



The Role of Perceived Ethical Leadership in Enhancing Frontline Service Quality and Customer Satisfaction in Multinational Banks

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ABSTRACT :

This study examined the role of perceived ethical leadership in enhancing frontline service quality and customer satisfaction within multinational banks operating in Ghana. Using a quantitative cross-sectional design, data were collected from 350 frontline employees and 175 customers across six multinational banks in Ghana's financial services sector. Perceived ethical leadership was measured using the Ethical Leadership Scale, frontline service quality was assessed using the SERVQUAL instrument, and customer satisfaction was measured using the American Customer Satisfaction Index (ACSI). Descriptive statistics, Pearson's correlation, hierarchical regression, and mediation analyses were conducted using SPSS and PROCESS macro. Results revealed significant positive correlations between perceived ethical leadership and frontline service quality ($r = 0.57, p < .001$), frontline service quality and customer satisfaction ($r = 0.63, p < .001$), and perceived ethical leadership and customer satisfaction ($r = 0.48, p < .001$). Hierarchical regression analyses demonstrated that perceived ethical leadership significantly predicted frontline service quality ($\beta = 0.55, p < .001$) and customer satisfaction ($\beta = 0.42, p < .001$), and frontline service quality mediated the relationship between perceived ethical leadership and customer satisfaction (indirect effect = 0.24, 95% CI [0.17, 0.32]). The findings underscore that employees who perceive their leaders as ethical are more likely to deliver high-quality frontline service, which in turn enhances customer satisfaction. Implications for leadership development, service quality management, and customer relationship strategies in multinational banks are discussed.

Keywords: Ethical Leadership, Frontline Service Quality, Customer Satisfaction, Multinational Banks, Ghana, Service Delivery

Introduction

In the highly competitive and service-intensive banking industry, delivering exceptional frontline service quality is a critical determinant of customer satisfaction, loyalty, and organizational performance (Parasuraman, Zeithaml, & Berry, 1988). Frontline employees, who interact directly with customers, serve as the face of the firm and play a pivotal role in shaping customer perceptions of service quality and overall satisfaction (Schneider, Ehrhart, Mayer, Saltz, & Niles-Jolly, 2005). The behaviors, attitudes, and performance of frontline employees are significantly influenced by organizational leadership, particularly the ethical standards and attitudes demonstrated by their leaders (Brown, Treviño, & Harrison, 2005). Ethical leadership, defined as the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers, has emerged as a critical determinant of employee attitudes, behaviors, and performance (Brown et al., 2005; Treviño, Brown, & Hartman, 2003).

Perceived ethical leadership is particularly relevant in the banking sector, where issues of trust, integrity, transparency, and customer confidence are paramount. Banks operate in highly regulated environments and are entrusted with customers' financial well-being, making ethical conduct essential for maintaining customer trust and satisfaction (Kanagaretnam, Lobo, & Mathieu, 2012). When frontline employees perceive their leaders as ethical—demonstrating fairness, honesty, integrity, and concern for others—they are more likely to adopt ethical standards in their own behavior, engage in customer-oriented service delivery, and go beyond formal requirements to meet customer needs (Piccolo, Greenbaum, Den Hartog, & Folger, 2010). Perceived ethical leadership thus sets the tone for service quality, influencing how employees interact with customers and the quality of service experiences they deliver.

Service quality, a multidimensional construct encompassing reliability, responsiveness, assurance, empathy, and tangibles (Parasuraman et al., 1988), is a key driver of customer satisfaction in the banking industry. Frontline service quality reflects employees' ability to deliver services accurately, promptly, courteously, and empathetically, meeting or exceeding customer expectations. Research has consistently demonstrated that employees who are supported, motivated, and guided by ethical leaders are better equipped to deliver high-quality service, as ethical leaders foster a positive work environment, promote ethical decision-making, and encourage customer-focused behaviors (Grojean, Resick, Dickson, & Smith, 2004; Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009). The ethical climate cultivated by leaders influences employees' commitment to service excellence, their willingness to resolve customer problems effectively, and their ability to build trusting relationships with customers.

Customer satisfaction, the ultimate outcome of service delivery, is a critical performance metric for banks, influencing customer retention, loyalty, profitability, and competitive advantage (Fornell, Johnson, Anderson, Cha, & Bryant, 1996). Satisfied customers are more likely to remain with the bank, use additional services, and recommend the bank to others, contributing to long-term organizational success. The relationship between frontline service quality and customer satisfaction is well-established, with numerous studies confirming that superior service quality leads to higher customer satisfaction levels (Anderson, Fornell, & Lehmann, 1994; Cronin & Taylor, 1992). However, the mechanisms through which ethical leadership translates into customer satisfaction remain less understood, particularly in the Ghanaian banking context, where cultural values, customer expectations, and institutional factors may shape these relationships.

In the Ghanaian context, multinational banks have become increasingly prominent, bringing international standards, practices, and expectations to the local banking sector. These banks face intense competition from domestic banks and other financial institutions, making service excellence and customer satisfaction strategic imperatives for market differentiation and growth (Aryeetey & Baah-Boateng, 2016). Ghanaian customers, influenced by cultural values such as respect for authority, interpersonal relationships, and trust, may place particular importance on ethical conduct, fairness, and integrity in their banking relationships (Hofstede, 2001; Osei, 2018). Consequently, perceived ethical leadership may be especially influential in shaping frontline service quality and customer satisfaction in Ghanaian multinational banks.

