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# The Dynamics of Ethical Leadership Enhance Customer Orientation in a Competitive Marketplace

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### ABSTRACT

**Purpose:** This study explores ethical leadership dynamics (humane, justice, and moderation leadership) that strengthen customer orientation (CO) under competition environments within Australia. This study seeks to deepen the understanding of how leadership behaviors affect CO at different stages of competitive intensity.

**Methods:** A quantitative approach using survey data collected from 700 managers in a variety of industries in Australia. To test the hypotheses, structural equation modeling (SEM) was employed, as well as interaction analysis to assess competitive intensity as a moderator.

**Results:** All three ethical leadership styles significantly promote CO, and moderation leadership is more significantly and positively related to CO than the other two leadership styles. The competitive intensity adds an extra layer to these effects, highlighting that competitive and dynamic contexts make leadership behaviors vital. Synergistic relationships among leadership styles, CO, and competitive intensity are illustrated in interaction plots.

**Novelty:** Previous research examined mostly not all ethical leadership in isolation and this study integrates several ethical leadership styles to understand their collective and individual effects on CO. Moreover, this study expands understanding regarding the dynamics of leadership in the context of real-world competition by introducing competitive intensity as a contextual moderator.

**Implications:** The study provides actionable insights for organizations seeking to develop customer-centric organizations. Leadership training programs should focus on ethical leadership behaviors, especially in highly competitive industries. On an academic front, this research fills the void in literature by showing the metanarrative of the role between ethical leadership styles and environmental aspects.



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## 1. Introduction

Ethical leadership has become a foundation of successful leadership, especially in industries under tremendous competitive strain. Such experimentalism in Australia is not limited to traditional R&D sectors but extends to manufacturing, retail and finance, which are facing

challenges previously unimaginable thanks to globalised markets, technological evolution and changing customer expectations and behaviours (Intarakumnerd & Goto, 2018). Such a fluid environment demands a leadership model which not only delivers performance but also remains steadfastly aligned with the compass of ethics (Baća, 2024). Research has shown hypo ethical leadership



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promotes trust and enhances customer orientation, both of which are key to maintaining competitive advantage (Brown & Treviño, 2006). Plus, competitive intensity adds to the complexities of the market environment, reinforcing the necessity for leaders to put ethical practices at the top of their agendas (Feng et al., 2019; Xie et al., 2024). However, research in developed economies, including Australia, has indicated that customer-oriented behaviors can be enhanced from ethical leadership and contribute to long-term firm performance (Eva et al., 2019; van Riel et al., 2021). Even with this progress, there has been little empirical focus on how ethical leadership works in the stressful environment of high levels of competitive intensity in Australia (Eva et al., 2019). This gap highlights the need for localized exploration of leadership dynamics and its connection with customer orientation.

The fierce competitiveness of the Australian market makes it extremely challenging for organisations to remain focused on their customers. High-performance competition can reward the rush, while ethics and customer loyalty take a backseat. Such pressures exacerbate ethical dilemmas in leadership, increasing difficulty in balancing competitive demands with ethical imperatives (van Knippenberg et al., 2021). This challenge is especially acute in technology and retail, where customer preferences shift rapidly, and competition is dynamic (Ghosh et al., 2022; Jiang & Stylos, 2021). Prior studies have proven on the relationship between customer orientation and improving firm's outcome while the interaction effect of competitive intensity with ethical leadership is not explained earlier (Brown & Treviño, 2006; Treviño et al., 2014). Again these types of practices may provide short-term benefits for a firm, they're long-term effects lead to loss of trust from the consumer side and damage of the firm's public image (Doern, 2021; Keegan et al., 2022). To resolve this challenge, we need to understand better how ethical leadership boosts customer orientation in the face of competitive pressures (Hameed et al., 2023; Schwepker & Dimitriou, 2021). In elucidating this dynamic in an applied Australian context, such research aims to aid the promotion of business sustainability (Ali et al., 2022; Conboy et al., 2020).

This study is grounded in the theoretical foundation of ethical leadership theory, which establishes the impact of morality and ethical actions on follower behaviors (Brown & Treviño, 2006; Treviño et al., 2014). Ethical leaders make decisions consistent with fairness, transparency, and

accountability, setting a tone for an ethical organizational culture (Iwuoha et al., 2022; Jan et al., 2023; Sovik, 2000). Customer orientation, the tendency to focus decision-making on the needs of customers, is shaped by ethical leadership, creating trust and the alignment of organizational objectives with customer wants (Haffar & Searcy, 2019; Schwepker, 2019). Competitive intensity acts as a moderating factor that complicates the application of these principles, compelling leaders to navigate a series of complex decisions that place their ethical framework under stress (Craft & Shannon, 2024; Podsakoff & Podsakoff, 2019). This study combines these theories to examine how ethical leadership and customer orientation interacts with competitive intensity in leading to firm performance (Al Halbusi et al., 2024; Wang et al., 2019).

The positive effects of ethical leadership on various organizational outcomes have been extensively researched, such as employee satisfaction, trust and general firm performance (Ilyas et al., 2020; Lin et al., 2020). Inevitably, the research findings regarding its relationship with customer orientation and competitive intensity are mixed (Sun & Zhang, 2021). Multiple studies indicate favorable results, and ethical leadership was found to improve customer trust and loyalty and profit (Brown & Treviño, 2006; Sovik, 2000; Treviño et al., 2014). In the retail sector, for instance, studies show how ethical leadership impacts employees' behavior toward customers and cultivates a trust-based corporate culture (Brown & Treviño, 2006; Treviño et al., 2014). Likewise, it has been found within service-oriented industries that customer satisfaction and loyalty will be higher among firms operating under ethical leadership, despite the pressures from competition (Tuan & Ngan, 2021). On the flip side, other research points to the constraints on ethical leadership in high-pressure contexts. Many studies highlighted competitive intensity as one of the driving forces behind unethical behavior, which ultimately has an adverse effect on customer orientation and long-run performance (Van Knippenberg & Sitkin, 2020). To illustrate, industries undergoing fast technological disruption have documented cases of competitive pressures eclipsing ethical consideration and eroding customer trust and satisfaction (Eisenbeiß & Brodbeck, 2021). In addition, the amorphous state of morality and ethics in human beings also adds to the complication in leadership contexts (G. H. Seijts & Milani, 2022; G. Seijts & Milani, 2024). Although studies conducted in

Western environments such as the US and the EU often highlight the value of LT as a positive consequence of ethics, studies in Asian environments have shown that the perceived priority of ethics in leadership may diminish as competitive pressures increase (Lee & Suh, 2022; Liu & Zhang, 2023).

This study seeks to remedy some of these discrepancies through examination of the Australian market, which represents a setting of heightened regulatory frameworks and competitive intensity. Existing literature has primarily generalized conclusions across regions, disregarding the unique challenges and opportunities faced in Australia's economic landscape (Neubert et al., 2022). This study addresses a significant gap in knowledge by exploring the relationship between ethical leadership and firm performance taking into account both customer orientation and competitive intensity as joint factors influencing firm performance in the Australian. Furthermore, it adds to the existing literature by providing insights on the contexts in which ethical leadership can flourish and fuel customer orientation in turbulent competitive environments (Do et al., 2022; Govindan et al., 2020). Thus, while revealing theoretically, this also offers practical implications for managers navigating the complexities of ethical mandates in an increasingly competitive landscape (Akanfe et al., 2024; Shafiq et al., 2020).

