising ethical leadership (AFCEL), each supported by more than 60% of the academic experts. Similarly, our practitioner experts have distilled their views into 17 organizational performance factors (POPL) and 18 factors that negatively influence and compromise ethical leadership (PFCEL). The summary of the refined factors, as identified by the top 60% of the experts, is shown in Tables 2 and 3.

Table 2 presents the answer to RQ1 Academics and Practitioner Experts: What factors determine organizational performance pressures.

**Table 2. Organizational Pressures List (AOPL and POPL)**

AOPL		POPL	
%		%	
91%	Pressure to present positive financial reports	92%	Pressure to achieve competitive advantage: Competitive Pressures
91%	Pressure to acquire other organizations: Mergers	92%	Pressure to present a positive financial statement
83%	Achieving greater efficiency pressure	92%	Pressure To Buy other organizations
83%	Market pressure	84%	Pressure to keep the market share and dominate the market

%	AOPL	%	POPL
83%	Pressure to achieve competitive advantage: Competitive pressures	76%	Pressure to increase sales and revenues
83%	Internal process: productivity and innovation	76%	Legislative pressure
75%	Declining customer base	76%	Pressure to achieve greater efficiency
75%	Innovation competitors	76%	Pressure to dominate the value chain
66%	Government pressures	76%	Pressure to collaborate with other organizations
66%	Share prices	76%	Pressure To Contain Costs
66%	Market access and consumer retention	69%	Pressure to improve the quality of products and services
66%	Societal pressure	61%	Pressure to have effective and impactful marketing communication
66%	Growth through acquisition pressures	61%	Pressure from financial control mechanisms
66%	Demanding customers	61%	Pressure to meet production targets:
66%	Pressure from the financial control mechanism	61%	Pressure from competitive pricing

*Source: Authors' work (2024)*

The answer to RQ2: Academics and Practitioner Experts: What factors compromise ethical leadership? It is presented in the Table 3.

**Table 3: Ethical leadership (AFCEL and PFCEL)**

Ranking	AFCEL	Ranking	PFCEL
91%	Lack of ethical guidance/sensitivity	84%	Lack of integrity & dishonesty
83%	Lack of accountability	76%	Lack of accountability
83%	Untrustworthiness	62%	Lack of transparency
83%	Lack of integrity & Dishonesty	62%	Conflict of interest
75%	Weak corporate governance	62%	Imprudence
75%	Lack of power-sharing	62%	Injustices
75%	Low moral judgement	62%	Low moral judgement
75%	Lack of empathy	62%	Self-interest
66%	Ineffective & deceptive communication	62%	Preference of perceived important stakeholders
66%	Lack of value-based decision-making	62%	Short-termism
66%	Fear and intemperance	61%	Lack of ethical guidance/sensitivity
66%	Greed	61%	Unfairness
66%	Injustices	61%	Lack of compliance
66%	Lack of transparency	61%	Absence and weak code of ethics
66%	Unfairness	61%	Weak corporate governance
		61%	Ineffective & deceptive communication

*Source: Authors' work (2024)*

### **Phase 3: Ranking and Consensus Building**

The answer to SrQ3: What is the rank order of the most influential organizational performance pressure and factors that compromise ethical leadership? It is presented in Table 4.

The final phase of the research endeavored to achieve a consensus on ranking factors among academic and practitioner experts. This culminated in a convergence of viewpoints on the constructs that were the subject of the examination. The culmination of this thorough iterative process was establishing the final ranked order of organizational performance pressures by the academic and practitioner experts. The results of the academic experts ranking order are presented in Table 4 .

**Table 4. AOPPL and AFCEL rank order**

The AOPPL academic rank order		The AFCEL academic rank order	
Rank Order		Rank Order	
1	Competitive pressure	1	Lack of accountability
2	Achieving greater efficiency	2	Lack of integrity
3	Declining customer base	3	Dishonesty
4	Demanding customers	4	Lack of ethical guidance/sensitivity
5	Control mechanism	5	Low moral judgement
6	New innovative competitors	6	Lack of transparency
7	Pressure to present positive financial reports	7	Unfairness
8	Internal process: Productivity and innovation	8	Limited power-sharing
9	Market pressure	9	Injustices
10	Social pressure	10	Tolerance to ethical violations
11	Innovation pressure	11	Untrustworthiness
12	Share prices	12	Lack of empathy
13	Market access and customer retention	13	Fear and intemperance
14	Government pressure	14	Greed
15	Mergers	15	Ineffective communication
		16	Ineffective decision making

Source: Authors' work (2024)

Academics ranked the performance pressure as competitive pressure, achieving greater efficiency, declining customer base, demanding customers, and Controlling mechanisms, among the top five highest organizational performance pressures. Academic experts identified. These AFCEL: *Lack of accountability, Lack of integrity, Dishonesty, Lack of ethical guidance/sensitivity, and Low moral judgement* are the top five highest in Table 4.