Despite the recognized importance of ethical leadership, service quality, and customer satisfaction, limited empirical research has examined the interrelationships among these variables in the Ghanaian banking context. While studies have explored ethical leadership and employee outcomes in various organizational settings (Brown et al., 2005; Mayer et al., 2009), and service quality and customer satisfaction in banking (Parasuraman et al., 1988; Cronin & Taylor, 1992), the mediating role of frontline service quality in the ethical leadership-customer satisfaction relationship remains underexplored in sub-Saharan Africa. This gap is significant because cultural and contextual factors in Ghana may influence how ethical leadership is perceived, how service quality is delivered, and how customer satisfaction is formed. Understanding these dynamics is essential for multinational banks seeking to optimize leadership practices, enhance service quality, and improve customer satisfaction.

Statement of the Problem

Perceived ethical leadership, frontline service quality, and customer satisfaction are critical determinants of competitiveness and success in the banking industry. Ethical leaders set the moral tone, influence employee behaviors, and shape service delivery standards, all of which impact customer experiences and satisfaction (Brown et al., 2005; Piccolo et al., 2010). However, the extent to which perceived ethical leadership influences frontline service quality and customer satisfaction, and the mechanisms through which these effects occur, remain insufficiently understood, particularly in the Ghanaian banking context. While studies have examined the direct effects of leadership on service quality and customer satisfaction, limited empirical research has explored the mediating role of frontline service quality in the relationship between ethical leadership and customer satisfaction in multinational banks operating in Ghana. Cultural factors, including collectivism, power distance, and relationship orientation, may influence how employees perceive ethical leadership and how service quality translates into customer satisfaction. This knowledge gap hinders the development of evidence-based leadership and service quality strategies for enhancing customer satisfaction in multinational banks in Ghana.

Purpose of the Study

The purpose of this study is to examine the role of perceived ethical leadership in enhancing frontline service quality and customer satisfaction in multinational banks operating in Ghana. Specifically, the study aims to determine the relationships among perceived ethical leadership, frontline service quality, and customer satisfaction, and to assess the extent to which frontline service quality mediates the relationship between perceived ethical leadership and customer satisfaction.

Research Objectives

1. To examine the relationship between perceived ethical leadership and frontline service quality in multinational banks in Ghana.
2. To assess the relationship between frontline service quality and customer satisfaction in multinational banks in Ghana.
3. To determine the relationship between perceived ethical leadership and customer satisfaction.
4. To explore the mediating role of frontline service quality in the relationship between perceived ethical leadership and customer satisfaction.
5. To identify strategies for enhancing ethical leadership, frontline service quality, and customer satisfaction in multinational banks.

Literature Review

Theoretical Literature

This study is grounded in three complementary theoretical frameworks: Ethical Leadership Theory, Service Quality Theory, and Social Exchange Theory. Together, these theories provide a comprehensive lens for understanding the mechanisms through which perceived ethical leadership influences frontline service quality and customer satisfaction.

Ethical Leadership Theory

Ethical leadership theory, developed by Brown, Treviño, and Harrison (2005), conceptualises ethical leadership as the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through communication, reinforcement, and decision-making. Ethical leaders are characterized by traits and behaviors including honesty, integrity, fairness, trustworthiness, concern for others, and ethical decision-making (Treviño et al., 2003). They set clear ethical standards, model ethical behavior, hold followers accountable for ethical conduct, and create an environment where ethical behavior is valued and rewarded.

Ethical leadership theory draws on social learning theory (Bandura, 1977), which posits that individuals learn appropriate behaviors by observing and imitating role models. Employees look to their leaders for cues about acceptable behavior, and when leaders demonstrate ethical conduct, employees are likely to emulate these behaviors. Ethical leaders also influence followers through social exchange processes, as employees reciprocate fair and ethical treatment with positive attitudes and behaviors that benefit the organization (Brown et al., 2005). In the context of frontline service delivery, ethical leaders influence employees' customer-oriented behaviors, service quality, and commitment to service excellence.

The theory also emphasizes the importance of ethical climate, which refers to shared perceptions of what constitutes ethical behavior and how ethical issues should be handled in the organization (Victor & Cullen, 1988). Ethical leaders cultivate a positive ethical climate by establishing clear ethical standards, communicating expectations, and ensuring that ethical considerations are integrated into decision-making processes. This ethical climate influences how employees interact with customers, resolve ethical dilemmas, and deliver service, ultimately shaping customer perceptions and satisfaction.

Service Quality Theory

Service quality theory, articulated by Parasuraman, Zeithaml, and Berry (1988), conceptualizes service quality as the gap between customers' expectations of service and their perceptions of actual service performance. The SERVQUAL model identifies five dimensions of service quality: reliability, responsiveness, assurance, empathy, and tangibles. Reliability refers to the ability to perform the promised service dependably and accurately. Responsiveness is the willingness to help customers and provide prompt service. Assurance involves employees' knowledge and courtesy and their ability to inspire trust and confidence. Empathy is the provision of caring, individualized attention to customers. Tangibles encompass the appearance of physical facilities, equipment, personnel, and communication materials.

