

CAPITAL UNIVERSITY OF SCIENCE AND
TECHNOLOGY, ISLAMABAD



**Impact of Ethical Leadership on
Job Performance with Mediating
Role of Employee Trust and
Moderating Role of Psychological
Empowerment**

by

Lubna Majeed

A thesis submitted in partial fulfillment for the
degree of Master of Science

in the

Faculty of Management & Social Sciences

Department of Management Sciences

2022

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I dedicate this project to ALLAH almighty my creator, my source of wisdom, inspiration, understanding and knowledge. He has been the source of my strength throughout this program. I also dedicate this to my beloved late father Abdul Majeed and my mother Shad BiBi her support and prayers enabled me to have success in all phases of my life.



CERTIFICATE OF APPROVAL

Impact of Ethical Leadership on Job Performance with Mediating Role of Employee Trust and Moderating Role of Psychological Empowerment

by

Lubna Majeed

MMS203002

THESIS EXAMINING COMMITTEE

| S. No. | Examiner | Name | Organization |
|--------|-------------------|-------------------------|-------------------|
| (a) | External Examiner | Dr. Khurram Shahzad | Riphah, Islamabad |
| (b) | Internal Examiner | Dr. M. Ishfaq Khan | CUST, Islamabad |
| (c) | Supervisor | Dr. S. M. M. Raza Naqvi | CUST, Islamabad |

Dr. S. M. M. Raza Naqvi

Thesis Supervisor

September, 2022

Dr. Lakhi Muhammad
Head
Dept. of Management Sciences
September, 2022

Dr. Arshad Hassan
Dean
Faculty of Management & Social Sciences
September, 2022

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Acknowledgement

First and foremost, my deepest gratitude goes to ALLAH Almighty for giving me enough strength and guidance through my tough times. It's my enormous belief in Allah Almighty that kept me going and be persistent which paid off in the end. I further extend my gratefulness to everyone who has contributes toward the successful complication of my MS thesis and played their part in keeping my spirt and passion for achieving more and more alive. I would like to extend special gratitude to my mentor, and my supervisor, **Dr. Sayed Muhammad Mehdi Raza Naqvi**. I owe my growth as a researcher to him. I owe a great sense of gratitude to him for his keen interest on me at every stage of my research. He extensively supported, guided and motivated me throughout this research work, with his simulating suggestions, encouragement and his unwavering enthusiasm kept me constantly engaged with my research work. Other than having unmatched scientific calibre, He is an extraordinary human being. His humble attitude, sincerity, genuineness and encouragement helped me a great deal to ultimately achieve my research goal.

I would also like to acknowledge the contribution made by **Dr. Khurram Shahzad** and **Dr. Samya Safder** in developing my research skills and shaping the foundation of my research career. I would love to pay my gratitude to my beloved mother my strength my biggest support **Mrs. Shad BiBi**. I am yet to meet a women as strong and as inspiring as my mother is. She bought me up with unwavering love and taught me the virtue of gentleness and generosity. I would also like to express my deepest gratitude to my siblings for their unconditional love, support, and trust in my abilities.

Special thanks to my beloved mama **Mrs. Nosheen Akbar** for her love and support and for always believing in me. Some special thanks go to my beloved sisters **Mrs. Sumaira Raheel** and **Mrs. Tahira Jumshaid** and my dear and best friend **Ayesha Ayub Chaudhry** for being with me through thick and thin and making this journey exciting and thrilling. It would not have been possible for me to make it till end without their unconditional support in every possible way.

Finally, I also want to thank organizational employees from whom I collected my data. I have no valuable words to express my thanks but my heart is still full of the favours received from every person I have mentioned here.

(Lubna Majeed)

Abstract

The purpose of this research study is to empirically examine the impact of ethical leadership and job performance in public and private sector organizations of Islamabad/ Rawalpindi, Pakistan. The study also explored the mediating role of employee trust in this particular relationship. The study also tested the moderating role of psychological empowerment between the relationship of ethical leadership and employee trust. The study examine the linkages based on Leader member exchange theory. Data was collected from 317 individuals working in public and private sector organizations in twin cities Rawalpindi and Islamabad. The sample was drawn using a simple convenience sampling techniques. The data set was analysed using correlation, reliability, and regression analysis. The analysis was done using SPSS. Results show that ethical leadership has a positive and significant relationship with job performance. Whereas the mediating role of employee trust between the relationship of ethical leadership and job performance was found significant in the results. Furthermore the moderating role of psychological empowerment in the relation of Ethical leadership and Employee trust was also supported. The study has practical implication on organizational level, presenting some guidelines to understand how ethical leadership affect the employee job performance with in the organization. Future studies can examine the impact of ethical leadership on job performance by incorporating other variables as mediators and moderator in this relationship.

Keywords: Ethical leadership, Job performance, Employee Trust, Psychological Empowerment, Leader member exchange theory.

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Abbreviations

| | |
|-------------|--|
| DV | Dependent Variable |
| EL | Ethical Leadership |
| ET | Employee trust |
| IV | Independent Variable |
| JP | Job Performance |
| LMX | Leader member exchange |
| M | Mediator |
| M | Moderator |
| PE | Psychological Empowerment |
| SPSS | Statistical Package for Social Science |

Chapter 1

Introduction

1.1 Background of the Study

The contemporary period of globalism has brought about a number of changes and difficulties that have an impact on both the public and the private sectors globally. This shows that the companies' environment has faced the competition technological developments that are increasingly modern and sophisticated at the local and global level so that the phenomenon of job performance and employee trust is the one of the top priority of the organizations. In today's competitive environment understanding the antecedents of employee job performance is vital for organizations. Different research has been conducted with respect to predictors of job performance. Among these psychological empowerment and some of its elements noted to play an important role it has been noted that some elements related with employee trust which influence the job performance of employees in workplace.

Leadership is described as a method whereby one person persuades a set of people to accomplish a day to day goal (Northouse, 2007). Motivating people to comprehend and concur on what must be done and how to execute it as well as supporting both individual and collective efforts to reach common goals, is the process of leadership. (Yukl, 2006,). According to Northouse (2007), it is more important for organisational success because of how it affects the performance of employees and followers. (Mayer et al., 2012).

In this research, we use a model to scrutinize how employee trust and job performance in both public and private businesses relate to ethical leadership, psychological empowerment, and these factors. According to Brown et al. (2005), the most common definition of ethical leadership is the encouragement of certain conduct to devotees via two - way communication affirmation and decision-making as well as the exhibition of prescriptively acceptable conduct via one's own actions and interpersonal relationships. As the majority of studies in the field have based their theoretical and empirical work on this understanding, this definition is the most suitable technique to portray ethics and leadership in academic literature. In order to explain how followers' ethical behaviour is taught, in part, through observation, retention, and imitation of their leaders' ethical behaviour, this idea and formulation of ethical leadership rely on social learning theory.

The beliefs, principles, and values of right and wrong form the basis of organisational behaviour and serve as the basis for how executives persuade staff to accomplish the company's goals. (Al-sharafi & Rajiani, 2013). According to Bubble (2012), the technique of influencing employees through ideals, principles, and beliefs that strongly go against the accepted organisational behaviour norms is known as ethical leadership. The foundational elements of moral leadership are those. According to studies on ethical leadership, the importance of it in the workplace will increase (Hsin-Kuang, Chun-Hsiung & Dorjgotov, 2012). Firms like Lehman Brothers and Enron going out of business, according to Neubert, Wu, and Roberts (2013), is a succinct evidence of the significance of ethical behaviour. This is due to the likelihood that unethical company practises will lower worker enthusiasm, prompting state interference of the ethical leadership principles.

According to the definition of psychological empowerment, it is "intrinsic task motivation reflecting a sense of self control in relation to one's work and an active involvement with one's work role." In several areas of psychology and management, including motivation, task performance, leadership, group dynamics, decision-making, and organisational design, there has been an upsurge in interest in empowerment since the 1980s. This is so that employee performance, wellbeing, and positive attitudes can all be improved for individuals, teams, and businesses. Four cognitions meaning, self-determination, competence, and impact combine to

form psychological empowerment. Meaning is the connection between a person's employment role and their individual beliefs, norms, and ideals. A person's sense of autonomy or control over the beginning or controlling their behaviours is known as self-determination. Competence is the belief in one's ability to successfully carry out professional activities. Impact is the conviction that one person can have an impact on the management process and can affect how well a work unit performs (Seibert, et al. 2011, p. 981). The four dimensions are defined as autonomous, unique, interconnected, and mutually reinforcing, attributes that aid in capturing a state of dynamism or a positive attitude toward performance.

Depending on an organization's structure, team dynamics, individual and team traits, work style, leadership, and organisational support, psychological empowerment may differ. Up to this point, the concept of empowerment has been explored from a structural and motivational standpoint, and it has been tested by examining the elements that influence employees' feelings of trust and empowerment. The foundation of any successful professional relationship is interpersonal trust. Long-term working relationships without interpersonal trust are difficult to envisage. The eagerness to expose others to risk in the hopes that their intentions or behaviour on important issues would be favourable is what defines trust in the workplace. (Mayer, Davis, & Schoorman, 1995; Rousseau, Sitkin, Burt, & Camerara, 1998). According to numerous studies Trust has been linked to a variety of outcomes for attitudes and behaviours at work, including organisational commitment, job satisfaction, and performance. (Dirks et al. Ferrin, 2002).

Work performance refers to the act of doing a job. Job performance is a way to accomplish a goal or set of goals inside a position, role, or organisation, (Campbell, 1990), but it is not the actual result of the actions taken while performing the duties of the position. According to Campbell (1990), Instead of being a simple action, performing a task is a "complex activity." The behaviour associated with a job is entirely different from the results of the job, which are connected to productivity and success. Since they make up the fundamental structure of job performance, two important factors task performance (defined as the employee's competence) and job performance (defined as the employee's capacity to perform the job) have historically been emphasised. Perform contextual Performance and basic technical

duties in their field of employment (characterised as constructive conduct that tangentially advances organisational objectives).

1.2 Research Gap

Previously there were many studies conducted on ethical leadership and employee job performance and get many different results and consequences like employee's turnover intentions could decrease, employee job satisfaction could increase, employee felt trusted, motivation and so many other aspects as well. Employee's job performance, ethical leadership, and psychological empowerment required more exploration.

The main goal of ethical leadership is to create paradigms of values that have an impact on the followers. In the real world, a leader's and an employee's relationship is crucial to improving organisational effectiveness and worker productivity.

Employees who work well together, coordinate their efforts, and communicate effectively and take the initiative to solve problems should perform better, according to leaders. Employees that are receptive to criticism constantly learn from their errors and put the needs and satisfaction of their clients first. In light of this, it is obvious that a leader's capacity to develop a strategic component of early ethical maturity toward persuading the followers to succeed and function effectively within the organisation depends on the practical application of the principles of value ethics. Buble (2012) explains how organisations have been experiencing a gap between the actions of the leaders and their values in the contemporary global marketplace. Such a mismatch is frequently present when moral conundrums affect organisational decision-making. Al-sharafi & Rajiani (2013) Review how trust between leaders and their respective followers is a component of the corporate climate that heralds such ethical conundrums. Employees are faced with an ethical conundrum because of the slight discrepancy between a leader's words and deeds. Due to this, ethical leadership tactics must be used to reduce the gap through influencing followers by consistent behaviour, a moral way of living, appropriate action, and following the leader's instructions. Prior study has focused on a

mechanism operating at the human level called self-efficacy to explain how ethical leadership affects followers' work performance.

According to (Chughtai et al., 2015; Dust, Resick, Margolis, Mawritz, & Greenbaum, 2018; Ng & Feldman, 2015; Yang et al., 2016). Future studies should examine stronger underlying mechanisms, such as psychological empowerment and the exchange of ethical leadership and follower outcomes between leaders and members. The current research will fill in the gap by looking at the link between ethical leadership and employee job performance by using the psychological empowerments as moderator. The current study will also add to the literature on how employee trust effect job performance of employees. Additionally, it may be beneficial to examine ethical leadership behaviours at many levels (such as individual, group, and organisational). It clarifies how different leadership philosophies affect employee motivation, trust, and job performance. The main goal of ethical leadership should be to develop employee trust by implementing specific techniques that correspond to followers' ethically impactful responsibilities. This tactic must fulfil the functional purpose of looking inward to evaluate not just the organizational's emotional component but also to challenge the leaders' judgement in taking different viewpoints into account. The foundation of ethical leadership is built on feelings of trust, inspiration, and individualised care. These emotions motivate behaviour and affect how well employees perform. Building capacity is a key component of ethical leadership. A comparatively standardised ethical leadership dimension is the model of value generation.

Ethical leaders are seen as role models for moral and ethical behaviour, because they sustain high moral standards that have an impact on the ethical climate at work and help employees find solutions to a variety of work-related issues, According to certain study done at the individual and team levels, an ethical leadership style can aid workers in doing better on individual tasks and in groups (Brown et al., 2005).

In our study, we look at how ethical leadership affects how well individuals perform at their jobs, with the feeling of trust among employees serving as a mediator and psychological empowerment at work as a moderator.

1.3 Problem Statement

Previous studies describe that an unethical and unmoral leadership styles increases the demotivation, stress and burnout in employees due to which increases in turnover, absenteeism, low job performance and decrease in organizational productivity. So the cause of the employees low job performance and intension to leave due to harsh and immoral manners of the leader will results employees low level of the evaluation about their self-worth, skills and abilities. Such type of leadership is crucial for employee low job performance and turnover and over all organizations performance. So an organization needs good and ethical leadership style to cope with these problems. As we know both the public and private sectors are essential to the nation's development. They supply the essential goods and services required for an economy's rapid expansion, growth, and modernization. Demand for technology and other goods and services rises as the economy expands in order to accommodate the growing volume of economic transaction. To improve the efficiency of these sector manager should change their leadership style to empower their employees which ultimately enhance employee performance in organization. The results of the current study will be valuable in identifying issues with employee performance and leadership style. Examine how ethical leadership affects work performance, using psychological empowerment as a moderator. Because Pakistan's public and commercial sectors are currently dealing with this issue, this is appropriate. The vast majority of both the public and commercial sectors are dealing with this problem to a great extent, which makes workers feel weary and, coupled with high employee turnover rates, their behaviour is becoming unfavourable to job performance. Since employees are the most important resource that any corporation may have, managers in organisations invest time and effort into building good relationships between their leaders and their workforce. So the organization should provide a proper guideline and support their employees which will enhance the performance of the employees in an organization. By emphasizing the link between ethical leadership and job performance, as well as the intermediary roles of employee trust and psychological empowerment, our study will find a solution to this problem.

1.4 Significance of Study

Leadership always has been a key area of concern for the researchers because a leader plays a significant role in organizations success. In this era, organizations need to enhance their outcomes and performances through building the relationship with their employee's and this relationship can be built through psychological empowerment and employee trust. Leadership is defined as "the process of assisting individual and group efforts to achieve shared objectives and the process of influencing others to understand and agree on what needs to be done and how to do it." (Yukl, 2006, p. 8). According to Northouse (2007), it is more important for organisational performance because of how it affects workers' and followers' behaviour. (Mayer et al., 2012). Employees that are psychologically empowered are better able to do their work efficiently and meet corporate objectives. Investigating the link between ethical leadership and employee job performance is the study's justification. Due to the lack of an adequate study on ethical leadership in the field of human resource management, this study will fulfil the identified hypothetical break in the earlier works. Ethical leadership leads to a rise in the level of job performance in organizations. This research will also reveal the positive effect of performance in the organization through ethical leadership under management to check the above discussed objectives.