**Table 5. POPL and PFCEL**

The POPL Practitioner rank order		The PFCEL Practitioner rank order	
Rank Order		Rank Order	
1	Competitive pressures	1	Lack of accountability
2	Achieving greater efficiency	2	Dishonesty
3	Pressure to present positive financial reports	3	Lack of integrity
4	Growth through acquisition pressures	4	Short-termism
5	Quality	5	Low moral judgement
6	Pressure to contain costs	6	Unfairness
7	Income and profitability pressures	7	Transparency
8	Declining customer base	8	Lack of ethical guidance/sensitivity
9	Market pressures	9	Conflict of interest
10	Demanding customers	10	Injustices
11	Environmental pressures	11	Weak corporate governance
12	Regulatory compliance	12	Lack of compliance
13	Collaboration (that leads to price-fixing, market division, collusive tendering)	13	Imprudence
14	Abuse of dominance	14	Ineffective code of ethics
15	Bonuses	15	Ineffective communication
16	Pressure to buy competitors	16	Preferential stakeholders approach
17	Distribution channels	17	Process orientation
		18	Self-interest

Source: Authors' work (2024)

After the practitioners' ranking iteration process was completed, the following outcome emerged from the ranking process: the practitioner experts' final organizational performance pressures and the factors that compromise ethical leadership were concluded. The results of the practitioner experts' ranking order are presented in Table 5. Practitioners ranked *competitive pressure*, *Pressure to present positive financial reports*, *Growth through acquisition pressures*, and *Quality as the top five highest organizational performance factors*. Practitioners ranked *Lack of accountability*, *Dishonesty*, *Lack of integrity*, *Short-termism*, and *Low moral judgement* as the top five highest factors that compromise ethical leadership in Table 5. The results from these three phases, thus, provide a nuanced understanding of the organizational performance pressures and their interplay with ethical leadership, forming a robust foundation for further academic exploration and practical application.

## **Discussion**

This study aimed to investigate the factors that influence ethical performance pressures and their negative expression on organizational leadership behavior. Three secondary research questions were considered to answer the primary research topic. The secondary research questions' aims were as follows: Identifying the factors influencing organizational performance pressures was the primary topic of the first secondary research question. The second secondary research question sought to uncover specific performance pressures. Finally, the third secondary research question determines the rank order of the factors that put the most pressure on organizational leaders and compromise ethical behavior.

### **Factors Influencing Organizational Performance Pressures**

The findings suggested two methods for answering RQ1. The first strategy focused on recognizing and characterizing broad performance pressures, while the second focused on finding and expressing specific performance pressures. A pattern evolved that differentiated between internal and external performance pressures. Internal performance pressures influenced ethical leadership intention directly, but external performance pressures influenced ethical leadership indirectly. The study's context focused on factors directly influencing ethical leadership. After coding and categorizing the data, academic experts had 15 themes, and practitioner experts had 17 themes on performance pressures.

### **Performance Pressures Results**

The study identified performance pressures and found that they could lead to outcomes perceived as either threat appraisal (negative) or challenge appraisal (positive). However, the present literature must clearly indicate the proper appraisal that could positively or negatively influence ethical leadership behavior (Bateman *et al.*, 2019). A demarcation inside the study was required to understand the influence of performance pressure on ethical behavior without the necessity for a prefix such as "threat appraised." The second element of the research question looked into particular performance pressures that directly impact ethical leadership behaviors.

Competitive pressure, pressure to achieve greater efficiency, pressure to present positive financial statements, and pressure to grow through acquisitions were identified as the top five factors influencing ethical leadership behaviors under specific performance pressures. Upon an examination of these results, it emerged that these pressures were aligned with the Kaplan and Norton Balanced Scorecard perspectives: pressure to present positive financial statements aligned with the financial perspective: profitability; competitive pressure was aligned with the customer perspective: outcompeting rivals in serving customers; business process perspective was aligned with pressure to achieve greater efficiency: productivity; and growth perspective was aligned with pressure to grow through acquisitions Kaplan and Norton's (1992): Challenged-appraised performance pressure evaluations resulted in high levels of performance, whereas threat-appraised evaluations resulted in ethical leadership issues. Organizational stakeholders put much pressure on leaders to meet performance targets, which changed ethical leadership behavior and led to unethical practices.