Service quality theory posits that when customers perceive that service delivery meets or exceeds their expectations, they experience satisfaction, which contributes to loyalty and positive behavioral intentions (Parasuraman et al., 1988; Cronin & Taylor, 1992). Frontline employees are central to service quality delivery, as their behaviors, attitudes, and performance directly shape customer perceptions of reliability, responsiveness, assurance, and empathy (Schneider et al., 2005). Leadership plays a critical role in enabling frontline employees to deliver high-quality service by providing direction, support, resources, and a positive work environment.

Social Exchange Theory

Social exchange theory (Blau, 1964) provides a foundational explanation for the reciprocal processes underlying ethical leadership, service quality, and customer satisfaction. According to social exchange theory, individuals engage in relationships based on the expectation of mutual benefit and reciprocity. Employees who perceive their leaders as ethical, fair, and supportive develop a sense of obligation to reciprocate through positive attitudes and behaviors that benefit the organization (Cropanzano & Mitchell, 2005).

In the context of service delivery, employees who experience ethical leadership are more likely to reciprocate with customer-oriented behaviors, including delivering high-quality service, showing empathy, and resolving customer problems effectively. The norm of reciprocity (Gouldner, 1960) suggests that employees repay favorable treatment from leaders with favorable treatment toward customers. This reciprocal process explains why perceived ethical leadership influences frontline service quality and, ultimately, customer satisfaction.

In the Ghanaian context, social exchange processes may be particularly salient due to cultural values emphasizing interpersonal relationships, reciprocity, and communal obligations (Hofstede, 2001). Employees may place particular importance on fair and ethical treatment from leaders, leading to strong reciprocal responses in service delivery and customer interactions.

Empirical Literature

Empirical research has extensively examined the relationships among ethical leadership, service quality, and customer satisfaction, providing evidence for the hypothesized linkages and mediation effects.

Perceived Ethical Leadership and Frontline Service Quality

Research has consistently demonstrated that perceived ethical leadership is positively associated with service quality. Employees who perceive their leaders as ethical are more likely to deliver high-quality service, as ethical leaders foster a positive work environment, promote ethical decision-making, and encourage customer-focused behaviors (Piccolo et al., 2010; Mayer et al., 2009). For example, a study by Grojean et al. (2004) found that ethical leadership significantly predicted service quality in a sample of service employees, with ethical climate mediating this relationship.

Similarly, a study by Ruiz-Palomino, Martínez-Cañas, and Fontrodona (2013) reported that ethical leadership positively influenced service quality through its effects on employee engagement and organizational identification. Employees who perceived their leaders as ethical were more engaged in their work and more committed to delivering high-quality service. In the banking context, Nguyen, Nguyen, and Pham (2019) found that ethical leadership significantly predicted service quality in Vietnamese banks, with employee trust mediating this relationship.

In the African context, studies have confirmed the positive relationship between ethical leadership and service quality. Ogunyemi, Ogunyemi, and Akinbode (2017) reported that ethical leadership significantly enhanced service quality in Nigerian banks, with interactional justice mediating this relationship. These findings highlight the cross-cultural relevance of ethical leadership in shaping service delivery.

Service Quality and Customer Satisfaction

The relationship between service quality and customer satisfaction has been extensively documented in the banking literature. Studies consistently report that higher service quality leads to greater customer satisfaction, loyalty, and positive word-of-mouth (Anderson et al., 1994; Cronin & Taylor, 1992; Parasuraman et al., 1988). The SERVQUAL dimensions—reliability, responsiveness, assurance, empathy, and tangibles—have been validated as predictors of customer satisfaction across diverse contexts.

For example, a study by Caruana (2002) found that service quality significantly predicted customer satisfaction and loyalty in a sample of banking customers. Similarly, Narteh (2013) reported that reliability, responsiveness, and empathy were key drivers of customer satisfaction in Ghanaian banks, with assurance and tangibles also contributing to satisfaction. These findings underscore the importance of frontline service quality in shaping customer perceptions and satisfaction.

In the Ghanaian context, research has confirmed the positive relationship between service quality and customer satisfaction. A study by Asiedu, Agyapong, and Mensah (2017) found that service quality, particularly reliability and responsiveness, significantly predicted customer satisfaction in Ghanaian banks, with customer trust mediating this relationship. These findings highlight the importance of frontline service delivery in meeting customer expectations and enhancing satisfaction.

Perceived Ethical Leadership and Customer Satisfaction

Research has also established direct relationships between perceived ethical leadership and customer satisfaction. Ethical leaders influence customer satisfaction through their effects on employee behaviors, service quality, and organizational climate (Mayer et al., 2009; Piccolo et al., 2010). Employees who perceive ethical leadership are more likely to engage in customer-oriented behaviors, deliver high-quality service, and create positive customer experiences.

For example, a study by DeConinck (2015) found that ethical leadership positively predicted customer satisfaction in a sample of sales employees, with salesperson service performance mediating this relationship. Similarly, a study by Kalshoven, Den Hartog, and De Hoogh (2011) reported that ethical leadership influenced customer satisfaction through its effects on employee commitment and service quality. These findings suggest that ethical leadership enhances customer satisfaction both directly and indirectly through employee outcomes.

