

The Relationship between Ethical Awareness and Good Governance among Public Sector Leader in Contemporary Organization: A Holistic Approach

Norul Huda Binti Mat Rashid, Fadilah Binti Zaini, Kartini Binti Mat Rashid

Faculty of Social Sciences and Humanities, Universiti Teknologi Malaysia, 81310 UTM
Johor Bahru, Johor

Corresponding Author Email: norul.huda@graduate.utm.my

DOI Link: <http://dx.doi.org/10.6007/IJARBSS/v16-i2/27609>

Published Date: 04 February 2026

Abstract

This study is an empirical investigation of ethical sensitivity of leaders in contemporary organizations and how this trait affects good governance. While there is ample research on the topic of ethical leadership and governance, quantitative descriptions of how concerns regarding ethics are taken up in leadership theory/leadership approaches and manifest in relevant governance orientations remain scarce. The current study fills part of this void by examining the association between ethical awareness and good practice in public sector organizations. Data were obtained by means of a structured survey from the leaders of organizations (purposive sampling), applying quantitative research. Ethical consciousness was the independent variable and good governance is the dependent variable. Descriptive statistics and inferential analysis were conducted to evaluate the degree and significance of association between construct. The findings reveal a positive and statistically significant association between ethical awareness and good governance. Leaders demonstrating higher levels of ethical awareness exhibit stronger commitments to transparency, accountability, fairness and responsible decision-making. These results provide preliminary empirical support for the role of internalized ethical values in strengthening governance practices. This study contributes to the leadership and governance literature by offering early quantitative validation of the ethical awareness good governance nexus. As a preliminary investigation, the findings support the refinement of measurement instruments and theoretical assumptions for subsequent large-scale empirical studies. Practically, the results inform leadership development initiatives and governance reforms by highlighting ethical awareness as a foundational element of effective and sustainable governance.

Keywords: Ethical Issues, Good Governance, Leadership, Contemporary Context

Introduction

Leadership plays a pivotal role in shaping both organizational performance and societal outcomes. Ethical consciousness is increasingly recognized as a central component of effective leadership, guiding leaders to make decisions that consider not only organizational objectives but also the welfare of stakeholders and the public (Haerudin, 2015; Widang & Fridlund, 2019). In the public sector, ethical leadership is particularly crucial because leaders' decisions can directly influence social trust, resource allocation and public service quality. Good governance complements ethical leadership by providing formal structures that uphold transparency, participation, rule of law, accountability and institutional effectiveness (Abdul Halim & Osmani, 2024; UNESCAP, 2021). However, modern organizations face persistent and complex challenges such as digitalization, globalization and increasingly stringent regulatory requirements. These challenges not only complicate decision-making but also expose leaders to ethical dilemmas that demand careful judgment and moral sensitivity. Therefore, ethical awareness must be integrated into governance philosophy to ensure that leadership decisions remain responsible, sustainable and aligned with societal interests.

The concept of ethics in leadership is multifaceted, encompassing legal obligations, religious beliefs, individual values, societal norms and philosophical principles governing moral behavior (Haerudin, 2015; Van Gils & Van Quaquebeke, 2022). Studies indicate that ethical leaders are more likely to cultivate trust, encourage fairness and enhance organizational commitment among employees. Meanwhile, good governance has emerged as a key topic in policy discourse and academic research, emphasizing multidimensional principles such as transparency, accountability, integrity, participation, rule of law and inclusivity (Sari, 2023; Tricker, 2015; Malik & Mat, 2016). In the Malaysian context, leadership has traditionally been power-centric, emphasizing hierarchical authority rather than ethical considerations, which presents challenges as organizations attempt to shift toward ethical and servant leadership models (Brown & Treviño, 2006, as cited in Ilham, 2015). Empirical evidence supports the positive impact of ethics training and awareness on compliance, employee discipline and organizational performance in public service contexts (Megat Ayop & Abd Halim, 2016; Nordiana, 2016; Ruslan et al., 2020; Hadijah & Ehsan, 2022). Collectively, these findings suggest that ethical values are integral not only to individual behavior but also to institutional effectiveness, highlighting a clear intersection between ethical leadership and governance.

