



# The Impact of Ethical Leadership on Employee Performance

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# Introduction

# Definitions of Terms

- **Ethical Leadership:** Refers to the behavior and actions of leaders that align with ethical values and principles, such as integrity, fairness, transparency, and accountability, this really means that ethical leadership is defined as putting people into management and leadership positions who will promote and be an example of appropriate, ethical conduct in their actions and relationships in the workplace

(Brown, Treviño, & Harrison, 2005)

# Definitions of Terms

**Employee performance:** is defined as how an employee fulfills their job duties and executes their required tasks. It refers to the effectiveness, quality, and efficiency of their output.

Performance also contributes to our assessment of how valuable an employee is to the organization.

On the other hand, performance management, which is an approach that helps businesses achieve long-term success by enhancing the abilities and skills of both individuals and teams.

(Cascio, 2000)

# Why is it Considered a Contemporary Issue?

The impact of ethical leadership on employee performance is widely recognized as a contemporary issue of significant importance in today's business landscape. Ethical leadership refers to a leadership style that emphasizes ethical practices, values, and behaviors, and promotes the well-being of employees and stakeholders. It involves making decisions that are morally sound, considering the long-term consequences and the impact on individuals and society,

In recent years, there has been a growing emphasis on the role of ethical leadership in organizations.

This shift can be attributed to several factors. Firstly, there is an increased societal awareness and demand for ethical business practices. People expect organizations to operate with integrity, transparency, and a sense of social responsibility.

# The Aim of The Study

The aim of a study on the impact of ethical leadership on employee performance is to examine and understand the relationship between ethical leadership behaviors and various aspects of employee performance.

The study seeks to explore how ethical leadership practices influence employee behavior, motivation, job satisfaction, commitment, productivity, and overall performance within an organizational context. The study aims to provide insights into the specific ways in which ethical leadership impacts employees and their performance. It may investigate the mechanisms through which ethical leaders influence employee behavior, such as by fostering a sense of trust, fairness, and shared values.



# Theoretical Framework



# Theoretical Framework

Ethical leadership, characterized by moral values, integrity, and fairness, is believed to have a significant impact on employee performance. This framework draws upon the social exchange theory and the moral identity theory to explain the relationship between ethical leadership and employee performance.

Social exchange theory posits that individuals engage in reciprocal relationships with their leaders and organizations. When leaders demonstrate ethical behaviors and promote a culture of fairness, trust, and respect, employees are more likely to reciprocate with higher levels of performance and commitment. Ethical leaders serve as role models, setting the ethical tone for the organization and fostering a positive work environment that motivates employees to excel

# Data and Methodologies

This study used the analytical descriptive approach, where the various phenomena and problems were described through previous scientific papers, and the collected data "scientific papers" are analyzed so that an appropriate explanation can be drawn for the differences and similarities to reach them, and accordingly this academic paper was created.

# Research Importance

Research on the impact of ethical leadership on employee performance can help organizations in fostering a positive work environment that promotes ethical behavior.

Ethical leaders serve as role models and set the tone for ethical conduct in the organization, when leaders demonstrate ethical behavior, employees are more likely to perceive their work environment as ethical and are motivated to follow suit, this can lead to increased employee engagement, commitment, and job satisfaction, which in turn can positively impact employee performance, including task performance, organizational citizenship behavior, and innovative behavior

# Summary of Previous Studies

Previous studies consistently highlight the positive impact of ethical leadership on employee performance.

Ethical leaders foster a climate of trust, fairness, and engagement, which positively influences employee behavior, motivation, satisfaction, creativity, and commitment.

The relationship between ethical leadership and performance is mediated by various factors, and the impact may vary depending on specific organizational and individual characteristics. Overall, ethical leadership is a critical driver of employee performance and organizational success.

# Previous Studies (Literature Review)

The role of leadership in organizations, especially in the public sector, has been a topic of significant interest in recent research, while the relationship between leadership and employee performance has been extensively studied in various contexts.

