



**RESEARCH ARTICLE**

**Ethical Leadership and Performance of Manufacturing Firms in Enugu State**

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**ABSTRACT**

This paper examined ethical leadership and performance of manufacturing firms in Enugu state. The objectives of the study include to: assess the effect of ethical leadership on average cost of operation of manufacturing firms in Enugu State and ascertain the effect of ethical leadership on sales turnover of manufacturing firms in Enugu State. The study adopted the descriptive survey research method with a population of 786 while the sample size of 265 was determined using the Taro Yamani's formula. The hypotheses were tested using the z-test statistical tool. The findings included that ethical leadership has a significant positive effect on average cost of operation of manufacturing firms in Enugu State (X value = 36.32, p value 0.0000 < 0.05), ethical leadership has a significant positive effect on sales turnover of manufacturing firms in Enugu State (X value = 32.52, p value 0.0000 < 0.05). The study concluded that ethical leadership had significant positive effect on the performance of manufacturing firms in Enugu state and it was recommended that management of manufacturing firms should consider the cost of operation through ethical leadership by training and retraining of staff members and management of manufacturing firms should equally increase their sales turnover through advertisement and regular promo as an ethic.

Keywords: *Ethical Leadership; Performance; Average Cost of Operation; Manufacturing Firms; Enugu State*

**Introduction**

The first formulation of a code of ethics was adopted by the members of Inter-American Investment Corporation (IIC) American Group now American Institute for Conservation of Historic and Artistic Work (AIC) committee on professional standards and procedures formed at the second regular meeting in Detroit May 23 1961. In 1967, the ethics and standards committee were charged with updating documents to reflect changes in the business profession. Between 1984 and 1999, the ethics and standards committee responding to further growth and change in the profession and following on several years of AIC discussion on the issue of leadership ethics, made some pronouncements on how leaders of corporate organizations should carry out their businesses.

Ethics is concerned with what society considers being right or wrong. It therefore relates to standards of behavior. The ethics that leaders in an organization use to manage employees may have an effect on the morale and loyalty of workers. The code of ethics leaders use determines discipline procedures and the acceptable behavior for all workers in an organization. Ethical leaders are leaders that are directed by respect for ethical beliefs and values and for the dignity and rights of others.

It is thus related to concepts such as trust, honesty, consideration, charisma and fairness.

Leadership is the art of leading a group of people or an organization, or the ability to lead. According to the idea of transformational leadership, an effective leader is a person who does the following, creates an inspiring vision of the future and forecast the future. A leader is a person who influences a group of people towards the achievement of a goal. Moreover, ethical leadership is driven or inspired by vision, governed by moral and accepted by many (public or society).

Achebe (1987) posits that there is nothing basically wrong with the Nigerian character. There is nothing wrong with the Nigerian land or climate or water or air or anything else. The Nigerian problem is the unwillingness or inability of its leaders to rise to the responsibility to the challenge of personal gains above service which is the hallmark of true leadership. Akinyemi (2019) states that the worst attitude of the Nigerian elite over the last three decades or

more included factionalism, disruptive competition, extreme greed and selfishness, indolence and abandonment of the pursuit of excellence. These vices also included indecisiveness and inconsistency in policy making occasioned by self interest which are unethical behaviour.

Many organizations are guilty of these anomalies. They abate sexual harassment, dishonesty, bribery, lack of equity in interpersonal and professional relationship. To some managers however, unethical behavior has come to stay and hardly can a growing firm exist in perpetuity without any form of compromise in this volatile world (Bello, 2012). It is against this backdrop that the study is set out to investigate effect of ethical leadership on organizational performance of manufacturing firms in South East, Nigeria.