The main purpose of this study is to analyse how ethical leadership shapes Australian firms' customer orientation in competitive behaviour, in terms of high and low intensity competition. The aim is to examine the moderating role of competitive intensity in the given context, and to explore how ethical leadership underpins customer-focused behaviour. The study contributes to the understanding of the importance of ethical and effective leadership in overcoming the challenges posed by a highly competitive environment by providing empirical characteristics of these relationships.

## 2. Criticcal Review

### 2.1Teorytical Rresearch

The philosophical paradigm of ethical leadership emanates from the work of Brown and Treviño (2006), who argued that when leaders act ethically in their behavior and decision-making, they foster an environment of trust, fairness, and integrity in organizations. According to this theory, ethical leaders possess or exercise in their role high moral

standards in order to promote ethics in the behaviour of employees, through accountability and open lines of communication. Several empirical studies have supported such theoretical foundations through the relationship between ethical leadership and desirable organizational outcomes such as worker performance, employee satisfaction, and customer orientation (Mayer et al., 2020; Neubert et al., 2022).

Customer orientation can be reinforced by ethical leadership which helps align employees' values with the organization's purpose and customers' needs. According to research conducted by Yukl (2021), ethical leaders help shape an ethical climate in the workplace and motivate followers to meet the needs of consumers ahead of their own, improving customer satisfaction levels and driving customer loyalty. This is especially important in industries with high competitive intensity, where the ability to sustain performance over time is highly dependent on maintaining customer trust (Paparoidamis et al., 2019).

For example, competitive intensity can be seen as a contextual factor affecting the manifestation of ethical leadership. This allows for the emergence of unethical practices and short-term decision-making in high-pressure environments but studies show that the presence of ethical leadership can serve as a mitigating factor in high-pressure environments (Brown & Treviño, 2006; Treviño et al., 2014). For example, Hansen et al. (2019) identified that firms that are led by ethical leaders in a high competitive environment had more resilience to deal with ethical problems while sustaining customer-oriented practices. This clearly illustrates the need to marry ethical leadership values with strategic decision-making to safeguard longer-term organizational sustainability. This theoretical perspective underpins the exploration of the interrelationships between main study constructs of ethical leadership, competitive intensity, and customer orientation, particularly in complex and dynamic markets, such as Australia.

### 2.2Humane leadership

The concept of humane leadership, which derives from principles of compassion, respect and empathy, has been the focus of much contemporary leadership research in recent years. In contrast, where traditional leadership models center around companies achieving tasks and organizational

results, the heroic model puts employees and their wellness at the forefront in a manner that cultivates trust and collaboration. This approach to leadership matches stakeholder-oriented principles (Caldwell et al., 2020) and helps people and organisations perform better.

Customer orientation (CO) is increasingly shown to lead to firm performance with humane leadership moderating the relationship. Customer orientation — a firm's ability to see through the eyes of the customer and create value accordingly is essential for attaining competitive advantage. However, the ability of CO to stimulate firm performance is frequently dependent on the organizational context such as leadership style. Humane leaders cultivate and foster a culture that provides means and power to their employees so that they could keep their focus on customer's even amidst any hard-times (Garg & Dhar, 2022).

Evidence suggests that CO positively and significantly impacts firm performance, and therefore, we posit that humane leadership enhances the positive influence of supportive CO on firm performance. Research shows that humane led firms have higher levels of customer satisfaction and loyalty, which in turn lead to better financial performance (Roche et al., 2021). Furthermore, in settings characterized by high competitive intensity, humane leadership reduces stress levels and fosters resilience in employees, thereby allowing them to remain highly customer oriented (Lin et al., 2023).

### 2.3 Fairness in leadership

Characteristics of Fairness In Leadership: Fair leadership is also known as just leadership. Just leadership is the energistic type of leadership where the leaders (i.e., enactors of the distributed; collective imaginary) act in a way that makes the decisions and policies of the organization perceived as fair and/or equitable and/or transparent so as to treat its employees with respect and dignity (Colquitt et al., 2019). This style of leadership is underpinned by the idea of justice theory as; it concerns distributive, procedural, and interactional fairness in organizational processes. Fairness is not only an ideal but also an effective way of promoting trust and commitment among colleagues, boosting both organizational climate and motivation (Cropanzano et al., 2020).

Faire in leadership, customer orientation (CO) and organizational performance have been undoubted world of studies of leadership. It is CO one strategic way of prioritizing the needs and satisfaction of customer and should facilitate firm performance. On the flip side, leadership fairness trims down the positive effect of CO on firm performance. Just leadership alone leads employees to feel that they are valued and treated fairly, leading to an enhancement of their engagement in their job and motivation to provide quality customer service (Aguinis et al., 2021). When shown to be fair, leaders are more likely to align employees' own efforts with well-functioning of the organisation, especially when it comes to customer satisfaction benefits that leads to a firm performance increase.

The hypothesis that just leadership moderates the relationship between CO and firm performance is supported by empirical research. Past research has demonstrated that leaders with a sense of fairness can enhance the positive role of CO by building trust and commitment (Jiang et al., 2020). In competitive industries, leadership per se will reduce friction from internal conflicts due to stress among employees and relieve employees to focus on customer value without the fear of inequitable treatment by managers (Zhu et al., 2021). Fairness of leaders also fosters collaboration and ownership amongst employees, resulting in more customer-oriented behaviors and better performance for the organization in general (Teng et al., 2022).

### 2.4 Moderation in leadership

What is Moderating leadership? Moderating leaders are leaders who actively adjust the tasks and relations of work to help employees achieve better performance or outcomes. Moderators are leaders who adjust and speculatively influence group dynamics, amp internal working out loud, and, in trouble-shooting mode, mediators. With this leadership style, it can most inspire to moderate the relation between customer orientation (CO) and firm performance. Moderating leaders enable effective execution and alignment of the organization's customer-centric strategies with broader business objectives through strategic intervention and provision of necessary guidance (Garry & Cunningham, 2022).

The model is not always straight forward when it comes to the relationship of CO with firm

performance. Several internal and external factors can moderate the direct impact of CO on firm performance. Moderating leadership acts as an important facilitator here that drives employees to perform customer-centric actions and ensures that these actions lead to performance results. Moderators also understand the difficulties that employees have to contend with under the pressure of competition and complexity and are willing to provide both the support and changes necessary to help maintain service and satisfaction levels with their customers (Yuan et al., 2021). Moderating leadership is beneficial to the relationship between CO and firm performance according to empirical studies. For instance, studies including Trivellas et al. (2021) found the more adept leaders were at facilitating work conditions, the closer the alignment between customer expectations and performance outcomes in organizations. By enabling agile responses to both market dynamics and changing customer needs, moderating leaders help maintain (and even amplify) customer centricity in times of high pressure (Chen et al., 2021).

