

# THE IMPACT OF ETHICAL LEADERSHIP ON EMPLOYEE PRODUCTIVITY

Rida Nauman

Ayesha Qamar

## Abstract

*Ethical leadership is an important aspect in several researches and this aspect is used to increase the employee productivity in organizations. Ethical leadership promotes organizational values in a smooth way which results in achieving organizational goals and sustainability. The purpose of this study is to get the relevant and current information regarding ethical leadership which is necessary to be practiced in work environment in order to improve the productivity of employees. This study examines the influence of leadership that is essential to increase the employee performance. The focus of this research paper is to understand the increase in employee performance under improved leadership. The framework of this research shows the relationship between employee voice, psychological wellbeing, psychological ownership, job satisfaction, leader-follower relationship, equity sensitivity with ethical leadership. The data was collected using questionnaires that had been filled by 400 employees. The research is related to employee productivity in the organization so the selected respondents are organizational employees. The relationship of variables was examined by using SEM, CFA with the help of SPSS, Amos and pls. ethical leadership creates interests for employees in organizational activities to accomplish tasks in efficient manner. This research uncovers the factors that are essential to enhance the work behavior of the employees. These factors are highly acknowledged within the organizational environment. This would benefit to improve the leadership influence to enhance the employee productivity.*

**Keywords** Ethical leadership, Employee Voice, Psychological ownership, psychological wellbeing, equity sensitivity, leader-follower relationship, employee productivity, job satisfaction.

## Introduction

### *Overview and Background:*

The concept of ethical leadership has been generated from "ethical consciousness" which in the organizations is hardly seen. As the time was passing, the morality and corporate scandals forced the officials to start something that could benefit the both broader public and interest groups of the organizations. Therefore, the leaders were made and the knowledge about trust, honesty, integrity and all those principles which are the part of ethics were being taught in the organizations. Most importantly, the control on behavior of the employees was the purpose of making this concept as a base of the organizational success and sustainability (Mihelic, Lipicnik, & Tekavcic, 2010).

According to (Fulmer, 2004) Competitiveness and ethical leadership concept within the organization goes side by side and none of them can be neglected. The successful organizations find their way to reach towards destinations by practicing the morality rules and making them as a base of the organizational policy. A study of United Kingdom explained the survey in this context as 350 samples of the people were agreed on the implementation the codes of ethics within the organizations rather than the survey of the group supporting the organizations without ethics.

The existing research is related to the ethical leadership study which is to be implemented in the public-sector organizations of Pakistan. The leadership styles vary from every individual to individual or from group to group. Leadership is of two ways; ethical and unethical. The ethical leadership involves all the legal aspects and the formal concepts that are essential in building up the excellent organizational atmosphere. Public sector organizations use the leadership ethically in building of its employees for increasing the uniqueness towards the working conditions. The study will be based on discussing the influence of ethical leadership style over the productivity of the employees.

The organizations are made to ensure the productivity level therefore the principle that contributes in the development is the ethical leadership practice. Many of the organizations follow the defined principles within the structure but it is not necessary that the leadership is made essential to be followed (Yidong & Xinxin, 2013). In order to assess the leadership practice within the organization for the purpose of building the organizational sustainability and profitability the problem has to be identified. There is a requirement of examining business processes with respect to the ethical leadership perspective which influence the productivity of the employees. (Avey, Wernsing, & Planski, 2012)

The problem is to identify the influence of ethical leadership on productivity of employees. The studies on this topic are done in Pakistan particularly in the public-sector therefore this is the problem which has been recognized. The research is associated with the problem of identifying the effect of leadership which is required to build up the productivity of the employees.

The rationale has caused this research to be developed in the importance of ethical leadership which must be followed in the organizations for the purpose of success and profitability. The organizations must influence the creativity level of the employees through effectiveness in the leadership so that they can perform in a better way in the working conditions

The research study is conducted for achieving certain targets or goals that are linked with the issue. These goals and targets are said to be research aim. In this present research, the aims of the research topic are to get the relevant and recent information of the ethical leadership which is supposed to be practice in public-sector organizations. The aim is to understand the level of productivity that is increased by the implementation of leadership style in the present era. The work behavior is to be highlighted under the true guidance which can only be possible by the implementation of ethical leadership.

This present research is based on describing the productivity with respect to ethical leadership that influence the employees of public-sector organizations. The workers are directed to get interest in the organizational activities through this study. The study will further highlight the importance of getting exact knowledge of the leadership practices in the organization. The organization following the ethical leadership concepts are successful in all the related areas of work. That is why; this construct has high importance in making the organization productive and constructive for a long period of time. The factors of ethical leadership are to be practiced in creating high productivity of the employees for a purpose of getting benefits. These benefits are highly acknowledged within the industrial environment.

*Problem Statement:*

The organizations are made to ensure the productivity level therefore the principle that contributes in the development is the proper leadership practice. Many of the organizations follow the defined principles within the structure but it is not necessary that the leadership is made essential to be followed (Yidong & Xinxin, 2013). In order to assess the leadership practice within the organization for the purpose of building the organizational sustainability and profitability the problem has to be identified. There is a requirement of examining business processes with respect to the ethical leadership perspective which influence the innovative work behavior of the employees (Avey, Wernsing, & Palanski, 2012).

The problem is to identify the influence of ethical leadership on innovative work behavior of employees. The studies on this topic are not done in Pakistan therefore this is the problem which has been recognized. The research is associated with the problem of identifying the effect of leadership which is required to build up the innovativeness in the employees.

Issues in existing working techniques, unfulfilled necessities of representatives, or signs that examples may change. In the usage level, specialists can accept a critical part in the advancement system by demonstrating the application-orchestrated lead. For example, delegates with a strong individual duty in regards to a particular idea may have the ability to actuate others of its regard. Delegates can in like manner put broad effort in making, testing and commercializing an idea (Bsadur, 2004).

