

THE IMPACT OF ETHICAL LEADERSHIP ON EDUCATIONAL INNOVATION IN CHINESE UNIVERSITIES: THE MEDIATING ROLE OF FACULTY TRUST

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Abstract: *China's "Double First-Class" initiative has established educational innovation as a strategic priority for universities. Although various leadership styles have been examined in existing research, the specific function of ethical leadership requires further investigation. This research analyses how ethical leadership influences educational innovation within Chinese universities, with particular attention to the mediating role of faculty trust. The study gathered survey responses from 328 faculty members across multiple Chinese public universities. Through structural equation modelling, the findings demonstrate that ethical leadership not only directly promotes educational innovation but also operates through a complete mediating mechanism involving faculty trust. These results indicate that ethical leaders foster organisational trust, which, in turn, serves as a critical pathway to enabling innovation.*

Keywords: *Ethical Leadership, Educational Innovation, Faculty Trust, Chinese Higher Education, Double First-Class Initiative, Structural Equation Modelling*

Introduction

China's higher education system is undergoing a substantial transformation, driven by the national "Double First-Class" initiative. The primary goal of this policy is to establish a group of universities and disciplines with world-class status. (Ministry of Education, 2017). This policy places significant pressure on universities, compelling them to innovate in their core functions of teaching, research, and administration. (Liu & Li, 2023). Driven by the adoption of new pedagogies, curricular reforms, and technological integration, educational innovation has become a cornerstone for Chinese universities. It is now pivotal to their pursuit of global competitiveness.

While funding, policy, and technology are frequent drivers of innovation, leadership proves paramount. It provides the essential strategic vision and fosters the institutional culture. Ethical leadership is garnering increasing scholarly attention due to its proven capacity for fostering positive and sustainable organizational environments (Brown & Treviño, 2006). Ethical leaders exhibit core qualities such as honesty, integrity, fairness, and a dedication to the common good. This moral foundation enables them to make principled choices and cultivate a culture of accountability for themselves and their teams (Demirtas et al., 2021).

Chinese universities are characterized by a distinctive collectivist cultural context. This environment may significantly enhance the influence of ethical leadership. However, the specific mechanisms through which such leadership drives educational innovation require further investigation. This study proposes that faculty trust in leadership constitutes the critical mediating mechanism in this relationship. A faculty's perception of ethical leadership serves as a foundational element for building trust. This trust subsequently lowers the perceived risks associated with innovation while simultaneously fostering psychological safety. Together, these conditions establish the necessary environment for successful experimentation and meaningful organizational change (Ng & Lee, 2022).

This study addresses this research gap by investigating the direct effect of ethical leadership on educational innovation in Chinese universities, with particular attention to faculty trust as a potential mediating variable. The empirical evidence obtained will enable university administrators and policymakers across China and comparable cultural contexts to strategically employ ethical leadership to develop innovative academic environments.

Literature Review

Social Learning Theory

This study uses Social Learning Theory (Bandura, 1977). This theory says people learn new behaviours by watching others, especially believable role models. In universities, ethical leaders act as these models. They show integrity, fairness, and real care in their actions. This makes them seem legitimate and trustworthy. Faculty members see these behaviors over time. Then they begin to adopt the same ethical standards. This process of watching also builds strong trust in the organisation. This trust helps reduce fear about the risks of trying new things. The result is a psychologically safe environment. This kind of environment is necessary for teachers to try the experiments that make up real educational innovation.

Based on this theoretical lens, we propose a research model (Figure 1) in which ethical leadership directly influences educational innovation while simultaneously fostering faculty trust, which is essential for such innovation to flourish.