1.5 Research Questions

The following queries are addressed by this study. The following questions can be developed using the problem statement from the current study as a starting point.

Research Question 1

Does Ethical Leadership impact on Employees Performance?

Research Question 2

Does employee trust mediates the relationship between Ethical Leadership and Employees' Performance?

Research Question 3

Does psychological empowerment moderate the relationship between Ethical Leadership and Employees' trust?

1.6 Research Objectives

A concept to research the connection between moral leadership and worker job performance in the public and private sectors will be put to the test and launched by our investigation. If ethical leadership behaviour is implemented in these sectors, employee's job performance will increase. It will benefit the team and encourage greater organizational efficiency and productivity. Additionally, the relationship between ethical leadership and job performance will be examined, as well as the mediating role of employee trust and the moderating role of psychological empowerment. The following are the study's objectives.

Research objective 1

To examine the association between ethical leadership and job performance.

Research objective 2

To find out the mediating impact of employee trust in the relationship of Ethical leadership and job performance.

Research objective 3

To find out the moderating role of psychological empowerment in the association of ethical leadership and the employee trust.

1.7 Supporting theory

1.7.1 Leader Member Exchange Theory

Graen and Uhl- (1995) Bien's Leader-Member Exchange (LMX) Theory is concerned with how the leader and member interact. The underpinning of LMX theory is that leaders engage in several kinds of trade relationships with their followers, and

the calibre of these ties impact how these leader and member exchanges affect outcomes. Consequently, the LMX hypothesis states that leadership emerges when leaders and followers are able to forge strong bonds that result in mutual influence (Uhl-Bien, 2006).

Leader–member exchange (LMX) theory, states that leaders build individual relationships with each of their subordinates and that the strength of these relationships influences the attitudes and behaviors of subordinates in the workplace. (Graen & Uhl-Bien, 1995). The high and low levels of exchanges between leaders and their subordinates are explained by the leader member exchange (LMX) idea. According to the theory, relationships are defined by the interactions between the leader and followers. High-quality and low-quality connections that lead to the development or negotiation of relationships and job positions through time. (Bauer and Green 1996). Economic exchange centered mostly on formal and tangible assets, such as employment contracts and payment, characterizes low Leader member exchange (LMX) relationships. People in high-quality relationships will benefit more compared to those in low-quality relationships, both in terms of economic and social exchange; more precisely, values like reciprocity, obligation, respect, and loyalty will take centre stage in the relationship. In addition to boosting drive and self-assurance, high levels of LMX also foster high levels of contact and trust between leaders and their followers. The organisational performance was improved through LMX, and this had a favourable impact on personnel work performance as well. The mutual reciprocation that arises in high LMX connections and the social exchange theory are generally used to explain the relationship between LMX quality and favorable outcomes.

The leader member exchange theory (LMX), which is based on the idea that a leader would eventually create an exchange relationship with each subordinate and their high-quality relationship, serves as the foundation for the current study and in response of leader's supportive behaviour in the organization encourage employees show positive and feeling trusted behaviour towards their job in workplace, therefore the overall organizations success increases under with a good leadership style. Positive exchange relationship can cause one person to become dedicated to another, signifying that an exchange may from time-to-time effect affiliation that also help

employees to show high job performance towards the organization goals. Moreover, employees in the presence of leader's ethical leadership behaviour, experience model performing behaviour of leader, which in return engender employees to show more active behaviour in terms of achieving organization goals.

An important foundation for establishing a connection between leadership style and employee job performance in an organisation is the Leader Member Exchange Theory (LMX) developed by Graen and Uhl-Bien in 1995. Ethical leadership fosters employee trust as they engage in open, visionary communication, focus on amicable labour relations, systemic innovation, and extensive training and development. The goal of ethical leadership is to develop capabilities. A comparatively standardised ethical leadership dimension is the model of value generation. Ethical leaders place a high priority on enhancing their followers' potential for sustainability. A long-term value is promoted and teamwork among various employees is fostered by ethical executives. Employee perceptions of psychological empowerment and the development of their leaders' trust are shaped by leader-member exchange cultures. According to the LMX theory, employees are more likely to perform their tasks successfully, take risks, and engage in open communication if they are listened to, given assistance, and given clear and consistent directives.

Ethical leaders empowered their employees towards their job performance through motivation, job autonomy and building trust and creating a high level of leader member exchange relationship and other aspects as well. Employees who feel empowered are more likely to take part in public discussions and exchange ideas (Newman et al., 2017). According to the leader member exchange idea, when ethical leadership is practised, employees receive greater levels of support and respect from their employers, which improves their ability to accomplish their jobs. Employees will reciprocally provide long-lasting performance as well as emotional commitment to and identification with their companies (Chen et al., 2014). Similar to this, ethical leaders give their staff members the opportunity to learn new skills and techniques for boosting their performance, which eventually improves job performance. The leader member exchange theory was used in this study to make a connection between ethical leadership and job performance.

Chapter 2

Literature Review

2.1 Ethical Leadership

When big ethical scandals occur in almost every form of organisation, including organisations, sports, and religious institutions (Brown and Trevino 2006), ethical behaviour and the ethical dimension of leadership become evident. First, we need to grasp "what ethical leadership is" and "how ethical leaders ought to conduct" in order to comprehend this leadership phenomena and its linkages with antecedents and results. According to survey studies, a leader's perceived efficacy is correlated with their perceived trustworthiness as a leader. (Den Hartog et al. 1999; Mayer et al. 2012).

Discussing the best course of action with employees and acting with their best interests in mind are two key components of ethical leadership (Brown et al. 2005). Numerous exploratory studies are being conducted to learn what the phrase "ethical leadership" signifies to close associates of executives. (Trevino et al. 2000). Few research have looked at how and why ethical leadership affects performance, although Brown et al (2005), social learning viewpoint has been particularly helpful in explaining this link. This framework's fundamental premise is that ethical leaders can influence followers' behavior by serving as role models. Ethical leader serve as role models for their followers by acting in a way that promotes ethical management. This discourages followers from acting in ways that would compromise their organizations' bottom line performance. (Brown et al. 2005; Piccolo et al. 2010).

To the best of our knowledge, different research describe the mechanisms through which ethical leadership is connected to effectiveness and performance. According to these research, ethical leadership has a good effect on employees' job performance in part due to the nature of the interaction between leaders and followers, (Walumbwa et al. 2011b, 2012). Different leadership styles have been described by experts. Each form of leadership has unique value dependent on its own qualities, traits, etc. The emphasis placed on morally characterised moral perception, moral judgement, moral management, and moral impression is the primary defining characteristic of ethical leadership. Self-actualization, moral relationships, moral vision, and impartial dealing are the main components of ethical leadership. According to Piccolo, Greenbaum, Hartog, and Folger (2010), ethical leadership fosters employee autonomy, allows their opinions to be used in organizational decisions, uses rewards to promote ethical behaviour, cares about their team members, and accepts their failures (Brown et al., 2005). Employees who experience this support build new work methods that demonstrate the improvement in the process of carrying out various activities (Trevino, Brown, & Hartman, 2003). This form of leadership gives signals about what is important and leads behaviour (Martins & Terblanche, 2003). The qualities of ethical leadership are demonstrated by a leader who forges personal connections with team members and is willing to overlook their errors.

Employees that work in a setting with good ethical leadership demonstrate greater readiness to put up extra effort in developing, promoting, and putting into practise fresh ideas that support organisational innovation and success (Tu & Lu, 2013). Employees, on the other hand, frequently exhibit habitual behaviour that lowers work performance in the organisation when they experience weak ethical leadership. As a result of ethical leadership, followers have been found to exhibit a variety of outcomes, such as positivity, task importance, work autonomy, commitment, and interactional fairness, contentment with a leader's self-efficacy, leader-member exchange.

They defined the differences between ethical leadership and other types of effective leadership. First of all, ethical leadership emphasises the ethical aspect of leadership rather than treating ethics as a supplemental aspect. (Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009). Second ethical leadership given by Brown et al. (2005)

included trait (i.e., the moral person) and behaviour (i.e., the moral management) elements. According to their argument, a leader's honesty, social responsibility, fairness, and openness to consider the effects of one's actions are all examples of ethical leadership. However, ethical leadership is also demonstrated by particular actions taken by the leader to advance workplace ethics. Leaders that are morally upright strive to uphold these values in both their personal and professional lives. (Brown & Treviño, 2006).

According to the (Bandura, 1986), ethical leaders can persuade followers to act ethically by modelling good behaviour and exhibiting transactional leadership behaviours (e.g., rewarding, communicating, and punishing). The new emphasis on ethical leadership is based on the idea that morality is an essential element of effective leadership and that those in positions of authority are accountable for fostering moral environments and behavior. (Brown & Treviño, 2006). This helps to create a value system where employees may respect one another's ideas or ideals and collaborate successfully (Brown & Treviño, 2006). The basis of organizational behavior is made up of moral principles, ethical standards, and values, which creates the platform from which leaders can influence staff members to accomplish the organization's objectives (Al-sharafi & Rajjani, 2013). According to Bubble (2012), ethical leadership is the process of influencing people through values, principles, and beliefs that significantly deviate from the behaviors that are expected of them in the workplace. Building capacity is a key component of ethical leadership. A comparatively standardised ethical leadership dimension is the model of value generation. McCray, Gonzalez, and Darling (2012) proposed that moral leaders provide special emphasis to developing their followers' capacities for sustainability and improving performance.

2.2 Job Performance

Job performance is describe as "the total expected value to the organization of the discrete behavioural episodes that an individual carries out over a standard period of time" (Motowidlo, 2003,). The execution of the duties given to the person is

what is meant by performance overall. Performance refers to what an employee accomplishes while on the job or how they complete a task. Performance is thus a collection of unique behaviours in connection to the task at hand. Additionally, an employee's performance at work in a company displays their knowledge, abilities, conduct, and ethical principles. The capacity of the workforce to meet organisational expectations. The concept of job performance, however, is explained from a variety of angles, and it is generally acknowledged that it is a multidimensional construct. According to Campbell et al. (1993), there are two viewpoints from which performance must be understood: behavioral and result. When seen from a behavioral perspective, job performance refers to what employees do or how they act while at work. Performance in this context refers to the outcomes of an employee's behavior. In other words, performance is an assessment of outcomes. Indeed, there is a connection between the behavioral and outcome components of performance. Additionally, performance can be divided into characteristics of productivity and effectiveness. (Pritchard, 1992). Between productivity and efficacy, there is a big gap. While productivity is defined as the effectiveness of productive effort, particularly in industry, as evaluated in terms of the rate of production per unit of input, effectiveness refers to the degree to which something is successful in generating a desired result.

Job performance is the conduct displayed and work produced by a member of an organization to meet expectations, rules, or official functions of the company (Campbell et al., 1990). Job performance, in a nutshell, refers to the actions taken by a person while exercising self-control that are in line with corporate goals (Campbell et al., 1993). Job performance was described by Borman and Motowidlo (1993) as all actions performed to accomplish organizational goals, and they suggested that the contributions produced by these behaviours may be quantified. According to Iqbal et al. (2015), Employee loyalty in the company is positively and significantly impacted by organisational commitment. Employees are more likely to strive for higher work performance when they adopt attitudes and behaviors that support the organization.

There are several ways to examine job performance as a concept, including an employee's capacity to meet corporate standards and goals (Bohlander et al., 2001).

Campbell (1993), describes that behavior which is something a person actually does and can be seen doing is equivalent with performance. Job performance is a key concept in industrial and organizational psychology. It reflects the scalable actions, behaviors, and results that individuals engage in or contribute to inside organizations, and it is determined by the degree to which those behavior patterns advance organizational objectives. The way a task is carried out is influenced by a person's abilities and experience, job stability and feedback, the working environment.

In Romania, a number of innate elements help people execute their jobs better, which makes them feel valued and motivates them to work harder to achieve the organization's goals. These factors all lead to greater workplace involvement, lower absence rates, and less job-related mood swings. In addition, elements like Effective management-employee communication, early task distribution, a sense of recognition, and an alluring salary are also important in raising employees' job performance. Self-determination, stable employment, power, personal accountability, and autonomy while at work, workplace comfort, career prospects, benefits packages, career development, work attractiveness, and remuneration are other factors. According to (Meyer & Peng,) the output that a person has provided to the organization in terms of his or her behavior, which the organization may deem to be fruitful or unproductive, is referred to as job performance.

In a lot of work psychology, the concept of job performance is crucial (Viswesvaran & Ones, 2000). Without boosting the performance of its workforce, an organisation cannot accomplish its goals. According to Alromaihi, Alshomaly, and George (2017), it is critical to comprehend each employee's performance because crucial management choices are based on it. As a result, this concept has drawn the attention of practitioners and scholars from a variety of sectors. (e.g. Degago, 2014; Murphy & Kroeker, 1988). Job performance is all the work-related conduct that a business expects from its personnel, according to Moorhead and Griffen (1999). It refers to how well a person performs his or her job, in the words of Dai & Ziao (2016). Degago (2014) added that it is when an employee achieves an objective in line with expectations set by the company. Therefore, the expected conduct demonstrated by employees at work is job performance.

2.3 Employee Trust

Employees are probably to develop either trust or distrust based on their inter-linkage with co-workers and leaders, as well as their perceptions of the organization's sound policies and beneficial behaviours. (Burke et al., 2007; Saruhan, 2013). This illustrates the dual nature of trust, which can exist at both the systemic and interpersonal levels. (Straiter, 2005). Recognizing the significance of trust in regards to both referents. Studies on trust have been progressively expanding in academic settings, incorporating sociology, psychology, economics, management, and ethics. Many important work outcomes, including employee performance, job happiness, and organizational accountability, are supported by employee trust in the organizations, according to a number of research on the topic. For instance, an empirical study by (Jafri 2011) revealed that employee trust in the boss promotes and enhances both innovative behaviour and employees as a whole. The efficacy and normative commitment of employees are also significantly impacted by trust. In the modern corporate world, these beneficial contributions are quite significant because they eventually help the organization grow and perform better.

There hasn't been enough research done to come to a consensus on a definition of trust, despite the claims of those who have studied trust that it is derived from a variety of factors. However, the phrase has come under intense scrutiny, with many studies working to define it in an effort to determine its effects and nature. (Whitener, 1998). Despite the fact that the term "trust" has been defined in a variety of ways, many of them share certain characteristics, such as expectations and worries about dependability and vulnerability. Given how crucial employee trust is to organisational success, research on the causes of trust has been considerable.