### **Factors that compromise ethical leadership under performance pressure:**

The second layer of the research sought to identify the factors that negatively impact and compromise ethical leadership when performance pressure is exerted. To answer this question, the study focuses on consensus and disagreement among expert groups on these parameters. The goal was to identify the performance demands that negatively impact ethical leadership and define the accompanying undesirable behavior. After coding and categorizing the data, ethical leadership experts identified 16 themes and practitioner experts identified 18 themes.

### **Expert Consensus**

The findings show that ten elements were identified as negatively influencing and undermining ethical leadership under performance pressure by both sets of experts. Lack of accountability, lack of integrity, dishonesty, lack of ethical guidance, low moral judgement, lack of transparency, unfairness, injustices, self-interest (greed), and inadequate communication are among these causes. According to academic and practitioner experts, a lack of accountability is the most important element influencing ethical leadership. All experts agree that the top five consensus elements, including lack of accountability, integrity, dishonesty, and low moral judgment, negatively impact ethical leadership in South Africa.

### **Disagreement among experts**

Academic and practitioner professionals disagree on the elements negatively influencing ethical leadership under performance pressure. Academic experts recognized the lack of power-sharing, tolerance for ethical infractions, untrustworthiness, lack of empathy, and fear and intemperance as elements influencing ethical leadership. On the other hand, short-termism, weak corporate governance, lack of compliance, imprudence, favored stakeholders, process orientation, and conflicts of interest were highlighted by practitioner experts as variables impacting ethical leadership.

### **Implications and Significance**

Identifying these factors, both agreed upon and causing disagreement among experts, has significant consequences for practice and theory. Understanding the factors experts agree on sheds light on the behaviors and practices detrimental to ethical leadership. However, the appearance of varying perspectives among specialists underlines the issue's complexity and the need for more investigation. It should be noted that there are numerous elements impacting ethical leadership, but this study focused particularly on those that resulted from evaluating organizational performance pressure.

While there is limited empirical evidence regarding the influence of culture, principles, values, attitudes, and norms on these identified factors, there are notable similarities and differences in perceptions when performance targets are met or exceeded. For example, the literature emphasizes the importance of accountability in the South African context, but Western literature emphasizes the importance of integrity (Brown *et al.*, 2005).

### **Ranking of the Most Influential Organizational Performance Pressure and Factors Compromising Ethical Leadership:**

The study used the participants' rankings from Tables 4 and 5 to identify the rank order of the most influential organizational performance pressure and factors compromising ethical leadership. The findings show the following: Academics identified and ranked *competitive pressure, achieving greater efficiency, declining customer base, demanding customers, and Controlling mechanisms* as the top five highest in organizational performance pressures. Academic experts identified and ranked Lack of accountability, Lack of integrity, Dishonesty, Lack of ethical guidance/sensitivity, and Low moral judgment as the top five highest in Table 4.

Practitioners identified and ranked *competitive pressure, Pressure to present positive financial reports, Growth through acquisition pressures, and Quality as the top five highest organizational performance factors*. Practitioners ranked *Lack of accountability, Dishonesty, Lack of integrity, Short-termism, and Low moral judgment* as the top five highest factors that compromise ethical leadership in Table 5.

According to these findings, academic and practitioner experts agree on ranking the most impactful organizational performance factors, with competitive pressure being identified as the greatest influence on ethical leadership behavior. The study analyzed the rankings from Table 3: Academic: Factors Compromising Ethical Leadership (FCDEL) and Table 4: Practitioners: Factors Compromising Ethical Leadership (FPDEL) for the factors that compromise ethical leadership. The outcomes are as follows: Both academic and practitioner experts agreed on ranking factors threatening ethical leadership, with lack of accountability being rated as the most crucial. In declining order of significance, the remaining factors include a lack of integrity, dishonesty, low moral judgment, ethical guidance, transparency, unfairness, injustices, self-interest (greed), and inefficient communication.

It is worth noting that academic experts identified additional factors, including a lack of power-sharing, tolerance for ethical violations, untrustworthiness, a lack of empathy, fear, and intemperance. On the other hand, practitioner experts highlighted factors such as short-termism, poor corporate governance, a lack of compliance, imprudence, favoured stakeholders, process orientation, and conflict of interest. These rankings provide valuable insights into the factors that compromise ethical leadership under performance pressure, emphasizing the need to address accountability, integrity, moral judgment, and ethical advice.