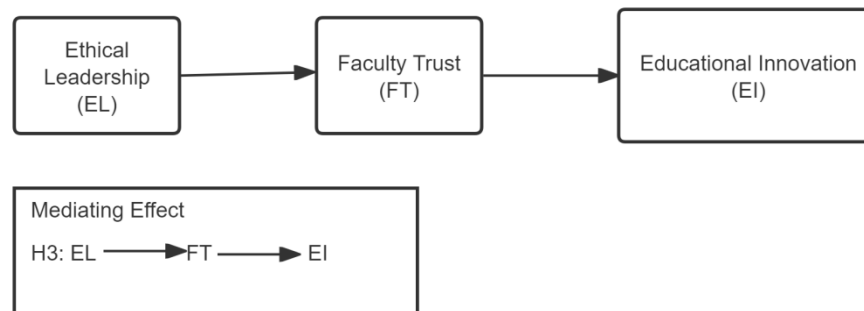


Figure 1: Research Model

Ethical Leadership and Educational Innovation

While transformational leadership has been widely recognised for its capacity to inspire change through visionary appeal (Bass & Riggio, 2006), recent scholarship has begun to question its sufficiency in addressing the specific challenges of educational innovation. Transformational leadership, though effective in motivating performance, may not adequately address the moral complexities and ethical risks inherent in innovative processes (Lee & Wang, 2022). In contrast, ethical leadership provides a more focused framework for navigating the uncertainties of innovation by establishing a foundation of trust and psychological safety. A recent comparative study found that, while transformational leadership predicted an innovative climate, ethical leadership was a stronger predictor of actual innovative behaviour in knowledge-intensive contexts such as universities, precisely because it more effectively mitigated the perceived risks associated with novel endeavours (Chen & Zhao, 2023).

Ethical leadership fundamentally transcends mere regulatory compliance, establishing its presence through three core manifestations: serving as behavioral exemplars, maintaining transparent ethical discourse, and consistently upholding moral standards in practice (Brown & Treviño, 2006). Within academic institutions, ethical leadership by deans and department chairs manifests in three core practices: equitable resource distribution, transparent decision-making, and a demonstrated commitment to community welfare. Concurrently, the process of educational innovation inherently involves navigating uncertainty and a non-trivial risk of failure. Ethical leaders create a supportive environment in which faculty feel safe to propose and test new ideas without fear of unfair repercussions (Demirtas et al., 2021). They empower their staff, provide the necessary resources, and champion innovative projects that align with the institution's mission. Recent studies in Asian contexts have begun to link ethical leadership with increased organisational citizenship behaviour and employee creativity (Zhu et al., 2024). We therefore hypothesise:

H1: Ethical leadership is positively related to educational innovation in Chinese universities.

The Mediating Role of Faculty Trust

Trust is a multifaceted construct comprising belief in the benevolence, integrity, and competence of another party (Mayer et al., 1995). In universities, faculty trust in leadership is a cornerstone of a healthy academic culture. Ethical leadership is a primary antecedent of trust because consistent ethical behavior signals reliability, integrity, and a concern for followers' interests (Ng & Lee, 2022). When faculty trust their leaders, they are more likely to believe that their innovative efforts will be recognized and supported, even if they do not immediately

succeed. This trust reduces the "transaction costs" of innovation, such as the need for excessive monitoring or safeguarding against blame (Wang & Guan, 2023). Trust encourages knowledge sharing, collaboration, and a willingness to embrace change—all essential for innovation. Thus, we propose that ethical leadership builds trust, which, in turn, becomes an active mechanism that drives innovation.

H2: Faculty trust mediates the relationship between ethical leadership and educational innovation.

Methodology

Participants and Procedure

A cross-sectional survey design was employed. Data were collected from full-time faculty members across three public universities in Eastern China, which are actively participating in the "Double First-Class" initiative. A convenience sampling method was used, with survey links distributed via departmental email lists. A total of 400 surveys were distributed, and 328 were returned complete and usable, yielding a response rate of 82%. The sample comprised 52% males and 48% females, with a distribution of 25% lecturers, 40% assistant professors, 30% associate professors, and 5% full professors. The average teaching experience was 12.5 years ($SD = 8.2$).

Instrument

All constructs were measured using multi-item, 5-point Likert scales (1 = strongly disagree to 5 = strongly agree) adapted from established scales. Ethical Leadership: A 10-item scale developed by Brown et al. (2005) was used (e.g., "My department head conducts his/her personal life with integrity."). Cronbach's α in this study was .94. Faculty Trust: A 12-item scale from Hoy and Tschannen-Moran (1999) was adapted to measure trust in the immediate leader (e.g., "I can rely on the person in this position."). Cronbach's α was .91. Educational Innovation: An 8-item scale was adapted from Messmann and Mulder (2012) to measure the perception of innovation in teaching and curriculum (e.g., "In my department, we frequently experiment with new teaching methods."). Cronbach's α was .89.