According to earlier studies, employee trust can be influenced by organizational support, perceived organizational justice, leadership styles, and leadership communication. However, recent studies have mostly focused on leadership style or behaviours, despite the fact that previous research has demonstrated the critical importance of leadership in creating and maintaining employee trust. For example, Employee trust was found to be promoted by authentic leadership, which is defined by integrity, adherence to fundamental principles,

objectivity in decision-making, and relational transparency (Hassan & Ahmed, 2011). Only a small number of researchers have looked at how leadership communication affects employee trust, despite the fact that communication is acknowledged as a crucial component of leadership (Men, 2015, Thelen, 2020). Trust emphasises connections and power. A connection is described as one where one party has faith in the dependability and integrity of the other parties (Morgan & Hunt, 1994). A sensation of each party having a relationship that does not betray one another can also be described as trust (Choudhury et al., 2007). Trust is seen as a crucial component for the organization's seamless operation and for attaining legitimacy (Cho et al., 2015). The components required to create that trust are likewise determined to be policy, justice, and integrity (Kim et al., 2014). On the basis of moral judgement and corporate principles, trust is also established (Lee et al., 2013). Trust is a significant element of social ties. Pedro and Gökhan (2020) described trust as the willingness to place oneself in a position of vulnerability to another party's actions based on the assumption that the other party may behave with one's own interests in mind. That is members of the organization trust each other's ability to complete their tasks and expect that the other group members can help them solve their problems (Kim and Lee, 2006). Employees based on the actions and practices of their leaders draw the nature of their relationship, which is either characterized by trust in leadership or a loss of it (Neves and Karagonlar, 2020). When employees and their leaders are in a mutually trustworthy social sharing relationship, they tend to reciprocate positive treatment, and vice versa (de Jong et al., 2015). The degree of faith a person has in others to behave honourably and predictably is sometimes referred to as their level of trust. Employee trust in leaders can therefore be described as employee confidence in leaders' intentions as well as their behaviour. (Cook & Wall, 1980)

In organizations, it's crucial for workers to have faith in their leaders. Employees that have confidence in their managers will not only spend less time covering their backs, but also put in extra effort and perform above and above expectations.

Additionally, when workers believe in their managers, they are more comfortable disclosing sensitive information or accepting responsibility for mistakes. These workers will also be more likely to follow their bosses' instructions and accept their judgments, allowing them to spend less time defending and justifying their decisions.

Leaders are crucial in creating and maintaining trust (Shaw, 1997). Leaders encourage staff to meet feasible organisational goals by communicating them to them, which promotes the growth of trust (Bennis & Nanus, 1985). Additionally, leaders who support their team members' growth by coaching them and demonstrating their dedication to it can establish trust. (Gillespie & Mann, 2004). Last but not least, leaders who care about their workers' well-being and give them the freedom to make their own decisions establish their reliability.

2.4 Psychological Empowerment

The classic definition of empowerment in management literature is the giving control and authority to subordinates (Daft, 2014). The concept of empowerment is based on the well-established corpus of research on participative management, work enrichment, and alienation. (Spreitzer et al., 1999). According to Spreitzer Meaning, competence, self-determination, and influence are the four cognitions that represent an individual's orientation to his or her professional role and are indicative of psychological empowerment. The difference between empowerment and psychological empowerment must be understood. It is important to comprehend psychological empowerment as a motivating construct based on an employee's sense of their competence to perform the work well, their option to initiate and control actions, their ability to have an impact on the environment, and the significance of their work. One can view peers, organisations, and a variety of other elements in one's environment as precursors of psychological empowerment. (Spreitzer, 1995; Thomas & Velthouse, 1990).

Both scholars and administrators have paid close attention to psychological empowerment. Many firms employ this tactic to provide their people resources with an

efficient tool, namely workplace autonomy. (Imam & Hassan, 2015; & Randolph, 1995). Employees that exercise this authority exhibit superior performance (Degago, 2014), are more innovative (Nawaz, Hassan, Shaukat, & Assadullah, 2014), are better at adapting to changes in the environment (Dess & Picken, 2000), and help their organisation and themselves grow. (Meyerson & Dewettinck, 2012). According to Ghani, Hussin and Jussof (2009), in various contexts, the idea of psychological empowerment has varied meanings. (Zimmerman, 1990). An employee's view of his or her level of autonomy, self-competence, ability to influence others at work, and ability to find purpose in what they do is known as psychological empowerment. Spreitzer (1995) defined as an individual's experience of the motivation process that improves their self-efficacy at work.

High levels of competence will boost confidence in carrying out job performance. The individual and organizational levels will be significantly impacted by a high level of self-determination. Additionally, an individual's beliefs about interpersonal relationships, particularly a set of perceptions that emphasise a motivating aspect of self-efficacy, personal control, are reflected in their self-motivating factors, which are known as psychological perspectives on empowerment.

One such important factor that affects the job performance of employee is psychological empowerment (Bester et al., 2015). When workers have the power to impact the working environment at their place of employment (the "impact" sub factor of psychological empowerment), When workers have the competence and ability they require to carry out their tasks (the "competence" sub factor of psychological empowerment), When people are empowered psychologically and have the freedom to make their own decisions, ("self-determination" sub-factor of psychological empowerment), and when workers believe their work is meaningful (the "meaning" sub-factor of psychological empowerment), it is more likely that their connection to their jobs and the workplace will be high in that situation. As a result, when a person feels psychologically empowered, they perform well at work. Empowerment is defined as the development of power through collaboration with others and the capacity to shape one's convictions (self-empowerment) (Vogt, 1990). Beach (1996) asserts that empowerment is innate in people and independent of management methods and policy. Psychological empowerment is a process that

fosters self-efficacy in workers by eliminating any circumstances that support powerlessness through formal organizational practices and informal ways of information provision. This theory has been developed by Thomas and Velthouse (1990), who came to the conclusion that a broad range of activities, including significance, autonomy, competence, and impact, might inspire workers organically.

(Spreitzer, 1995) defined psychological empowerment as the psychological process or condition that is manifested in four cognitions, namely competence, impact, self-determination, and meaning. Competence is the ability and conviction to carry out a specific task. Meaning fosters a sense of emotion towards the significance of work. Self-determination is concerned with the freedom to plan and carry out an activity or task. The degree to which a job or behaviour alters the workplace is referred to as the impact. Despite being separate, all of these factors together form the concept of psychological empowerment.

Employees who feel empowered are more likely to take part in public discussions and exchange ideas (Newman et al., 2017). According to Wu and Lee's (2017) paradigm, empowered employees exhibit high levels of knowledge sharing and learning due to the combination of the leader member exchange theory and positive organisational behaviour perspectives. Employees that are empowered also have a plan of action where they are entirely in charge of the outcomes and accountable for them. Self-belief will cause a variety in the attitude and behaviour among employees, and attitude and behaviour have a direct impact on one another. Additionally, tasks, assets, and outputs from the work are fairly distributed among empowered personnel (Kirrane et al., 2019). This study intends to give empirical data about the moderating and moderating-mediating roles of psychological empowerment due to the paucity of research in the field (Solansky, 2014).

Inherent task motivation that displays self-control in regard to one's active involvement with the work role is called psychological empowerment. (Seibert et al., 2011). Previous research on psychological empowerment shows that empowered workers are more productive, have higher level of job satisfaction, and job performance and are more devoted to their organisations (Seibert et al., 2011). A high level of psychological empowerment among employees may lessen the likelihood that they may look for alternative employment, hence reducing turnover since empowering

work arrangements for an employee may be challenging to develop. Additionally, psychological empowerment decreases employee turnover intentions due to this employees feel obligated to repay such a favourable work arrangement with enhanced loyalty and continuing employment.

Individual motivation to act properly and with goal orientations develops as a result of cognitively experienced empowerment that results from interactions with other coworkers. It is a mental condition that involves the growth of perception at work and gives people the energy they need to work as hard as they can for the organization's welfare on the basis of four empowering principles. A process known as psychological empowerment begins with the recognition that wonderful things happen to an individual and transforms that perception in a way that encourages employees to actively participate in the completion of work-related tasks. Meaning, competence, self-determination, and influence are the four processes on which the growth of psychological empowerment is founded.

The meaning domain helped to develop the sense of purpose. There are similarities between the work and each person's personal views and values. The two opposing beliefs are combined into one by the sense of purpose. An individual might form a psychological bond with an organisation thanks to meaning. The concept of competence is linked to the idea of self-efficacy, or confidence in one's ability to execute given their skill set. Competence enables people to reach their full potential, contribute to the welfare of the business, and cultivate the mind-set that their work is their responsibility. It can result in you giving your all to the task. Self-determination is linked to freedom of choice and autonomy in the job. Self-determination promotes confidence and the essential sense of personal freedom needed to take command of the job and the workplace. People at work believe it is advantageous for the company to have the freedom to establish or change work routines. Impact refers to the perceived result of a person's control at work. People's willingness to exert more effort and treat the work as their own might be influenced by how much control they feel they have over the situation. Employees can be

empowered psychologically to work effectively for both the organization and themselves.

2.5 Ethical Leadership with Employee Job Performance

The employees is a company's most valuable resource; without them, it would be challenging to achieve goals and objectives. Numerous studies have been conducted on how ethical leader can influence how well their workforce performs. In the relationship between corporate culture and employee outcomes, ethical leadership may serve as a mediator, according to a 2009 study by Toor and Ofori. The study discovered that ethical leadership is more likely to increase a leader's effectiveness, employees' willingness to exert additional effort, employees' job satisfaction, and the environment necessary for ethical leadership to exist, all of which will ultimately result in improved worker performance. According to Resick et al. (2011), Performance of employees, internal locus of control, responsiveness to work, and readiness to disclose problems are all positively impacted by ethical leadership. Piccolo, et al. (2010) suggested that a leader's ability to influence the "task importance" and "autonomy" of the Job Characteristics model and the willingness of employees to exert additional effort in order to perform their jobs. If followers feel top managers have a good moral image, ethics may be seen as a vital issue within the organisation, and this perception may be transformed into a strong admiration of top management by employees within an organisation. The organisational sciences have given a lot of attention to the leader-member exchange (LMX) theory (Nahrgang, Morgeson, & Ilies, 2009; Walumbwa, Cropanzano, & Goldman, in press). The degree of emotional support and resource exchange that occurs between a leader and his or her direct report is the foundation for leader-member interaction. Consequently, LMX refers to a social interchange between a worker and his or her immediate manager or leader. Based on who they connect with, how they interact with them, and their experiences with them, leaders and employees tend to form high-quality relationships through exchange

processes, claims the leader member exchange theory (Blau, 1964). In other words, the stronger the relationship, the more frequently workers will interact with their immediate leaders (Dienesch & Liden, 1986). Because of this, leadership is a valuable commodity in social interactions. In light of the fact that LMX connections are created through a series of contacts or exchanges between leaders and followers, we contend that because of their close proximity to employees, immediate supervisors are essential to fostering LMX relationships. Ethical leaders can improve high-quality LMX with their followers in a variety of different ways. Ethical leaders are initially viewed as moral individuals who are truthful and reliable, according to Brown & Trevio (2006) and Brown, & Hartman (2003). They are also regarded as moral decision-makers who emphasize the welfare of the workers, the business, and community as a whole. When leaders act compassionately and in their best interests, employees perceive that they are committed to them. They are very dedicated to doing their duties as a result of their strong levels of loyalty, emotional connections, and mutual support, which produces improved, high-quality LMX.

Ethical leaders are caring, connections with ethical leaders are based on social exchange and reciprocity rules. Ethical leaders use balanced punishment to hold followers accountable after educating them on the advantages of acting ethically and the costs of acting inappropriately (Brown et al., 2005). These leaders also emphasize building trusting relationships with followers by soliciting ideas from staff members without engaging in any type of self-censorship. By promoting employee viewpoints, ethical leaders can create significant interpersonal connections that go beyond specific economic exchange agreements (Brown & Trevio, 2006a; Walumbwa & Schaubroeck, 2009), facilitating high-quality LMX. Therefore, we anticipate that ethical leadership and job performance will be strongly connected.

A growing interest in ethical leadership has emerged as a result of the community's increased focus on managers' morally acceptable business practices (Trevino et al. 2006). Leaders have the power to affect their followers' attitudes, perceptions, behaviours, and reactions to the workplace (Yukl, 2006). Although ethical leadership has gained a lot of intuitive support, the management literature has only recently given this leadership style solid theoretical backing (e.g., Brown &

Treviño 2006; Brown et al. 2005). As opposed to being merely another facet of important leadership techniques like transformational, transactional, and authentic leadership, ethical leadership has been identified as a viable distinct "leadership" construct. In their seminal work, Brown et al. (2005) defined ethical leaders as "considerate, trustworthy, and morally upright individuals who make just decisions, candidly communicate acceptable ethical standards to their followers, and become excellent role models by practising these ethical standards themselves. Leaders have the power to affect the attitudes, perceptions, actions, and reactions of their followers to the workplace (Yukl, 2006).

We identify some additional justifications to support the claim that ethical leadership influences follower job performance, drawing on the leader member exchange theory. First, ethical leader take responsibility for their actions, which conveys to followers the value and significance of the responsibilities they have been given. Through the leader member exchange theory, followers improve their level of accountability at work by adopting the principles and conduct of their ethical role models. It has been discovered that accountability fosters performance-related outcomes, including work motivation, commitment to work, and staff morale, which results in high job performance of employees. Employees that are motivated at work put out extra effort to accomplish corporate goals and objectives and spend resources on delivering quality work will enhance job performance (Piccolo et al., 2010). This proposition contends that ethical leadership and job performance are positively correlated. Accountable employees are more inclined to put forth effort in all behaviours that improve their success at work. Second, Members of organizations require behaviours that are rewarded and punished (Trevino, 1992). According to the leader member exchange concept, learning is promoted in a predictable way by outcomes like rewards and punishments meted out by role models. Ethical leaders chastise those who break ethical standards and reward those who do so, teaching their followers the advantages of good behaviour as well as the drawbacks of incorrect behaviour (Brown et al., 2005). Therefore, followers who perceive ethical leadership are more likely to carry out their duties effectively. Effective completion of the activities and duties that have been assigned is one

technique to attain successful job performance. As a result, we anticipate that ethical leadership will have a favourable impact on work output like job performance. Third, ethical role models direct workers' attention to moral principles that offer helpful norms, benchmarks, and recommendations so that subordinates can manage ethically contentious situations (Grojean, Resick, Dickson, & Smith, 2004). Employees must deal with constantly evolving professional ethical difficulties that may cause them to worry about addressing professional ethics, diverting their attention and effort away from doing their jobs well. By setting ethical standards for their subordinates to follow, ethical role models can reduce fears and concerns, speed up the resolution of ethical dilemmas, and focus attention on completing the task at hand. As a result, through their ethical reasoning and the leader member exchange process, ethical leadership improves follower job performance. Finally, people view ethical leaders as being fair. According to research, fairness affects how employees view their superiors. Employees are likely to have faith that the balance of work input and outcome may be guaranteed when working with ethical leaders. Therefore, we suggest that those who follow an ethical leader will achieve a high level of job performance at their work place. Additionally, when employees are treated correctly, they are more likely to view their ties with their company in terms of leader member exchange, which should lead to subordinates going above and above the call of duty. As a result, we anticipate that ethical leadership and job performance are positively correlated.

H₁: Ethical leadership behaviour is significantly and positively related to job performance.