Furthermore, this study also sheds light on the factors that harm and compromise ethical leadership under performance pressure. The found consensus factors and the factors causing disagreement among experts contribute to a complete knowledge of the issues confronting leaders attempting to uphold ethical norms. Further study can be conducted to identify techniques and interventions that promote ethical leadership while mitigating the impact of performance expectations.

The findings show the impact of organizational performance pressure on ethical leadership behavior. Performance pressures, including profitability, productivity, competitive pressure, and market share growth, have a negative impact on ethical leadership behavior when they are threat appraised. It emphasizes the importance of defining performance pressure evaluation to understand its impact on ethical behavior. Results also add to the body of knowledge on organizational performance pressure and its impact on ethical leadership. Organizations can proactively solve these difficulties and promote ethical decision-making and behavior among their leaders by recognizing the specific business pressures and factors that negatively influence ethical leadership behavior.

## **CONCLUSION AND RECOMMENDATIONS**

This study aimed to identify different types of organizational performance pressures that organizational leaders face and the effects of these pressures on ethical decision-making and behavior. By analyzing secondary research questions and considerable empirical research, this work has provided valuable insights into the complex relationship between performance pressure and ethical leadership.

The findings reflect various performance pressures organizational leaders face. General organizational factors were recognized as indirect influencers on ethical leadership behavior, including market/economic pressure, competitive pressure, regulatory compliance/government pressure, growth through acquisition pressure, and societal pressure. External pressure comes from many stakeholders, like competitors, the government, and society, making it difficult for leaders to uphold ethical standards.

The study emphasized the factors that have a negative impact on and compromise ethical leadership when performance pressure is applied. The leading factors undermining ethical leadership are a lack of accountability, followed by a lack of integrity and dishonesty, low moral judgment, lack of transparency, unfairness, injustices, self-interest (greed), and inefficient communication. These

factors illustrate leaders' ethical dilemmas while under pressure to reach and exceed performance targets.

The findings also show ranking the most influential organizational performance pressures, with market/economic pressure being rated as the most influential factor on ethical leadership behavior. This rating was agreed upon by both academic and practitioner experts, emphasizing the importance of economic factors in molding leaders' ethical behavior. This research adds to the body of knowledge by providing light on the multidimensional relationship between performance pressure and ethical leadership. It thoroughly explains the many performance demands that leaders encounter and their impact on ethical decision-making and behavior. This study enables firms to establish focused interventions and strategies to promote ethical leadership practice by identifying the factors that undermine ethical leadership.

Understanding that ethical leadership is a complicated and dynamic process influenced by various contextual factors is critical. The study's findings provide a foundation for future research and examination into the intricacies of performance pressure and its implications for ethical leadership. Future research could examine the cultural, social, and individual factors influencing the link between performance pressure and ethical behavior.

The study had two major limitations. The first limitation is related to the response rate. Even though the researcher had to contact and establish a rapport between himself and the participants, the response rate was an issue due to iterations that brought about response fatigue. Furthermore, the data collection happened at the height of the COVID-19 pandemic lockdown. Much time was spent calling and asking respondents to send back their responses, which took longer than was planned for this phase of the study.

The second limitation was methodology, where the researcher experienced most limitations. The Delphi method required the panel of experts to respond comprehensively; some respondents were very brief in their answers. People are increasingly brief in their written communication in the "sound bite" world presented by platforms such as social media. The situation required the researcher to go back and forth in cases where it was difficult to decode the meaning of their brief statements. The process took a considerable amount of time.

Further research should be conducted into organizational pressures unrelated to performance. The results show that pressure must be viewed as internal pressure (performance-aligned) and external pressure (non-performance-related). Internal pressures (performance) are related to profitability, productivity, competition, and market share growth, and external pressures are related to environmental business pressures such as societal pressure, political pressure, legal pressure, technological pressure, and ecological and environmental pressures. More research is required on the effects and impact of external business pressure on ethical leadership to understand how these pressures result in unethical business leadership behavior.

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Finally, this study emphasizes the need to recognize and resolve the performance constraints that organizational leaders experience and their impact on ethical leadership. Organizations can develop ethical decision-making and behavior among leaders by recognizing the sorts of pressures and factors impacting ethical behavior and ranking the order of influential performance pressures. Finally, encouraging ethical leadership benefits organizations and improves society's well-being.

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