### **Statement of the Problem**

Ideally, Ethics must indeed begin at the top. Leaders cannot shirk their obligations to set a moral example for their followers; formal ethical codes and ethic training have little chance of success unless the ethical actions and behaviour of top management are consistent with what they teach. Leaders are the key to determine the outcome of organisational goals and to set the tone for employee behavior. Organizations would like to have ethical leaders because ethical leaders are just, ethical leaders respect others, ethical leaders serve others, ethical leaders are honest and ethical leaders build communities.

Unfortunately, corruption has gained popularity in human activities in all fields of life, and attention of the world is now focused on actions and conduct of leaders in government, business, society and equally in religious associations. Despite the growing concern of researchers in the field of business ethics, cases of unethical practices have continued to manifest in corporate organizations.

Corporate leaders engage in decisions that have resulted to lack of trust in the organizations leadership; and lack of commitment to organization's goals and with the ever-increasing number of ethical scandals in the corporate world, the writer was prompted to examine ethical leadership and organizational performance, of manufacturing firms in Enugu state.

### **Objectives of the Study**

The broad objective of this study is to evaluate ethical leadership and performance of manufacturing firms in Enugu state. The specific objectives were to:

- I. Assess the effect of ethical leadership on average cost of operation of manufacturing firms in Enugu State
- II. Ascertain the effect of ethical leadership on sales turnover of manufacturing firms in Enugu State.

### **Research Questions**

Based on the objectives of the study, the following questions were raised

- I. What is the effect of ethical leadership on average cost of operation of manufacturing firms in Enugu State?
- II. What is the effect of ethical leadership on sales turnover of manufacturing firms in Enugu State?

### **Statement of Hypotheses**

Based on the research questions, the following null hypotheses were formulated

- I. Ethical leadership does not have a significant positive effect on average cost of operation of manufacturing firms in Enugu State
- II. Ethical leadership does not have a significant positive effect on sales turnover of manufacturing firms in Enugu State

## Significance of the Study

This paper will be of benefit to many people. They include: Leaders of corporate organizations, government, stakeholders in the manufacturing industry, the general public and for future academic study on this topic.

**Corporate Organizations:** Corporate organizations will benefit from this study because it will give them a guideline on how to conduct their business. This is because corporate organizations cannot be operated without sound ethical leadership.

**Government:** The government will benefit from the knowledge gained through this research work as it will help improve the economy due to decline in corporate failures. This is because regular corporate failures can lead to poor performance of the economic.

**Stakeholders in the Manufacturing industry:** Other stakeholders in the industry will benefit immensely in the area of increasing their profitability, minimizing cost of operation and attraction of new employees as well as sales turnover.

**General Public:** The general public will benefit from the study as it will lead to job creation. This is very important especially now that Nigeria has been acclaimed to be world capital of poverty and according to United Nations is ranked 152 out of 157 in the human development index in 2021. The paper will also serve as reference material for further research on this topic.

## Scope of the Study

The study covered ethical leadership and performance of manufacturing firms in Enugu state. The independent variable covered in this study was ethical leadership while the dependent variables covered were average cost of operation and sales turnover. The geographic scope of the study includes Innoson Technical and Industrial Company Ltd and Emenite Nigeria Ltd both at Emene in Enugu East Local Government Area of Enugu State

## Review of Related Literature

### Conceptual Review

#### Business Ethics

Business ethics (also corporate ethics) is a form of applied ethics or professional ethics that examines ethical principles and moral or ethical problems that arise in a business environment, including fields like medical ethics (Covey, 2011). Business ethics represents the practices that any individual or group exhibits within an organization that can negatively or positively affect the businesses core values. It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations.

Business ethics has both normative and descriptive dimensions. As a corporate practice and a career specialization, the field is primarily normative. Academics, attempting to understand business behavior, employ descriptive methods. The range and quantity of business ethical issues reflect the interaction of profit-maximizing behavior with non-economic concerns (Kelly, 2013). Interest in business ethics accelerated dramatically during the 1980s and 1990s, both within major corporations and within academia.