2.6 Ethical Leadership with Employee Trust

Due to two important considerations, the idea of ethics has been increasingly important in the corporate world since the start of the twenty-first century. The first was that employers realised the benefits of ethical behaviour on employee performance and business success (Yang, 2014). Second, recent business crises have made companies realise the high risk associated with dealing with such

an incident. Additionally, ethics has emerged as one of the top concerns for governments. This is so that immoral leadership choices won't just harm corporate organisations, but also millions of people's daily lives. (Stenmark and Mumford, 2011). Additionally, unethical leadership actions directly endanger businesses (Lu and Lin, 2014). Moreover, research has shown that unethical behaviour harm companies' reputations, which lowers long-term profits because customers won't do business with them. Since it has been examined in a variety of disciplines, including psychology, management, ethics, and other relevant domains, trust in leadership has been one of the key themes for scholars for decades in the literature on ethical leadership. The level of trust between a leader and an employee matters in an organisational context because it fosters more cooperative interactions, which can have a substantial positive impact on a company. (Brower et al., 2008). According to evidence, an organization's personnel perform ethically when its leaders act in an ethical manner. Employee views are influenced by a variety of other elements, with leaders' trust being acknowledged as having a substantial impact. (Wang et al., 2011). Few studies have examined the effects of ethical leadership on employee trust, despite the fact that many have examined how a leader's actions and behaviours affect employee trust. Numerous studies have shown the close association between ethical leadership and employee trust within an organisation and how each influences the other to some extent (Gomibuchi, 2004). In order to continue receiving physical (like knowledge) and intangible (like leader trust) benefits, followers are more driven to invest in the social exchange connection with the leader when that relationship is viewed as having higher quality (Erdogan & Enders, 2007). According to one theory, this drive stems from the reciprocity norm, which states that benefits gained must be reciprocated in kind (Gouldner, 1960). For instance, researchers have claimed that in order to preserve a balanced leader member exchange, followers are especially likely to go above and above what is needed of them in terms of job performance and trust behaviour.

It is also crucial to concentrate on the two distinct parts of the relationship between ethical leadership and employee trust, with a focus on how ethical leadership decisions affect employee trust in an organisation and how employee trust influences ethical leadership decisions. The first is how ethical leadership decisions affect

employee trust. One of a leader's primary roles is to foster trust inside the organisation, and numerous studies have shown that doing so increases employee trust in the leader and the company. (Brower et al., 2008). The degree to which employees believe in their leaders is strongly influenced by their perceptions, ethical leadership actions, and choices. The second factor is the influence of employee trust, either favourably or unfavourably, on ethical leadership decisions. Although there isn't enough data in the literature to conclusively demonstrate how employee trust affects ethical leadership choices, certain components of this may be exposed by referring to earlier, pertinent studies.

For instance, the act of exchanging leader members frequently influences leadership decisions (Stenmark and Mumford, 2011). First, the leader member exchange theory may be helpful in explaining how ethical leadership decisions are influenced by employee trust. According to the leader member exchange idea, leaders' goals are influenced by employee sentiments. Because of how employee views influence the leader's decisions, this relationship has a tremendous impact. In order to maintain the same attitudes among his or her subordinates, the leader will endeavour to act in the same manner going forward. This is because if the leader changes their moral behaviour in a way that is unfavourable, the subordinates' attitudes will shift in the other direction. The leader may experience social pressure to not act when faced with a situation that could be harmful to some employees, yet the leader may nonetheless intend to make this choice owing to his or her own motivations for acting ethically. (Westaby et al., 2010). Additionally, there is a significant correlation between employee sentiments toward leaders and staff trust. Numerous studies have demonstrated that employee trust levels have a favourable influence on how employees behave and feel about their boss and the company (Brower et al., 2008). Employee trust appears to indirectly benefit ethical leadership when these linkages between ethical leadership and employee trust exist.

Another strategy is the leader-member exchange. The followers watch the decision-makers and assess them. Leaders keep an eye on their subordinates' reactions to see if they agree or disagree with the choice. Additionally, actions made by leaders that have a bigger effect on the group as a whole or on specific followers are given more attention by followers. For this reason, the size of the decision's

outcome is crucial for leaders since, in situations when there is a big potential for harm, followers will assess the leader harshly. Therefore, the pressure placed on the decision maker and the importance of the decision are directly correlated. (Brown and Treviño, 2006). When analysing an ethical decision-making process (Stenmark and Mumford, 2011). The idea that these people don't perform their jobs well enough to merit continuing in the company is the basis for the leader's decision to fire certain personnel. The decision-maker faces an ethical conundrum in this case (Westaby et al., 2010). People in organisations often have to make comparable choices that involve moral questions or ethical conundrums. However, the majority of these choices are influenced by organisational demands. As a result, this type of decision could make the decision makers anxious (Selart and Johansen, 2011). In organisations, trust is a two-way street. Employees that have trust in their organisation and leader are more likely to have trust in their subordinates (Jafri, 2011). Employee trust, gives the leader assurance while making a critical decision. Furthermore, trust could be crucial in making ethical choices. Leadership decisions may be made more ethically if employees feel trusted.

Performance pressure is another technique to subtly illustrate how employee trust affects ethical leadership decision-making. Stenmark and Mumford (2011) looked at the influence of performance pressure and discovered that it was one of the most significant factors that had a detrimental impact on the ethical leadership decision-making process. The LMX asserts that, in contrast, worker confidence in their leaders may alleviate this pressure because it is inversely related to worker job performance. Numerous empirical investigations have been done on this connection. For instance, there is a significant positive association between job performance and employee trust. Additionally, while not as significantly, a similar association between trust and job satisfaction was seen. High work performance lowers the pressure on the leader to succeed, which in turn promotes employee trust. Because of this, it is possible to assert that employee trust may indirectly have a favourable effect on moral leadership judgments.

Trust is now widely recognised as a crucial factor in determining both an individual's and an organization's effectiveness. Many studies have demonstrated that a leader's ability to inspire trust can lead to desired results such more favourable behaviours

and attitudes (Burke et al. 2007); enhanced information and idea sharing (Renzl 2008); and improved performance. There are many different ways to define and conceptualise the concept of trust. Positive expectations and a readiness to tolerate vulnerability, however, have been highlighted by Rousseau et al. (1998) as two crucial characteristics that appear to lie at the heart of most definitions of trust. Positive expectations are the trustor's self-assured convictions that the trustee is capable, trustworthy, and compassionate. Additionally, being open to being vulnerable shows that you want to rely on other people. Thus, trust is described as "a psychological condition encompassing the purpose to accept vulnerability based upon favourable expectations about the intentions or behaviour of another" in the current study. (Rousseau et al. 1998,). This study makes the case that moral leadership practises will boost followers' faith in their authority. To show how these two constructs are related theoretically, we use leader member exchange theory. According to this notion, when a leader treats their subordinates well and in a helpful way, it fosters the growth of strong exchange connections and gives workers the responsibility to do the same. Altruistic, truthful, and morally upright leaders are ethical. They really care about the welfare of their workers, encourage them to express their worries, and empower them to make fair and impartial decisions on matters that are significant to them. Employees are obligated to reciprocate when leaders exhibit such positive behaviours, which they do by demonstrating increased faith in them (Dirks and Ferrin 2002). Empirical data from earlier studies supports the claim that ethical leadership can increase employee trust. 2005; Brown et al. Therefore, it is argued in this study that ethical leadership positively and significantly affects employee trust.

H₂: Ethical leadership behaviour is significantly and positively related to employee trust.

2.7 Employee Trust with Job Performance

The willingness to accept vulnerability and having high expectations are two characteristics of trust. Positive expectations are self-assured convictions that the trustee is capable, compassionate, and honest. A readiness to acknowledge vulnerability

also betrays a desire to rely on others (Rousseau et al. 1998). Additionally, according to the leader member exchange theory, when leaders act in a manner that is both acceptable and motivating, their followers feel trusted and motivated, which promotes the growth of excellent exchange connections within the organisation (Blau 1964). The earlier literature offers corroborating empirical proof that moral leadership behaviour can increase followers' trust in the leader (Mo and Shi 2017).

Employee adherence to corporate policies and standards is expected to rise as a result of employee faith in leaders, which will also result in more productive workers in terms of performance, retention intentions, and civic virtue behaviour.

Gaining the confidence to rely on and put all of one's effort into attaining organisational goals comes from growing trust among the organization's leaders and their subordinates. The ability to complete the task with confidence and a motivation to do so encourages achievement of the best outcomes. Employee expectations for job performance will be higher when people are more confident in the organization's leaders. Without faith in the company, job performance will suffer as a result. Based on that thought process, it is anticipated that trust may have an impact on how well employees accomplish their jobs in an organisational setting.

Research of Chen et al. (2007) titled "The relationship between leader-member exchanges (LMX), employee trust, leaders support, found that LMX affects the trust of the employee to leaders and supported feeling by leaders, and both mutually have positive effect on job performance. Research of Ning and Yan (2009) titled 'The impact of trust on employee job performance found that the environment of trust in the organizations affects employee's performance in their work settings in a positive way. When an employee's felt trusted they were more committed towards their job performance in an organization.

The definition of trust is "one's expectations, assumptions, or beliefs that one's interests would be served by, at least not hurt by, the future acts of another person." The relationship between ethical leadership and numerous impacts, such as job satisfaction, organisational citizenship behavior, psychological well-being and job satisfaction, has been extensively studied in order to shed light on the

mechanism underlying its influence. Thus, the link between moral leadership and job performance is mediated by both employee and leader trust.

Leadership is the capacity to persuade others and to forge strong bonds among leader and follower so that everyone wants to contribute to the achievement of the objective. By fostering greater employee confidence in the organization's members, work performance can be increased. The effectiveness of the relationship between a group's employees and their leaders has a bearing on the members' ability to trust the organisation and place their faith in it while working. On the basis of that notion, it is anticipated that the employee trust will have a favourable and considerable impact on the job.

H₃: Employee trust is significantly and positively related to job performance.

2.8 Employee Trust as Mediator between Ethical Leadership and Job Performance

Leaders are essential in creating and maintaining trust (Shaw, 1997). They gain trust by keeping their word, acting honourably, behaving consistently, investing in their team by giving feedback and giving them chances to learn new skills, involving workers in decision-making, keeping lines of communication open, and holding people accountable. For companies to be stable over the long run, trust is essential. On the one hand, workers who trust their managers feel more at ease confessing their errors or disclosing sensitive information. They also often show their appreciation for trustworthy leaders by exerting great effort and going above and beyond the call of duty (Konovsky & Pugh, 1994). Additionally, workers who believe in their managers are more likely to accept their decisions. (Kramer, 1999).

According to the most well-known theory of relational leadership, the leader-member exchange (LMX) theory, leaders form individual relationships with each of their followers, and the nature of these relationships influences the work attitudes and behaviour of followers. (Graen & Uhl-Bien, 1995). The mutual reciprocation that arises in high LMX connections and the social exchange concept (Blau, 1964) are generally used to explain the relationship between LMX quality and favourable

outcomes. (e.g., Liden, Sparrowe, & Wayne, 1997). In order to continue receiving physical (like knowledge) and intangible (like leader trust) benefits, followers are more driven to invest in the social exchange connection with the leader when that relationship is viewed as having higher quality (Erdogan & Enders, 2007).

Initially, the manager-employee exchange relationship was studied using the leader member exchange theory, which initially concentrated on how leaders and followers interact to create high-quality working relationships that enable them to deliver effective leadership outcomes. Researchers using the leader member exchange methodology have placed more emphasis on the reciprocity rule. (Cropanzano & Mitchell, 2005) and found that when their leaders treat them decently and with concern, followers are prepared to return the kind. (Bardes, & Salvador, 2009). Gaining the trust of your team members is crucial for leadership success and is also a key way to increase your team members' productivity. (Hsieh et.al, 2015). The most direct and effective way a leader may foster organisational success is through creating a culture of trust among leaders and employees. (Boyton & Mishra, 2014).

Without trust, leader-member exchange connections cannot flourish. (Blau, 1964). According to leader member exchange theory Employees who put their trust on their leaders are more motivated towards their job performance, and remain productive in their workplace and loyal to the organization. Avolio et al. (2004) highlighted the link between employees' positive attitudes and behaviour and their leader's trustworthiness. So, we anticipate that employee trust will serve as a mediator for the beneficial relationship between an ethical leader and employee work performance.

One of the most significant factors that might influence the morality and effectiveness of leadership in terms of creating results for job performance is employee faith in the leader. Employees who believe in their managers are more likely to work harder and indicate feeling satisfied, and form better relationships than those who do not, as a result of the good emotions associated with trust. In this approach, the relationship between moral leadership and job performance might be mediated by employee trust. (Carmeli et.al, 2012). Based on the trust framework emanating from leader member exchange theory, argues that employees use psychological empowerment to determine their leaders level of trust, empowerment describes that the leader is ethical, humble, self-confident, and has strong moral principles and have strong relationship with their

employees. Consider these common leader member exchange theory scenarios there is a positive relationship building in organization between leaders and employees. Therefore we expect that the employees trust mediates the positive relationship between ethical leadership and employee job performance.

H₄: Employee trust mediates the relationship between ethical leadership and job performance.

2.9 Psychological Empowerment as a Moderator between Ethical Leadership and Employee Trust

Numerous scholars (such as Degago (2014), Meyerson & Dewettinck (2012), Nawaz et al.2014) have sought to determine the effect of psychological empowerment on job performance. By employing motivation, performance ability, and opportunity as mediators, Tuuli & Rowlinson (2009) researchers found that psychological empowerment affected performance both directly performance outcome and indirectly performance implication. In a similar vein, Indradevi (2011) discovered that all aspects of psychological empowerment significantly influenced how well employees performed at their jobs. For businesses where there is a trade-off between environmental, social, and economic performance, sustainability is essential (Pislaru et al., 2019). According to Chen and Chen (2019), commitment has a large impact on both the environmental and social performance, but compliance has a big impact on ecological and environmental performance. It has been determined that organisations can provide sustained performance when compliance, commitment, and moral ideals are integrated among their workforce. Additionally, it has been found that psychological empowerment has a significant impact on workers' commitment and productivity. Competence, self-reliance, and influence are ways in which employees communicate their values, and this has an impact on how committed they are. According to Farooq (2016), psychological empowerment also affects one's level of dedication, and when it is lost, a new induction cannot ever fully replace it. According to the leader member exchange theory, meaning and self-determination have a substantial impact on how well a

job is done. In the presence of an ethical leader, employees consistently exert more effort to complete their jobs. A relationship-based leadership theory is the dyadic leader-member exchange (LMX) theory. According to this idea, what constitutes leadership is the quality of the exchange connection that forms between leaders and their followers. High-quality interactions are characterised by trust, likeability, and respect, and the nature of the relationship affects an employee's capacity to carry out their duties successfully and satisfactorily.

Leader member exchange theory (LMX) provides a significant basis for linking ethical leader and employee performance with moderating effect of psychological empowerment. The Leader Member Exchange Theory, which is based on reciprocating relationships and expectations, describes behaviour in the workplace. According to this theory, when a business meets the social and emotional needs of its employees, they become more committed, which reduces turnover and improves job performance. This makes LMX theoretically significant in improving employee job performance through moderating effect of psychological empowerment. According to research, psychological empowerment is a psychological condition that may be somewhat independent of ethical leadership and is therefore a crucial moderator of ethical leadership's influence. According to leader member exchange theory ethical leader can empowered their employees through building trust, motivation and high quality of exchange relationship. Which help the employees feel more connected and concentrated to their job performance in workplace. Due to the high quality of the exchange process, leaders may encourage their staff to create high quality working relationships, which would enable them to achieve successful job performance results. (Graen & Uhl-Bien, 1995).