Leadership is a fundamental part of initiative capabilities and the leader can assist in making a principled environment, moralistic direction, and guarantee the word related fulfillment of faculty through organizing moralities (Storch, Makaroff, Pauly, & Newton, 2013). Direction may include the advancement of suitable typical conduct through individual activities and relational communications, and furthermore advancement of such practices in subordinates through two-sided trades and fortifying of basic leadership. The person who is leading must

endeavor to model and bolster ethical execution. what's more, in the meantime be touchy to moral issues and upgrade worker's execution by encouraging admiration for human prestige (Brown, Treviño, & Harrison, 2005). The execution of proper leadership causes decreases in work leave and expanded job fulfillment through diminishing good misery and making a moral environment (Bell & Breslin , 2008)

#### *Research Objective:*

In this research, we use the term "leader" to represent an organizational leader or one who applies impact from a position of authority, and leadership to speak to the way of influencing individuals to achieve shared objectives. This research is to understand how different variables have a relationship with one another and how they relate with the ethical leadership. The objective of this research is to determine the impact of ethical leadership on employee's productivity and to find out that how different variables affects it. Different variables are employee voice, job satisfaction, psychological well-being, psychological ownership, equity sensitivity and leader-follower relationship. This study will help to identify the effect of employee voice that how employee's concerns and suggestions have an impact on ethical leadership. It will help to analyze the role of equity sensitivity on ethical leadership. It will also help to determine the influence of leader-follower relationship on ethical leadership. To evaluate the effect of job satisfaction on ethical leadership. To find out the effect of psychological well-being on ethical leadership and to analyze the impact of psychological ownership on ethical leadership.

### **Literature Review**

#### *Employee Voice:*

The thought of worker voice originates from (Hirschman, 1970) affirmation that "when representatives are looked with disappointing conditions at work, they have a tendency to either leave the association or stay and voice their worries ".(Van Dyne & LePine, 1998 p.326) defined representative voice "as a type of authoritative citizenship conduct that includes "helpful, change-arranged correspondence expected to enhance the circumstance". At last, voice practices make it workable for an association to channel worker concerns and protestations into detailing answers for hierarchical issues (Zhou & George, 2001). However, numerous representatives don't talk up in light of the fact that they fear potential individual expenses may exceed the benefits (Detert & Edmondson, 2007). Representatives who witness their supervisors and colleagues talking up and contradicting the association get a capable message about standards for conduct in their work gathering. These measures are sustained by the prizes and teaches used inside the affiliation. A moment way, administrators energize voice conduct is through social help and structure. Indeed, (Brown, Trevino, & Harrison, 2005) found that moral authority was significantly identified with individuals' readiness to report issues to management. Ethical pioneers pass on high good guidelines to representatives, they urge their devotees to voice assessments and recommendations, about moral issues as well as about other business-related procedures and encounters These sorts of managerial practices can send the message that voicing concerns is regarded and safe in the social occasion and affiliation. In these ways, boss give decides and reinforce that shape the social gauges that create as for "right" exercises and social value.

### *Psychological Ownership:*

(O'Reilly, 2002 P.19) noted "when manager discussing possession, what they ordinarily need to ingrain isn't financial proprietorship however mental possession – an inclination with respect to the representatives that they have a duty to settle on choices that are in the whole deal excitement of the association." Psychological proprietorship is defined as "the state in which individuals feel as though the target of proprietorship or a touch of that goal is theirs," and reflects "a person's mindfulness, musings, and convictions in regards to the objective of proprietorship". The objective of proprietorship in the working environment can be substantial or elusive, and cases of targets are an original thought, a vital activity, or a specific task and its usage.(Avey, Avolio, Crossley, & Luthans, 2008) discovered that mental possession is best spoken to as a multi-dimensional build, which is shown independent from anyone else efficacy, responsibility, belongingness, and personality. Consequently, mental possession that is described by people feeling more efficacious about working with the target, feeling more in charge of what happens concerning the goal, experiencing a more unmistakable sentiment belongingness to the goal and feeling a sentiment singular identification with the goal of possession. Employees regularly feel proprietorship for their thoughts and at times normally take proprietorship for specific tasks that they consider "mine." Ethical pioneers consider representatives responsible for comes about. Specifically, they likewise note moral pioneers define comes about by both the finishes and means for how they are accomplished. Conflictingly, representatives who are overlooked and secluded candidly withdraw from the association and don't feel as if they have a place. Accordingly, when moral pioneers look to incorporate supporters through remembering their best advantages and tuning in to their worries, they cultivate a domain where representatives can feel this feeling of belongingness, a center part of mental proprietorship.

### *Employee Psychological Well-Being:*

Representative mental prosperity has been portrayed as "the positive full of feeling states related with satisfaction and seriousness at work and have been observed to be decidedly identified with keeping up quality connections" (Diener & Seligman, 2002). (Ryan & Deci, 2001 p.142) portrayed a condition of general prosperity as "optimal psychological functioning" that incorporates two features: parts of delight and bliss (Ryff & Singer, 2008) and also parts of weightiness and fulfillment (Waterman, 1993). Employees infer a feeling of prosperity at work from occupations that give independence, social help, and reasonable strategies (Wilson, Dejoy, Vandenberg, Richardson, & McGrath, 2004). Authority in associations impacts representatives' mental prosperity. A few investigations have demonstrated a positive connection between transformational styles of administration and subordinate wellbeing, stress, and prosperity (Arnold, Turner, Barling, Kelloway, & McKee, 2007). This positive influence bolsters representatives' self-expression of their esteems and characters, which fabricates their confidence and feeling of errand weightiness (Shamir, House, & Arthur, 1993). Further, (Bono & Ilies, 2006)discovered confirmation for the immediate impact of pioneers' feelings on supporters' states of mind. Thus, a pioneer's communicated feelings can be viewed as "infectious" and exchanged to workers. It takes after that moral pioneers are probably going to affect workers' prosperity through backhanded and direct practices that influence representatives' feelings. For instance, moral initiative is worried about maintaining regularizing values, making the best decision, and part