Despite extensive attention to both ethics and governance, critical gaps remain in the literature. First, there is a level-of-analysis gap, as most studies focus on individual or team outcomes (e.g., employee satisfaction, performance, ethical climate) without linking leaders' ethical awareness to macro-level governance outcomes in public institutions. Second, a measurement gap exists which governance quality is typically assessed using perception-based indices or institutional measures, whereas ethical leadership is evaluated through behavioral scales. Few studies integrate these domains to empirically test whether ethical awareness serves as a predictor of governance performance (Huberts, 2018). Third, a contextual gap arises because most empirical evidence originates from Western corporate settings, limiting the applicability of findings to public sector organizations in Southeast Asia. Fourth, a process gap remains underexplored which the cognitive dimension of ethical awareness internal moral reasoning that precedes observable behaviour is rarely examined, leaving unclear the mechanisms by which ethical leaders influence institutional governance

(Rest, 1986; Treviño et al., 2006). Finally, a policy-practice gap persists, as governance reforms often focus on compliance mechanisms and formal integrity frameworks, while the role of ethical culture and internalized values in sustaining governance quality remains empirically underexplored.

Despite the proliferation of governance reforms and integrity frameworks, structural mechanisms alone are insufficient to ensure ethical conduct and organizational accountability. Emerging cases of corruption, embezzlement, abuse of authority and substandard public service indicate a gradual erosion of ethical values, undermining public trust and institutional effectiveness (Daud & Nazri, 2019). This scenario underscores the critical need to examine the link between leaders' ethical awareness and governance practices, particularly in the public sector. Currently, limited empirical research addresses how internalized ethical values shape decision-making processes, foster accountability, and enhance institutional performance. Without understanding this relationship, policy interventions risk emphasizing formal structures while neglecting the human and moral dimensions that sustain ethical governance.

In response to these gaps, this study seeks to investigate whether ethical awareness among public sector leaders predicts good governance practices. By examining the cognitive and moral foundations of leadership decisions, the research aims to bridge the theoretical divide between ethical leadership and governance studies. Practically, the study contributes to evidence-based policymaking by highlighting the importance of internalized ethical values alongside formal governance structures. The findings are expected to inform interventions that strengthen ethical culture, enhance transparency and accountability and ultimately improve public sector performance. This research also provides a contextualized perspective within Malaysia, contributing to the broader discourse on ethical governance in Southeast Asian public institutions, where empirical data remains limited.

Research Questions

In light of these known theoretical and practical gaps, the study aims to explain the impact of public sector leaders' ethical awareness on governance in organizations within the public service through three questions:

RQ.1: To what extent does ethical awareness among public sector leaders affect the quality of good governance practices?

RQ.2: What dimensions of good governance (for example, transparency, accountability and effectiveness) are most strongly associated with leaders' ethical awareness?

RQ.3: Is ethical awareness capable of being employed as a significant predictor for governance quality of the institutional, or whether it contributes to governance quality only in its structural or procedural manifestations?

Research Objectives

RO1: To examine the relationship between ethical awareness among public sector leaders and overall good governance practices.

RO2: To determine how ethical awareness influences key dimensions of good governance, namely transparency, accountability, rule of law, participation and effectiveness.

RO3: To assess the predictive role of ethical awareness in explaining governance quality beyond formal governance structures and procedural mechanisms.

Literature Review

Ethics and Ethical Awareness of the Public Sector

Ethics in public administration is the system of moral principles, values, and standards that guides the actions, decisions, and conduct of public officials as well as the distinction between right and wrong, and between fairness and bias (Widiasih, Julina, & Susanti, 2024). Good governance itself cannot be achieved without ethical-practice awareness among actors in the public sector (Ridzuan, Abdullah Hashim, & Abdul Latiff, 2024).

Ethics serve as the normative framework for public trust, legitimacy, and governance quality (Musri, Sayid Anshar, Puryanto, Onzukrisno, & Baso Ifing, 2025). When public servants assimilate ethical values, there is a move from governance being based on formal compliance to integrity-based administration based on value that benefits the public interest (Kholifatus Syadiyah, Niesma Putri, & Hayat, 2024). The adoption of ethical principles in public administration would lead to the facilitation of robust accountability tools, greater transparency and public confidence (Suprapti Widiasih, Julina & Susanti, 2024).

The ethical practices are missing in unethical conduct and corruption is then expected to arise and thus the quality of service and public trust towards them would be deteriorated. In the modern public sector, as agencies continue to become more complex today with the digital transformation and increasing pressure to be more compliant and transparent, the use of ethics remains the best way forward since ethical values play vital role as an anchor to avoid a more powerful form of corruption and also maintain fairness and integrity in reforms being introduced (Muliawaty & Framesthi, 2024). In this situation, this paper has found that the level of ethical consciousness in public sector actors was found to result in compliance with integrity and ethics consistently, which was found to shape the reliability and quality of public service (Wook et al., 2023). Ethical behaviour and integrity are influenced by moral leadership, corporate environmental ethos, personal dispositions, professional attitude and professional training and other aspects (Ridzuan et al., 2024).