Leaders should not undervalue the ability of psychological empowerment to improve employees' performance on the job. Individuals who are psychologically empowered are more likely to be willing and able to encourage proactive behaviour in significant ways, as well as to act on their own initiative (Thomas & Velthouse, 1990; Spreitzer, 1995). according to leader member exchange theory when we give autonomy or work independence to the employees in work place they feel more valuable and feels that they have more growth opportunities they become more empowered towards their job performance. So, we suggest that higher levels of psychological

empowerment determine higher levels of job success. Additionally, we propose that higher degrees of psychological empowerment make the advantages of ethical leadership even more effective in enhancing people' performance on the job. In order for employees to trust in their capacity to work well and, as a result, feel inspired by ethical leaders, they must feel psychologically empowered. Because they feel more psychologically in control and are more equipped to adapt their abilities and behaviour to these demands and the required level of job performance, these employees report feeling more engaged at work.

H₅: Psychological empowerment moderates relation among ethical leadership & employee trust such as when psychological empowerment is high the ethical leadership enhance the employee trust.

2.10 Model and Theoretical Framework

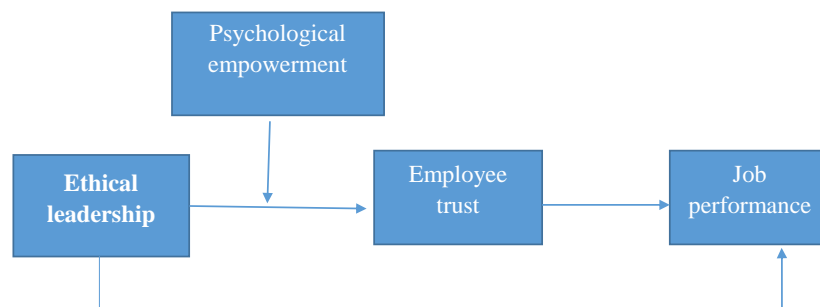


FIGURE 2.1: Theoretical Model

2.11 Hypothesis Study

H₁: Ethical leadership behaviour is significantly and positively related to job performance.

H₂: Ethical leadership behaviour is significantly and positively related to employee trust.

H₃: Employee trust is significantly and positively related to job performance.

H₄: Employee trust mediates the relationship between ethical leadership and job performance.

H₅: Psychological empowerment moderates relation among ethical leadership & employee trust such as when psychological empowerment is high the ethical leadership enhance the employee trust.

Chapter 3

Research Methodology

The research methods used to support recent findings have been described in this chapter. The theoretical underpinning of the variables serves as the foundation for the approach used in this examination. This chapter determined the validity and reliability of the constructs to aid future research. This chapter also provides a thorough explanation of the population, instruments, research methodology, sampling strategies, features, and variable reliability. This chapter concentrated on before determining the answers to our study hypothesis.

3.1 Research Approach

The investigation of the research's validity and generalizability relies heavily on the research approach and process. There are two different sorts of research methodologies used in studies: qualitative research and quantitative research. It is necessary to employ one of these two methods.

The qualitative research approach is utilised in exploratory research. The qualitative research approach is primarily employed in the social sciences. The researcher provides descriptions of various recipients, elements, and occurrences. This type of research is used to learn more about the subject matter in-depth, to comprehend fundamental assumptions, viewpoints, and motivations, and to establish a foundation for identifying issues or concepts that can then be used to formulate a hypothesis for further testing in quantitative

research. However, this methodology leaves room for the researcher to reveal personal biases while gathering and analysing data. This causes the outcome to be misinterpreted. (Pride, 2008).

The main applications of quantitative research are in economics and financial analysis. However, researchers in the social sciences are also concentrating on utilising a quantitative technique to carry out their research. The main component of the quantitative research approach is item quantification. For the evaluation of various methods and processes, quantification is used. This quality increased the dependability of quantitative research. In this method, generalizability is always quite good. The quantitative technique also lessens the possibility of researcher bias. This guarantees outcomes without any deceptive elements. (Bryman & Bell, 2007).

In this study, analysis was done using a quantitative approach. One of the key advantages of quantitative data is its objectivity. There are fewer variables used and more precise numbers are used. By doing so, study biases can be reduced and the results' dependability can be improved. Another benefit is that large sample sizes are often easier to acquire. Due to its major advantages, this method was chosen since it is less partial and increases the accuracy and generalizability of the results (Zikmund, 2003). The research being done now is quantitative.

3.2 Research Design

Current research investigates the connection between the influence of ethical leadership on employees' job performance in Pakistan's public and private sector organisations at their workplaces. The study seems to be very causal in character. Furthermore, this study explores the probability of dependent and independent variables such as ethical leadership, job performance, employee trust and psychological empowerment. It also examines the potential for a mechanism, namely employee trust, to mediate between ethical leadership and worker performance. The psychological empowerment variable was moderately focused on the association between ethical leadership and employee trust; eventually, they indulged in developing a strong trust relationship through LMX that may enhance an employee's performance on the job in an organisation. The research design includes the following crucial components.

1. Purpose of the study
2. Time horizon
3. Data collection

3.2.1 Purpose of Study

The research's objective is to test hypotheses. The main objective is to examine the theoretical correlations between variables to determine whether or not ethical leadership influences employee work performance and whether those linkages have a positive or negative impact on that performance. Organizations in Pakistan's public and private sectors have been specifically targeted for this aim in order to gather the desired information for accurate findings.

3.2.2 Time Horizon

Since the data was only gathered once, the study's tendency is cross sectional. Although the initial goal of 350 questionnaires was not met, 317 sincere responses were. Data collection involved the use of structured questionnaires. This method was utilised due to a time constraint, and it took three weeks to finish data collection. The sample that was selected for this study is assumed to represent the entire public and private sector organization's employees of Pakistan twin cities Rawalpindi and Islamabad. This will aid in the generalisation of the sample statistics' findings, which are likely to be shared by Pakistan's twin cities' whole workforce of public and private sector organisations.

3.3 Data Collection

The population is explained by the group of people on which the investigation is primarily focused. The sample strategy and data collection methodology employed in our study are described in the details below. Questionnaires will be used for data collection regarding the presence of ethical leadership in the public and private

sector and its impacts on job performance in the presence of employee trust as mediator and psychological empowerment as moderator. As was mentioned above, all of the data will be gathered at once, indicating that this study's research design was cross-sectional. Utilizing questionnaires that have been modified from past studies, data will be collected from the public and private sectors of Pakistan in the twin cities of Rawalpindi and Islamabad. For the purpose of this data collection, references from friends and family have been considered.

3.4 Procedures

The determinism-based hypothetical deductive research methodology is being used in this study. Here, past studies and accepted ideas have been used to illustrate and support our concept, which will subsequently undergo an empirical test to confirm it. In order to reach a broad population, quantitative methods are typically employed and valued. As a result, in this study, quantitative research has been employed to gather high-quality data in order to link variables together and show the nature of the relationships between the variables that were used in the study. Data was collected through paper pen procedure and the questionnaire is close ended. In this distribution, references to friends and relations have been used. A total of 350 questionnaires were distributed to the sample. Employee confidentiality and the secrecy of their responses were also guaranteed. Employee responses would only be used to further research goals, and nothing else, it was promised. A request was made to the staff to complete the forms in confidentially and return them. There were 350 questionnaires given, and 317 of them were reliable enough to be employed in the study.

3.5 Population

A population of research is thought to be a collection of people or things that contain individuals of a similar sort (Castillo, 2009). Employees from both the public and private sectors who work in Pakistan's twin cities of Rawalpindi and Islamabad make up the population used in this study. Which includes banks,

telecommunication sector, private stores, educational sector, hospitality sector etc. The reason behind collecting data from diverse sectors is that we want to know about the lived experiences of the people who work in diverse sectors. We use this data to identify existing biases gaps and issues and we work on improving them with ethical leadership style.

Since both the public and private sectors are now sources of competitive advantage for Pakistan, the private sector is making a significant contribution to luring investors, which is in turn raising awareness of Pakistan as a new growing and developing nation. Furthermore profitability through private and public sector organization cannot flourish without an effective leadership style in every organization. About 350 questionnaires were distributed in the organizations. Participants were ensured of the confidentiality about the information that they will provide for the research purpose. 317 questionnaires were returned genuine responses were collected. The technique in this for data collection was distributing a close ended questionnaire method. Compared to other methods, this type of data collecting is straightforward and facilitates the simultaneous data collection from a large number of respondents. This technique has primarily been utilised in research projects to generalise the findings to the entire population. Given the time and resource limitations, the preceding strategies were highly successful in gathering data for the current study.

3.6 Sampling Technique

Due to time and resource limitations, it is exceedingly challenging to gather data from the complete population; hence, convenience sampling is a regularly utilised data collection method. A specific set of individuals who are the real representatives of the relevant demographic are picked for this purpose. As a result, the sample chosen for the study is an accurate representation of the necessary population and includes all the factors needed to produce the desired results. Since, the present study is going to contribute towards the novel aspects in enhancing the job performance in the workplace, so the main focus would be the public and private sector organizations of Pakistan in twin cities. The sample consists of employees

of different public and private sector organizations, hence data will be gathered through self-reported questionnaires. Almost 350 questionnaires were distributed in the organizations. Participants were made assured of the confidentiality about the information that they will provide for the research purpose.

3.7 Characteristics of Sample

In this study, demographic factors such age, employee gender, work experience, marital status, qualification, and salary were measured. Only employees were allowed to complete the questionnaires because the study was focused on how ethical leaders treated their staff.

3.7.1 Gender

TABLE 3.1: Frequency by Gender

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------|-----------|---------|---------------|--------------------|
| Male | 245 | 77.3 | 77.3 | 77.3 |
| Female | 72 | 22.7 | 22.7 | 100.0 |
| Total | 317 | 100.0 | 100.0 | |

Gender: Because it distinguishes between men and women in a particular population sample, gender is a factor that must be highlighted in order to ensure gender equality. As a result, it is also seen as a key factor in demographics. It has been demonstrated that the ratio of male employees is much larger than the ratio of female employees, despite the fact that efforts have been taken in this study to protect the right to gender equality. The proportion of male and female respondents is shown in Table 3.1, whereas out of 317 respondents, we found that there were 245 male respondents, or 77.3%, and 72 female respondents, or 22.7%. The frequency of gender in the table above reveals that there were more men than women.

3.7.2 Age

TABLE 3.2: Frequency by Age

| Age | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------|-----------|---------|---------------|--------------------|
| 21-25 | 43 | 13.6 | 13.6 | 13.6 |
| 26-30 | 123 | 38.8 | 38.8 | 52.4 |
| 31-35 | 117 | 36.9 | 36.9 | 89.3 |
| 36-40 | 25 | 7.9 | 7.9 | 97.2 |
| 40 above | 9 | 2.8 | 2.8 | 100.0 |
| Total | 317 | 100.0 | 100.0 | |

Age: One category that respondents may occasionally find uncomfortable disclosing openly is age. The age information was gathered in ranges for the respondents' convenience. According to Table 3.2, the majority of respondents were between the ages of 26-30. This means that 38.8% of respondents fell into this category, followed by 36.9% of respondents who were between the ages of 31-35, 13.6% of respondents who were between the ages of 21-25, 7.9% of respondents who were between the ages of 36-40, and only 2.8% of employees were having age range of 40 and above.

3.7.3 Marital Status

TABLE 3.3: Frequency by Marital Status

| Marital | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Married | 201 | 63.4 | 63.4 | 63.4 |
| Unmarried | 106 | 33.4 | 33.4 | 96.8 |
| Divorced | 9 | 2.8 | 2.8 | 99.7 |
| Widow | 1 | 0.3 | 0.3 | 100.0 |
| total | 317 | 100.0 | 100 | |

Marital status as in above table 3.3 frequency of marital status is mentioned there was 63.4% were married 33.4% were unmarried, 2.8% were divorced and only 0.3% were widow. Amongst the 317 respondents.

3.7.4 Qualification

TABLE 3.4: Frequency by Qualification

| Qualification | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------|------------------|----------------|----------------------|---------------------------|
| Bachelors | 124 | 39.1 | 39.1 | 39.1 |
| Masters | 94 | 29.7 | 29.7 | 68.8 |
| MS/MPhil | 89 | 28.1 | 28.1 | 96.8 |
| PhD | 10 | 3.2 | 3.2 | 100.0 |
| Total | 317 | 100.0 | 100.0 | |

The main factor that leads to national prosperity and the fundamental requirement for global competitiveness is education. Because education provides up so many fresh and different avenues for success, qualification is a dynamic aspect of the demographics. The majority of respondents, or 39.1% of the total respondents chosen as the genuine representative sample of the entire population, had a bachelor's degree, as indicated in Table 3.4. Master's degrees were held by 29.7% of respondents. 28.1% of respondents had an MS or M.Phil. qualification. Moreover, out of the 317 responders, 3.2% had a PhD.

3.7.5 Experience

TABLE 3.5: Frequency by Experience

| Experience | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|------------------|----------------|----------------------|---------------------------|
| less than 1 | 18 | 5.7 | 5.7 | 5.7 |
| 1-5 years | 128 | 40.4 | 40.4 | 46.1 |
| 6-10 years | 117 | 36.9 | 36.9 | 82.0 |
| 11-15 years | 40 | 12.6 | 12.6 | 95.6 |
| 15 above years | 14 | 4.4 | 4.4 | 100.0 |
| Total | 317 | 100.0 | 100.0 | |

Experience: Different experience time periods were designed in order to gather information about the respondents' experience, making it simple for each respondent to identify the precise length of their employment in the field in concern. According to Table 3.5, the majority of respondents had experience ranging from one to five years, or 40.4%; 36.9% had experience ranging from 6 - 10 years; 12.6% had experience ranging from 11 - 15 years; and 5.7% had experience less than one year. Additionally, just 4.4% of respondents had experience of at least 15 years.

3.7.6 Salary

TABLE 3.6: Frequency of Salary

| Salary | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------|-----------|---------|---------------|--------------------|
| Below 15000 | 1 | 0.3 | 0.3 | 0.3 |
| 15000-25000 | 7 | 2.2 | 2.2 | 2.5 |
| 25000-35000 | 67 | 21.1 | 21.1 | 23.7 |
| 35000-45000 | 82 | 25.9 | 25.9 | 49.5 |
| 45000-55000 | 69 | 21.8 | 21.8 | 71.3 |
| 55000 & above | 91 | 28.7 | 28.7 | 100.0 |
| Total | 317 | 100.0 | 100.0 | |

Employees will be considerably more invested in their jobs and the companies they work for if they feel appreciated by those companies, which is one of the key demographics. Paying staff more is one method to let them know that they are valued. The frequency of salary is mentioned in table 3.6 above. The majority of respondents (55 000 and above), or 28.7%, had salaries in this range, with 2.2% having salaries between 15 000 and 25 000. 21.1% of the population fell between 25000 and 35000. A range of 35000-45000 had a 25.9% percentage. 45000-55000 had a 21.8% percentage. Only 0.3 had a rank below 15000.