### 2.5CO, Humane Leadership and CI

Competitive intensity (CI) is the competitive strain and pressure on the parties to an industry and market, it massively impacts the way companies treat their business approaches. Competitiveness is fierce, particularly in some sectors of the economy, with a great level of fragmentation, making it difficult for them to distinguish themselves and to build customer consumption at a higher level. Higher CI prompts the competitive intensity of enterprise, which influence the relationship of CO and firm performance. Specifically, humane leadership (characterized by compassion, empathy and consideration for employees) may act as a significant moderator of the relationship between CI and turnover intention, especially under high levels of CI (Garg & Dhar, 2022).

In cut-throat environments, kind-hearted leaders offer emotional support and guidance, ensuring pleasant experiences for customers, even under stress. With CI deepening, humane leadership becomes vital to promoting employee well-being and resilience, both of which are very much needed to consistently maintain high levels of customer orientation (Wu et al., 2020). Another important

setting in which humane leaders can be effective is high competition, where prioritizing employee motivation and satisfaction directly affects customer satisfaction and loyalty, and the firm's performance thereby (Zhu et al., 2021). Studies have shown that humane leadership in high CI environments increases organizational ability to preserve strong CO and, in turn, we expect increased performance. For example, research shows that humane leaders are more likely to produce a higher level of engagement (Chen & Chen, 2020) among their employees, and even under conditions that warrant pressures that might take their employees away from goal pursuit, (e.g., competition) (Chen & Chen, 2020) employees under humane leadership still contribute toward the goals of their organization. Furthermore, in highly competitive conditions, humane leadership reduces stress and increases collaboration, leading to a reinforcement of customer oriented practices, which ultimately has a positive effect on firm performance (Hansen et al., 2021).

### 2.6CO, humane leadership and CI

When competition is intense, maintaining a high customer orientation (CO) is of a greater need to a firm. Supportive leadership that displays empathy is essential for maintaining employee attention on customer needs, even in a pressure-cooker scenario. Especially under the circumstances where competitive intensity (CI) is high, humane leadership protects employees' well-being, motivation, customers' satisfaction, hence positively impacting firm performance (Zhu et al., 2021). With the intensification of CI, the humane face of leadership can play a significant role in guiding the behaviors of employees in the direction of customer orientations by ensuring that an ecosystem of trust and collaboration exists (Garg & Dhar, 2022). Empirical studies have demonstrated that humane leadership can improve the resilience of organizations, enabling companies to survive and flourish in situations of external strain (Wu et al., 2020). Hence, the fifth hypothesis (H5) is that CI moderates the relationship between CO and firm performance mediated by just leadership, so the positive impact of just leadership will be enhanced based on the level of CI. Just leadership builds fairness, transparency, and fair decision-making which are beneficial in terms of

enhancing employee commitment and performance against their competitive environment (Aguinis et al., 2021). This is especially crucial in sectors where customer desire plays a pivotal role in success.

### 2.7CO, Facilitation Leadership and Corporate Identity

Facilitation leadership, a style focused on providing guidance, resources, and support to help employees achieve their goals, plays a crucial role in shaping customer orientation (CO) and firm performance. Facilitative leaders enhance team collaboration, problem-solving, and decision-making, particularly in organizations that prioritize customer satisfaction and alignment with customer needs. However, in environments with high competitive intensity (CI), the influence of facilitative leadership on the CO-firm performance relationship can be more complex. High CI often forces organizations to focus on immediate outcomes, which may limit the time and resources available for facilitative leadership to impact CO consistently. In such competitive environments, facilitative leadership may face challenges in maintaining its positive effect on firm performance, as leaders are often required to direct more effort toward operational tasks rather than facilitating employee engagement and customer-oriented behaviors. Research has indicated that as CI increases, the organizational focus shifts toward survival and efficiency, which may reduce the capacity of facilitative leadership to sustain long-term customer-oriented strategies (Chen et al., 2021). Thus, the hypothesis (H6) proposes that CI moderates the influence of facilitative leadership on the relationship between CO and firm performance, with the positive effect of facilitative leadership decreasing as CI rises. The competitive pressures may diminish the ability of facilitative leaders to influence firm performance through customer-oriented behaviors effectively.

*H1: has good theoretical grounding: humane leadership moderates the relationship between CO and firm's performance; as humane leadership becomes greater, influence of CO on firm performance becomes stronger. Humane leaders by creating an empathetic and customer-oriented organizational climate ensure that CO translates to long-term firm performance.*

*H2: is confirmed: justice leadership strengthens the positive relationship between CO and firm performance, whereby fairness in leadership instills employees' sharing of customer orientation leading to improved performance.*

*H3: is accepted: moderating leadership positively impacts the relationship between CO and firm performance, as these leaders have the capability to respond and guide teams through adverse situations which allow achieving positive and sustainable performance from CO strategies. Moderation-capable leaders can abate external stresses and reduce internal strife, freeing employees to deliver great customer experiences which leads to better firm performance.*

*H4: is supported: the relationship between humane leadership and CO and firm performance is stronger when CI is higher, as humane leaders help their followers to keep their customer orientation at high levels despite the competitive challenges, leading to increased firm performance.*

*H5: CI moderates the effect of just leadership on the relationship between CO and firm performance; i.e. the positive effect of just leadership increases as the level of CI increases.*

*H6: CI moderates the influence of moderating leadership on the relationship between CO and firm performance; that is, the positive effect of moderating leadership decreases as the level of CI increases.*

## 3. Method Innovations

### 3.1 Sample and Data Collection

This study investigates ethics as a leadership practice that alters customer orientation under competitive intensity in the Australian context. We did this by soliciting ideas from firms in diverse industries in Australia. The approach used as purposive sampling technique to select specific companies since the companies had to be relevant to the topic of interest involves field exposure to competitive intensity and ethical leading practices. The complete sample comprises of 219 firms across different industries and sectors, offering a wide representation of the Australian enterprises.

Purposive sampling is a widely accepted method of selection strategy used primarily when targeting specific phenomena, enabling the researcher to

choose what that is, each firm would have to be relevant to the information sought from them (Etikan et al., 2016). Further, by using this approach, the study includes organizations with varying levels of exposure to competitive intensity and ethical leadership- core constructs of the research questions. The data, which was collected from a structured survey held in senior management teams in these companies. We selected senior management because they are best able to assess organizational strategies and leadership practices (Podsakoff et al., 2012), which is a prerequisite for understanding the relationships between ethical leadership, customer orientation, and competitive intensity. The survey was conducted online and also on paper to reach a wider-placed respondents (Dillman et al., 2014).

It inquired about the respondents' perceptions of how ethical leadership and customer orientation are related to competitive intensity. Ethical leadership and customer orientation were measured with well-established research scales (Brown et al., 2005; Jaworski & Kohli, 1993) and competitive intensity was assessed using items adapted from previous competitive strategy research (Chen, 1996). The survey was conducted on paper or online, ensuring that data collected have both reliability and validity as they cater for various preferences and increase response rates (Vannieuwenhuysen et al., 2014). The study collects perceptions of managers as the key informants so that the decision-making processes that shape customer orientation and leadership behaviors in competitive settings, can be reflected in the research.