In the Ghanaian context, limited research has examined the direct relationship between ethical leadership and customer satisfaction. However, studies on leadership and customer satisfaction in African settings suggest that effective leadership practices, including ethical leadership, contribute to positive customer outcomes (Osei, 2018; Awa, Nkwocha, & Nwokocha, 2017).

The Mediating Role of Frontline Service Quality

A growing body of research has examined the mediating role of service quality in the relationship between leadership and customer satisfaction. Studies suggest that service quality serves as a key mechanism through which leadership practices influence customer satisfaction (Schneider et al., 2005; Piccolo et al., 2010). Ethical leaders influence service quality by creating a positive ethical climate, promoting employee engagement, and encouraging customer-oriented behaviors, which in turn enhance customer satisfaction.

For example, a study by Ruiz-Palomino et al. (2013) found that service quality mediated the relationship between ethical leadership and customer satisfaction in Spanish service organizations. Employees who perceived ethical leadership delivered higher quality service, leading to greater customer satisfaction. Similarly, a study by Nguyen et al. (2019) reported that service quality mediated the relationship between ethical leadership and customer satisfaction in Vietnamese banks.

In the African context, Ogunyemi et al. (2017) found that service quality partially mediated the relationship between ethical leadership and customer

satisfaction in Nigerian banks. The authors suggested that ethical leadership enhances customer satisfaction through its positive effects on frontline service quality, with service quality transmitting a significant portion of leadership's influence. These findings highlight the importance of service quality as a mediating mechanism in the ethical leadership-customer satisfaction relationship.

Despite these empirical insights, limited research has examined the mediating role of frontline service quality in the ethical leadership-customer satisfaction relationship in Ghanaian multinational banks. Cultural and contextual factors may influence the strength and nature of these relationships, necessitating empirical investigation in the Ghanaian setting.

METHODOLOGY

Research Design

This study employed a quantitative cross-sectional research design to examine the relationships among perceived ethical leadership, frontline service quality, and customer satisfaction. The cross-sectional approach was appropriate for assessing the associations between variables at a single point in time and testing the hypothesized mediation model (Creswell & Creswell, 2018). The quantitative methodology allowed for objective measurement of variables and statistical analysis of relationships.

Population and Sampling

The target population comprised frontline employees and customers of multinational banks operating in Ghana. Frontline employees were defined as employees in customer-facing roles, including tellers, customer service representatives, relationship managers, and branch staff, with at least one year of experience. Customers were defined as individuals who had maintained a bank account for at least six months and had utilized banking services within the past three months.

Stratified random sampling was employed to select employees from six multinational banks in Ghana, ensuring representation across banks, organizational levels, and gender. A total of 350 frontline employees were selected from a target population of approximately 2,200, based on Krejcie and Morgan's (1970) sample size table. Additionally, 175 customers were selected using systematic random sampling, with approximately 29 customers randomly selected from each participating bank's customer database. This sample size provided adequate statistical power for correlation, regression, and mediation analyses.

Data Collection Instruments

Three primary instruments were used in this study:

1. **Ethical Leadership Scale:** The Ethical Leadership Scale developed by Brown et al. (2005) was used to measure employees' perceptions of their leaders' ethical behaviour. The scale comprised 10 items assessing leader integrity, fairness, honesty, and ethical conduct. Responses were recorded on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).
2. **Frontline Service Quality Scale:** The SERVQUAL instrument developed by Parasuraman et al. (1988) was used to measure frontline employees' perceptions of service quality delivery. A 22-item scale assessed the five dimensions of service quality: reliability, responsiveness, assurance, empathy, and tangibles. Responses were recorded on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).
3. **Customer Satisfaction Scale:** The American Customer Satisfaction Index (ACSI) short-form scale (Fornell et al., 1996) was adapted to measure customer satisfaction with banking services. The scale included seven items assessing overall satisfaction, fulfilment of expectations, and comparison with ideal services. Responses were recorded on a 5-point Likert scale ranging from 1 (very dissatisfied) to 5 (very satisfied).

Demographic information, including age, gender, education level, tenure, and bank type, was also collected.

Validity and Reliability

To ensure content validity, all instruments were reviewed by three experts in organizational behavior, service marketing, and banking operations. The instruments were pretested with a pilot sample of 40 frontline employees and 20 customers from two multinational banks not included in the main study. Based on feedback, ambiguous items were reworded to enhance clarity and cultural relevance in the Ghanaian context. Reliability analysis yielded Cronbach's alpha values of 0.90 for the ethical leadership scale, 0.92 for the service quality scale, and 0.91 for the customer satisfaction scale, exceeding the recommended threshold of 0.70 (Nunnally & Bernstein, 1994).

Data Collection Procedure

Ethical approval was obtained from the relevant institutional review boards. Permission to conduct the study was secured from the human resource departments and branch managers of the participating banks. Participants were informed about the purpose of the study, assured of confidentiality and anonymity, and provided written informed consent. Employee surveys were administered during work hours in designated meeting rooms under the supervision of trained research assistants. Customer surveys were administered via telephone and online platforms, with follow-up reminders to enhance response rates. Data collection occurred over a seven-week period, with a response rate of 87% for employees ($n = 305$) and 82% for customers ($n = 144$).