3.8 Instruments

Data was gathered via questionnaires that were adopted after being carefully chosen from numerous reliable sources. Each organisation visited during the questionnaire distribution period received between 20 - 30 surveys. Information about all the items i.e., ethical leadership, job performance, employee trust, and psychological empowerment has to be provided by the employees only. All of the survey's questions must be answered on a 5-point Likert scale, with 1 denoting "strongly disagree," 2 denoting "disagree," 3 denoting "neutral," 4 denoting "Agree," and 5 denoting "strongly agree". These scales were all given the stamp of approval after passing a reliability test. The questionnaire consists of 47 questions in total, divided into 5 sections.

In order to improve the accuracy and legitimacy of the results, demographic data will also be gathered, including the elements of gender, age, marital status, qualification, and salary by ensuring that the participants' information would be kept confidential.

3.8.1 Ethical Leadership

The Ethical Leadership at Work (ELQ) scale, which has 15 items, was created and validated by (Yukl et al., 2013) for use in this study to assess participants' attitudes of ethical leadership to evaluate how well ethical leadership conduct is interpreted by the workforce. On a Likert scale of 1 to 5, respondents were asked to indicate how strongly they agreed or disagreed with statements like, "My boss shows a strong concern for ethical and moral values."

3.8.2 Job Performance

The task performance developed by Williams and Anderson (1991) was referenced in seven items that made up the job performance measurement. Respondents had to rate their agreement or disagreement on a Likert scale from 1 to 5 (1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, and 5=Strongly Agree).

3.8.3 Employee Trust

Employees desire a strong sense of trust between them and their manager. A trustworthy working relationship between staff and management is essential for all businesses, and a lack of trust can have a big impact on productivity. To gauge employee trust in a business, we used the 13-item scale developed by Stanley (2005). It had a Likert scale with five points, rated from 1 (Strongly disagree) to 5 (Strongly agree), e.g. I look for the good in people.

3.8.4 Psychological Empowerment

The empowerment level of Secondary School Teachers was assessed using Spreitzer's (1995) psychological empowerment scale. This measure had 12 components that were divided into four groups based on their significance, meaning, competence, self-determination, and influence. Using a Likert scale of 1 to 5, three questions from each dimension were evaluated, with 1 denoting "strongly disagree," 2 "disagree," 3 "neutral," 4 "agree," and 5 denoting "strongly agree." For example, "my job activities are personally meaning full to me."

TABLE 3.7: Instruments

| Variables | Sources | Items |
|---------------------------|-------------------------------|-------|
| Ethical leadership | Yukl et al. (2013). | 15 |
| Job performance | Williams and Anderson (1991). | 07 |
| Employee trust | Spreitzer (1995) | 13 |
| Psychological empowerment | Stanley (2005) | 12 |

3.8.5 Tool for Analysis

The Statistical Package for the Social Sciences was used for data analysis (SPSS). One of the most well-known statistical software programmes is SPSS, which can handle incredibly complex data processing and analysis with ease. The study's

hypothesis was tested using reliability, descriptive analysis, demographic analysis, regression, correlations, mediation analysis, and moderation analysis.

3.8.6 Reliability of Scales

TABLE 3.8: Reliability Analysis

| Variables | No of Items | Cronbach's alpha |
|---------------------------|-------------|------------------|
| Ethical leadership | 15 | 0.951 |
| Job performance | 7 | 0.764 |
| Employee trust | 13 | 0.936 |
| Psychological empowerment | 12 | 0.911 |

N = 317 The Cronbach's alpha estimate was calculated in order to verify the internal consistency of all of the facts. Any estimate of Alpha with a value higher than 0.70 is considered adequate. (Hair, 2006). Cronbach's alpha gauges both internal stability and how closely related a group of elements are to one another overall. It is used as an indicator of scale precision. The table above shows the alpha value for each construct along with the total number of items. Cronbach's alpha has values of 0.951, 0.764, 0.936, and 0.911 for ethical leadership, job performance, employee trust, and psychological empowerment, respectively. The data is trustworthy for further computations because all of the variables' alpha values fall inside the permissible range.

Chapter 4

Analysis and Findings

The data collected from respondents through questionnaires has been analysed in this chapter. This research's most important component rigorously examines every aspect.

4.1 Descriptive and Normality Analysis

TABLE 4.1: Descriptive and Normality Analysis

| Variables | Minimum | Maximum | Mean | Standard Deviation |
|---------------------------|---------|---------|--------|--------------------|
| Ethical leadership | 1.27 | 5.00 | 4.3068 | 0.68331 |
| Job performance | 1.00 | 5.00 | 3.9585 | 0.67607 |
| Employee trust | 1.00 | 5.00 | 4.1689 | 0.63438 |
| Psychological empowerment | 1.00 | 5.00 | 4.2713 | 0.57262 |

The descriptive technique deals with summary statistics in a single table for different variables and calculates their uniform values. Basic details like sample size, minimum and maximum values, mean values, and standard deviation values are provided by descriptive statistics. According to McDowall and Saunders (2010), descriptive statistics give us the ability to handle massive amounts of data in an usable manner. The mean value identifies the centre tendency of the responses and

identifies where the average response is found, but the standard deviation aids in our understanding of variation from the average position. Since outliers can affect the data, it really informs us about the outliers. The concentration of replies is reflected in the mean value.

The mean value of Ethical leadership was 4.3068 which indicates the respondent agreed to Ethical leadership presence in public and private organizations of Rawalpindi and Islamabad. The mean value of job performance was 3.9585 which means that respondents agreed that employee job performance in the organization is necessary. The mean value of the employee trust was 4.1689, suggesting that the respondents believed they had put their trust on their leader. The mean value of psychological empowerment was 4.2713, which indicates that the respondents agreed. The standard deviation demonstrates the degree to which responses deviate from the mean value. A high deviation indicates the presence of outliers in the data. The standard deviation value must be less than one, and the preceding table demonstrates that all of the variables' standard deviations are less than one and fall within the range of 0.57 to 0.68.

4.2 Correlation Analysis

TABLE 4.2: Correlation Analysis

| Sr. No. | Variables | EL | JP | ET | PE |
|---------|---------------------------|---------|---------|-----------|----|
| 1 | Ethical Leadership | 1 | | | |
| 2 | Job Performance | 0.640** | 1 | | |
| 3 | Employee Trust | 0.630** | 0.485** | 1 | |
| 4 | Psychological Empowerment | 0.544** | 0.414** | 0.562**** | 1 |

In order to validate the presented hypotheses, correlation analysis has been done to determine the relationship between ethical leadership and job performance, the mediating effect of employee trust, and the moderating impact of psychological

empowerment. The purpose of correlation analysis is to determine the nature of the fluctuation between the two variables and whether or not they vary simultaneously. Because it differs from regression analysis, correlation analysis essentially excludes relationships between two or more variables.

The correlation's conclusion is given above. The table displays the existence and strength of correlation between variables. This phrase describes the strength of the association between two variables. The relationship between the variables is ascertained using the Pearson product-moment correlation. Correlations should be in the -1 to +1 range. According to Cohen, West, and Aiken (2014), correlation values between the ranges of 0.10 and 0.29 suggest a weak or smaller connection, 0.30 and 0.49 indicate a moderate correlation, and 0.5 and 0.8 show a significant correlation. While the multi-co linearity's error becomes clear if the correlation value exceeds 0.80.

According to the correlation table above, there is a significant correlation between ethical leadership and job performance. The value between ethical leadership and employee job performance is 0.640, which is a positive value. The positive sign indicates that there is a positive association between these variables. Employee job performance improves as ethical leadership emerges. Employee trust and ethical leadership have a significant and positive correlation of 0.630, which is favourable. It demonstrates that when a leader's ethical standards rise, so will their followers' trust in them. Employee job performance and trust have a moderately positive and positive association of 0.485.

The significant and favourable association between ethical leadership and psychological empowerment is 0.544. Employee job performance and psychological empowerment have a somewhat positive value of 0.414. Employee trust and psychological empowerment have a high and positive association of 0.562. The p-value is a measure used to assess the significance of a study; if it is less than or equal to 0.01, the hypothesis is accepted at 1%, which means there is a 1% chance that the results will be incorrect. And if it is less than or equal to 0.05, the hypothesis is accepted at 5%, which means there is a 5% chance that the results will be off. All correlation values are significant with a 1% chance of error, according to the presented table.

4.3 Regression Analysis

Correlation analysis was conducted to investigate whether there were any relationships between the variables. The results of a correlation study simply reveal whether associations exist between variables; they do not reveal how the variables are related in a cause-and-effect manner. Regression analysis was carried out in order to look into the relationships between variables' causes and effects. To verify that one variable has a relationship on another, regression analysis is used. Regression can be divided into two categories: multiple regressions and simple regressions, also referred to as linear regressions. When there are just two variables being investigated and the goal is to determine a cause and effect relationship, simple regression is used. Multiple regression is used when there are more than two factors being investigated, such as in the case of mediation and moderation.

4.3.1 Test of Hypothesis 1

TABLE 4.3: Hierarchical regression analysis for determinants of job performance

| Predictor | Dependent Variable | Job Performance | |
|--------------------|--------------------|-----------------|--------|
| | B | R ² | t |
| Ethical leadership | 0.547*** | 0.409 | 10.006 |

*** $P < 0.001$, ** $P < 0.01$, * $P < 0.05$ $n = 317$;

According to Hypothesis 1, ethical leadership has a good and notable impact on employee job performance. A Hierarchical linear regression analysis was performed to test this hypothesis, and the results are shown in Table 4.3. The findings provide convincing evidence in favour of accepting Hypothesis 1. The regression coefficient ($= 0.5475$, $p < 0.000$) indicates that ethical leadership is favourably and significantly related to employee work performance. When all of it was considered, the value of ($R^2 = 0.409$) indicated that ethical leadership causes variances in employee job performance of 54.75%. The value of ($t=10.006$). Therefore hypothesis 1 is supported.

H_1 : Ethical Leadership is positively and significantly related to job performance.

4.3.2 Test of Hypothesis 2

TABLE 4.4: Hierarchical regression analysis for determinants of job performance

| Predictor | Dependent Variable | Employee Trust | |
|--------------------|--------------------|----------------|--------|
| | B | R ² | t |
| Ethical leadership | 0.585*** | .396 | 14.383 |

*** $P < 0.001$, ** $P < 0.01$, * $P < 0.05$ $n = 317$;

According to Hypothesis 2, ethical leadership has a favourable and considerable impact on employee trust. A hierarchical linear regression was performed in order to test this hypothesis, and the results are shown in Table 4.4. The findings provide convincing evidence in favour of accepting hypothesis 2. Results demonstrate a positive and substantial relationship between ethical leadership and employee trust, as shown by the regression coefficient (= 0.585, $p < 0.000$). Additionally, the figure of ($R^2 = 0.396$) indicated that ethical leadership causes fluctuations of 58.45% in worker trust. The value of ($t=14.383$). Therefore hypothesis 2 is supported.

H_{-2} : Ethical leadership has a positive and significant impact on employee trust.

4.3.3 Test of Hypothesis 3

TABLE 4.5: Hierarchical regression analysis for determinants of job performance

| Predictor | Dependent Variable | Job Performance | |
|----------------|--------------------|-----------------|-------|
| | B | R ² | t |
| Employee trust | 0.146* | 0.420 | 2.477 |

*** $P < 0.001$, ** $P < 0.01$, * $P < 0.05$ $n = 317$;

According to hypothesis 3, employee trust has a favourable and considerable impact on job performance. Hierarchical linear regression was performed in order to test this hypothesis, and the results are shown in Table 4.5. The results offer convincing support for accepting hypothesis 3. Regression coefficient ($=0.146$, $p < 0.0138$) indicates that employee trust is positively and significantly related to job performance. In addition, the figure of ($R^2=0.420$) indicated that employee trust causes variances in job performance of 14.60%. The value of ($t=2.477$). Therefore hypothesis 3 is supported.

H₃: Employee trust have a positive and significant impact on job performance.

4.4 Mediating Regression Analysis



FIGURE 4.1: Mediating Regression Analysis

The Barron and Kenny (1986) method of mediation analysis has been used. This technique stipulates that the mediator must be related to the predictor and the criterion. The steps below can be used to demonstrate your case for mediation:

- i The mediator and predictor must be connected. (Independent Variable and mediator)
- ii Mediator to criterion association (Mediator and Dependent variable)
- iii Predictor to criterion association (Independent and dependent variable)

As per Table 4.4, all three conditions are fulfilled, which indicates that we can run mediation analysis.

4.5 Mediating Role of Employee Trust between Ethical Leadership and Job Performance

TABLE 4.6: Mediation Analysis

| Predictor | Dependent Variable Job Performance | | |
|---|------------------------------------|----------------|-------|
| | B | R ² | t |
| Step 1 | | | |
| Ethical leadership (without controlling mediator) | 0.547*** | 0.409 | 0.409 |
| Step 2 | | | |
| Ethical leadership (after controlling mediator) | 0.124* | 0.422 | 0.422 |

*** $P < 0.001$; Mediating variable is employee trust

According to hypothesis number 4, there is a mediating role for employee trust in the association between ethical leadership and job performance. The outcomes of the mediation analysis are displayed in table 4.6. From the findings, it is clear that employee trust plays a substantial mediating role. Results indicate a relationship between ethical leadership and job performance, with employee trust serving as a mediator.

Mediator (employee trust); the value of $\beta = .547$, $p < 0.001$ however, when there is no mediator (employee trust) this value decreases as $\beta = .124$ ($p < 0.001$). It implies that the mediating variable has a partial effect. There is a minor variation in the value of β after the mediation. There is a little shift in the worth of following the mediation. It means that the relationship between ethical leadership and job performance is somewhat mediated by employee trust.

Thus, it is understood that the relationship between ethical leadership and job performance is mediated by employee trust is accepted.

H_4 : *Employee trust mediates the relationship between ethical leadership and job performance.*

4.6 Moderated regression Analysis

TABLE 4.7: Regression Analysis for Moderation

| Predictors | B | R ² | t |
|--|---------|----------------|--------|
| Ethical leadership × psychological Empowerment Job → Performance | -.110** | .428 | -2.646 |

Hypothesis No. 5 suggested that there is moderation of psychological empowerment with the association between ethical leadership and job performance. To investigate how psychological empowerment functions as a moderator in the interaction between ethical leadership and employee trust. Barron and Kenny (1986) technique has been conducted using the SPSS. Table 4.7 shows the link for ethical leadership and job performance and psychological empowerment being a moderator. The results shows that ($\beta = -.110$, $p < .05$). Adding up to the value of ($R^2 = 0.428$) and ($t = -2.646$).

It means that presence of psychological empowerment moderates the association between ethical leadership and employee job performance. It has been revealed through moderation that high level of psychological empowerment strengthen the ethical leadership and job performance association. Thus the hypothesis that the psychological empowerment moderates the relationship between ethical leadership and job performance is accepted.

H₅: Psychological empowerment moderates relation among ethical leadership & employee trust such as when psychological empowerment is high the ethical leadership enhance the employee trust.