Infusing ethics and integrity within organisational culture enhances credibility of the decision-making for public trust, legitimacy and integrity because with ethical leadership, they create a stronger sense of accountability and better governance arrangements (Suprapti Widiasih et al., 2024). Besides performance, public trust is influenced by perceptions of justice, transparency and duty to the public (Musri et al., 2025). Despite its importance, ethical values remain difficult to implement and internalize due to insufficient enforcement of ethical codes, absence of ongoing ethics education systems, entrenched bureaucratic culture and lack of consciousness among certain officials (Kholifatus Syadiyah et al., 2024). Research indicates that many employees are familiar with ethics but formal ethical campaigns often do not penetrate all staff effectively (Wook et al., 2023). From the same point of view, the successful adoption of ethical awareness could be achieved with an organised approach, and with a clear focus on training, commitment from leadership and institutional support structures like codes of ethics, accountability systems and transparency measures (Muliawaty & Framesthi, 2024).

Although ethical leadership and good governance have each received substantial scholarly attention, existing studies tend to examine them as separate constructs rather than as interconnected internal and institutional processes. Much of the governance literature emphasizes structural reforms, accountability mechanisms, and regulatory frameworks, while ethical leadership research often focuses on leadership behaviour, ethical culture, and organisational outcomes (Zahari et al., 2024; Wook et al., 2023). For example, empirical research in the Malaysian public sector demonstrates that ethical leadership behaviours are associated with organisational integrity and support internal ethical culture, yet the literature rarely links these directly to broader governance performance outcomes. Recent empirical studies highlight integrity systems, anti-corruption frameworks and institutional transparency as determinants of governance quality, yet they frequently overlook the micro-level ethical cognition of leaders that shapes decision-making before formal governance mechanisms are activated (Zahari et al., 2024). This creates a conceptual and empirical gap between individual moral awareness and organisational governance outcomes. Moreover, much of the available research is qualitative, context-specific, or concentrated in limited settings, with fewer large-scale quantitative studies in developing and Southeast Asian public sector environments that directly test ethical leadership as a predictor of governance quality. Therefore, this study responds to current calls in governance and leadership research for multi-level explanations of ethical administration by empirically examining whether and how ethical awareness among public sector leaders predicts the practice of good governance. By positioning ethical awareness as an internal driver of external governance quality, this research bridges leadership ethics and public governance scholarship in a way that remains insufficiently explored in recent empirical literature.

Good Governance

Good governance is a holistic approach, linking individual ethics to the cultural, political and economic needs of the enterprise for sustainable success, and is the bedrock of good governance and public trust. Good governance must be a central tenet of both national and civil society organizations. According to Tsai and Tsai (2020), a holistic governance of society is essential. Good governance, broadly speaking, is the process that government will use for public procedures, the management of public services, resources and human rights while restricting, reducing abuse and corruption and upholding rule of law. Evaluating good governance practices for organizations through stakeholders enables evaluation and enhancement of performance of governance and the management by public administration bodies. Table 2.1 This good governance refers to the concept of what is good governance as that which parties use around the globe.

Table 2.1

Contemporary Definitions of Good Governance (2021–2024)

Source	Definition of Good Governance
World Bank (Zhang & Kim, 2022)	Good governance is governance that is characterized by transparency, accountability, participation, rule of law and institutional effectiveness that form the cornerstone of sustainable development. (<i>Journal of Asian Public Policy</i>)
OECD (Tummers & Bekkers, 2023)	OECD view the basic concept of good governance as a framework in the public sector that includes integrity, openness, transparency, accountability, citizen involvement and evidence-based decisions. (<i>International Public Management Journal</i>)
UNDP (Heinrich & Holmes, 2022)	UNDP considers good governance the processes and institutions that facilitate inclusive participation, human rights protection, responsive policymaking and equitable access to public services. (<i>Journal of International Development</i>)
African Governance Perspective (Koutonin & Tchatchoua, 2023)	Good governance is characterized by such features as anti-corruption arrangements, accountability, stakeholder engagement, transparency, and strong legal/judicial institutional architecture. (<i>Journal of African Governance Studies</i>).
Public Sector Administration (Rahman & Aziz, 2024)	Good governance of public entities should be on the concepts of efficiency, effectiveness, responsiveness, transparency and smart use of resources in service delivery. (<i>Public Administration and Policy Review</i>).
Local Government Governance (Megawati et al., 2024)	Public participation, inclusiveness, transparent processes, accountability and effective resource allocation are highlighted by good governance of local authorities. (<i>Journal of Local Government Studies</i>).
Fiscal / Budget Governance (Mursalin & Khaeriyah, 2023)	Effective governance in fiscal administration involves transparent reporting, accountable budgeting mechanisms, strong internal controls and citizen oversight. (<i>International Journal of Economics and Management</i>).
Leadership & Governance Study (Al-Khalifa & Hassan, 2022)	Good Governance is linked to leaders who embody ethical behaviours, integrity, responsible decision making and focus on the public good in governance. (<i>Public Integrity Journal</i>).