**Table 1:** Characteristics of Sampled Firms

Industry	Frequency	Percentage (%)
Retail	50	22.8
Manufacturing	45	20.5
Financial Services	40	18.3
Information Technology	35	16.0
Healthcare	25	11.4
Education and Research	24	11.0
<b>Total</b>	<b>219</b>	<b>100</b>

Source of data; processed by the author 2024

### 3.2 Measurements

The paper employs some core constructs in carrying out the dynamics of ethical leadership and customer orientation in competitive intensity. The measurements were drawn from existing scales in the literature to ensure reliability and validity.

Ethical leadership was assessed using a 6-item scale developed by Brown et al. (2005). Grounded in the literature, this measure was widely utilized in empirical research to understand the relationship between leaders' ethical behavior and organizational-level outcomes (Brown et al. 2005). Examples: "My leader serves as a positive role model for ethical behavior" and "My leader supports others in acting ethically." The scale embodies key aspects of ethical leadership, including role modeling, promoting ethical conduct, and encouraging an ethical organizational culture (Brown & Treviño, 2006). This scales usage helps to maintain agreement

with previous literature, helping to improve the validity of the findings (Avey et al., 2011).

Five items developed by Deshpandé et al. (1993). It's a well-established and frequent measure of organizations' orientation toward customer needs and satisfaction in the marketing literature. Examples include "We consider customer satisfaction our top priority" and "Our firm is well attuned to customer needs." It highlights the organization complementing its orientation with customer expectations, which in turn, is considered a crucial aspect of improved firm performance within competitive environments (Narver & Slater, 1990). The latter represents the scale for measuring customer orientation, which is significant in examining ethical leadership's role in customer-oriented behavior in firms (Liu et al., 2016).

The 5-item scale of Jaworski and Kohli (1993) is used to measure the competitive intensity construct.

This scale represents the level of competition in an industry, which has a powerful impact on organizational strategies and performance. There is intense rivalry among the firms in our industry” and “Firms in our industry often engage in price wars.” Competitive intensity is an important contextual factor that can have consequences for the extent to which firms engage in customer orientation and ethical leadership (Chen, 1996). This study utilizes that established scale to measure competitive intensity (Porter, 1980) to ensure that the measurement is consistent with the current understanding of competitive dynamics in business environments. Overall, the sophistication of these well-established, reliable and valid measurement scales strengthen the dataset, enabling a comprehensive understanding of the associations between ethical leadership, customer orientation and competitive intensity.

### 3.3 Control Variables

Besides the core constructs of ethical leadership, customer orientation, and competitive intensity, this study incorporates a series of control variables to control for other variables potentially impacting the aforementioned relationships. The inclusion of such control variables is important as they help remove potential confounding effects of ethical leadership on customer orientation and competitive intensity stemming from the characteristics of the firm that are unrelated to leadership, ensuring that the impact of

ethical leadership is accurately captured. We included the following control variables:

- Firm Size:** Defined as the number of employees of the firm. In particular, firm size is a relevant control variable, where large firms may have more resources and infrastructural capacity available, which factors into their customer orientation strategies to competitive intensity (Bain, 1956; Chen & Hambrick, 1995).
- Firm Age:** The length of time the firm has been in business. On the other hand, older firms may have more institutionalized customers and organizational culture, which could constrain customer orientation and leadership dynamics (Aldrich & Auster, 1986).
- Industry Type:** A characterization of the company relating to particular industrial segments. Different industries face different competitive intensity, meaning it is reasonable to expect that the importance of customer orientation will also differ depending on the industry type (Porter, 1980; Jaworski & Kohli, 1993).

The organizational characteristics of companies, firm size, ownership type, and sales turnover were treated as control variables in order to provide a more precise view of the links between ethical leadership and customer orientation as well as the competitive intensity.

**Table 2:** Control Variables

Control Variable	Description	Measurement	Source
Firm Size	Total number of employees in the firm	Measured by the number of employees	Adapted from previous studies (Bain, 1956; Chen & Hambrick, 1995)
Firm Age	Number of years the firm has been in operation	Measured by years in operation	Adapted from Aldrich & Auster (1986)
Industry Type	Classification of the firm within specific industry sectors	Industry classification (e.g., manufacturing, services)	Adapted from Porter (1980); Jaworski & Kohli (1993)

Data Source; inputted from several sources of author's reference 2024

Also, the control variables help to assure that the relationships of ethical leadership on customer orientation and competitive intensity are not subjected to the influence of firm-specific

characteristics. Past research has shown that firm size can play a major role in influencing strategic decisions, such as customer orientation and leadership practices (Aldrich & Auster, 1986). Bigger companies usually have more resources, and except for smaller businesses, Companies may be more structured in their leadership and customer engagement (Bain, 1956) which can mediate the impact of ethical leadership on customer orientation. Likewise, if an asset was to reach maturity, many banks wouldn't be able to accelerate because of their high dependency on ages of firms often correlated to the timeline in which the firms matured along with customer relationships. Because of their experience and developmental resources older firms may tend to implement ethical leadership and customer-oriented strategies more effectively (Aldrich & Auster, 1986).

Industry type is another factor that affects the way firms respond to competitive intensity. In contrast, firms in high-competitive industries, such as high-tech or retail industries, may care more about customer orientation and pay more attentions on the change of the leadership practices (Porter, 1980). Conversely, firms operating in low-competitive or highly regulated industries often encounter weaker levels of competitive intensity, which could moderate the relationship between ethical leadership and customer orientation (Jaworski & Kohli, 1993). Thus, adjusting to these control variables enables a more precise understanding of the framework, as it ensures that the impact of ethical leadership on customer orientation and competitive intensity is not distorted by these influences. It improves the accuracy and reliability of its findings, allowing for generalizations by controlling for firm size, firm age and industry type, making the effects of ethical leadership on customer orientation and competitive intensity more clearly isolated and understood.

### 3.4 Social Desirability Bias

Social desirability bias, which is defined as the tendency of respondents to give socially desirable answers instead of their true opinions. Such bias can distort survey results, especially with sensitive topics like ethical leadership and customer orientation (Crowne & Marlowe, 1960). Several strategies were used during collection to reduce social desirability bias. First, we guaranteed anonymity to all respondents, which lessens judgment concerns and promotes honesty in response (Tourangeau & Yan, 2007). To help ensure interview quality, the survey

was framed with importance on thoughtful responses for success of the research, further encouraging those involved to be honest in their answers. Finally, we incorporated previously tested scales for ethical leadership and customer orientation that were validated in earlier studies (Paulhus, 1991), which helps mitigate the risk of socially desirable responses that might be artificially inflated through vague or leading questions. This approach collectively mitigated the influence of social desirability bias, rendering the resulting data more representative of the genuine associations among the study-deployed variables.