demonstrating moral practices for representatives. Since pioneers' shape representative discernments and implications related with their work (Smircich & Morgan, 1982), workers working with more moral pioneers may see their work encounters as more reasonable and their undertakings as more important than workers working with less moral, nonpartisan, or vague pioneers who don't underline these standards and qualities. On a very basic level, moral administration is driving in a way that regards the rights and nobility of individuals (Ciulla, 2004). Representatives working with more moral pioneers are probably going to encounter more positive full of feeling conditions of fulfillment and joy because of higher quality connections and moral work standards (Joseph & Deshpande, 1997).

#### *Employee job satisfaction:*

The possibility that powerful initiative incites employee job satisfaction is all around upheld in a few zones of research. For instance, in their article on turnover look into, (Holtom, Mitchell, Lee, & Eberly, 2008) audit numerous articles in which administration or potentially supervision specifically impacts adherent occupation fulfillment. Moreover, given its theoretical closeness to other positive administration builds (e.g., leader-part trade, transformational) which have been appeared to affect work fulfillment, we would expect that moral authority would likely have a comparable positive relationship. (Palanski, Avey, & Jiraporn, 2010) determine that one inspiration driving why this relationship may hold is that ethical lead is depended upon to a particular degree. For instance, the examination on mental contracts (Rousseau, 1995) demonstrates that moral direct is normal verifiably in many connections. Accordingly, when workers assess their general level of employment fulfillment, partially they are assessing how well their pioneer has helped fulfilled this certain desire. Chiefs and pioneers can cling to the verifiable guidelines expected in business dealings, or they can leave from these measures. The amount they leave from certain business and great benchmarks influences the measures for their gatherings which in turns impacts individuals' levels of satisfaction with their jobs at any moment.

#### *Leader-follower relationship:*

(Popper & Maysel, 2003 P.42) suggested that pioneers (e.g., political figures, educators, military officers, chiefs) regularly work as connection figures or perform connection capacities for their devotees: "Pioneers, similar to guardians, are figures whose part incorporates managing, coordinating, assuming responsibility, and dealing with others less capable than they and whose destiny is exceptionally reliant on them."

Specifically, pioneers are regularly anticipated that would fulfill two of the most vital elements of connection figures, (a) filling in as a safe base, which involves giving a feeling that all is well with the world when the joined individual isn't bothered, hence cultivating investigation, innovativeness, and self-awareness, and (b) filling in as a place of refuge, which involves giving solace, support, consolation, and security when the appended individual is troubled.

#### *Equity Sensitivity:*

(Huseman, Hatfield, & Miles, 1987) noticed that people have fluctuating degrees of affectability to value, and (Kickul, Lester, & Finkl, 2002) identified three unmistakable composes:

(a) benevolent, (b) value sensitives, and (c) entitled. Toward one side of the range are the benevolent who put their accentuation on the association with their boss. "Considerate" people find fulfillment when they can give their gifts and ability to the association. They are depicted as "suppliers" who are ordinarily untroubled by uncalled for treatment and are generally content with less return for their work attempts than their referent others would be. At the contrary end of the range are the "entitled" who trust that their own results are of essential significance when managing their associations. Entitled, portrayed as "takers," are always searching for approaches to enhance their circumstance in respect to others and amplify the prizes given by the association. To put it plainly, they are inspired to "get their way" in the association. Amidst both benevolent and entitled are the "value sensitives," describing those people who take a stab at an adjust, setting a similar accentuation on having a decent work relationship and accomplishing wanted results (Huseman, Hatfield, & Miles, 1987). In this way, (Huseman, Hatfield, & Miles, 1987) recommended that people have a novel affectability to value that can in this manner influence their resulting states of mind and behaviors. Further, value affectability can shape representative responses to circumstances with moral suggestions, a vital thought given the frequently equivocal settings, regarding morally suitable conduct, in which workers can find themselves (Mudrack, Mason, & Stipanski, 1999).

#### *Relationship Between Variables:*

##### *Ethical Leadership and Employee Voice:*

Agent voice rehearses take after when individuals discuss their stresses and proposals for advancement. This choice depends upon their assessments that their words will be considered by organization to be useful and they won't be repelled for holding up. Chiefs of gatherings and workplaces have arranged influence on the acknowledgments delegates have about these issues. For example, one-way moral chiefs and pioneers "outfit disciples with voice" (Brown, Trevino, & Harrison, 2005) is through impersonating. Since moral pioneers tend to stand up transparently against wrong legitimate exercises and underscore settling on the best choice with their laborers, these exercises enable comparable practices in delegates through learning by observation (Bandhura, 1977). Delegates who witness their administrators and teammates talking up and negating the affiliation get a serious message about guidelines for lead in their work gathering. chiefs invigorate voice lead is through social help and structure. Moral pioneers tend to tune in to specialist concerns and be trusted to a more essential degree (Brown, Trevino, & Harrison, 2005), thus giving conditions and support to delegates to talk up more as often as possible. In reality, (Brown, Trevino, & Harrison, 2005) found that ethical expert was significantly related to people's excitement to report issues to organization. (Walumbwa & Schaubroeck, 2009) found a significant cross-level effect of good specialist on agent voice direct. Since moral pioneers pass on high great standards to delegates, they encourage their aficionados to voice emotions and suggestions, about good issues and about different business-related techniques and experiences. These manager's express excitement for laborers' stresses and contemplations, make request that help encourage exchanges and good obligation, and request follow-up movement from delegates. These sorts of authoritative practices can send the message that voicing concerns is regarded and safe in the social occasion and affiliation. In these ways, executives give decides and reinforce that shape the social gauges that create concerning "right" exercises and social value