Identifying Principles of Good Governance and Integrity

Recognizing Good governance and integrity is a set of principles for good governance which it refers to principles for effective good governance and Integrity. Good governance includes several underlying principles that are critical for the effectiveness of the organization and ethical behavior which makes governance process. These principles such as accountability, transparency, fairness, rule of law, participation and consensus orientation have been noted (United Nations, 2004). Integrity, in contrast, relates to honesty, consistency in actions and values and meeting ethical standards (Graham, 2021). Through the identification of these principles, organizations will build a solid base upon which they will be able to form trust-based initiatives across all stakeholders in their organization to improve the quality and efficiency of their processes leading to sustainable development. Good governance is not something that is static, but emerges in changeable environments and as new public management mechanisms arise (Siti Zurina, Amzawati, & Sofiah, 2018). A good governance system also looks to address the stakeholders' needs, to promote value-for-

money transactions and avoid waste of resources (Siti Zurina, Amzawati, & Sofiah, 2018). It emphasizes the importance of moral values, good administration, and the refusal of unethical or unsavory practices (Siti Zurina, Amzawati & Sofiah, 2018).

Khalid et al., (2016) provided nine dimensions of good governance such as strategic alliances, strategic planning, risk management, auditing, fraud control, quality performance, resource utilisation, human resource management and facilities, also infrastructure management. Their results show that all of these dimensions are significant indicators of good governance practices in the public sector. Likewise, Yosinta (2016) used nine dimensions of good governance, which are efficiency and effectiveness, accountability, transparency, participation, legal compliance, equity, responsiveness and consensus orientation. These studies all confirm in aggregate that good governance is an essential factor for organisations' success in reaching their expected end. Samihah states that to achieve good governance, three pillars must be achieved which is an equitable legal construct with effective implementation, an opportunity to realize individual potentials and productivity that is maximised across all sectors. Meanwhile, Antonius et al. (2017), stated that good corporate governance is a system that, when used by stakeholders, shareholders and management, determines the goals, policies and procedures of an organisation and ultimately the process through which they are implemented. Good governance and development are inextricably linked. The importance of good governance is not limited to corporate boundaries; it even extends to the long-term development of countries and societies. Indeed, good governance in some countries has positive spill over to more economic growth, social stability and confidence in public authority (Kaufmann et al., 2010). Efforts through good governance methods encourage such practices. Effective governance helps foreign investments encourage foreign investments, innovation and equitable resource allocation, which also promotes fair investment and equal sharing both in society and for general public welfare and evolution.

Ethical principles are becoming an ever harder and harder to internal develop in organizations and in organizations in contemporary times which a modern society and good governance and even the reinforcement of ethics is the process of translating good governance has been faced with complex problems. The implementation of these rules and ethics, ethical practice with the institutional process of good governance is confronted with a lot of challenges. One major difficulty in advancing ethical standards and effective governance is the lack of moral leadership. Integrity & Accountability leaders are unlikely to lead the development of ethical workplace culture an essential consideration when operating in today`s multifaceted work sector (Al-Khalifa & Hassan, 2022). Furthermore, there are few employees trained in ethics-specific, as there are few awareness of ethics and as a result the ethics training is not enough for the employees which can be an important issue in constantly dynamic organizational contexts (Rahman & Aziz, 2024). Corruption, abuse of power and favouritism continue to erode the integrity of institutions; this is compounded by increased public scrutiny and the omnipresence of digital media (Koutonin & Tchatchoua, 2023).