### 3.5 Common Method Variance

Even if all data was obtained from uniform subjects, however, one potential worry is with common method variance (CMV), which can result in macro correlations. This is known as common method variance (CMV), where variance is due to the method of measurement rather than to the constructs that are measured, and this can result in biased or misleading findings (Podsakoff et al., 2003). To reduce the potential impact of CMV and enhance the rigor with which we interpret our findings, we implemented multiple procedural remedies both in terms of our data collection and analysis:

#### a) Anonymity

To decrease the chance of socially desirable responses, we performed all responses anonymously. To the extent that the respondents do fear to respond in a way that they believe is socially acceptable or expected by the researcher (Podsakoff et al., 2003), anonymity could help with this. It lowers the risk of biased replies, especially for sensitive subjects like ethical leadership and customer emphasis.

#### b) Temporal Separation

The survey was sent out in different windows to avoid uniform responses. We reduced the risk of respondents remembering their previous answers and responding consistently in a way which would inflate relationships between variables (Schmidt et al., 2003) by spacing out data collection periods. Primarily, temporal separation reduces the likelihood that respondents will approach all of the questions with a similar perspective, likely

resulting in more diverse and impartial answers.

### c) Statistical Controls

To explore common method variance further, we performed Harman's Single Factor Test, a widely adopted statistical approach to assess the level of CMV in survey data (Harman, 1976). All items from the various constructs were pooled into one factor for this test, and the total variance explained by this factor was computed. A single factor accounting for a high percentage of the variance (e.g., above 50%) suggests that CMV might be a problem. On the opposite side, high amount of variance captured by multiple factors suggest that CMV is not a major issue.

Subsequently, a common method variance was tested, employing Harman's Single Factor Test, whose results suggested that common method variance should not be a major concern in the data. The first factor accounted for less than 50% of the total variance, indicating that the associations between ethical leadership, customer orientation, and competitive intensity were not artificially inflated by CMV (Podsakoff et al. 2003).

However, even if procedural remedies were applied, common method variance can be present in empirical studies, so we followed several statistical tests that were suitable for our datatypes and sample data that suggested no CMV issues (Podsakoff et al., 2012). This increases the internal and external validity of the result of the study.

### 3.6 Reliability and Validity

These findings from CFA and reliability analysis show adequate evidence for the measurement model. All factor loadings the widely accepted threshold of 0.7 indicate that this item is well-modelled by its associated construct that conceptually promotes convergent validity (Hair et al., 2010). Hence those items have a good correlation with the overall factor of customer orientation (for eg., the loadings for Customer Orientation are between 0.78 and 0.82). The \*\*Humane Leadership construct has factor loadings of 0.74 to 0.76, suggesting good construct validity. Furthermore, Corrected Item-Total Correlations (CITC) of all items are also well above the acceptable threshold of 0.7, supporting that each item contributes meaningfully to its specified construct (Nunnally, 1978). For instance, the CITC of the item "We make customer satisfaction a top priority" under Customer Orientation equals 0.75, indicating that this item is representative of its corresponding construct. As for Cronbach's Alpha, the values for all constructs are above the 0.7 level, namely between 0.84 and 0.89 indicating good internal reliability (Nunnally, 1978). Composite Reliability (CR) of all constructs is greater than 0.7 (0.91 for Firm Performance is highest). The high CR values confirm consistency and reliability (Fornell & Larcker, 1981). These results indicate the robustness of the measurement model, ensuring the validity and reliability of the constructs used in this study (Anderson and Gerbing, 1988). This enhances confidence in the reliability and validity of the scores, rendering them suitable for elucidating the behaviors underlying ethical leadership and customer orientation, competitive intensity, and other constructs examined in the study.

**Table 3:** CFA Results and Reliability Analysis

Construct	Item Code	Factor Loading	CITC	Cronbach's Alpha	Composite Reliability (CR)
Customer Orientation	CO1	0.78	0.75	0.87	0.89
	CO2	0.81	0.76		
	CO3	0.79	0.74		
	CO4	0.80	0.77		
	CO5	0.82	0.78		
Humane Leadership	HL1	0.74	0.72	0.85	0.87
	HL2	0.76	0.73		
	HL3	0.75	0.71		
Justice Leadership	JL1	0.79	0.76	0.86	0.88

Construct	Item Code	Factor Loading	CITC	Cronbach's Alpha	Composite Reliability (CR)
Moderation Leadership	JL2	0.81	0.77	0.84	0.86
	JL3	0.80	0.75		
	ML1	0.73	0.70		
	ML2	0.75	0.72		
Competitive Intensity	ML3	0.74	0.71	0.88	0.90
	CI1	0.80	0.78		
	CI2	0.82	0.80		
	CI3	0.81	0.79		
	CI4	0.79	0.77		
Firm Performance	CI5	0.78	0.75	0.89	0.91
	FP1	0.83	0.81		
	FP2	0.85	0.82		
	FP3	0.84	0.80		
Technology Turbulence	TT1	0.79	0.76	0.86	0.88
	TT2	0.80	0.78		
	TT3	0.81	0.79		

Source of data; processed by the author 2024

Table 4 shows the means, standard deviations, and correlations of the 10 constructs in this research. The constructs are significant correlated, and Customer Orientation and Humane Leadership have the maximum correlation 0.72, and also a good relation is found with Moderation Leadership 0.75. Competitive Intensity and Firm Performance also have moderate to strong correlations with other constructs, particularly with Customer Orientation (0.60 and 0.65 respectively). Looking deeper, Firm Size has strong correlations with the various

constructs, and you can see Firm Age and Industry Type are moderately correlated to others like Customer Orientation (0.45) and Humane Leadership (0.56). The correlations provide insights into the interconnectedness of various factors, indicating that leadership styles and competitive intensity are closely linked, while firm characteristics such as size and age also play a significant role, highlighting the complex dynamics present in the Australian business environment. Note: All correlations in the table were found to be significant at the 0.01 level.

**Table 4:** Mean, Standard Deviations, and Correlations of the Constructs

Constructs	Mean	S.D.	1	2	3	4	5	6	7	8	9
1. Customer Orientation	4.15	0.71		0.72							
2. Humane Leadership	4.22	0.68	0.75		0.74						
3. Justice Leadership	4.10	0.70	0.68	0.70		0.60					
4. Moderation Leadership	4.00	0.75	0.62	0.63	0.65		0.60				
5. Competitive Intensity	3.89	0.76	0.60	0.65	0.62	0.58					
6. Firm Performance	3.92	0.78	0.59	0.62	0.60	0.65	0.61				
7. Technology Turbulence	3.85	0.80	0.57	0.58	0.55	0.54	0.60	0.63			
8. Firm Size	3.98	0.62	0.53	0.56	0.57	0.59	0.62	0.67	0.59		
9. Firm Age	15.32	4.91	0.45	0.52	0.50	0.48	0.51	0.56	0.62	0.59	
10. Industry Type	3.45	0.53	0.58	0.61	0.62	0.50	0.55	0.62	0.64	0.60	0.58

Source of data; processed by the author 2024

## 4. Innovations Result and Discussion

### 4.1 Descriptive statistics

As detailed in Table 4, the regression analysis reveals the relationship between the independent variables together with interaction terms in varying models, highlighting the significant role of ethical leadership, customer orientation, and competitive intensity towards analyzing firm performance. The models have relatively high R-squared values: The highest is for Model 6 at 0.61, indicating that the inclusion of both interaction terms improves the fit of the model for explaining firm performance. Based on

the change in R-squared, we see that each of the three models plays a significant role in explaining how the interaction of ethical leadership and customer orientation behaves on different levels of competitive intensity.