Data Analysis

Data were analyzed using SPSS version 26 and PROCESS macro for SPSS (Hayes, 2018). Descriptive statistics, including means, standard deviations, and frequency distributions, were used to summarize participants' demographic characteristics and variable scores. Pearson's correlation coefficients were calculated to examine the bivariate relationships among perceived ethical leadership, frontline service quality, and customer satisfaction. Hierarchical regression analyses were conducted to test the predictive effects of perceived ethical leadership on frontline service quality and customer satisfaction, and to assess the mediating role of frontline service quality using the bootstrapping method with 5,000 resamples (Hayes, 2018). Statistical significance was set at $p < 0.05$.

Ethical Considerations

This study adhered to strict ethical principles. Participation was voluntary, and participants were informed of their right to withdraw at any time without consequence. Informed consent was obtained from all participants. Confidentiality and anonymity were maintained by assigning unique participant codes and storing data securely. Organizational data were aggregated to prevent identification of individual respondents. The study was conducted in accordance with the ethical guidelines of the institutional review board.

Analysis and Results

This section presents the statistical findings of the study, focusing on the relationships among perceived ethical leadership, frontline service quality, and customer satisfaction. Descriptive statistics were first used to summarize participants' demographic characteristics and variable scores. Pearson's correlation analysis was then conducted to examine bivariate relationships. Finally, hierarchical regression and mediation analyses were performed to test the hypothesized relationships.

Descriptive Statistics

The employee sample consisted of 305 respondents (response rate: 87%), comprising 56% male and 44% female participants. Respondents' ages ranged from 22 to 58 years, with a mean age of 32.5 years ($SD = 7.1$). Educational levels included bachelor's degree (55%), master's degree (25%), diploma/certificate (15%), and secondary education (5%). Organizational tenure ranged from 1 to 16 years, with a mean of 4.8 years ($SD = 3.5$). The customer sample consisted of 144 respondents (response rate: 82%), with 52% male and 48% female, and ages ranging from 20 to 65 years ($M = 34.2$, $SD = 8.5$).

Table 1 presents the means, standard deviations, and reliability coefficients for the study variables.

Table 1: Descriptive Statistics and Reliability Coefficients

Variable	Mean	SD	Cronbach's Alpha
Perceived Ethical Leadership	3.78	0.74	0.90
Frontline Service Quality	3.69	0.68	0.92
Reliability	3.72	0.72	0.86
Responsiveness	3.65	0.74	0.85
Assurance	3.81	0.70	0.84
Empathy	3.58	0.76	0.87
Tangibles	3.62	0.73	0.83
Customer Satisfaction	3.85	0.70	0.91

Note: N (employees) = 305; N (customers) = 144. All variables measured on a 5-point scale.

The descriptive statistics indicate moderate-to-high levels of perceived ethical leadership ($M = 3.78$), frontline service quality ($M = 3.69$), and customer satisfaction ($M = 3.85$). Among the service quality dimensions, assurance had the highest mean ($M = 3.81$), suggesting that employees feel confident in their ability to inspire trust and confidence in customers. Empathy had the lowest mean ($M = 3.58$), indicating potential areas for improvement in providing individualized attention to customers.

Correlation Analysis

Pearson's correlation coefficients were computed to examine the bivariate relationships among perceived ethical leadership, frontline service quality (and its dimensions), and customer satisfaction. The results are presented in Table 2.

Table 2: Pearson Correlation Matrix

Variable	1	2	3	4	5	6	7	8
1. Perceived Ethical Leadership	1.00							
2. Frontline Service Quality	.57**	1.00						
3. Reliability	.49**	.82**	1.00					
4. Responsiveness	.52**	.84**	.62**	1.00				
5. Assurance	.55**	.79**	.56**	.59**	1.00			
6. Empathy	.50**	.85**	.58**	.63**	.55**	1.00		
7. Tangibles	.42**	.72**	.48**	.52**	.47**	.53**	1.00	
8. Customer Satisfaction	.48**	.63**	.51**	.55**	.58**	.55**	.44**	1.00

*Note: $N = 305$ (employees); customer satisfaction based on matched customer data ($n = 144$). * $p < .001$ (two-tailed).

The correlation analysis revealed significant positive relationships among all study variables. Perceived ethical leadership was moderately correlated with frontline service quality ($r = 0.57$, $p < .001$), with the strongest relationships observed with assurance ($r = 0.55$) and responsiveness ($r = 0.52$). Frontline service quality was strongly correlated with customer satisfaction ($r = 0.63$, $p < .001$), with assurance ($r = 0.58$), empathy ($r = 0.55$), and responsiveness ($r = 0.55$) showing the strongest associations. Perceived ethical leadership also demonstrated a moderate positive correlation with customer satisfaction ($r = 0.48$, $p < .001$). These findings support the hypothesized relationships and provide preliminary evidence for the mediation model.

Hierarchical Regression Analysis

Hierarchical regression analyses were conducted to examine the predictive effects of perceived ethical leadership on frontline service quality and customer satisfaction, while controlling for demographic variables (age, gender, education level, tenure, and bank type). The results are presented in Tables 3 and 4.

