

Leading with Integrity: How New Insights are Shaping Leadership in the Finance Environment

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Abstract

Traditional assessments of ethical leadership have centred on two primary aspects: the "moral manager" and the "moral person." However, recent research on 152 leaders in the finance sector reveals a more nuanced understanding of ethical behavior within organizations. Using factorial analysis, this study investigated the factors shaping leaders' ethical conduct, yielding strong internal reliability of $\alpha = 0.911$. The data was analysed using SPSS, employing Maximum Likelihood extraction with Promax Normalization (Kaiser). The findings show that ethical behaviour dimensions have evolved, revealing three themes that reflect leaders' perceptions of their ethical responsibilities within organizations. The first dimension focuses on ethical decision-making, with leaders prioritizing integrity and transparency. The second highlights leaders as ethical role models, setting high standards for others. The third emphasizes promoting ethical practices organization-wide, fostering an environment that values ethical behavior at all levels. These findings, accounting for 57% of the observed variance, suggest that ethical leadership in finance is evolving beyond traditional definitions. The study calls for a revised framework to better capture the complexities of ethical leadership, emphasizing the need for adaptability and responsiveness to emerging ethical considerations.

Keywords: Ethical behavior; Ethical Decision-Making; Finance; Leadership