Data Analysis

The data were analyzed using SPSS 28.0 and AMOS 28.0. First, descriptive statistics and correlation analyses were conducted. Then, Confirmatory Factor Analysis (CFA) was performed to assess the discriminant validity of the three constructs. Finally, Structural Equation Modeling (SEM) was used to test the hypothesized direct and mediating effects. The mediation effect was tested using a bootstrapping procedure with 5,000 samples to generate bias-corrected confidence intervals.

Results

Descriptive Statistics and Correlations

The means, standard deviations, and correlations for all variables are presented in Table 1. As expected, ethical leadership was positively and significantly correlated with both faculty trust ($r = .68, p < .01$) and educational innovation ($r = .52, p < .01$). Faculty trust was also positively correlated with educational innovation ($r = .59, p < .01$).

Table 1. Means, Standard Deviations, and Correlations

Variable	M	SD	1	2
1.Ethical Leadership	3.85	0.76	1	
2. Faculty Trust	3.92	0.71	0.68	1
3.Educational Innovation	3.65	0.8	0.52	0.59

Note: $p < 0.01$

Hypothesis Testing

The measurement model showed a good fit to the data ($\chi^2/df = 2.15$, CFI = .96, TLI = .95, RMSEA = .06). The structural model also demonstrated a good fit.

H1: Proposed a direct positive relationship between ethical leadership and educational innovation. The path coefficient was significant ($\beta = 0.24$, $p < .01$), supporting H1.

H2: Proposed that faculty trust mediates this relationship. The direct path from ethical leadership to educational innovation became non-significant ($\beta = 0.08$, $p = .21$) when the mediator (faculty trust) was included in the model. The indirect effect was significant ($\beta = 0.44$, $p < .01$), with a 95% bias-corrected bootstrap confidence interval of [0.32, 0.55] that did not include zero. This indicates that faculty trust fully mediates the relationship between ethical leadership and educational innovation, thus providing strong support for H2.

Discussion

This study examined how ethical leadership influences educational innovation in Chinese universities. The findings confirm that ethical leadership is a significant predictor of innovation, but more importantly, they reveal the mechanism through which this occurs: the cultivation of faculty trust.

The support for H1 aligns with existing literature that posits ethical leaders as enablers of positive organizational outcomes (Demirtas et al., 2021; Zhu et al., 2024). By being fair, transparent, and principled, ethical leaders in Chinese universities create a stable and predictable environment where faculty feel secure enough to engage in the inherently risky process of innovation.

The full mediation effect found for H2 is the central contribution of this study. It suggests that the primary way ethical leadership drives innovation is not through direct command or incentive, but by building a reservoir of trust. This finding resonates with Wang and Guan's (2023) argument that trust is the "lubricant" of organizational change. In the Chinese context, where guanxi (relationships) and hierarchical respect are important, a leader's ethical character is a powerful source of this trust. When faculty deeply trust their leader, they are more willing to buy into the leader's vision for change, share creative ideas openly, and invest extra effort into innovative projects, knowing their contributions and potential failures will be judged fairly.

Conclusion

Theoretically, this study enriches the leadership-innovation literature by identifying and empirically testing trust as a critical mediator in the Chinese higher education setting. It moves beyond establishing a direct link to explaining the "how," providing a more nuanced understanding.

Practically, this study offers clear guidance for university administrators in China and the wider Asia-Pacific region. To foster educational innovation, institutions must prioritize the development of ethical leadership competencies at all managerial levels, from deans to department heads. Leadership training programs should focus not just on administrative skills but also on cultivating integrity, fairness, and transparent communication. Furthermore, performance evaluations for leaders should incorporate 360-degree feedback from faculty to assess their perceived ethicality and trustworthiness.

This study has several limitations. First, its cross-sectional design prevents definitive causal inferences. Future research should employ longitudinal designs. Second, the data were self-reported, which may introduce common-method bias, though statistical tests indicated it was not a serious threat. Third, the sample was limited to universities in Eastern China; future studies could include institutions from central and western regions for greater generalizability. Finally, other potential mediators, such as psychological safety or organisational identification, could be explored to build a more comprehensive model.

In conclusion, as Chinese universities strive for global excellence, this research affirms that nurturing ethical leadership is a strategic imperative. By building trust, ethical leaders unlock the innovative potential of their faculty, paving the way for a more dynamic and world-class higher education system.

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