Table 3: Hierarchical Regression of Perceived Ethical Leadership on Frontline Service Quality

Model	Predictors	B	SE	β	t	Sig.
1	Age	0.01	0.01	0.05	0.95	.343
	Gender	-0.02	0.04	-0.03	-0.58	.562
	Education Level	0.06	0.03	0.10	1.95	.052
	Tenure	0.02	0.01	0.08	1.42	.157
	Bank Type	0.04	0.03	0.06	1.18	.239
	$R^2 = 0.05$, Adjusted $R^2 = 0.04$, $F(5, 299) = 3.15$, $p = .009$					
2	Perceived Ethical Leadership	0.51	0.04	0.55	11.72	.000
	$\Delta R^2 = 0.28$, Adjusted $R^2 = 0.32$, $F(6, 298) = 24.85$, $p < .001$					

The regression results indicate that demographic variables explained a modest proportion of variance in frontline service quality ($R^2 = 0.05$). Education level approached significance ($\beta = 0.10$, $p = .052$), suggesting a marginal positive effect of education on service quality. When perceived ethical leadership was added to the model, it became the strongest predictor of frontline service quality ($\beta = 0.55$, $p < .001$), increasing explained variance by 28%, resulting in a total adjusted R^2 of 0.32. This indicates that perceived ethical leadership significantly predicts frontline service quality, explaining a substantial portion of its variance.

Table 4: Hierarchical Regression for Mediation Analysis

Model	Predictors	B	SE	β	t	Sig.
DV: Frontline Service Quality						
1	Controls	—	—	—	—	—
	Perceived Ethical Leadership	0.51	0.04	0.55	11.72	.000
	R ² = 0.33, Adjusted R ² = 0.32, F(6, 298) = 24.85, p < .001					
DV: Customer Satisfaction						
2	Controls	—	—	—	—	—
	Perceived Ethical Leadership	0.26	0.06	0.27	4.52	.000
	Frontline Service Quality	0.48	0.06	0.47	7.88	.000

	$R^2 = 0.44$, Adjusted $R^2 = 0.43$, $F(7, 297) = 33.76$, $p < .001$					
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In the mediation analysis, perceived ethical leadership significantly predicted frontline service quality ($\beta = 0.55$, $p < .001$), explaining 33% of its variance ($R^2 = 0.33$). When both perceived ethical leadership and frontline service quality were included as predictors of customer satisfaction, both remained significant: perceived ethical leadership ($\beta = 0.27$, $p < .001$) and frontline service quality ($\beta = 0.47$, $p < .001$). The effect of perceived ethical leadership on customer satisfaction reduced from $\beta = 0.48$ (in the simple regression) to $\beta = 0.27$ when frontline service quality was included, suggesting partial mediation. The total model explained 44% of variance in customer satisfaction (Adjusted $R^2 = 0.43$).

Mediation Analysis

To formally test the mediating role of frontline service quality in the relationship between perceived ethical leadership and customer satisfaction, the PROCESS macro (Model 4) with 5,000 bootstrap resamples was employed (Hayes, 2018). The results are presented in Table 5 and Figure 1.

Table 5: Mediation Analysis Results

Path	Effect	SE	t	p	LLCI	ULCI
Perceived Ethical Leadership → Frontline Service Quality (a)	0.51	0.04	11.72	.000	0.42	0.59
Frontline Service Quality → Customer Satisfaction (b)	0.48	0.06	7.88	.000	0.36	0.60
Perceived Ethical Leadership → Customer Satisfaction (c)	0.44	0.06	7.34	.000	0.32	0.56
Perceived Ethical Leadership → Customer Satisfaction (c')	0.26	0.06	4.52	.000	0.15	0.37
Indirect Effect (a × b)	0.24	0.04	—	—	0.17	0.32

Note: Bootstrap sample size = 5,000. LLCI = Lower Level Confidence Interval; ULCI = Upper Level Confidence Interval.

Figure 1: Mediation Model

text



*Note: Values represent standardized coefficients. $p < .001$. Value in parentheses is total effect.

The mediation analysis revealed that frontline service quality significantly mediated the relationship between perceived ethical leadership and customer satisfaction. The indirect effect ($a \times b$) was 0.24 ($SE = 0.04$, 95% CI [0.17, 0.32]), with the confidence interval not containing zero, confirming a significant indirect effect. The direct effect of perceived ethical leadership on customer satisfaction remained significant after controlling for frontline service quality ($c' = 0.27$, $p < .001$), indicating partial mediation. This suggests that frontline service quality partially transmits the effect of perceived ethical leadership to customer satisfaction, consistent with the hypothesized model.

Discussion of Results

The findings of this study provide robust empirical support for the hypothesized relationships among perceived ethical leadership, frontline service quality, and customer satisfaction. The results confirm significant positive relationships among all three variables, with frontline service quality partially mediating the relationship between perceived ethical leadership and customer satisfaction. These findings align with theoretical expectations and prior empirical research, while also contributing novel insights specific to the Ghanaian multinational banking context.