4.7 Summary of Hypothesis

Data has been analysed to test the hypotheses using SPSS software. The current study model includes five hypotheses that predict how ethical leadership behaviour and job performance will interact when psychological empowerment acts as a

moderator and employee trust acts as a mediator. The analysis of the data shows that each of the study's five assumptions has been supported.

| Hypothesis | Statements | Status |
|-----------------------|--|------------------|
| H₁: | Ethical leadership behaviour is significantly and positively related to job performance. | Supported |
| H₂: | Ethical leadership behaviour is significantly and positively related to employee trust. | Supported |
| H₃: | Employee trust is significantly and positively related to job performance. | Supported |
| H₄: | Employee trust mediates the relationship between ethical leadership and job performance. | Supported |
| H₅: | Psychological empowerment moderates relation among ethical leadership & employee trust such as when psychological empowerment is high the ethical leadership enhance the employee trust. | Supported |

Chapter 5

Discussion, Conclusion, Recommendations and Future Directions

5.1 Discussion

This chapter is split up into three major divisions, the first of which examines the hypothesis's outcomes, the second of which explores the implications for theory and practitioners, and the third of which addresses the limitations. The key determination in this regard was to discuss the grey area of ethical leadership, which still needs to be discussed and researched in the field of public and private sector. This study investigates the effect of ethical leadership on job performance, with mediating role of employee trust and moderating role of psychological empowerment. The findings validated the first hypothesis, which stated that ethical leadership is favourably and considerably associated to job performance. By increasing ethical leadership behaviour in public and private organizations, the probability of job performance also increases. Managers of public and private organizations should have ethical leadership behaviour with their employees, which can build and enhance the high quality of trust relationship between them, which ultimately increases the job performance of employees. They should also support members of all departments collaborating with them creating a trusted relationship to enhance the

performance, productivity and effectiveness of the organization through generating employee trust.

The findings of this study imply that fostering ethical leadership in the organisation might boost job performance. This model was specifically designed for public and private organization in Pakistan. The leader is the most recognizable asset of a company for the success and effectiveness of its employees and organization. The results of this investigation were equivalent to the proposed model. It has been demonstrated that ethical leadership is significantly and positively related to job performance. This demonstrates the importance of employee trust in the relationship between ethical leadership and job performance. As projected, the findings of this research were in accord with the postulated model.

Besides, the impact of the moderator was also seen not significantly linked between the suggested independent variable and the mediator. The study's ultimate purpose was to investigate the impacts of ethical leadership on job performance, with employee trust serving as a mediator and psychological empowerment serving as a moderator. Let's go over each theory in depth. The following is a full description of the hypothesis:

5.1.1 Ethical Leadership and Job Performance

H₁: Ethical leadership behaviour significantly and positively related with job performance.

The investigation's findings indicate a strong link between ethical leadership and job performance. When the leader behaves ethically with their employees, it will increase the sense of responsibility and job performance. Employees will be able to think and involve themselves in decision-making to provide adequate job performance results. Empirical study indicates that ethical leadership, if practised, may have a significant effect on employee job performance. According to earlier studies, ethical leadership promotes self-sufficiency, employee motivation, and self-reliance wisdom, all of which contribute to maintaining performance and achieving organisational goals. A powerful tool for attracting the best expertise and capability from the workforce is ethical leadership. Therefore, the employees who are given

permission by ethical leadership might be productive to raise the organization's level of job performance. In the last few years, the trend of adapting ethical leadership has grown, resulting in employees' enhanced the trust relationship with their leaders and the level of job performance. They also discussed that international firms, previously based on a leader-centric approach, benefit from this collective leadership approach using two aspects: a greater level of ethical leadership among expert team members and shared decision-making power.

Previous empirical studies have demonstrated how ethical leadership differs from other related leadership conceptions like genuine and transformational leadership since it focuses on the leader's own moral behaviour as well as the communication and promotion of ethical behaviour.

The conduct of a leader affects either his or her followers in a significant way and is essential to maintaining his or her credibility (Brown et al. 2005). In this investigation, we suggest that ethical leadership has positive consequences on behaviours related to job performance. "The anticipated actions that are intimately implicated in producing either products or services, or operations that provide partial support for the efficiency of the firm," is how performance is described. The leader promotes constrained and discretionary work conditions by employing such tactics. Several beneficial employee outcomes have been linked to ethical leadership conduct. Employees are activated and stimulated by clear, detailed, and challenging goals, according to Locke and Latham (2013). On the other side, a high level of trust in the workplace indicates how much control employees have over their work and how much effort they put into performing their jobs well.

For a number of reasons, ethical leaders enjoy higher-quality leader-follower exchange connections with their followers. First, people regard ethical leaders as being moral and just (Brown et al. 2005). Employees are willing to stay loyal and emotionally linked to leaders they perceive as ethically sound and trustworthy. Trevino et al. (2006) noted in particular that "relationships with ethical leaders are established upon leader member exchange and norms of reciprocity because ethical leaders are compassionate and fair. Second, ethical leaders encourage their followers' perspectives through two-way communication (Brown & Trevin 2006), which can result in a productive member-leader exchange (LMX). In support of this claim,

Walumbwa et al. (2011) provided evidence that ethical leadership improved leader member exchange (LMX), which in turn improved worker performance. Therefore, ethical leaders are more likely to establish long-lasting exchange connections with their workforce by treating them with respect and fairness. Employees are then willing to give back by engaging in better work-related behaviour and helping the company and their co-workers. In this way, ethical leadership can improve how well employees job perform at work.

Ethical leadership improves employee psychological empowerment and job performance by permitting greater communication, knowledge, fair treatments and trustworthiness, which increases employee job performance. Ethical leadership also nurtures a shared distinctiveness among members of the organization and improves the level of and involvement and trust with the employees, which helps to improve the performance of the employees and organization.

5.1.2 Ethical Leadership and Employee Trust

H₂: Ethical leadership behaviour is significantly and positively related to employee trust.

According to the study's findings, there is a significant relationship between ethical leadership and employee trust. In an increasingly dynamic, competitive, and unpredictable world, employee trust is a fundamental driving factor behind organisational success and survival. Studies on trust have been progressively growing in number in academic settings, encompassing sociology, psychology, economics, management, and ethics. Many important work outcomes, including employee performance, job happiness, and organisational accountability, are supported by employee trust in the organisations, according to a number of research on the topic. (Frazier et al., 2016). According to an empirical study by Jafri (2011), employee trust in the leader promotes and enhances innovative behaviour and employee performance as a whole. The efficacy and normative commitment of employees are also significantly impacted by trust. In the modern corporate world, these beneficial contributions are quite significant because they eventually help the organisation grow and perform better. Numerous studies have shown the close connection between ethical

leadership and employee trust inside an organisation, as well as how each influences the other to some extent. (Gomibuchi, 2004). The relationship between ethical leadership behaviour and employee trust must be understood. Building trust inside an organisation is one of a leader's main responsibilities, and a number of scientific studies show that doing so enhances employee trust in both the leader and the organisation (Brower et al., 2008).

We emphasise on ethical leadership as a significant situational component in the current study for at least two reasons, For starters, ethical leadership behaviour is strongly associated with greater trust and dynamism in performance and complicated corporate situations (Shao et al., 2019; Zhang et al., 2015). Indeed, a growing body of research highlights the importance of ethical leadership. To put it another way, ethical leadership fosters freedom, trustworthiness, flexibility, and fairness. Which ultimate increase the job performance of employees in their work settings.

Empirical research has demonstrated that the ethical leadership approach encourages employees to approach their work with flexibility and freedom and helps them focus intently on their goals and tasks while adhering to ethical work rules, which improves their work performance in today's dynamic, complex, and competitive environments. It help employees to increase the trust level on their leaders, which leads towards job performance. Second, the contradictory style of ethical leadership appears to be positively correlated with people's job performance, according to recent research. This is because ethical leaders are regarded as role models for moral and ethical behaviour because they uphold high moral standards that help to create an ethical workplace culture that can help employees deal with a range of work-related issues. An ethical leadership style can help employees perform better on individual tasks and in groups, according to certain research conducted at the individual and team levels.

Investigating if and how ethical leadership will affect the underlying processes that account for employees' job performance intrigues us. By encouraging autonomy and flexibility, empowerment realises the interests of employees. It can also help businesses create proactive problem-solving techniques. (Parker et al. 2006). In organisations, it's crucial for workers to have faith in their leaders. Employees that have confidence in their managers will not only spend less time covering their backs,

but also put in extra effort and perform above and above expectations. Additionally, workers are more comfortable disclosing sensitive information or owning up to mistakes when they trust their managers. These workers will also be more willing to follow their leaders' instructions and accept their judgments, allowing leaders to act without having to constantly defend and justify their decisions.

5.1.3 Employee Trust and Job Performance

H₃: Employee trust is significantly and positively related to job performance.

Employee job performance is strongly and favourably related to employee trust, according to the study's findings. Employee trust in organisations, according to Tan and Tan (2000), is the belief on the part of the employee that the organization's operations will, at the very least, not be harmful. Employees that have a high level of trust are more at ease and self-assured at work and active at finding novel solutions to the problems they face. Consequently, individuals with a strong trusted relationship will pay more attention to information and job related tasks, and as they believe they are important individuals, while individuals with high levels of trust on leader have more confidence in their job performance.

Furthermore, since these actions demonstrate concern and accommodation for the employees, it is predicted that the outcomes of trusted leaders' decisions will develop a trusting connection with their workers. Self-awareness, relational transparency, an ethical point of view, and an accurate, impartial method of information appraisal are some of these attributes. When trusted leaders use ethical decision-making and engage in a rigorous evaluation of the evidence rather than making snap judgements because they may use past experiences to predict future responses, employees may be more willing to place greater faith in their leader's future actions. (Clap-Smith et.al, 2009). Each leader may observe their employees' commitment and raise their own loyalty and ethical standards in a workplace where employees trust their leaders. Higher levels of growth and long-term job performance in a company are predicted to eventually be influenced by higher levels of trust. Employees' perception of ethical leadership will therefore help to build their trust in an organization's leadership, which will ultimately result lead to a good working relationship.

Through their contacts with co-workers and executives, as well as their experiences with and views about the organization's positive actions and sound policies, employees are likely to acquire either trust or distrust. This illustrates the dual nature of trust, which can exist at both the systemic and interpersonal levels (Straiter, 2005). Employee trust, according to Jackson and Parry (2011), gives the leader assurance while making a critical decision. It has been demonstrated that workers who perform well on the job are more inclined to actively work to maintain the role's consistency. They have discovered that trust and intrinsic drive are significant mediating elements determining worker job performance. Employee trust, in our opinion, plays a significant moderating role in the relationship between employee work performance and productivity. Employees expand their knowledge and skill sets and use them to create performance-related solutions to problems. Employees that feel highly trusted make the best decisions regarding their behaviour to maximise rewards and minimise potential penalties. Employee trust in leaders is likely to increase employee compliance with business standards and rules, which will also make employees more productive in terms of performance, intention to stay, and civic virtue behaviour.

Gaining the confidence to rely and work arduously toward accomplishing organizational goals comes from growing trust among the organization's members. The ability to complete the task with confidence and a motivation to do so encourages achievement of the best outcomes.

Employee expectations for job performance will be higher when people are more confident in the organisation as a whole. Without faith in the company, job performance will suffer as a result. On the basis of that idea generation, it is anticipated that trust may affect how well a work is done. Lusch and Brown's (1996) presentation of earlier research on the impact of trust on job performance demonstrates how control variables and the mechanism of trust both influence trust. Employee job performance is positively correlated with employee trust. It has been found that strong trust relationships are positively related to employee job performance when employees believe that their organisation values their employees, despite the fact that there have been relatively few empirical studies on the relationship between employee trust and employee job performance. As a result,

when a person feels confident in their performance function, they consistently perform well at work.

5.1.4 Employee Trust as the Mediator between the Relationship of Ethical Leadership and Employee Job Performance

H₄: Employee trust mediates the relationship between ethical leadership and job performance.

According to the findings of this study, employee trust mediates the association between ethical leadership and employee job performance in a positive and substantial way. Ethical leadership allows employees to take the initiative and perform tasks that may be productive for the employees and the organization.

According to Resick et al. (2011), ethical leadership has a favourable impact on employee performance, intrinsic motivation, job responses and willingness of employee to reports issues (Brown et al., 2005). According to Piccolo et al. (2010), The Job Characteristic model's task relevance and autonomy, as well as employees' incentive to put up extra effort to perform their tasks well, can be influenced by ethically responsible leaders. Beyond that, if followers believe top managers have a good moral image, this perception may be transformed into a huge admiration of top management by employees within an organisation, making ethics a crucial problem within the organisation. (Ruiz, Ruiz, & Martinez, 2011).

Besides, ethical leadership impacts employees' attitudes and behaviours, initiating a progressive effect of ethical leadership over employee job performance. The research established that ethical leadership is a significant analysis of employee effectiveness, motivation shared incorporation, problem-resolving ability, and observed efficiency through initiating employee trust between them. Besides, ethical leadership gives rise to greater levels of trust, empowerment, performance, and initiative among employees, and their conduct has been related to employee job performance.

They envisioned doing so by consulting with employees on the best course of action and acting in their best interests (Brown et al. 2005). Leaders who upheld

ethics were regarded as making just and moral decisions and acting morally at all times. The researchers referred to these qualities as the moral foundation of ethical leadership. Which ultimately enhance the trust and performance level of the employees in an organization.

Fairness is regarded as a quality of ethical leaders. According to research, fairness affects how employees view their leaders (Alexander & Ruderman, 1987). Employees are likely to have faith that the balance of work input and outcome may be guaranteed when working with ethical leaders.

According to the classic expectancy concept, people are most motivated when they feel confident that their efforts will lead to rewards (Vroom, 1964). As a result, ethical leaders can motivate staff to put in extra effort by modelling behaviours that promote higher performance within their organisations. Long-term, this will help organisations reach their goals and objectives as effectively as possible.

They can change the individual and employees targets by evaluating the potential of the job performance for this they can provide awards and encourage them by providing work independence and task recognition. So, the leaders perform two duties, they help and facilitate the employees and individuals to achieve high level of job performance in their work through building a trusted relationship , on the other hand, they also manage the goals of the organization focused on achieving the level of performance and effectiveness.

5.1.5 Psychological Empowerment as a Moderator between the Relationship of Ethical Leadership and Employee Trust.

H₅: Psychological empowerment moderates relation among ethical leadership & employee trust such as when psychological empowerment is high the ethical leadership enhance the employee trust.

This hypothesis also demonstrated the significance of psychological empowerment as a moderator of the relationship between ethical leadership and employee trust. There is no study in the literature on psychological empowerment as a moderator between ethical leadership and employee trust in public and private

sector environments. But previous studies are contradictory to our current study which is mentioned below that if a leader distributes psychological empowerment among the employees within the leadership standard and rules and provides them with a similar environment for work, it influences the employees' behaviour and eventually leads employee trust on their leaders which ultimately improves the job performance. For high psychological empowerment, leaders know which task methods to use, and which results to predict. In other words, they have complete information about the cause-and-effect relationships within the task. On the other hand, with lower levels of psychological empowerment, task methods leading to task results can only be described in general terms, and employees do not know exactly what results can be expected; their knowledge of the task concerning the relationships between cause and effect is limited.

According to Avolio, Walumbwa and Weber (2009), Employees who are motivated by ethical leadership are more likely to exhibit pleasant psychological states and act in ways that improve performance. According to other studies, ethical leadership has a favourable impact on employee behaviours like loyalty, work satisfaction, and corporate citizenship. Both scholars and managers have begun to pay close attention to psychological empowerment. This is a tactic that many firms employ to give their human resources an efficient tool, namely workplace autonomy. When using this capacity, employees become more resourceful, more able to adapt to the environment's changes, and exhibit superior performance to advance both their organisation and themselves.