*H1: Ethical leadership has direct effect on employee voice.*

### *Ethical Leadership and Psychological Ownership:*

Ethical leadership is identified with representative mental proprietorship through comparable procedures of learning social standards as depicted before. Moral supervisors are probably going to influence the standards for the gatherings they lead through underscoring three center esteems and comparing standards for conduct identified with mental proprietorship: value, responsibility, and belongingness. Feelings of possession deliver felt obligation to the objective (to support, accommodate, ensure) and a feeling of rights to have control over the end result for the objective (Pierce, Kostova, & Dirks, 2001). Infringement of these rights would serve to take representative possession. Be that as it may, moral pioneers would be less inclined to damage these apparent rights because of their unequivocal estimation of decency, value, and thought (Brown, Trevino, & Harrison, 2005). (Brown, Trevino, & Harrison, 2005) contended moral pioneers train workers who damage moral principles. Thusly, moral pioneers consider representatives responsible for comes about. Specifically, they likewise note moral pioneers define comes about by both the finishes and means for how they are accomplished. This proposes they display responsibility in their everyday collaborations with adherents' representatives are considered responsible themselves, and straightforwardly encounter the authorization of principles held by the pioneer for the gathering. Subsequently, workers of moral pioneers will probably consider each other and themselves responsible, which is a part of mental possession. The third component for how moral pioneers advance mental proprietorship in supporters is through cultivating standards that advance a situation of belongingness for representatives. (Brown, Trevino, & Harrison, 2005) recommend moral pioneers focus on people by tuning in to their representatives in this manner giving them a voice in their everyday workplace. Along these lines, when moral pioneers look to incorporate devotees through remembering their best advantages and tuning in to their worries, they encourage a situation where workers can feel this feeling of belongingness, a center segment of mental proprietorship.

*H2: Ethical leadership has positive effects on employee psychological ownership.*

### *Ethical Leadership and Equity Sensitivity:*

The equity build (King, Miles, & Day, 1993) was created to offer forecasts about how people may respond when they are denied or given prizes or results. By consolidating value affectability as an individual distinction variable, analysts (King & Miles, The Measurement of Equity Sensitivity, 1994) have possessed the capacity to expand the utility of value hypothesis in understanding conduct in associations. The level of value affectability of representatives has been connected to a few imperative working environment results. For instance, (Allen & White, 2002) found that Entitled respond more firmly than Benevolent to pay imbalances, and alert directors that they have a tendency to decrease their endeavors or leave if went up against with such disparities. Alternately, Benevolent have a higher limit of resistance for pay imbalances. The specialists inferred that the gatherings don't respond the same to comparable circumstances. Different investigations have analyzed the impacts of value affectability on working environment results, for example, moral basic leadership (Mudrack, Mason, & Stipanski, 1999), and director fulfillment (King & Miles, The Measurement of Equity Sensitivity, 1994). In an examination exploring the connection between value affectability and moral conduct, (Mudrack, Mason, & Stipanski, 1999) found that Entitled respected practices that were morally sketchy as generally adequate, while Benevolent saw these same exercises as moderately unsuitable. In any case, it was



not really evident that Benevolent are philanthropic when all is said in done, however that they built up a work state of mind to such an extent that they felt it was smarter to give than get from the association. (King & Miles, The Measurement of Equity Sensitivity, 1994) suggested that value affectability is more a work state of mind than an identity characteristic, since it is nearly connected with the authoritative setting. The present examination expands the work around there by looking at whether representatives' level of value affectability is identified with impression of authoritative trust, and additionally equity, both procedural and interactional, and whether people trusted the association offered attractive justification for its activities (social records). Since the types of equity allude to the manners by which the association treats representatives, this examination investigates people's responses to apparent equity (or treachery) and whether they trust the association has represented this treatment tastefully. The ramifications of this exploration lie in the administration of decency and the advancement of hierarchical trust, and all things considered this examination endeavors to investigate all the more profoundly the associations between representative view of reasonableness and moral issues of authoritative and initiative conduct.

The creators gave a hypothetical structure and arbitrator investigation for the definition and referents of trust. (Dirks & Ferrin, 2002) called for future research to inspect interceding procedures to enable further to comprehend the procedure of trust. Our investigation positions trust as the impression of the assume that associations have for their representatives. We trust that like the procedure of administration, trust is an equal procedure amongst pioneers and devotees. One way our present investigation was intended to broaden our insight about initiative and trust was to look at the connection between value affectability and saw authoritative trust on workers' view of procedural and interactional equity. Despite the fact that (Dirks & Ferrin, 2002) depicted interactional and procedural equity as precursors of trust in administration, our examination inspected these factors as two of three hierarchical reasonableness results of the meditational procedure of value affectability to authoritative trust

*H3: ethical leadership is directly influencing equity sensitivity.*

#### *Ethical Leadership and Leader-Follower Relationship:*

Research shows that the self is the "time when psychological, identity, and social brain science meet" (Kihlstrom & Klein, 1994, P.194). Unmistakably, the self-idea speaks to a possibly vital mental system through which specialists can comprehend the procedures related with initiative. In such manner, applying the self-writing to initiative gives a general structure to understanding the collaboration of pioneers and devotees. Pioneers can influence supporters by changing the way devotees see themselves, and adherents' self-constructions can likewise impact their impression of pioneers.