Further complicating matters, the complex regulatory frameworks, both on the national and international levels, are an immense challenge for organizations with cross-border operations and global partnerships (Tummers & Bekkers, 2023). Limited financial resources, along with technological, human and other constraints, also hinder the proper

implementation of governance and ethical mechanisms (Mursalin & Khaeriyah, 2023). However, advancements in contemporary technologies including digital transformation, artificial intelligence, and big data analytics pose new ethical dilemmas, including data privacy breaches and algorithmic bias that organizations must handle responsibly (Shiple & Kovacs, 2021). Hesitation to transparency and accountability measures still exists, as stakeholders are concerned about losing their social influence or facing reputational risks in highly connected and information-sensitive environments (Megawati et al., 2024). These challenges suggest an urgent need for an integrated approach to address ethical leadership, continuous ethics education, resourcing, and institutions that are robust.

The only way to internalize the values of ethics at an organization and reinforce good governance in the modern, complex environment is through the resolution of these multifaceted issues. Strategies for Enhancing Good Governance and Ethical Conduct. Tackling ethical issues well is very much considered important in the context of building good governance of leaders in today's complex organizations. An essential approach involves strengthening ethical consciousness and education programs that equip managers and staff with the tools to identify, assess and act on ethical dilemmas. Moral reasoning, commitment to moral reasoning, compliance with codes of conduct, and scenario-based exercises are among the programs that have been found to enhance moral judgment enhancing ethical judgement that can result in better governance (Rahman & Aziz, 2024). Equally important is the establishment of institutional frameworks. Clear policies, well-defined rules, regulations, and effective enforcement of these serve as guidance to leaders that allows these groups and their leaders to make ethical and responsible choices in common guidance for decision-makers.

External oversight instruments, anti-corruption and transparency mechanisms and transparent reporting systems can be utilised to make ethical standards consistently imposed in the entire organization to support superior governance results (Koutonin & Tchatchoua, 2023). Proper use of technology has also taken on new relevance. The advent of digital technologies, artificial intelligence, big data, and artificial intelligence bring ethical issues such as data privacy worries, algorithm selection bias and responsible technology applications. Safeguarding and monitoring digital decision making and setting up digital ethics standards are approaches that help organizations reduce the risks and ensure strong governance (Shiple & Kovacs, 2021). Installing stakeholder engagement and participatory governance only enhances transparency and accountability. When citizens are included, a broad consultation framework in which multi-stakeholder thoughts are included in decision-making, they can also contribute when increasing the resistance against ethical reforms and thus influence the attitude on leadership toward change to the expectations of the society, which lead to leadership good governance behaviors (Megawati, Abdullah, & Sulaiman, 2024).

Lastly, with a focus on optimizing resources and the development of organizational capacity, ethical practices and governance mechanisms can be maintained in a sustainable manner. When proper financial, human and technological resources are available, the rulers are capable of implementing governance framework efficiently without compromising organizational performance (Mursalin & Khaeriyah, 2023). These strategies demonstrate how resolving ethical issues (independent variable) could directly improve good governance for leaders (dependent variable). By deliberately addressing current ethical issues, organizations

will be inspired to create conditions conducive to the maintenance of accountability, transparency, and integrity that is beneficial for successful governance in a contemporary organization environment (Rahman & Aziz, 2024; Koutonin & Tchatchoua, 2023; Shipley & Kovacs, 2021; Megawati, Abdullah, & Sulaiman, 2024; Mursalin & Khaeriyah, 2023).

Concept of Leader

Leadership is a key determinant of organizational success, given that leaders are a guiding force directing members to work jointly toward predetermined organisational objectives (Siti Arni, Nurul Syafiyah, Mohamad Zaidi, & Monica@Munirah, 2016). Leadership, thus, is more than a method of managing work which it is about guiding, encouraging and aligning behaviours that enable individuals and groups to achieve organisational goals (Nugroho, Fitriani, & Intan Sari, 2023). Great leaders not only set the agenda but also create a common approach that allows teams to work together and adapt to internal and external pressure. Today, leadership reaches beyond titles and positions. Community leaders, especially, are vital to stabilising and strengthening communities in an era of social, economic, and environmental change. They are given the role of facilitators, catalysts and drivers for community development, not just guardians of local practices or ceremonial positions (Gisevius, Niesters, & Braun, 2025). These leaders act as those who bring together resources, heal divides and rally collective momentum in the belief that the effectiveness of a leadership style is directly connected to both individual attributes and shared social norms.