#### Leadership

Many authors have studied this phenomenon, but there is no consensus definition of what leadership is, no dominant paradigm for studying it, and little agreement regarding the best strategies for developing and exercising it (Bennis, 2010). Omolayole (2012) views leadership as that kind of direction, which a person can give to a group of people under him in such a way that these will influence the behavior of another individual, or group. Ngodo (2011) perceives leadership to be a reciprocal process of social influence, in which leaders and subordinates influence each other in order to achieve organisational goals.

Ile (2011) asserts that there are some important implications of the definition of leadership.

1. Leadership involves followers: The followers may be superiors, or peers, as the subordinates. By their willingness to follow, accept direct from the leader, group members help define the leader's status and make the leadership process possible. Thus, leadership demands followership.
2. Leadership involves unequal distribution of power between leaders and group members. Group members are not powerless, they can and do shape group activities in a number of ways. Still, the leader will usually have more power.
3. Leadership involves the ability to use different forms of power to influence followers' behaviours in a number of ways.
4. Leadership also involves the acceptance of responsibility for the achievement of the group objectives. Because of this, it is therefore, essential for trust and cooperation from both sides to be in evidence all the time.

Therefore, without leadership, an organization is but a muddle of men and machines. In other words, without leadership, an organization would be comprised of uncoordinated groups of people lacking unity and direction.

### **Ethical Leadership**

Bass & Stogdill (1990) posit that ethical leader is a person with "right values" and "strong character", that set examples for others and withstand temptations. Ethical leadership is thought to be uniquely important because of the impact leaders may have on the conduct of the organization and ultimately on organizational performance (Bazerman, 2008) and on job performance (Bazerman, 2008).

Brown, Terry & Murray (2005) suggest that the combination of integrity, ethical standards, and fair treatment of employees are the cornerstones of ethical leadership. They define ethical leadership as the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision making. This definition implies that a leader should be both a moral person and a moral manager. It further shows that while demonstrating moral management behavior, ethical leaders do not compromise ethical standards in pursuit of short term, bottom-line, organizational performance. Treviño and Brown (2004) propose that ethical leadership, in its true sense, promotes ethical conduct by practising as well as managing ethics and holding everyone accountable for it. They describe ethical leaders as persons exhibiting traits that are consistent with normative ethical principles such as honesty, fairness and trustworthiness. These leaders make fair and balanced decisions, and actively consider the appropriateness of those decisions in terms of their ethical consequences.

### **Sales Turnover**

Sales turnover is the total amount of money that a company receives from the sale of products or services in a particular period of time. It is the company's total revenue, both the invoice, cash payments and other revenues. Sales turnover represents the value of goods and services provided to customers during a specified time period – usually one year. The term is often just referred to as sales or net sales, which means revenues without VAT. Sales turnover is usually expressed in monetary terms but can also be in total units of stock or products sold. It is often described by being converted into the company's accounting currency.

Sales turnover is the total amount of revenue generated by a business during the calculation period. The concept is useful for tracking sales levels on a trend line through multiple measurement period, in order to spot meaningful changes in activity levels. The calculation period is usually one year. The revenue included in this calculation is from both cash sales and credit sales. The measurement can also be broken down by units sold, by geographic region, by subsidiary, and so forth.

## Operating Cost

Operating (Operational) costs are the expenses which are related to the operation of a business, or to the operation of a device, component, piece of equipment or facility (Anderson, 2009). They are the cost of resources used by an organization just to maintain its existence. Operating Cost is calculated by Cost of goods sold + Operating Expenses. Operating Expenses consist of:

1. Administrative and office expenses like rent, salaries, to staff, insurance, directors fees etc.
2. Selling and distribution expenses like advertisement, salaries of salesmen.
3. It includes all operating cost such as salary, rent, stationery, furniture etc.