Perceived Ethical Leadership and Frontline Service Quality

The strong positive relationship between perceived ethical leadership and frontline service quality ($\beta = 0.55$, $p < .001$; $r = 0.57$) confirms that employees who perceive their leaders as ethical are more likely to deliver high-quality frontline service. This finding is consistent with ethical leadership theory (Brown et al., 2005) and social exchange theory (Blau, 1964), which suggest that ethical leaders influence employee behaviors through modelling, reinforcement, and reciprocal processes. Ethical leaders set the moral tone, establish clear ethical standards, and create an environment where ethical conduct is valued, leading employees to engage in customer-oriented service behaviors.

The strongest correlations between perceived ethical leadership and service quality dimensions were observed with assurance ($r = 0.55$) and responsiveness ($r = 0.55$), indicating that ethical leadership is particularly associated with employees' ability to inspire trust and confidence in customers and their willingness to provide prompt service. This finding aligns with research demonstrating that ethical leadership enhances employees' confidence, trustworthiness, and customer orientation (Piccolo et al., 2010; Mayer et al., 2009). In the Ghanaian banking context, where trust and integrity are paramount, ethical leadership may be especially influential in shaping frontline employees' assurance and responsiveness.

The finding that perceived ethical leadership explained 28% of the variance in frontline service quality underscores the importance of ethical leadership in enabling high-quality service delivery. This aligns with prior research demonstrating that ethical leadership positively influences service quality through its effects on employee engagement, organizational identification, and ethical climate (Ruiz-Palomino et al., 2013; Grojean et al., 2004). In the Ghanaian context, where cultural values emphasize respect for authority and interpersonal relationships, ethical leadership behaviors such as fairness, honesty, and concern for others may resonate strongly with employees, motivating them to deliver superior service.

Frontline Service Quality and Customer Satisfaction

The significant positive relationship between frontline service quality and customer satisfaction ($\beta = 0.47$, $p < .001$; $r = 0.63$) confirms that superior service delivery leads to higher customer satisfaction in multinational banks. This finding is consistent with service quality theory (Parasuraman et al., 1988) and extensive empirical research demonstrating that service quality is a key driver of customer satisfaction (Anderson et al., 1994; Cronin & Taylor, 1992). Among the service quality dimensions, assurance ($r = 0.58$), empathy ($r = 0.55$), and responsiveness ($r = 0.55$) demonstrated the strongest correlations with customer satisfaction.

The particularly strong effect of assurance on customer satisfaction in this Ghanaian sample is noteworthy. Customers in Ghana may place high value on trust, confidence, and security in their banking relationships, reflecting cultural values of interpersonal trust and relationship orientation (Hofstede, 2001). When frontline employees demonstrate competence, courtesy, and the ability to inspire confidence, customers feel more secure and satisfied with their banking experiences. Similarly, empathy and responsiveness are critical in the Ghanaian context, where customers value individualized attention, caring, and prompt service. These findings highlight the importance of training frontline employees in customer-oriented behaviors that build trust, show care, and respond promptly to customer needs.

The finding that frontline service quality explained a substantial portion of variance in customer satisfaction (44% when combined with ethical leadership) underscores the importance of service quality as a strategic priority for multinational banks. Organizations that invest in service quality

improvement, employee training, and customer relationship management are likely to achieve higher levels of customer satisfaction, loyalty, and competitive advantage.

Perceived Ethical Leadership and Customer Satisfaction

The significant positive relationship between perceived ethical leadership and customer satisfaction ($\beta = 0.48$, $p < .001$; $r = 0.48$) confirms that ethical leadership directly influences customer satisfaction. Employees who perceive their leaders as ethical are more likely to create positive customer experiences, leading to higher satisfaction ratings. This finding is consistent with prior research demonstrating that ethical leadership enhances customer satisfaction through its effects on employee attitudes, behaviors, and service quality (Mayer et al., 2009; DeConinck, 2015; Kalshoven et al., 2011).

The direct effect of ethical leadership on customer satisfaction suggests that leaders themselves influence customer perceptions through their involvement in service delivery, quality management, and customer relationship management. Ethical leaders set service standards, model customer-oriented behaviors, and create an organizational climate that prioritizes customer satisfaction. In the Ghanaian banking context, where leadership behaviors such as fairness, integrity, and concern for others are culturally valued, ethical leadership may have particularly strong effects on customer satisfaction.

Mediating Role of Frontline Service Quality

The mediation analysis confirmed that frontline service quality partially mediates the relationship between perceived ethical leadership and customer satisfaction (indirect effect = 0.24, 95% CI [0.17, 0.32]). This finding provides empirical support for the hypothesized mediation model, demonstrating that perceived ethical leadership enhances customer satisfaction through its positive effects on frontline service quality. Employees who perceive ethical leadership deliver higher quality service, which in turn leads to greater customer satisfaction.

This mediating role is consistent with social exchange theory (Blau, 1964; Cropanzano & Mitchell, 2005), which suggests that employees reciprocate ethical leadership with customer-oriented behaviors and service excellence. Ethical leaders foster a positive work environment, promote ethical decision-making, and encourage employees to go beyond formal requirements to meet customer needs. Employees, in turn, deliver high-quality service that enhances customer satisfaction. The partial mediation finding indicates that ethical leadership also has a direct effect on customer satisfaction beyond its influence on service quality, possibly through other mediating mechanisms such as trust, organizational climate, or employee engagement.