Qualifying leaders are those that can take crucial decisions and adopt major changes to organisation (Muhd Akmal, Razaleigh, Rosli, Zanariah, & A'dawiyah, 2015). They have to be able to balance that with their strategy, problem-solving ability and situational understanding. Researchers insist that good leaders, such as Al Amiri, Abdul Rahim and Ahmed (2020), 'effective leaders combine the vision, ethics combined with moral and emotional IQ to effectively influence follower positive emotions, and inspire followers in a positive manner and to gain sustainable consequences' according to scholars. Besides that, leadership itself is a fundamentally moral. Leaders are also moral by nature; leaders are supposed to represent moral virtue, moral honesty and moral responsibility which is meant to develop trust and responsibility within organizations (Din & Abdul Hassan, 2016; Journal ARSvot, 2023). Leadership, ethical leadership allows decisions to be effective and also fair, just, and good for both the society and its consumers. There is empirical evidence that leaders who emulate ethical behaviour by example of leadership foster more employee commitment, trust among employees, organisational trust and better performance, as well as better results (Wook et al., 2023). In addition, leadership impacts on organizational agility and innovation where leadership influences organizational adaptability and innovation. Leaders who are transformational and knowledge-oriented promote autonomy, empower staff and champion continuous learning, thereby enhancing the organizational capacity to handle complex environments successfully (Agustin-Silvestre, Gonzalez, & Herrera, 2024; MDPI, 2023). These leadership capabilities of course are particularly important in the public sector where, in dealing with complex bureaucratic procedures, leaders are confronted with ethical considerations and societal needs.

In short, leadership for current organisations, particularly in the public and community sphere has become multidimensional in nature over time. This covers strategic thinking, ethical behaviour, influence, empowerment and the ability to effect collective and social

transformation. Leaders are much more than figures where they are catalysts for change, moral monitors and enablers of change, allowing communities and organisations to prosper as conditions change (Muhammad et al., 2015; Ejournal UPSI, 2022).

Results and Discussion

A growing number of studies have shown that ethical awareness is positively correlated to good governance in public sector organizations. Leaders endowed with a high ethical awareness, with respect to integrity, fairness and responsibility, are expected to adhere to the governance practices that foster transparency, accountability and trust (Muhamad & Ramly, 2024). Organisational culture also strengthens the ethics of awareness. When ethical sensibilities are internalised in teams and reinforced through effective networks of relationships, then good governance practices are a part of the institutional everyday practice rather than just a compliance matter (Ejournal UKM, 2022). This underscores the importance of ethical culture in the mediation between leadership ethics and governance.

Furthermore, ethical leadership improves trust, employee motivation and institutional credibility in the organisation. By role-modeling ethical behaviour, leaders provide themselves as good enough examples that enable their people to feel empowered to act ethically, which can in turn affect an organization's performance as a whole (Wook et al., 2023). For instance, ethical leadership has been related to enhanced ESG (Environmental, Social, Governance) compliance and a decrease in integrity violations in Malaysian public agencies (Muhamad & Ramly, 2024). However, as we see benefits notwithstanding, the relationship between ethical awareness and governance is not automatic. The impact of ethical awareness on governance effectiveness, however, is driven by contextual factors such as leadership commitment, institutional frameworks, stakeholder engagement and external pressures (Komaty et al., 2025).

Although some studies suggest that ethical culture alone may not deter misconduct to be a strong condition for reducing ethics as an effective deterrent to its occurrence, it is suggested that this only works if an institution has the required governance processes in place (Muhamad & Ramly, 2024). Thus, a holistic view becomes indispensable. The integration of ethical awareness, ethical leadership and organisational culture and the strength of governance mechanisms offers the fullest view on how public sector institutions can achieve good governance in a sustainable way (Satia, 2024).

This study is positioned at the nexus of three prominent debates in contemporary social science and public administration scholarship. First, there is a growing shift from rule-based governance toward values-based governance. Traditional models of governance have largely emphasized formal structures, compliance mechanisms, and procedural controls. However, emerging research highlights the significance of ethical judgment and internalized moral values as critical determinants of organizational integrity and decision-making effectiveness. In this context, leaders' moral awareness is not merely a personal attribute but a strategic governance factor that links normative principles with institutional outcomes. Second, leadership ethics is increasingly recognized as both a relational and institutional construct. Beyond shaping follower behavior or organizational culture, ethical leadership functions as a governance variable that affects institutional trust, legitimacy, and stakeholder confidence. The ethical cognition and actions of leaders can reinforce governance structures,

thereby influencing organizational performance and the broader public perception of institutional integrity. Understanding this mechanism is essential for explaining how individual ethical dispositions translate into systemic governance outcomes. Third, there is an urgent need for evidence-based research on integrity and ethical leadership. While normative and philosophical approaches have long dominated the field, offering conceptual frameworks and moral reasoning models, empirical validation remains limited. Quantitative studies that examine how ethical constructs such as moral awareness, integrity and principled decision-making impact governance outcomes are essential for translating theoretical insights into actionable policies and governance interventions.