## Theoretical Framework

### Social Learning Theory

This theory was proposed by Bandura in 1986. Bandura suggests that followers of ethical leaders are more likely to perceive themselves as being in a social exchange relationship with their leaders because of the ethical treatment they receive and because of the trust they feel. Similarly, a social learning perspective on leadership ethics proposes that ethical leaders are likely to influence followers' self-efficacy because they are attractive and legitimate role models that seek to help employees reach their potential at work. Social learning theory is linked to this present study because when employees perceive that their leaders have their best interest at heart and are caring, they are likely to reciprocate by improving task performance.

### Social Identity Theory

This theory was proposed by Ashforth (2004). Social identity constitutes the perception of oneness with, or belongingness to, a specific social category where individuals are intrinsically motivated to contribute to the collective good. Thus, social identity theory may complement social learning theory in explaining the link between leadership ethics and performance. Social identity theory is linked to this present study when we consider that ethical leaders are likely to influence follower performance by enhancing greater identification with the group or organization because such leaders present the high ethical standards and values of the organization.

## Empirical Review

### Ethical Leadership and Average Cost of Operation

Seddigheh and Mohammad (2018) carried out a study in Pakistan on effect of ethical leadership on cost of operation of manufacturing firms. In the study a population of 280 employees was studied using the survey method of research and questionnaire as the major instrument of data collection. Simple regression method was used in the analysis and it was found that ethical leadership had a positive effect on cost of operation of manufacturing firms.

Zhu, Sun & Leung (2018) in their study in Tokyo on effect of ethical leadership on cost of operation. In the study a population of 450 employees was adopted using the T-test statistical tool in the analysis and it was found that ethical leadership had a positive effect on cost of operation of manufacturing firms.

In study conducted by Khalid (2018) on the effect of ethical leadership on cost of operation, the study was conducted in Pakistan using the survey method of research and the questionnaire as the major instrument of data collection. The regression method was used in the analysis while the E-view was used in the analysis and it was found that ethical leadership had a positive effect on cost of operation.

Furthermore, Okoye and Adelabu (2018) carried out a study in Lagos State on the effect of ethical leadership on cost of operation. In the study a population of 320 employees was studied using the survey method of research and the questionnaire as the major instrument of data collection. The multiple regression method was used in the analysis and it had found that ethical leadership had a positive effect on cost of operation of manufacturing firms.

## **Ethical Leadership**

Katarina (2019) examined the effect of ethical leadership on sales turnover in New Delhi. The study was conducted using a population of 360 while the questionnaire was the major instrument of data collection. The Goodness of fit test was used in the analysis and it was found that ethical leadership to an extent had a positive effect on sales turnover.

Taghi and Reyhane (2019) examined the extent of effect of ethical leadership on sales turnover in Istanbul. In the study a population of 360 employees was used while the chi-square statistical tool was used in the analysis and it was found that ethical leadership to an extent had a positive effect on sales turnover of manufacturing firms.

Atiya, Naser, Almutairi and Shebaib (2019) revealed that Empirical evidence shows that the ethical leadership to an extent has a positive effect on sales turnover. The study was conducted in New Delhi using questionnaire as the major instrument of data collection. The statistical process for social science (SPSS) was used in the analysis and it was found that ethical leadership to an extent had a positive effect on sales turnover of manufacturing firms in India.

## **Gap in the Literature Review**

Many studies have been conducted on ethical leadership and performance of manufacturing firms in Enugu state but there is a lack of literature on the variables adopted in this study: average cost of operation and sales turnover. Furthermore, there is a lack of literature on the methodology adopted in this study which is descriptive survey research design. Hence, the study covered the gap.

## **Methodology**

### **Research Design**

Research design deals with planning the strategy or overall design of the study. This study used survey research design. Ogutu (2012) posits that a survey research method is probably the best method available to social scientists who are interested in collecting original data for purposes of describing a population which is too large to observe directly. Survey has several advantages; they can be used to investigate problems in realistic setting. The cost of survey is reasonable, when we consider the amount of information gathered. A large amount of data can be collected with relative ease from a variety of people. Surveys are not constrained by geographical boundaries. They can be conducted anywhere. This is the basis for the researcher's choice of survey as the research design for this study.