According to Spreitzer (1995) characterised as a person's understanding of the motivational process that raises their level of self-efficacy at work. According to this definition, empowerment is a mental state with the components of meaning, competence, self-determination, and influence (Spreitzer, 1995). Meaning describes how an employee feels qualified for their position and personally valuable. Self-efficacy in one's ability to complete things successfully is referred to as competence. The freedom to choose a task is a precondition of self-determination. Meanwhile, a wide range of outcomes serve to define effect. Therefore, psychological empowerment refers to how an employee perceives his or her level of

autonomy, self-competence, ability to influence others at work, and ability to find purpose in what they do. High levels of competence will boost confidence in carrying out job duties. The individual and organisational levels will be significantly impacted by a high level of self-determination. A psychological perspective on empowerment is also described by (MacPhee et al. (2014) a set of perceptions that emphasise a motivating feature of self-competence or self-efficacy, including the perception of personal control, as a self-motivating factor that reflects a person's beliefs about interpersonal relationships.

Workplace psychological empowerment has both a direct and indirect influence on employee trust in their work settings. When psychological empowerment is maximum, data on the results of a task is expected to be acceptable to intentionally modify effort or task strategies because leaders are well aware of the cause-and-effect relationships in the task; in such cases, employees know precisely the behavioral direction through which a task can be performed. However, when psychological empowerment is high, an employee trust will increase, leading to employee job performance. It helps employees identify themselves as competent individuals and bring new ideas and methods to solve problems related to task performance and goals.

In our model, we hypothesize that psychological empowerment moderates the relationship between ethical leadership and employee trust, so that when psychological empowerment is strong, this correlation is strengthened.

5.2 Recommendations

5.2.1 Theoretical Implications

The current study contributes in a number of ways to the fields of ethical leadership behaviour and employees job performance in public and private sector. In the prior research, ethical leadership was rarely explored in the context of public and private sectors. Despite the fact that ethical leadership places a strong

emphasis on people's well-being and positive energy justice as essential elements of long-term sustainability and relationships, little study has been done to examine the connection between these outcomes and ethical leadership behaviour. Only the current study focuses on the impact of an ethical leader on employee job performance, whereas psychological empowerment and employee trust are taken as moderator and mediator. In the context of ethical leadership behavior and employee job performance, the current study demonstrated that ethical leadership conduct relates to increased employee trust.

The significance of employee trust is mediating the connection between ethical leadership behaviour and employee job performance was also investigated, revealing that employee trust mediates this association somewhat. The current study's findings also reveal that when psychological empowerment offered, it does not govern the link between ethical leadership and employee trust in the Pakistani scenario. There are many theoretical implications of the current study, which are discussed below:

Firstly, the current study introduced employee trust as a mediator between ethical leadership and job performance. Employee trust was tested to see the mechanism of how ethical leadership effects job performance of an employee in their work settings. In the current study, employee trust was taken as a state of employees that shows that when employees experience ethical leadership behaviour, the outcome will be increase as job performance.

Secondly, the study also tested psychological empowerment as a moderator between ethical leadership and employee trust. Psychological empowerment was tested to see its effects on job performance of public and private sector organizations employees. The result was found insignificant. Thirdly, the study also provides help to understand the effects of ethical leader on job performance thorough the path of employe trust for those who are working with public and private sector organizations in Pakistan. Fourthly, the study supports the LMX theory because, in the LMX theory, outcomes at the individual, group, and organisational levels of analysis are predicted by the nature of the relationship that develops between a leader and a follower. By emphasising the dyadic link between a leader and a member, LMX stands apart from other leadership theories.

According to the theory an employee who encounter the quality of trusted behaviour of ethical leadership at workplace will increase in employee job performance. According to the LMX theory, an employee who build high quality relationship with ethical leader will end into a high quality of trust and motivation and it will ultimately increase his/her job performnace in an organization. The ultimate task of an employee is to build a strong relationship with their leader to deal with job tasks, when they build a strong relationship.The result will be in form of employee trust and resultantly increase job performance. Lastly, the study discusses the value of culture. Prior to now, psychological empowerment has primarily been studied in other cultures, and because this culture is so different from others, the results are completely different, demonstrating the influence and significance of culture.

5.2.2 Practical Implications

The organisations in Pakistan may benefit from the present study's practical applications, which have some. It is apparent that while ethical leadership is a legitimate problem, very little attention is paid to this. Significant findings from the study indicate that ethical leadership will result in higher levels of job performance. For organisations, there are several recommendations. In light of our findings' practical applications, we observe that managers should carefully investigate instances in which workers engage in moral behaviour. As is well known, the main pillar of any firm is its leadership, and its resources are its personnel. Most businesses view their personnel as a liability rather than an advantage. Even in the public and commercial sectors, leaders treat and view individuals as merely their subordinates or employees rather than as an essential component of their organisations. This makes workers feel stressed out and demotivated, which results in burnout, psychological distress, and low job performance including absenteeism, tardiness, tardiness, presentism, laziness, and burnout. It lessens their performance, making them highly negative, lacking in originality and competence, and shattering their self-confidence and self-esteem. Therefore, managers may precisely identify the causes of psychological empowerment in the workplace and create a tailored

employee-support platform to assist people cope with it by untying the actual manners and the perception of it. Practically speaking, our findings demonstrate the importance of trust between leaders and members for both employees and organisations since people who experience high levels of trust are more likely to perform well at work. The results of the study suggest that psychological empowerment plays a critical role in the relationship between ethical leadership and employee trust in addition to the general strategy for managing ethical leadership. An important finding of the current study was that ethical leadership as a major cause to job performance of employees in an organizations. Pakistan has a varied history of leadership that can be either productive or harmful. Our research shows that in the private sector of Islamabad and Rawalpindi, leaders are observing and employees are facing high stress, demotivation, and exhaustion. Employees tend to show destructive behaviour, such as reduce job performance, and they feel emotionally exhausted due to stress given from leadership in the form of unfair behaviour, abusive behaviour, and workload for employees. So managers should focus on empowering their employees and build a trusted relationship with them, and should also behave ethically with their employees which will enhance the level of the performance of employee in the work place. Because some leaders do not allow their employees to conduct their work on their own and constantly try to convey that only they know best through their behaviour, ethical leaders should empower their staff through their work and behaviour.

5.3 Limitations and Future Directions

Although the current study made an effort to fix all the issues, there are still certain limits that need to be avoided moving forward. First off, due to time and resource limitations, sampling and data collection were conducted using the cross sectional method. In a cross sectional survey, information was gathered from the respondents at a particular time. Because the sample was not exhaustive, it was tiny and might not accurately represent all Pakistani employees. If the sample size were to be raised, the results might also alter. Due to time and resource limitations, convenience sampling was employed as the data sampling technique for the study.

Respondents are selected for convenience sampling based on their availability to the researcher.

Future researchers are urged to look into the same subject utilising a longitudinal study and to concentrate on a comparison of private and public sector businesses to provide us with more detailed information on which sector employees perform better. The researchers should also test other possible moderators and mediators with the relationship of ethical leadership and job performance. This study has collected data from just two cities Islamabad and Rawalpindi. Future studies should conduct this research on public and private organizations with different fields and from different regions. Because ethical leadership behavior has very rare research in the field of public and private sectors of Pakistan.

5.4 Conclusion

Four variables were thoroughly investigated in this study to determine their relevance in public and private sector: ethical leadership behavior as an independent variable, employee trust as a mediator, employee job performance as a dependent, and psychological empowerment as a moderator. The hypothesis's findings reveal that ethical leadership is positively and significantly related to employee job performance, and that employee trust mediates this relationship. Similarly, psychological empowerment does not moderate the relationship between ethical leadership and employee job performance.

Based on the findings discussed above, this study concluded that promoting ethical leadership behavior within organizations could improve the employee job performance in the public and private based organizations, as ethical leadership can make members feel free and trusted to perform their activities and allow individuals to choose their techniques to do them effectively. Also, when employees are more trusted and they share leadership responsibilities, then they will put more effort into achieving their targeted goals, which are depicted by their enhanced job performance. Moreover, based on results, it could also be concluded that when teams are familiar with the task and high quality of trust relationship exists

between them , they can better perform as employees while practicing ethical leadership in their organization.

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Appendix



CAPITAL UNIVERSITY OF SCIENCE AND TECHNOLOGY ISLAMABAD

Department of Management Sciences

Questionnaire

Dear Respondent,

I am MS research student at Capital University of Science and Technology Islamabad. I am collecting data for my research Paper. Title: Impact of ethical leadership on job performance with mediating role of employee trust and moderating role of psychological empowerment. The research sample chosen for analysis were employees working at public and private sectors in Islamabad and Rawalpindi. It will take your 10 to 15 minutes to answer the questions and providing the value-able information. I assure you that data will be strictly kept confidential and will only be used for academic purposes. Thanks a lot for your help and support!

Sincerely,

LUBNA MAJEED,

MS Research Scholar,

Faculty of Management and Social Sciences,

Capital University of Science and Technology, Islamabad

Employee Information:**Gender:**

Male Female

Age:

21-25 26-30 31-35 36-40 40 above

Marital Status:

Married Unmarried Divorced Widdow

Qualification:

Bachelors Masters MS/MPhil PhD Others

Experience:

Less than 1 year 1-5 years 6-10 years 11-15 years above 15 years

Salary:

Less than 15000 15000-25000 25000-35000 35000-45000
 45000-55000 55000 above

Section 2: Ethical Leadership

Please tick the relevant choices:

| S.No. | Statement | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|-------|---|-------------------|----------|---------|-------|----------------|
| 1 | My boss shows a strong concern for ethical and moral values. | 1 | 2 | 3 | 4 | 5 |
| 2 | My boss communicates clear ethical standards for members. | 1 | 2 | 3 | 4 | 5 |
| 3 | My boss sets an example of ethical behavior in his/her decisions and actions. | 1 | 2 | 3 | 4 | 5 |
| 4 | My boss is honest and can be trusted to tell the truth. | 1 | 2 | 3 | 4 | 5 |
| 5 | My boss keeps his/her actions consistent with his/her stated values (“walks the talk”). | 1 | 2 | 3 | 4 | 5 |
| 6 | My boss is fair and unbiased when assigning tasks to Members. | 1 | 2 | 3 | 4 | 5 |
| 7 | My boss can be trusted to carry out promises and commitments. | 1 | 2 | 3 | 4 | 5 |
| 8 | My boss insists on doing what is fair and ethical even when it is not easy. | 1 | 2 | 3 | 4 | 5 |
| 9 | My boss acknowledges mistakes and takes responsibility for them. | 1 | 2 | 3 | 4 | 5 |
| 10 | My boss regards honesty and integrity as important personal values. | 1 | 2 | 3 | 4 | 5 |
| 11 | My boss sets an example of dedication and self-sacrifice for the organization. | 1 | 2 | 3 | 4 | 5 |
| 12 | My boss opposes the use of unethical practices to increase Performance. | 1 | 2 | 3 | 4 | 5 |

| | | | | | | |
|----|---|---|---|---|---|---|
| 13 | My boss is fair and objective when evaluating member performance and providing rewards. | 1 | 2 | 3 | 4 | 5 |
| 14 | My boss puts the needs of others above his/her own self-interest. | 1 | 2 | 3 | 4 | 5 |
| 15 | My boss holds members accountable for using ethical practices in their work. | 1 | 2 | 3 | 4 | 5 |

Section 3: Job Performance

Please tick the relevant choices:

| S.No. | Statement | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|-------|--|-------------------|----------|---------|-------|----------------|
| 1 | I always Adequately complete assigned duties. | 1 | 2 | 3 | 4 | 5 |
| 2 | I always Fulfill responsibilities specified in the job description. | 1 | 2 | 3 | 4 | 5 |
| 3 | I always Perform tasks that are expected of me. | 1 | 2 | 3 | 4 | 5 |
| 4 | I always Meet formal performance requirements of the job. | 1 | 2 | 3 | 4 | 5 |
| 5 | I always Engage in activities that will directly affect my performance evaluation. | 1 | 2 | 3 | 4 | 5 |
| 6 | I always Neglect aspects of the job I obliged to perform. | 1 | 2 | 3 | 4 | 5 |
| 7 | I always Fail to perform essential duties. | 1 | 2 | 3 | 4 | 5 |

Section 4: Employee Trust

Please tick the relevant choices:

| S.No. | Statement | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|-------|--|-------------------|----------|---------|-------|----------------|
| 1 | I always tell the truth. | 1 | 2 | 3 | 4 | 5 |
| 2 | I look for the good in people. | 1 | 2 | 3 | 4 | 5 |
| 3 | I never take advantage of each other. | 1 | 2 | 3 | 4 | 5 |
| 4 | I assign work to each employee fairly. | 1 | 2 | 3 | 4 | 5 |
| 5 | I treat all employees with respect and dignity. | 1 | 2 | 3 | 4 | 5 |
| 6 | I go to bat for your employees when they are right. | 1 | 2 | 3 | 4 | 5 |
| 7 | I keep employee conversations and records confidential. | 1 | 2 | 3 | 4 | 5 |
| 8 | I when you tell someone you are going to do something, do it. | 1 | 2 | 3 | 4 | 5 |
| 9 | Do something you can to help all your employees be successful. | 1 | 2 | 3 | 4 | 5 |
| 10 | I when your organization is successful, share credit with employees. | 1 | 2 | 3 | 4 | 5 |
| 11 | I be a good role model by projecting an integrity that is beyond reproach. | 1 | 2 | 3 | 4 | 5 |
| 12 | I remain positive and reinforce employees during organizational change. | 1 | 2 | 3 | 4 | 5 |
| 13 | I evaluate all employees objectively. | 1 | 2 | 3 | 4 | 5 |

Section 5: Psychological Empowerment

Please tick the relevant choices:

| S.No. | Statement | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|-------|--|-------------------|----------|---------|-------|----------------|
| 1 | The work I do is very important to me. | 1 | 2 | 3 | 4 | 5 |
| 2 | My job activities are personally meaning Full to me. | 1 | 2 | 3 | 4 | 5 |
| 3 | The work I do is meaningful to me. | 1 | 2 | 3 | 4 | 5 |
| 4 | I am confident about my ability to do my job. | 1 | 2 | 3 | 4 | 5 |
| 5 | I am self-assured about my capabilities to perform my work activities. | 1 | 2 | 3 | 4 | 5 |
| 6 | I have mastered the skills necessary for my job. | 1 | 2 | 3 | 4 | 5 |
| 7 | I have significant autonomy in determining how I do my job. | 1 | 2 | 3 | 4 | 5 |
| 8 | I can decide on my own how to go about doing my work. | 1 | 2 | 3 | 4 | 5 |
| 9 | I have considerable opportunity for independence and freedom in how I do my job. | 1 | 2 | 3 | 4 | 5 |
| 10 | My impact on what happens in my department is large. | 1 | 2 | 3 | 4 | 5 |
| 11 | I have a great deal of control over what happens in my department. | 1 | 2 | 3 | 4 | 5 |
| 12 | I have significant influence over what happens in my department. | 1 | 2 | 3 | 4 | 5 |