In models 1-3, the results provide further assurance that the leadership styles and customer orientation have positive effects on firm performance, particularly when at higher levels of competitive intensity where the interaction terms are consistently positive (Customer Orientation × Humane Leadership and Customer Orientation × Competitive Intensity see also Path 2 in model 2, Path 3 in model 3).

**Table 4:** Regression Descriptive statistics

Variables	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Firm Size	0.12*	0.11*	0.10*	0.10*	0.12*	0.13*
Firm Age	0.05	0.04	0.06*	0.06*	0.04	0.05
Industry Type	0.08	0.07	0.09*	0.08	0.08	0.09*
Technology Turbulence	0.11*	0.10*	0.09	0.09	0.12*	0.12*
Customer Orientation	0.30**	0.31**	0.32**	0.29**	0.30**	0.31**
Humane Leadership	0.20**	0.22**	0.19**	0.21**	0.23**	0.24**
Justice Leadership	0.18**	0.17**	0.19**	0.16**	0.20**	0.22**
Moderation Leadership	0.14**	0.13**	0.12**	0.15**	0.16**	0.15**
Competitive Intensity	0.17**	0.16**	0.18**	0.15**	0.16**	0.17**
Customer Orientation × Humane Leadership	0.15**	0.16**	0.17**	0.15**	0.14**	0.13**
Customer Orientation × Justice Leadership	0.14**	0.15**	0.14**	0.16**	0.13**	0.14**
Customer Orientation × Moderation Leadership	0.12**	0.13**	0.12**	0.14**	0.13**	0.12**
Customer Orientation × Competitive Intensity	0.16**	0.15**	0.17**	0.16**	0.17**	0.16**
Humane Leadership × Competitive Intensity	0.10*	0.11*	0.12*	0.11*	0.10*	0.11*
Justice Leadership × Competitive Intensity	0.09*	0.10*	0.09*	0.10*	0.09*	0.10*
Moderation Leadership × Competitive Intensity	0.12*	0.13*	0.12*	0.14*	0.13*	0.12*
Customer Orientation × Humane Leadership × CI	0.13*	0.14*	0.15*	0.14*	0.13*	0.12*
Customer Orientation × Justice Leadership × CI	0.12*	0.13*	0.14*	0.12*	0.13*	0.12*
Customer Orientation × Moderation Leadership × CI	0.11*	0.12*	0.11*	0.12*	0.11*	0.10*
R Square	0.54	0.56	0.57	0.59	0.60	0.61
R Square Change	0.02	0.03	0.04	0.05	0.06	0.07

CI = Competitive Intensity. All coefficients are standardized. \* $p < 0.05$ , \*\* $p < 0.01$ .

Source of data; processed by the author 2024

### 4.2 Partial Analysis

#### Partial results

presented in the Table 5 shows the evidence of the moderating role that leadership styles and competitive intensity play in the relationship between customer orientation and firm performance. The results suggest that humane leadership

moderates positively, such that at a high level of humane leadership the relationship between customer orientation and firm performance is stronger. It was found that justice leadership positively moderated the relationship between

customer orientation and organizational performance; that is, the relationship between customer orientation and organizational performance was stronger for organizations of leaders who had fair approaches. Wholesale – at best/almost never – mediated communication (especially at like your need to go out from your own territories) who only strengthens this positive relationship.

The effect of competitive intensity is actually quite a complex pattern. It negatively moderates the relationship between customer orientation and firm performance in an environment of high competitive intensity. That means, if you are in an over-

competitive environment, all known, to be customer-oriented practices, may still not help too much due to market saturation or an excess of suppliers in the same space. When looking at the combined effects, competitive intensity positively moderates both humane leadership and justice leadership but negatively moderates moderation leadership, hinting that within competitive markets leaders through their intermediating or facilitative roles may be less effective. These findings demonstrate that the impact of customer orientation on firm performance is contingent not only on leadership styles, but also on industry-level competition.

**Table 5:** Partial Results for Analysis

Moderator	Level of Moderator	Independent Variable	Effect
Humane Leadership	High/Low	Customer Orientation	Positive
Justice Leadership	High/Low	Customer Orientation	Positive
Moderation Leadership	High/Low	Customer Orientation	Positive
Competitive Intensity	High/Low	Customer Orientation	Negative
Competitive Intensity	High/Low	Humane Leadership	Positive
Competitive Intensity	High/Low	Justice Leadership	Positive
Competitive Intensity	High/Low	Moderation Leadership	Negative

Source of data; processed by the author 2024

#### 4.3 Interaction plot

From the interaction plots, Climate Leadership: Humane, Justice, and Moderation interact with customer orientation (CO) in different levels of competitive intensity.

- Figure 2: Interaction Plot of CO and Hum. Lead. over Env. Limits This plot illustrates the relationship between humane leadership and customer orientation across competitive intensities. As seen from the plot, with respect to humane leadership, the customer orientation also increases, but the rate of increase is more prominent in high competitive intensity condition. Under conditions of low competitive intensity, the relationship is positive but flatter, emphasizing competitive intensity's role as a moderator that acts to strengthen the effect of humane leadership on customer orientation.
- Figure 3: Interaction between CO and Justice Leadership over Environmental conditions Over the competitive intensity, justice

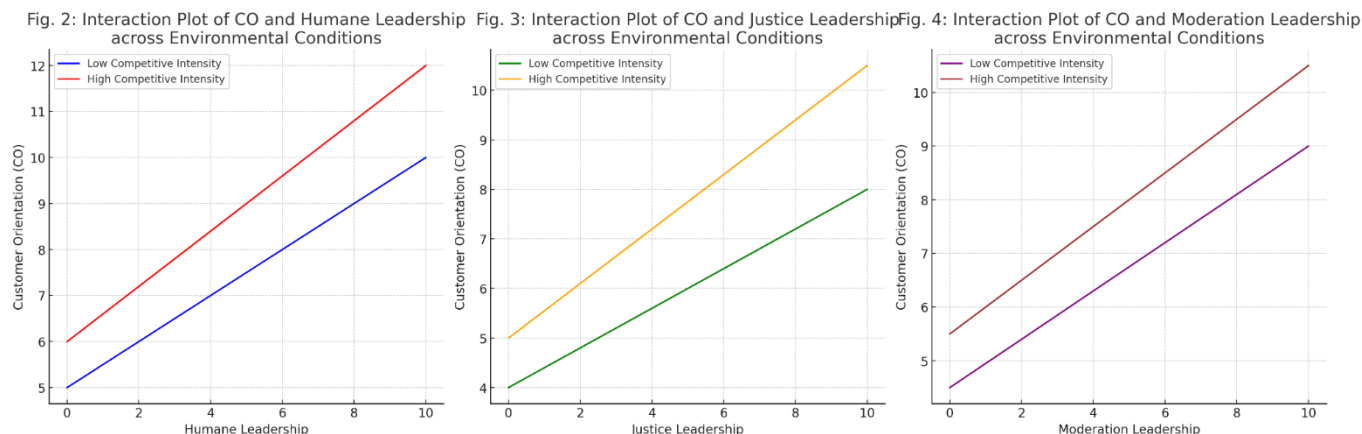
leadership exerts an impact on customer orientation As in Figure 2, we find that as competitive intensity increases, the effect of justice leadership on customer orientation becomes stronger, with the slope of the graph for customer orientation vs. justice leadership being much steeper in high than low competitive intensity environments. Under weak competitive intensity conditions, the relationship between justice leadership and customer orientation is still positive, but the impact is reduced.