### **Sources of Data**

Data for this study were obtained from the primary and secondary sources of data. The primary source includes the questionnaire while the secondary sources of data are those sources of data, which are not the original material of the researcher. They include textbooks, journals, internet materials, seminar etc.

### **Area of the Study**

The location of the study is Innoson Technical and Industrial Company Limited and Emenite both in Enugu East of Enugu State. Enugu State comprises of seventeen (17) Local Government Areas. The people are predominantly traders and civil servants, with so many markets and government parastatals.

### **Population of the Study**

Sekaran (2001) posits that population is the entire group of people, events or things of interest that the researcher wishes to investigate. while the target population is the total collection of elements about which the researcher wishes to make some inferences (Okiro and Ndungu, 2013). The target population is the members of staff of Innoson Technical and Industrial Company Limited and Emenite. The breakdown of the population is as follows.

**Table 1: Distribution of Population**

<i>Organization</i>	<i>Population</i>
<i>Innoson Technical</i>	602
<i>Emenite Nigeria</i>	184
<b>Total</b>	<b>786</b>

**Source:** Field Survey, 2023.

Therefore, the total population of the study is 786. The population of the study is Innoson (602) and Emenite (184) giving a total of 786.

**Sample Size Determination**

The sample size was determined using the Taro Yamane’s formula,  $n = \frac{N}{1+N(e)^2}$

Where n = sample size, N = population of the study, 1 = Mathematical constant

e = error limit.

In this study, the population of the study is 786. The error limit is 5% i.e 0.05 Substituting in the above formula, we have

$$\begin{aligned}
 &= \frac{786}{1+786(0.05)^2} \\
 &= \frac{786}{1+786 \times 0.0025} \\
 &= \frac{786}{1+1.965} \\
 &= \frac{786}{2.965} \\
 &= 265.09
 \end{aligned}$$

Approximately = 265, therefore, sample size = 265

The data were presented in tables of frequency, percentages and mean and analysed using the z-test statistical tool

**Instruments of Data Collection**

The researcher collected data through the use of questionnaire. There are two types of questionnaires, the close-ended and open-ended questionnaire.

**Validity of the Instrument**

Validity of the instrument, means the extent to which the resarch instrument measures what it is supposed to measure or accomplishes what it is supposed to accomplish. The resarcher will use expert (face) validity where the supervisor is expected to scrutinize the questionnaire items to confirm that they are related to the research questions.

**Reliability of the Instrument**

Reliability refers to the consistency of scores obtained by the same individuals when presented with the same test on different sets of equivalent items, or under other variable examining conditions (Ikeagwu, 1998). The researcher used test-re-test method. After two weeks of questionnaire administration a second test was re-administered to the same test group. This was to ascertain the consistency in the first and second responses. The reliability coefficient which was determined using the Spearman Rank Order Correlation Coefficient was 0.84 which was confirmed to be good.

**Data Presentation and Analysis**

The researcher used questionnaire as the instrument for data collection. Out of the 265 copies of questionnaire distributed, there was a 91% return rate. Therefore, the number of questionnaire returned is 239. The distribution and return of questionnaire is as follows:

**Distribution and Return of Questionnaire**

**Table 2: Distribution and Return of Questionnaire**

Organization	Number of Questionnaire Distributed	Number of Questionnaire Returned	Number of Questionnaire Lost	% of Valid Questionnaire
Innoson Technical	203	187	16	71
Emenite	62	52	10	20
<b>Total</b>	<b>265</b>	<b>239</b>	<b>26</b>	<b>91</b>

Source: Field Survey, 2023.