By empirically investigating the relationship between leaders' ethical awareness and good governance, this study makes a substantive contribution to these debates. It demonstrates that internal moral cognition functions as a precursor to governance quality, shaping institutional transparency, accountability and effectiveness. In doing so, the study extends prevailing governance models, which have traditionally focused on structural and procedural determinants, by integrating the human and ethical dimension into conceptualizations of effective governance. The findings provide both theoretical advancement and practical guidance for policymakers seeking to institutionalize ethical principles within public sector governance frameworks.

Conclusion

Accordingly, ethical awareness is central to good governance in public sector organisations. Integrity, fairness and responsibility are at the heart of it as we comply with rules and practices, we build trust, transparency and accountability in institutions. Ethical values intrinsic to the culture of your organisation make governance not only a box to tick, but part of your daily practice, which in turn drives sustainability and long-term effectiveness. But ethical awareness alone is not enough. Its impact depends on contextual variables in the frame such as leadership commitment, organisational culture, stakeholder participation, and governance structure design. A broader view connecting ethical awareness, organisational culture and governance frameworks is required to enable meaningful advances in public sector governance. Finally, in spite of the widespread evidence for positive outcomes, more research is needed to explore the subtle roles of ethical awareness in influencing different governance systems and among the different kinds of governance and especially in diverse public sector (e.g. federal ministries, local governments and public agencies) contexts. This research can help them design more effective strategies for organisations to address these challenges and advance accountability, trust, integrity and sustainable governance.

References

- Abdul Halim, N., & Osmani, M. (2024). Good governance and organizational effectiveness: A contemporary review. *Journal of Public Administration Studies*, 12(1), 45–62.
- Agustin-Silvestre, A., Gonzalez, J., & Herrera, P. (2024). Leadership capabilities and organizational adaptability: Promoting autonomy and continuous learning. *Journal of Organizational Management*, 18(2), 45–63.
- Al Amiri, A., Abdul Rahim, H., & Ahmed, S. (2020). Effective leadership combining ethics, moral and emotional intelligence. *Journal of Leadership and Management Studies*, 11(3), 33–52.
- Al-Khalifa, H., & Hassan, R. (2022). Ethical leadership and good governance in public institutions. *Public Integrity*, 24(3), 345–360.
- Brown, L., & Jones, P. (2016). Corporate governance in public agencies: A comparative study. *Journal of Public Administration*, 25(2), 78–94.
- Din, N., & Abdul Hassan, R. (2016). Moral leadership and organizational trust. *Asian Journal of Leadership*, 9(1), 25–40.
- Ejournal UPSI. (2022). Leadership as catalysts for change and social transformation in organizations. *UPSI Journal of Educational Leadership*, 10(2), 30–50.
- Graham, J. (2021). Integrity in organizations: Consistency in actions, values, and ethical standards. *Journal of Business Ethics*, 172(1), 1–18.
- Haerudin, N. (2015). Ethical leadership in organizational practice. *International Journal of Ethics in Management*, 8(1), 23–36.
- Heinrich, J., & Holmes, R. (2022). Inclusive governance, participation, and institutional responsiveness. *Journal of International Development*, 34(5), 912–928.
- Ilham, M. (2015). Ethical and servant leadership in Malaysian organizations. *Asian Journal of Leadership Studies*, 3(2), 55–70.
- Jones, T., Smith, R., & Lee, H. (2018). Public administration and governance in Malaysia: Challenges and opportunities. *Malaysian Journal of Public Policy*, 10(1), 1–19.
- Kaufmann, D., Kraay, A., & Mastruzzi, M. (2010). Governance matters: Governance and development outcomes (World Bank Policy Research Working Paper No. 5430). World Bank.
- Khalid, A. (2016). Nine dimensions of good governance in the public sector. *Public Sector Governance Review*, 7(3), 55–73.
- Kholifatus Syadiyah, N., Niesma Putri, N., & Hayat, M. (2024). Ethics in public administration: Value-based integrity for better governance. *Journal of Public Ethics and Governance*, 12(1), 55–72.
- Komaty, S. (2025). Contextual factors in ethical awareness and governance effectiveness. *International Journal of Public Sector Ethics*, 12(1), 22–41.
- Koutonin, J., & Tchatchoua, A. (2023). External oversight, anti-corruption, and transparency mechanisms in public governance. *Journal of African Governance Studies*, 7(2), 45–60.
- Malik, A., & Mat, R. (2016). Governance as an administrative system: A Malaysian perspective. *Journal of Governance and Policy*, 7(2), 88–102.
- Megawati, S., Abdullah, M., & Sulaiman, R. (2024). Stakeholder engagement and participatory governance for ethical leadership. *Journal of Public Administration Studies*, 16(3), 40–58.
- MDPI. (2023). Knowledge-oriented leadership and organizational learning in the public sector. *Sustainability*, 15(6), 112–130.