The examination writing appears to recommend the importance of morals in comprehension the "administration" marvel, however by what means can moral authority be defined? When all is said in done, moral administration infers musings, qualities, states of mind and ethically great conduct that are coordinated so as to advance moral conduct in the workers (Brown, Trevino, & Harrison, 2005). Without a doubt, moral pioneers are comprehended to show sense of duty regarding moral esteems for getting the adherent's ramifications and free bond to them. At that point a moral authority requires the pioneer to be ethically well-intentioned as well as to spur the devotee to act and perform well (Brown, Trevino, & Harrison, 2005). So as per

(Brown, Trevino, & Harrison, 2005), It is trusted that a moral pioneer is made by the advancement of two important columns: being both an ethically decent supervisor and an ethically decent individual.

Administration is a corresponding procedure amongst pioneers and devotees (Kouzes & Posner, 2002) and a trusting relationship requires a person to be available to being defenseless, in light of the desire of constructive goals of another individual. This infers a corresponding relationship may exist for the procedure of trust. A current meta-examination (Dirks & Ferrin, 2002) in view of research on confide in initiative in the course of recent years, has shown significant connections between confide in authority and kinds of authoritative citizenship practices (OCBs), work execution, work fulfillment, and hierarchical responsibility, among different results or measures of authoritative adequacy.

*H4: Ethical leadership has positive influence on leader follower relationship.*

#### *Ethical leadership and psychological wellbeing:*

Authority in associations impacts representatives' mental prosperity. A few investigations have demonstrated a positive connection between transformational styles of authority and subordinate wellbeing, stress, and prosperity (Arnold, Turner, Barling, Kelloway, & McKee, 2007). In these investigations, pioneers influenced worker improvement at work since they give individualized thought and support, animate better approaches for contemplating work, and move and spur representatives (Dvir, Eden, Avolio, & Shamir, 2002). This positive influence bolsters workers' self-expression of their esteems and characters, which manufactures their confidence and feeling of undertaking seriousness (Shamir, House, & Arthur, 1993). Further, (Bono & Ilies, 2006) discovered proof for the immediate impact of pioneers' feelings on devotees' inclinations. Consequently, a pioneer's communicated feelings can be viewed as "infectious" and exchanged to representatives. It takes after that moral pioneers are probably going to affect representatives' prosperity through circuitous and direct practices that influence workers' feelings. For instance, moral authority is worried about maintaining standardizing values, making the best choice, and part demonstrating moral practices for representatives. Pioneers shape representative observations and implications related with their work (Smircich & Morgan, 1982), representatives working with more moral pioneers may see their work encounters as more reasonable and their errands as more important than workers working with less moral, nonpartisan, or uncertain pioneers who don't stress these standards and qualities. Generally, moral initiative is driving in a way that regards the rights and poise of individuals (Ciulla, 2004). Representatives working with more moral pioneers are probably going to encounter more positive emotional conditions of fulfillment and bliss because of higher quality connections and moral work standards (Joseph & Deshpande, 1997).

*H5: Ethical leadership has direct impact on employee psychological well-being.*

#### *Ethical Leadership and Job Satisfaction:*

Job fulfillment has been related with expanded exertion and execution (Brown & Peterson, 1994). Further, representatives that have associated themselves by and by with their work and show more noteworthy exertion and vitality toward progress at work will possibly have more prominent employment fulfillment. The possibility that powerful administration induces adherent occupation fulfillment is all around upheld in a few regions of research. For instance, in their article

on turnover look into, (Holtom, Mitchell, Lee, & Eberly, 2008) audit numerous articles in which initiative and additionally supervision straightforwardly impacts supporter work fulfillment. Moreover, given its applied comparability to other positive authority builds (e.g., leader– part trade, transformational) which have been appeared to affect work fulfillment, we would expect that moral administration would likely have a comparative positive relationship. Directors and pioneers can hold fast to the understood norms expected in business dealings, or they can leave from these gauges. The amount they pull back from certain business and great measures influences the guidelines for their gatherings which it turns impacts individuals' levels of satisfaction with their occupations at any moment.

*H6: Ethical leadership is positively associated with employee job satisfaction.*

## **Research Methodology**

### *Method of data collection:*

The data is collected by distributing the questionnaires to the employees of different organizations. For the purpose of getting to the respondents the researcher has used social media and physical access so that assistance can be provided to them in case of any difficulty. The questionnaires were sent to the employees through email addresses so that they can get prepared for them. The questionnaire will be also provided to the respondents physically in order to assist them in case of any difficulty. Therefore, the use of electronic and digital media was applicable in this case and final answers will be gathered by going to the organization.

### *Sampling Technique:*

The data has been collected through the defined number of employees of the organization. The data was collected through surveying the selected research sample. In order to select the research sample, two methods probability and non - probability are used. In this research the sample has to be selected to emphasize on Investigating the ethical leadership case and effect in present age. For this case, non – probability Method has been used. This method of selecting the sample is convenient that is why, the researcher has used it.