Table 2, shows that out of a total of 265 copies of questionnaire distributed to the workers of Innoson Technical and Industrial Company Limited, 26 copies were lost, while 239 copies representing 91% of the total copies were returned. Out of 203 copies of questionnaire distributed to the workers of Innoson Technical, 16 copies were lost while 187 copies representing 71% of the total copies were returned. Out of 62 copies of questionnaire distributed to the workers of Emenite, 10 copies were lost while 52 copies representing 20% of the total copies were returned. Therefore, the total number of valid questionnaires is 239 copies representing 91% of the total copies of questionnaire distributed.

**Data Relating to Research Questions**

**Research Question One: What is the effect of ethical leadership on average cost of operation of manufacturing firms in Enugu State?**

**Table 3: Mean rating of the effect of ethical leadership on average cost of operation of manufacturing firms in Enugu State**

S/N	ITEMS	Number of copies of questionnaire returned = 239					SD	Mean	Std
		SA (5)	A (4)	U (3)	D (2)	(1)			
1	Use of the lowest amount of input to create the greatest amount of output	71 (30%)	86 (36%)	25 (10%)	27 (11%)	20 (8%)	3.55	1.24	
2	Reduction in both direct and indirect overhead cost	79 (33%)	91 (38%)	22 (9%)	23 (10%)	24 (10%)	3.75	1.21	
3	Prudency in spending	80 (33%)	84 (35%)	27 (11%)	23 (10%)	25 (11%)	3.72	1.17	
4	Adequate accountability	88 (37%)	83 (36%)	17 (11%)	24 (8%)	27 (4%)	3.76	1.13	

**Cluster Mean of Table = 3.70**

**Associated standard deviation= 1.19**

Table 3 shows that 71 respondents representing 30% strongly agree that ethical leadership affects average cost of operation of manufacturing firms through the use of the lowest amount of input to create the greatest amount of output, 86 respondent representing 36% agree, 25 respondents representing 10% were undecided, 27 respondents representing 11% disagree while 20 respondents representing 8% strongly disagreed with a mean of 3.55.

Table 3 shows that 79 respondents representing 33% strongly agree that ethical leadership affects average cost of operation of manufacturing firms through reduction in both direct and indirect overhead cost, 91 respondents representing 38% agree, 22 respondents representing 9% were undecided, 23 respondents representing 10% disagree while 24 respondents representing 10% strongly disagree with a mean of 3.75

Table 3 Shows that 80 respondents representing 33% strongly agree that ethical leadership affects average cost of operation of manufacturing firms through prudency in spending, 84 respondents representing 35% agreed, 27 respondents 10% were undecided, 23 respondents representing 10% disagreed while 25 respondents representing 11% strongly disagreed with a mean of 3.72.

Table 3 shows that 88 respondents representing 37% strongly agreed that ethical leadership affects average cost of operation of manufacturing firms through adequate accountability, 83 respondents representing 36% agreed 17 respondents representing 11% were undecided, 24 respondents representing 8% disagreed while 27 respondents representing 4% strongly disagreed with a mean of 3.76.



**Research Question Two: What is the effect of ethical leadership on sales turnover of manufacturing firms in Enugu State?**

**Table 4: Mean rating of the effect of ethical leadership on sales turnover of manufacturing firms in Enugu State**

Number of copies of questionnaire returned = 239								
<i>S/N</i>	<i>ITEMS</i>	<i>SA</i> <i>(5)</i>	<i>A</i> <i>(4)</i>	<i>U</i> <i>(3)</i>	<i>D</i> <i>(2)</i>	<i>SD</i> <i>(1)</i>	<i>Mean</i>	<i>Std</i>
1	Increase in sales turnover	85 (36%)	78 (33%)	23 (10%)	33 (14%)	20 (8%)	3.73	1.12
2	Reduction in holding cost	79 (33%)	91 (38%)	22 (9%)	23 (10%)	24 (10%)	3.74	1.07
3	Increase in profitability	78 (33%)	81 (34%)	26 (11%)	24 (10%)	30 (13%)	3.64	1.13
4	Attraction of more customers leading to more sales	83 (37%)	79 (36%)	23 (11%)	31 (8%)	23 (4%)	3.70	1.28

**Cluster Mean of Table = 3.70**

**Associated standard deviation= 1.15**

Table 4 shows that 85 respondents representing 36% of the total respondents strongly agreed that increase in sales turnover is the effect of ethical leadership on sales turnover of manufacturing firms in Enugu State, 78 respondents representing 33% agreed, 23 respondents representing 10% were undecided, 33 respondents representing 14% disagreed while 20 respondents representing 8% strongly disagreed.