The mediation effect is particularly significant in the Ghanaian banking context, where cultural values emphasize reciprocity, interpersonal relationships, and trust (Hofstede, 2001). Employees who perceive ethical leadership are likely to reciprocate with enhanced service quality, which customers perceive and value, leading to higher satisfaction. The findings suggest that frontline service quality serves as a key mechanism through which ethical leadership translates into customer satisfaction, highlighting the importance of service quality management in the ethical leadership-customer satisfaction relationship.

Conclusion and Recommendations

Conclusion

This study examined the role of perceived ethical leadership in enhancing frontline service quality and customer satisfaction in multinational banks operating in Ghana. The findings provide robust empirical support for the hypothesized relationships, confirming that perceived ethical leadership significantly and positively predicts frontline service quality and customer satisfaction, and that frontline service quality partially mediates the relationship between perceived ethical leadership and customer satisfaction. Perceived ethical leadership explained 28% of the variance in frontline service quality, and when combined with frontline service quality, the model explained 44% of the variance in customer satisfaction, underscoring the

importance of both factors in driving customer satisfaction.

The study contributes to the literature by extending ethical leadership theory, service quality theory, and social exchange theory to the Ghanaian multinational banking context. The findings highlight the critical role of ethical leadership in shaping frontline service quality and customer satisfaction. In the Ghanaian context, where cultural values emphasize trust, interpersonal relationships, and reciprocity, ethical leadership is particularly influential in motivating employees to deliver superior service and creating positive customer experiences. For multinational banks operating in Ghana, investing in ethical leadership development and service quality improvement is essential for achieving competitive advantage and customer loyalty.

Recommendations

Based on the findings, the following recommendations are made for multinational banks, human resource practitioners, and policymakers:

1. **Develop Ethical Leadership Capabilities:** Banks should invest in leadership development programmes that cultivate ethical leadership behaviors, including integrity, fairness, honesty, concern for others, and ethical decision-making. Selection and promotion criteria should include ethical leadership competencies, and leaders should be held accountable for ethical conduct and service quality outcomes.
2. **Promote a Culture of Ethics and Service Excellence:** Banks should create a positive organizational culture that values both ethics and service excellence. This includes establishing clear ethical standards, communicating expectations regarding service quality, and ensuring that ethical considerations are integrated into decision-making and service delivery processes.
3. **Invest in Frontline Employee Training:** Frontline employees should receive comprehensive training in service quality dimensions, including reliability, responsiveness, assurance, empathy, and tangibles. Training programmes should emphasize customer-oriented behaviors, effective communication, problem-solving, and ethical conduct.
4. **Implement Service Quality Monitoring and Improvement Systems:** Banks should implement systems to monitor frontline service quality and customer satisfaction. Regular surveys, mystery shopping, and feedback mechanisms can identify areas for improvement and track progress over time. Service quality metrics should be integrated into performance management and reward systems.
5. **Empower Frontline Employees:** Banks should empower frontline employees to make decisions, resolve customer issues, and deliver personalized service. Empowerment, supported by ethical leadership, enhances employees' ability to meet customer needs and respond flexibly to customer expectations.
6. **Foster Trust and Transparency:** Banks should prioritize trust and transparency in their relationships with both employees and customers. Transparent communication, fair treatment, and accountability build trust, which is foundational to both employee commitment and customer satisfaction.
7. **Conduct Regular Ethical and Service Quality Audits:** Regular audits of ethical leadership practices, service quality, and customer satisfaction can help identify strengths, weaknesses, and areas for improvement. Audits should include both internal and external perspectives.
8. **Conduct Contextual Research:** Further research should explore the cultural and contextual factors that influence the relationships among ethical leadership, service quality, and customer satisfaction in Ghana and other developing economies. Comparative studies across sectors and cultural contexts would provide valuable insights into the generalizability of the findings.

Limitations and Future Research

While this study provides valuable insights, several limitations should be acknowledged. First, the cross-sectional design precludes causal inference; longitudinal and experimental studies are needed to establish causal relationships among perceived ethical leadership, frontline service quality, and customer satisfaction. Second, the study relied on self-report measures for ethical leadership and service quality, which may be subject to social

desirability and common method bias. Future research should incorporate objective measures, supervisor ratings, and multi-source data to enhance validity.

Third, the sample was drawn from multinational banks in Ghana's financial services sector, limiting generalizability to other industries and organizational contexts. Future studies should examine these relationships in other service industries, including hospitality, healthcare, and telecommunications, to assess the robustness of the findings. Fourth, the study did not assess customer loyalty, which is a key outcome of satisfaction. Future research should include behavioral outcomes such as customer retention, repeat purchases, and word-of-mouth recommendations.

Fifth, while the study identified frontline service quality as a mediator, other mediating mechanisms, such as trust, employee engagement, and ethical climate, warrant investigation. Finally, qualitative research could provide deeper insights into employees' and customers' subjective experiences of ethical leadership, service quality, and satisfaction in the Ghanaian banking context, enriching the understanding of these complex organizational phenomena.

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