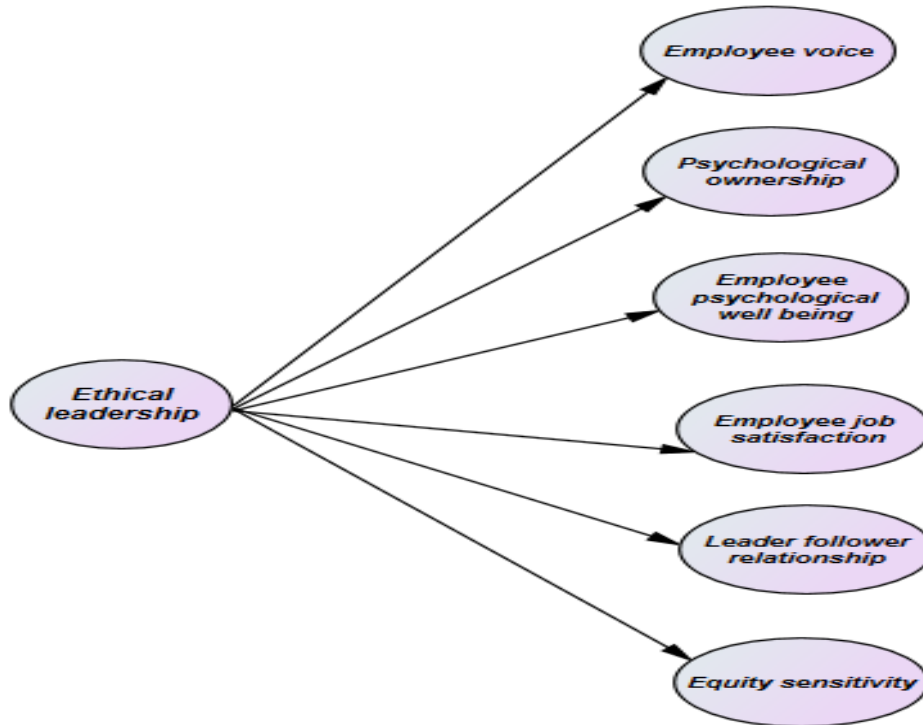
### *Sample Size:*

The sample is the sub set of population and it identifies the particular set of people who will be selected in gathering the data. The size of the sample is selected on the basis of the research population. The sample chosen for this present research includes employees and the size for these respondents is 400. Therefore, the researcher will aim to provide the questionnaires to the 400 employees in order to get the relevant information of the topic.

### *Instrument of Data Collection:*

The tool for collecting the data is called research instrument. This research instrument can include many things like observation, questionnaires, interviews, questionnaires and experiments. As in this case, the researcher has employed questionnaires in gathering the data which is supposed to the tool of this research work. The use of questionnaires in this particular research has saved the time and cost of the author moreover, the method proved to the most appropriate and affordable in accomplishing the research target.

Research Model\Theoretical Framework:



Statistical technique:

The data analysis plan includes the method through which data is to be analyzed this can be SPSS, excel sheets and reliability and validity analysis. The quantitative data is analyzed through SPSS and excel sheets. This study has used two-way structural model SEM (structural equation method) The data which is quantitative and numeric, will be analyzed through SPSS which will include mean, standard deviation and correlation and AMOS which includes validity and reliability tests and model fitness. This will assess the researcher in getting the accuracy of the results and will make the work more authentic in all purpose.

**Result and Analysis**

Table 1: Demographics statistics

Gender		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	female	42	5.1	25.0	25.0
	male	126	15.3	75.0	100.0
	Total	168	20.4	100.0	
Missing	System	655	79.6		
Total		823	100.0		

<b>Age</b>		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 20	2	.2	1.2	1.2
	21 - 30	124	15.1	73.8	75.0
	31 - 40	33	4.0	19.6	94.6
	41 - 50	7	.9	4.2	98.8
	51 and above	2	.2	1.2	100.0
	Total	168	20.4	100.0	
Missing	System	655	79.6		
<b>Total</b>		<b>823</b>	<b>100.0</b>		

<b>Income</b>		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 25000	33	4.0	19.6	19.6
	26000-50000	34	4.1	20.2	39.9
	51000-75000	30	3.6	17.9	57.7
	75000-100000	31	3.8	18.5	76.2
	101000 and above	40	4.9	23.8	100.0
	Total	168	20.4	100.0	
Missing	System	655	79.6		
<b>Total</b>		<b>823</b>	<b>100.0</b>		

<b>Qualification</b>		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	metric	11	1.3	6.5	6.5
	Intermediate	17	2.1	10.1	16.7
	Bachelors	97	11.8	57.7	74.4
	masters	36	4.4	21.4	95.8
	Diploma certificate	4	.5	2.4	98.2
	others	3	.4	1.8	100.0
	Total	168	20.4	100.0	
Missing	System	655	79.6		
<b>Total</b>		<b>823</b>	<b>100.0</b>		

<b>Experience</b>		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than a year	39	4.7	23.2	23.2
	1-3 years	34	4.1	20.2	43.5
	4-6 years	29	3.5	17.3	60.7
	7-10 years	46	5.6	27.4	88.1
	above 10 years	20	2.4	11.9	100.0
	Total	168	20.4	100.0	
Missing	System	655	79.6		
<b>Total</b>		<b>823</b>	<b>100.0</b>		

Table 2: CFA

Construct/ Indicators	Standardized Factor Loading (CFA- AMOS)	Construct Reliability		Construct Validity		
		Cronbach alpha	Composite Reliability (CR)	Convergent Validity Average Variance Extracted (AVE)	Discriminant Validity Maximum Shared Variance (MSV)	Average Shared Variance (ASV)
<b>Ethical Leadership</b>		.874	0.934	0.738		0.7382
EL1	.81				.8464	
EL2	.90					
EL3	.92					
EL4	.85					
EL5	.81					
<b>Employee Voice</b>		.850	0.903	0.700	.9604	0.70005
EV1	.98					
EV2	.77					
EV3	.87					
EV4	.70					
<b>Job Satisfaction</b>		.868	0.926	0.716		0.71246
JS1	.93				.8649	
JS2	.77					
JS3	.89					
JS4	.82					
JS5	.80					
<b>Psychological Well-being</b>		.791	0.905	0.706	.81	0.7056
PW1	.80					
PW2	.90					
PW3	.75					
PW4	.90					
<b>Psychological Ownership</b>		.886	0.947	0.783	.8836	0.7827
PO1	.87					
PO2	.88					
PO3	.90					
PO4	.94					
PO5	.83					
<b>Leader-follower Relationship</b>		.846	0.904	0.703	.7921	0.7029
LF1	.78					
LF2	.89					
LF3	.83					
LF4	.85					
<b>Equity Sensitivity</b>		.826		0.596	.7225	0.5961
ES1	.72		0.815			
ES4	.85					
ES5	.74					

According to the table 2 the Reliability of each variable is above 0.7 which mean data is reliable and it has completed all threshold and according to the table 2 the validity is good of all variables except equity sensitivity and the AVE is less than CR and MSV is less than AVE and ASV is less than ASV so that's the reason the researcher can say that in the Data there is no issues of Validity.