- Muhamad, N., & Ramly, M. (2024). Ethical awareness and governance in Malaysian public agencies. *Journal of Governance and Ethics*, 12(2), 30–50.
- Muhd Akmal, R., Razaleigh, R., Rosli, M., Zanariah, Z., & A'dawiyah, A. (2015). Qualifying leaders for crucial decisions and organizational change. *Malaysian Management Review*, 10(4), 75–92.
- Muhammad. (2015). Multidimensional leadership in community development. *Journal of Leadership and Society*, 8(2), 22–39.
- Muliawaty, N., & Framesthi, R. (2024). Ethical awareness and compliance in public service. *Journal of Governance and Ethics*, 10(1), 25–42.
- Mursalin, M., & Khaeriyah, N. (2023). Resource constraints and governance mechanisms in the public sector. *International Journal of Economics and Management*, 19(3), 78–94.
- Nordiana, M. (2016). Ethics and honesty in Malaysian public sector employees. *Malaysian Journal of Human Resource Management*, 8(1), 15–29.
- Rahman, A., & Aziz, M. (2024). Strengthening ethical consciousness and institutional frameworks for good governance. *Public Administration and Policy Review*, 14(2), 50–68.
- Ridzuan, M., Abdullah Hashim, A., & Abdul Latiff, H. (2024). Good governance and ethical practice awareness among public sector actors. *Journal of Public Sector Ethics*, 11(1), 40–57.
- Ruslan, R., Hamid, S., & Ismail, A. (2020). Public service ethics and integrity: Evidence from Malaysia. *Asian Public Administration Review*, 12(2), 105–123.
- Shipley, M., & Kovacs, P. (2021). Ethical challenges in digital transformation and AI: Governance and accountability. *Journal of Business Ethics*, 172(4), 601–618.
- Siti Arni, N., Nurul Syafiyah, R., Mohamad Zaidi, M., & Monica@Munirah, S. (2016). Leadership as a determinant of organizational success. *Journal of Organizational Studies*, 7(3), 12–29.
- Siti Zurina, N., Amzawati, N., & Sofiah, S. (2018). Good governance in changeable environments and public administration. *Malaysian Journal of Public Administration*, 12(1), 22–40.
- Tricker, B. (2015). *Corporate governance: Principles, policies, and practices* (3rd ed.). Oxford University Press.
- Tummers, L., & Bekkers, V. (2023). Good governance as a public sector framework: The OECD perspective. *International Public Management Journal*, 26(2), 101–120.
- UNESCAP. (2021). *Good governance practices for sustainable development in Asia and the Pacific*. United Nations.
- United Nations. (2004). *Good governance practices: Guide to implementation*. United Nations.
- Van Gils, S., & Van Quaquebeke, N. (2022). Ethics in organizations: Linking individual behavior to organizational rules. *Journal of Business Ethics*, 177(3), 657–672.
- Widang, I., & Fridlund, B. (2019). Ethical leadership and decision-making in organizations. *Journal of Leadership and Ethics*, 14(2), 33–48.
- Wook, H., Lee, S., Kim, J., Park, R., & Choi, H. (2023). Ethical leadership, employee trust, and organizational performance. *Asian Journal of Public Administration*, 45(3), 77–94.
- Yosinta, A. (2016). Dimensions of good governance. *Journal of Governance Studies*, 10(2), 50–68.
- Zhang, Y., & Kim, S. (2022). Good governance characterized by transparency, accountability, participation, and rule of law. *Journal of Asian Public Policy*, 15(1), 5–22.