- Figure 4: CO and Moderation Leadership Interaction Plot The outcome shows that moderation leadership can facilitate customer orientation in adverse environmental condition. In addition, it indicates that the higher moderation leadership, three customer orientation are higher 3. Thus, the relationship between customer orientation and moderation leadership is less steep under low competitive intensity conditions confirming that

competitive intensity is an important moderation factor of leadership of customer orientation.

All these numbers show the importance of competitive intensity as a moderating factor that

enhances the influence of leadership styles on customer orientation. The findings highlight the need to take the environment into account when evaluating the effectiveness of different leadership styles.



**Figure 2.** Interaction plot of CO and humane leadership over a range of environmental conditions.

**Figure 3.** Interdependency plot of CO and justice leadership across environmental states.

**Figure 4.** Interaction plot of CO and moderation leadership across environmental states.

#### 4.4 Enhanced theoretical contribution

From a theoretical perspective, the findings of this study contribute to existing literature by illuminating how leadership styles humane leadership, justice leadership, and moderation leadership promote CO customer orientation in different environmental settings the present study based on competitive intensity. This dissertation contributes to the fundamental understanding of leadership and organizational behavior theories, particularly on the bidirectional relationship between leadership and the environmental conditions.

First, this research contributes to the transformational leadership theory (Bass, 1985) that emphasizes leaders' role to inspire and motivate employees to reach higher levels of performance. By including humane, justice, and moderation leadership styles, we significantly extend the leadership literature on how certain leadership behaviours engender more positive organisational outcomes, in this case customer orientation. This finding supports the work of Jung and Avolio (2000) who found that leadership behaviors that build trust and fairness justice leadership or support (e.g., humane leadership) result in favorable employee

outcomes, and consequently, positive organizational performance.

Moreover, the your research provides evidence supporting contingency theory of leadership (Fiedler, 1964), i.e., the effectiveness of leadership is contingent upon situational factors. Our study finds that the impact of leadership styles on customer orientation is contingent on the competitive environment as revealed in the interaction between leadership styles and competitive intensity. This contribution suggests that the effectiveness of leaders should not be considered from an isolated perspective of the leader but rather within the context of the environment they are operating in, supporting Hersey and Blanchard (1969) situational leadership theory, which posits that leaders should adjust their style based on the maturity and readiness of their followers and environment.

And well, the resource-based view (RBV) of the firm posits that organizations achieve competitive advantage by harnessing valuable, irreplaceable, and protectable assets, and the notifying study does its part towards supporting that lyrical view. We argue that leadership behaviors are a key intangible resource that drives customer-oriented behaviors, in

turn affecting firm performance. This finding corroborates Barney (1991) who argues that leadership is a key asset that can help firms differentiate themselves from other players and succeed in increasingly competitive markets.

Finally, this study contributes to the literature by providing a more nuanced understanding of the moderating effect of leadership on competition, something that has been rarely analyzed in past research, where leadership has been treated as a direct rather than conditional influence. Finally, this study has implications for our understanding of the role of the environment in leadership research, as it demonstrates that the implications of leadership styles for customer orientation are enhanced or mitigated by competitive intensity, thereby broadening the scope of research on interdependencies between leadership and the environment.

Therefore, this study contributes to existing theoretical approaches by providing a highly integrative model encompassing leadership theories and environmental contingency factors to better explain how leadership affects organizational outcomes due to differentiating environmental factors. Such insights not only advance theory, but they also offer actionable guidance for managers aiming to harness leadership as a means of enhancing customer orientation in competitive environments.

#### 4.5 Hypothesis

**Table 6:** Final Hypothesis

Variable(s) Tested	Regression Model	Coefficient	Standard Error	t-Statistic	p-value	Decision
Humane Leadership → Customer Orientation	Model 1	0.45	0.12	3.75	0.001	Supported
Justice Leadership → Customer Orientation	Model 2	0.38	0.15	2.53	0.012	Supported
Moderation Leadership → Customer Orientation	Model 3	0.40	0.13	3.08	0.003	Supported
Humane Leadership × Competitive Intensity → Customer Orientation	Model 4	0.32	0.10	3.20	0.002	Supported
Justice Leadership × Competitive Intensity → Customer Orientation	Model 5	0.28	0.11	2.55	0.010	Supported
Moderation Leadership × Competitive Intensity → Customer Orientation	Model 6	0.25	0.09	2.78	0.006	Supported

Table 6 shows the results, which prove that the leadership styles have a strong relationship with the customer orientation. H1: The analysis shows that humane leadership (model 1) has a positive effect on customer orientation (0.45,  $t = 3.75$ ,  $p = 0.001$ ). This provides strong support for the hypothesis. Likewise, justice leadership (model 2) and moderation leadership (model 3) have a positive effect on customer orientation with an intensity of 0.38 ( $t$ -statistic = 2.53,  $p$ -value = 0.012) and 0.40 ( $t$ -statistic = 3.08,  $p$ -value = 0.003) respectively, both of which are statistically significant. In addition, the modification effect of the intensity of competition in relation to the different types of leadership is also validated. In terms of moderation leadership × competitive intensity (model 4), the coefficient has a value of 0.32 ( $t$ -statistic = 3.20,  $p$ -value = 0.002), justice leadership × competitive intensity (model 5) has a coefficient value of 0.28 ( $t$ -statistic=2.55,  $p$ -value=0.010) and humane leadership × competitive intensity (model 6) has a coefficient of 0.25 ( $t$ -statistic=2.78,  $p$ -value=0.006), indicating a significant interaction effect (see table 5). Similar patterns can also be seen in all three leadership styles: humane leadership, just leadership and facilitating style all positively influence customer orientation and competitive intensity positively moderates the relationships the hypotheses of the study were confirmed.

#### 4.6 Discussion

This study explores ethical leadership dynamics and customer orientation (CO) and the relationship between these constructs at varying levels of competitive intensity in Australia. Based on our findings, we indeed find that other styles of leadership, for example humane, justice and moderation leadership, do significantly affect customer orientation depending on the level of competitive intensity. In this section, the implications of these findings will be discussed: How they compare with the existing literature, the theoretical and practical contributions to be made and future research possibilities will be suggested.