*Table 3: Model Fitness*

Model Fit Indexes	value through software
Chi-square/df	2.153
P. Value	000
Goodness-of-Fit Index (GFI)	0.808
Adjusted Goodness of Fit Index (AGFI)	0.756
Comparative Fit Index (CFI)	0.918
Tucker-Lewis Index (TLI)	0.902
Root Mean Square Error of Approximation (RMSEA)	0.074

According to the table no 3 the value is 2.153 Chi-square/DF is less than 3, P- value is 000 and GFI, AGFI, CFI, TLI value are 0.808, 0.756, 0.918, 0.902 respectively and the value of REMSHA is less than 0.08 it is under the threshold and the Model fitness is good, the Model has potential and the Model is Fit.

*Table 4: Hypothesize Significant*

Dependent Variables	R <sup>2</sup>	Beta	P value
Employee voice	.41	.64	.00
Job satisfaction	.20	.45	.00
Psychological well being	.15	.39	.00
Psychological ownership	.51	.71	.00
Leader-follower relationship	.42	.65	.00
Equity sensitivity	.00	.04	.585

VARIABLES	HYPOTHESIS	ACCEPT/REJECT
Employee voice	Ethical leadership has direct effect on employee voice	Accepted
Job satisfaction	Ethical leadership has direct effect on job satisfaction	Accepted
Psychological well being	Ethical leadership has direct effect on psychological wellbeing	Accepted
Psychological ownership	Ethical leadership has direct effect on psychological ownership	Accepted
Leader follower relationship	Ethical leadership has direct effect on leader-follower relationship	Accepted
Equity sensitivity	Ethical leadership has direct effect on equity sensitivity	Rejected

According to the Table no 4 the R2 is 0.484 which indicate that all variables are impacting on the Employee performance, so Transformational Leadership Style and Transactional Leadership Style P value is more than 0.05 so the Hypothesize of two independent variable are insignificant and the Servant Leadership Style, Goal orientation, Discipline of Work Motivation P- value are is less than 0.05 so these variables' Hypothesize are Significant and according to the Beta value Transactional, Transformational and Servant Leadership Style, Goal orientation, Discipline of Work are the Positive relationship with Employee performance the value are 0.96, 0.58, 0.237, 0.229,0.359 respectively and Motivation is the negative relationship with employee performance.

### **Conclusion and Discussion**

Ethical leadership is the foundation and backbone of an ethical organization and without it the organization cannot acquire success, the topic is “The impact of ethical leadership on employee productivity”. The ethical leadership is the main skill of the leaders to work with employees and go with vision and also try to identify the changes need in the organization. Ethical leadership promotes and supports the employees which results in improved productivity of employees. Employee voice, job satisfaction, psychological ownership, psychological wellbeing, leader-follower relationship and equity sensitivity are those factor which are the important variable to identify and make improvement in employee productivity. On the basis of these variables trust is built between the employer and employee which give rise to increase in employee productivity.

### **Limitations and Recommendation**

In this research, the researchers have worked on limited factors which affects the employee productivity due to ethical leadership. In future, the researchers can study more variables related to ethical leadership which influences employee productivity. Secondly, the researcher has limited time and resources that's why the researcher has studied only the factors: Employee voice, job satisfaction, psychological ownership, psychological wellbeing, leader-follower relationship and equity sensitivity. As the researcher has limited time, the sample size includes 213 respondents, so the future researcher can take more sample size.



## References

- Allen, R., & White, C. (2002). Equity Sensitivity Theory: A Test of Responses to Two Types of Underreward Situations. *Journal of Managerial Issues*, 14(4), 435–451.
- Arnold, K., Turner, N., Barling, J., Kelloway, E., & McKee, M. (2007). Transformational leadership and psychological wellbeing: The mediating role of meaningful work. *Journal of Occupational Health Psychology*, 12(3), 193–203.
- Avey, J., Avolio, B., Crossley, C., & Luthans, F. (2008). Psychological ownership: Theoretical extensions and analysis of a multi-dimensional theory-based measure. *Journal of Organizational Behavior*, 29, 1–19.
- Avey, J., Wernsing, T., & Palanski, M. (2012). Exploring the process of ethical leadership: The mediating role of employee voice and psychological ownership. *Journal of Business Ethics*, 107(1), 21–34.
- Bandura, A. (1977). *Social learning theory*.
- Bell, J., & Breslin, J. (2008). Healthcare provider moral distress as a leadership challenge. *JONAS Health Law Ethics Regul*, 10(4), 94–7.
- Bono, J., & Ilies, R. (2006). Charisma, positive emotions and mood contagion. *The Leadership Quarterly*, 17(4), 317–334.
- Brown, M., Trevino, L., & Harrison, D. (2005). Ethical leadership: A social learning perspective for construct development and testing. *Organizational Behavior and Human Decision Processes*, 97, 117–134.
- Brown, M., Treviño, L., & Harrison, D. (2005). Ethical leadership: a social learning perspective for construct development and testing. *Organizational Behavior and Human Decision Processes*, 97(2), 117–34.
- Brown, S., & Peterson, R. (1994). The effect of effort on sales performance and job satisfaction. *The Journal of Marketing*, 58(2), 70–80.
- Bsadur. (2004).
- Ciulla, J. (2004). *Ethics, the heart of leadership*. Santa Barbara, CA: Praeger Publishers.
- Detert, J., & Edmondson, A. (2007). Why employees are afraid to speak. *Harvard Business Review*, 85(5), 23–25.
- Diener, E., & Seligman, M. (2002). Very happy people. *Psychological Science*, 13(1), 81–84.
- Dirks, K., & Ferrin, D. (2002). Trust in Leadership: Meta-Analytic Findings and Implications for Research and Practice. *Journal of Applied Psychology*, 87(4), 611–628.