Table 4 shows that 79 respondents representing 33% strongly agreed that reduction in holding cost is the effect of ethical leadership on sales turnover of manufacturing firms in Enugu State, 91 respondents representing 38% agreed, 22 respondents representing 9% were undecided, 23 respondents representing 10% disagreed while 24 respondents representing 10% strongly disagreed.

Table 4 shows that 78 respondents representing 33% strongly agreed that increase in profitability is the effect of ethical leadership on sales turnover of manufacturing firms in Enugu State, 81 respondents representing 34% agreed, 26 respondents representing 11% were undecided, 24 respondents representing 10% disagreed while 30 respondents representing 13% strongly disagreed.

Table 4 shows that 83 respondents representing 37% strongly agreed that attraction of more customers leading to more sales is the effect of ethical leadership on sales turnover of manufacturing firms in Enugu State, 79 respondents representing 36% strongly agreed, 79 respondents representing 36% agreed, 23 respondents representing 11% were undecided 31 respondents representing 8% disagreed while 23 respondents representing 45 strongly disagreed.

**Test of Hypotheses**

**Hypothesis One**

Ethical leadership does not have a significant positive effect on average cost of operation of manufacturing firms in Enugu State

**Table 5: Mean rating of the effect of ethical leadership on average cost of operation of manufacturing firms in Enugu State**

S/N	ITEMS	Number of copies of questionnaire returned = 239					SD	Mean	Std
		SA (5)	A (4)	U (3)	D (2)	(1)			
1	Use of the lowest amount of input to create the greatest amount of output	71 (30%)	86 (36%)	25 (10%)	27 (11%)	20 (8%)	3.55	1.24	
2	Reduction in both direct and indirect overhead cost	79 (33%)	91 (38%)	22 (9%)	23 (10%)	24 (10%)	3.75	1.21	
3	Prudence in spending	80 (33%)	84 (35%)	27 (11%)	23 (10%)	25 (11%)	3.72	1.17	
4	Adequate accountability	88 (37%)	83 (36%)	17 (11%)	24 (8%)	27 (4%)	3.76	1.13	

**Cluster Mean = 3.70**

**Associated Standard Deviation = 1.19**

The cluster mean of 3.70 > 3.00 (Likert mean) and associated standard deviation of 1.19 < 1.581 (Likert standard deviation) indicates that the out listed are the effect of ethical leadership on average cost of operation of manufacturing firms in Enugu State.

**Level of Significance (α) = 0.05**

**Test statistic: One-sample z =  $\frac{\bar{x} - \mu_0}{\frac{s}{\sqrt{n}}} = 36.32$**

**P-value = 0.0000**

**Interpretation:** The z-test result with z-statistic value of 36.32 and associated probability value of 0.0000 < 0.05 shows that ethical leadership has a significant positive effect on average cost of operation of manufacturing firms in Enugu State

**Hypothesis Two**

Ethical leadership does not have a significant positive effect on sales turnover of manufacturing firms in Enugu State