The aspect of ethical leadership as a morality angle of leadership remains under-researched, particularly in developing countries like Nigeria, the growing focus on performance and productivity in organizations, driven by the demands of globalization and competition, has led to a widening gap between developed and developing countries this has implications for public organizations that are responsible for delivering services to the public and promoting transparency, democracy, and citizens' satisfaction.

(Oladimeji et al. 2022)

# Previous Studies (Literature Review)

In recent years, there has been increasing attention paid to the concept of ethical leadership and its impact on employee performance. According to ethical leadership refers to the demonstration of ethical conduct by leaders, which in turn influences employee attitudes and behaviors, the authors of the current study sought to investigate the role of ethical leadership on employee performance in the context of Rasht University of Medical Sciences in Iran.

(Kelidbari et al. 2016)

# Previous Studies (Literature Review)

Employee creativity has been recognized as a crucial driver of competitive advantage for organizations, leaders play a significant role in shaping the organizational environment and influencing employee attitudes and behaviors.

Ethical leadership and servant leadership are two leadership styles that have been found to impact employee creativity.

Ethical leadership emphasizes promoting and reinforcing ethical behavior among subordinates, which can lead to favorable attitudes and behaviors such as innovative work performance and organizational citizenship behavior,

(Hanaysha et al. 2022)

# Previous Studies (Literature Review)

Employee wellbeing is a critical factor in determining overall organizational performance. However, in the construction industry, which is known for its hazardous and stressful work environment, employee wellbeing can be compromised. Construction employees often face heavy workloads.

Extended working hours, tight project deadlines, and inflexible schedules, leading to high levels of stress and negative impacts on their physical and mental health therefore, it is crucial to investigate the factors that can enhance employee wellbeing in the construction industry.

(Cheng et al. 2022)



# Previous Studies (Literature Review)

Employee performance is a crucial factor in determining the success of a company. Previous studies have shown that leadership, compensation, and organizational culture are significant factors that influence employee performance.

Ethical leadership is an important aspect of leadership that emphasizes humane leadership with integrity, fairness, simplicity, and responsibility. Ethical leaders treat employees with respect and are responsible, and their behavior has a significant impact on employee performance. For example, ethical leadership encourages employees to develop morals, feel job satisfaction, and improve performance.

(Sari et al. 2022)

# Limitations

Limitation of studying the impact of ethical leadership on employee performance is the potential for common method bias.

Most studies rely on self-report measures, such as employee surveys, to gather data on both ethical leadership behaviors and employee performance. This common method of data collection may introduce bias and inflate the relationship between ethical leadership and employee performance. Self-report measures can be influenced by respondents' subjective perceptions, recall biases, and social desirability effects, which may impact the accuracy and objectivity of the findings. Therefore, it is important for future research to utilize multiple sources of data and objective performance measures to mitigate the potential bias introduced by self-report measures

# Reflections

Incorporate ethical leadership into leadership development programs: Organizations should incorporate ethical leadership training into their leadership development programs to help leaders develop the skills and behaviors necessary to promote ethical behavior and values within the organization.

Promote a supportive work environment: Organizations should prioritize creating a supportive work environment for their employees, including providing resources for employee well-being and recognition programs for employee contributions.

# Conclusions

Ethical leadership has a positive impact on employee performance: The findings of the study suggest that when leaders demonstrate ethical behaviors and values, employees tend to perform better in their jobs.

Ethical leadership promotes job satisfaction: Employees who perceive their managers as ethical leaders tend to have higher job satisfaction and organizational commitment, which can contribute to better job performance.

Perceived organizational support mediates the connection between moral leadership and productive employees: The study found that the relationship between ethical leadership and employee performance is partially mediated by employees' perception of organizational support.

# Conclusions

Ethical leadership can be developed and promoted: The study highlights the importance of promoting and developing ethical leadership in organizations, as it can have a positive impact on employee performance and job satisfaction.

The importance of ethical leadership: The findings of the study underscore the importance of ethical leadership in promoting positive organizational outcomes, Leaders who behave ethically can inspire their employees to do the same, creating a culture of ethical behavior and values throughout the organization.

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