- Dvir, T., Eden, D., Avolio, B., & Shamir, B. (2002). The impact of transformational leadership on follower development and performance: A field experiment. *Academy of Management Journal*, 45, 735–747.
- Hirschman, A. (1970). Exit, voice, and loyalty: Responses to decline in firms, organizations, and states. *Cambridge, MA: Harvard University Press*.
- Holtom, B., Mitchell, T., Lee, T., & Eberly, M. (2008). Turnover and retention research: A glance at the past, a closer review of the present, and a venture into the future. *Academy of Management Annals*, 2, 231–274.
- Huseman, R., Hatfield, & Miles, E. (1987). A New Perspective on Equity Theory: The Equity Sensitivity Construct. *Academy of Management Review*, 12, 222–234.
- Joseph, J., & Deshpande, S. (1997). The impact of ethical climate on job satisfaction of nurses. *Health Care Management Review*, 22(1), 76–81.
- Kickul, J., Lester, S., & Finkl, J. (2002). Promise Breaking During Radical Organizational Change: Do justice Interventions Make a Difference. *Journal of Organizational Behavior*, 23, 469–488.
- Kihlstrom, J., & Klein, S. (1994, P.194). The self as a knowledge structure. In T. K. Srull & L. S. Wyer (Eds.). *Handbook of social cognitions*.
- King, W., & Miles, E. (1994). The Measurement of Equity Sensitivity. *Journal of Occupational and Organizational Psychology*, 67, 133–142.
- King, W., Miles, E., & Day, D. (1993). A Test and Refinement of the Equity Sensitivity Construct. *Journal of Organizational Behavior*, 14, 301–317.
- Kouzes, J., & Posner, B. (2002). Las Lecciones del Pasado y del Futuro’, in W. Bennis, G. M. Spreitzer and T. G. Cummings (eds.). *El futuro del liderazgo (Ediciones Deusto, Planeta Agostini Profesional y Formacio ´n, Bilbao)*.
- Mudrack, P., Mason, E., & Stipanski, K. (1999). Equity Sensitivity and Business Ethics. *Journal of Occupational and Organizational Psychology*, 539–560.
- O'Reilly, C. (2002 P.19). The wrong kind of ownership. *Across the Board*.
- Palanski, M., Avey, J., & Jiraporn, N. (2010). The effects of ethical leadership and abusive supervision in the turnover process. Paper presented at the 2010 conference of the Southern Management Association, St. Pete Beach, FL.

- Pierce, J., Kostova, T., & Dirks, K. (2001). Toward a theory of psychological ownership in organizations. *Academy of Management Review*, 26, 298–310.
- Popper, M., & Maysel, O. (2003 P.42). Back to basics:Applying parenting perspective to transformational leadership. *Leadership Quarterly*, 14.
- Rousseau, D. (1995). Psychological contracts in organizations: Understanding written and unwritten agreements. *Thousand Oaks, CA: SAGE*.
- Ryan, R., & Deci, E. (2001 p.142). On happiness and human potentials: A review of research on hedonic and eudaimonic well-being. *Annual Review of Psychology*, 52.
- Ryff, C., & Singer, B. (2008). Know thyself and become what you are: A eudaimonic approach to psychological well-being. *Journal of Happiness Studies*, 9(1), 13–39.
- Shamir, B., House, R., & Arthur, M. (1993). The motivational effects of charismatic leadership: A self-concept based theory. *Organization Science*, 4, 577–594.
- Smircich, L., & Morgan, G. (1982). Leadership: The management of meaning. *The Journal of Applied Behavioral Science*, 18(3), 257–273.
- Storch, J., Makaroff, K., Pauly, B., & Newton, L. (2013). Take me to my leader:the importance of ethical leadership among formal nurse leaders. *Nurs Ethics*, 20(2), 150-7.
- Van Dyne, L., & LePine, J. (1998 p.326). Helping and voice extra-role behaviors: Evidence of construct and predictive validity. *Academy of Management Journal*, 41(1).
- Walumbwa, F., & Schaubroeck, J. (2009). Leader personality traits and employee voice behavior: Mediating roles of ethical leadership and work group psychological safety. *Journal of Applied Psychology*, 94, 1275–1286.
- Waterman, A. (1993). Two conceptions of happiness: Contrasts of personal expressiveness (eudaimonia) and hedonic enjoyment. *Journal of Personality and Social Psychology*, 64(4), 678–691.
- Wilson, M., Dejoy, D., Vandenberg, R., Richardson, H., & McGrath, A. (2004). Work characteristics and employee health and well being: Test of a model of healthy work organization. *Journal of Occupational and Organizational Psychology*, 77(4), 565–588.
- Yidong, T., & Xinxin, L. (2013). How ethical leadership influence employees' innovative work behavior: A perspective of intrinsic motivation. *journal of business ethhics*, 116(2), 441-455.
- Zhou, J., & George, J. (2001). When job dissatisfaction leads to creativity: Encouraging the expression of voice. *Academy of Management Journal*, 44(4), 682–696.