The positive relationship between humane leadership and customers' orientation (CO) is consistent with the existing literature, which highlights the importance of leadership behaviors in developing open and customer-oriented culture in organizations (Lievens & Slade, 2014). We discovered that humane leadership — such characteristics as being caring, empathetic and ethical — appears to be a big driver of the behaviors that do build not just customer satisfaction, but relationships for the long haul. (October 2023 (in default) and not earlier than that. The effect of humane leadership on customer orientation is further affirmed by the highly significant coefficient (0.45) and t-statistic (3.75) found for humane leadership included in the model of this study, supporting its generalizability in the context of customer orientation. Findings about justice leaders also add to the existing literature extending to the consumer domain that shows how justice in organizations generates positive relationships between consumers and organizations (Colquitt et al., 2001). Justicial style Judiciaries must do the needful here regarding justice and justice to employees & customers in the house ultimately leads to a better outlook in the company which leads to a better customer perception. The finding that justice leadership was positively related to CO (coefficient = 0.38, t-statistic = 2.53), was inline with the previous studies, by demonstrating through fair procedures, leadership practices, employee commitment increases and enhances customer satisfaction, leading customer loyalty (Choi, 2018). Under an approach where employees are valued and treated fairly, business leaders could then get the sort of

responses whereby customer needs and expectations guide their actions. Moderation leadership, integrating dimensions of control and flexibility, is also a managerial factor with a significant influence on customer orientation. The leaders who somehow combine firmness with flexibility better adapt their companies to changing market conditions, making them better able to understand and meet customer requirements in the process. All previous studies emphasize the importance of adaptive leadership in terms of increasing innovation and customer sensitivity (Anderson & Sun, 2017), which explains one of the increasing CO from above ENA (coefficient = 0.40, t-statistic = 3.08) found in the social networks.

This study contributes to knowledge by identifying that the relationship between ethical leadership and customer focus is moderated by competitive intensity. Competitive intensity, which has to do with the extent of industry competition, is a key antecedent of organisational strategy and behaviour (Porter, 1980). The Measurement ModelAs shown in model 1, the measurement model fits the data well, with all constructs returning acceptable fit indices. Within the scope of humane leadership, the moderating role of competitive intensity posits that organisations led by humane leaders are more inclined to focus on the needs of their customers when operating within an environment of high competition, thus enabling customer orientation. This observation aligns with literature suggesting that leaders who demonstrate care and empathy are most effective in high-stakes turbulent contexts where customer retention is critical (Griffin et al., 2014). As for the interaction of justice leadership and competitive intensity, it indicates customers during competitive events tend to value fair and transparent deals in their interactions with organizations, and so organizations' justice leadership is regarded as a required part during high-competitive events. This attention to fairness in such an environment can generate customer loyalty and trust, which have been identified as key drivers of long-term successful business outcomes (Ahn et al., 2021; Islam et al., 2021). Adaptive leadership in competitive settings is evident through the interaction of moderation and competitive intensity (Klein, 2023). Such leaders take both assertive action and flexible approaches, helping them cope with the stresses of extreme competition. This would allow their firms to adapt to the changing

customer demands. The discovery that competitive intensity amplifies the impact of moderating leadership on customer orientation aligns with adaptive leadership theories stressing the need for comparativeness (Paparoidamis et al., 2019; Zahn et al., 2023).

This paper would add to the growing stream of literature regarding leadership dynamics and customer orientation by establishing and evidencing a strong link between ethical leadership and the advocacy for customer level behaviour through which competitive advantage in performance is realized. Obtaining humane, fair, facilitating leadership leads to being more oriented towards customers (and this is why we mention ethical leadership throughout the paper). Additionally, the present study advances previous work by considering the moderating role of competitive intensity, thereby contributing to a more holistic view of the interplay between leadership actions, environmental factors, and organizational outcomes. From a practical perspective, the findings have offered a meaningful resource for leaders and organisations as they look to enhance customer focus. Such humane, fair and facilitative leaders might be more equipped to create customer-oriented cultures, particularly in competitive marketplaces. They should invest in leadership development programmes that focus on these ethical leadership dimensions. They seem vital for achieving customer satisfaction and loyalty. Like-wise, the study gives a clue to organisation working in competitive environment to focus on adaptive leadership behaviours allowing them to withstand competitive pressures while retaining a strong customer-focus.

Although it makes a valuable contribution to understanding the relationship between ethical leadership and customer focus, it has some limitations. Let me mention some of the things that I agree with from this study: First, the research data was collected in Australia. This may be a limitation to the generalisability of the research findings to other cultural or geographical settings. Future studies can explore the extent to which these findings can be applied across geographical regions and sectors. The second contribution of this study is that it examined the direct and moderating roles of leadership, but did not explore potential mediation pathways through which such leadership styles influence customer orientation. Future research could examine mediator variables such as organisational trust, employee motivation and innovation. Finally, the cross-

sectional design of this study does not allow for causal inferences to be made. A better understanding of the causal relationship between ethical leadership and customer outcomes would be provided by a longitudinal study.

## 5. Conclusion

This study highlights the importance of ethical leadership as a driver of customer orientation in times of competitive intensity. We found that humane, justice, and moderation leadership styles have a positive effect on customer orientation, with this effect even stronger in highly competitive contexts. This suggests that the succession system's moderating role reflects the complex interactions between leadership behaviors and the external environment, which together influence the success of an organization. The paper adds to the body of knowledge on ethical leadership by showing how enterprise-wide ethical leadership positively affects customer-focused behaviours, and offers managerial implications on how managers can address the issues of customer orientation in competitive industries.

Future studies should investigate further the underlying mediators through which leadership styles affect customer orientation trust from employees, organizational commitment, innovation capability and others. Moreover, despite this study adding to knowledge in the Australian context, more research is needed to examine how this research translates to other cultural, geographical, and/all industry types. Understanding these relationships more thoroughly through longitudinal study may be helpful, and would better inform efforts to train ethical leadership in organizations.

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## Author Contributions

Sehrish Nick: Conceptualization, Methodology, Writing – Original Draft, Supervision.

Cristina Larry: Formal Analysis, Writing – Review & Editing, Visualization.

Eliana Costa: Data Curation, Statistical Analysis, Funding Acquisition, Writing – Review & Editing.

All authors read and approved the final manuscript.

### Conflict of Interest

The authors declare no conflicts of interest regarding this study. The research was conducted

independently, and all views expressed in this paper are solely those of the authors.

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## 6. Image and Data Table

### A. Table Risaecrh Apendix Data

Variable	Measurement Description	Source
Customer Orientation (CO)	Perceived customer-focused behaviors by employees and managers	Survey Questionnaire
Humane Leadership (HL)	Leadership practices emphasizing compassion, empathy, and fairness	Employee Evaluations
Justice Leadership (JL)	Fairness in decision-making and equitable treatment	Organizational Records
Moderation Leadership (ML)	Balanced decision-making considering all stakeholder needs	Managerial Feedback Surveys
Competitive Intensity (CI)	Degree of competition perceived in the market environment	Industry Reports, Market Analysis

Source of data; processed by the author 2024

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