**Table 5: Mean Rating of Hypothesis Two**

S/N	ITEMS	Number of copies of questionnaire returned = 239					SD	Mean	Std
		SA (5)	A (4)	U (3)	D (2)	(1)			
1	Increase in sales turnover	85 (36%)	78 (33%)	23 (10%)	33 (14%)	20 (8%)	3.73	1.12	
2	Reduction in holding cost	79 (33%)	91 (38%)	22 (9%)	23 (10%)	24 (10%)	3.74	1.07	
3	Increase in profitability	78 (33%)	81 (34%)	26 (11%)	24 (10%)	30 (13%)	3.64	1.13	
4	Attraction of more customers leading to more sales	83 (37%)	79 (36%)	23 (11%)	31 (8%)	23 (4%)	3.70	1.28	

**Cluster Mean of Table = 3.70**

**Associated standard deviation= 1.15**

The cluster mean of 3.70 > 3.00 (Likert mean) and associated standard deviation of 1.19 < 1.581 (Likert standard deviation) indicates that the out listed are the effect of ethical leadership on sales turnover of manufacturing firms

**Level of Significance (α) = 0.05, Test statistic: One-sample z =  $\frac{\bar{x} - \mu_0}{\frac{s}{\sqrt{n}}} = 32.52$ , P-value = 0.0000**

**Interpretation:** The z-test result with z-statistic value of 32.52 and associated probability value of 0.0000 < 0.05 shows that ethical leadership has a significant positive effect on sales turnover of manufacturing firms in Enugu State.

## Discussion of Findings

### Discussion Based on Hypothesis One

Ethical leadership has a significant positive effect on average cost of operation of manufacturing firms in Enugu State. The evidence is shown in the (X value = 36.32, p value 0.0000 < 0.05). In the empirical review conducted by Khalid (2018) on the effect of ethical leadership on average cost of operation of manufacturing firms, although both studies were conducted using different analytical methods and at different locations, it was found that ethical leadership has a significant positive effect on average cost of operation of manufacturing firms in Enugu State

### Discussion Based on Hypothesis Two

Ethical leadership has a significant positive effect on sales turnover of manufacturing firms in Enugu State. The evidence is shown in the (X value = 32.52, p value 0.0000 < 0.05). In the empirical review conducted by Katarina (2019) on the effect of ethical leadership on sales turnover of manufacturing forms and it was discovered ethical leadership has a significant positive effect on sales turnover of manufacturing firms in Enugu State.

### Summary of Findings

1. Ethical leadership has a significant positive effect on average cost of operation of manufacturing firms in Enugu State. (X value = 36.32, p value 0.0000 < 0.05).
2. Ethical leadership has a significant positive effect on sales turnover of manufacturing firms in Enugu State. (X value = 32.52, p value 0.0000 < 0.05).

### Conclusion

The field of ethical leadership is ever evolving as ethical dilemmas force leaders to reevaluate existing paradigms. Ethical failures in companies have reignited a growing interest in this field. Nowadays, there appears to be a thin line between ethical and unethical business practices, ethical traps are more common now than a generation ago, as it is easy to step over moral boundaries in order to entice prospective customers. Bribes are frequently given in exchange for assistance, product offerings are over exaggerated while most managers who possess aggressive dispositions towards businesses go beyond recruiting beautiful ladies to entice customers. Apart from cases of unethical practices in developed nations, evidence have also shown in developing countries. For instance, Nigeria, one of the developing countries in the Sub-Sahara Africa has witnessed increase in the rate of corporate failures. There were reported cases of corporate failure in Nigeria which were attributed to unethical practices of corporate leaders. The Nigerian banking sub-sector was at the halt of collapse in 1997, twenty-six commercial banks failed due to financial irregularities. In 2006, Cadbury Nigeria Plc, one of the leading Food and Beverages firms in Nigeria was affected by financial scandal. Cadbury Nigeria plc financial statement and accounts was falsified at the detriment of all stakeholders. The paper therefore concluded that ethical leadership has a positive effect on the performance of manufacturing firms in Enugu state.

### Recommendations

1. Management of manufacturing firms should consider the cost of operation through ethical leadership by training and retraining of staff members.
2. Management of manufacturing firms should equally increase their sales turnover through advertisement and regular promo as an ethic.

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