Ethical Leadership and Employees' Performance: A Systematic Review

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Abstract: This study adopted the systematic literature review to explore on the influence of ethical leadership on the employees' performance. The study involved various empirical articles published between the year 2012 and 2022.these studies were retrieved through exhaustive manual searches of online databases using "ethical leadership" and "employee performance" and "job performance" keywords. The study did not find a consensus definition of ethical leadership in the literature. Brown et al.'s definition of ethical leadership has been largely used. The developed measurements did not explicitly address all aspects of ethical leadership. While three distinct survey questions were used to quantitatively analyze the ethical leadership, the Ethical Leadership Scale developed by Brown et al., is the most effective questionnaire. Finally, Ethical Leadership has been found to have a favorable impact on workers' performance. Based on the conclusions, future scholars ought to put up a comprehensive definition of ethical leadership that takes into account various factors. Furthermore, future scholars ought to develop a comprehensive measuring instrument for ethical leadership that takes into account various relevant factors. Finally, research on ethical leadership ought to be done in various nations.

Keywords: Higher Learning Institutions, Ethical Leadership; performance.

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Introduction

Organizational competition resulting from globalization and industrialization has led organizations to improve performance in order to sustain their competitive advantage. In order to improve organizational performance, organizations have no other options but to improve the employees' performance. Therefore, employees' performance is one of the most important issues that must be considered when intending to improve organizational performance (Siddiqui, 2014). The success of any organization depends on the performance of its employees.

Employees' performance is defined as achieving goals set by the company within a specific time frame (Tahir et al., 2014). Employees' performance,

according to Muchira (2013), is achieving the goals that have been set within the organization. According to Ibrahim et al. (2012), employee's performance determines how successful and efficient the organization is. The achievement of organizational goals is the sum total of individual employees' efforts that affect the overall performance of the organization.

In the existing literature, ethical leadership has been documented as one of the most critical factors that drive the effective performance (Kanungo, 2001; Athota et al., 2020; Bedi et al., 2016; Bouckenooghe et al., 2015; De Hoogh & Den Hartog, 2008). Some scholars view ethical leadership as a collection of behaviors or a distinct leadership style in and of itself (Brown et al., 2005; De Hoogh & Den Hartog, 2008). According to some researchers (Wang et al., 2015; Shin et al., 2015 & Zhu et al., 2019; Barare & Wambua, 2018), ethical leadership is a moral quality that may be fostered in people through learning and experience. Onother study by Walumbwa et al. (2011) describes ethical leadership as appropriate actions taken by leaders to build a setting and culture characterized by morality and a culture of service.

According to Brown et al. (2005), ethical leadership is the exhibition of normatively appropriate behaviors through one's actions and interpersonal interactions, as well as the transmission of the appropriate behaviors to followers through two-way communication, reinforcement and appropriate decision-making. Drawing on the Social Learning Theory, ethical leadership is characterized as a process through which leaders influence the performance of employees via modeling and through transmission of appropriate behaviors, values and attitudes. This allows employees to learn more about what to do and what not to do by watching the conduct of their leaders.

Previous studies have found that ethical leadership influences employees' performance through role modeling, open communication and ethical guidance (Brown et al., 2005; Bouckenooghe et al., 2015; Barare & Wambua, 2018; Bedi et al., 2016). For instance, Brown et al. (2005) and Bouckenooghe et al. (2015) indicated that ethical leadership has a favorable impact on employees' performance. Similarly, Bedi et al. (2016) observed that people who work under ethical leadership exhibit good behavior, improve performance, and obtain high levels of job satisfaction. The authors used middle managers as the unit of analysis. Barare and Wambua (2018) further discovered that moral leadership affected workers' performance in Kenya. Given the growing importance of ethical leadership in organizations and its critical relationship with employees' performance, ethical leadership has become one of the most popular topics in the area of leadership over the past decades (Bedi et al., 2016). However, despite having a great amount of literature examining the influence of ethical leadership on employees' performance, more research-based findings are required to contribute to the existing body of knowledge. In response, this study investigated about ethical Leadership and its influence on employees' performance through the systematic review approach. The study involved various empirical articles published between the year 2012 and 2022. These studies were retrieved through exhaustive manual searches of online databases using "ethical leadership," "employee performance" and "job performance" keywords.

Results of the study

This section presents the results of the study. The results appears in the following subthemes: Ethical Leadership Definitions, Ethical Leadership Measurements and Ethical Leadership and Employees' Performance.

Ethical Leadership Definitions

Previous studies defined ethical leadership in various ways. For example, Brown et al. (2005) defined it as the demonstration of normatively suitable behavior through personal actions and interpersonal relationships, and the propagation of such behavior to followers through two-way communication, reinforcement and appropriate decision-making. The definition covers four main parts: demonstration, promotion, reinforcement and decision-making. Demonstration suggests that ethical leaders should demonstrate honest, fairness and trustworthiness to followers. Promotion holds that ethical leaders should communicate appropriate conducts to followers. Reinforcement suggests that ethical leaders should set ethical standards, reward ethical conducts and discipline those who do not follow required standards. Decision-making suggests that ethical leaders should make fair and principled decisions that can be followed by others. In this definition, an ethical leader is viewed as a moral person who influences ethical behaviors.

Based on Kalshoven et al. (2011), ethical leadership is defined as the process in which a leader influences individual and group activities to the attainment of organizational goals in a socially responsible way. Following this definition, the concept of ethical leadership appears into several dimensions: power sharing, fairness, integrity, ethical guidance, role clarification, people-orientation and concern for sustainability. Fairness implies making principled and fair choices (Trevino et al., 2003). Power sharing implies providing opportunities for employees to participate in decision-making and listening to employee ideas; it is providing employees with a voice (De Hoogh & Den Hartog, 2008; Brown et al., 2005). Role clarification implies clarifying employees' roles and responsibilities (Onuoha et al., 2016); integrity means keeping promises, being trusted (Brown et al., 2005) and ethical guidance implies ensuring employees follow codes of conduct.

According to Trevino et al. (2003), ethical leadership is associated with ethical behavior (trustworthiness, honesty and integrity), ethical traits (fairness, ethical decision-making, openness and concern) and value-based management (communication and rewards). Following this definition, ethical leader is viewed as a moral person and a moral manager who manifests appropriate behaviors and traits to subordinates. In addition, ethical leaders influence employees to act morally through role modeling, appropriate communication and discipline (Brown & Treviño, 2005). Walumbwa et al. (2011) considered the ethical leadership as actions of fostering an environment and culture characterized by morals and a culture of service.

Many researchers consider ethical leadership as a set of behaviors or a separate leadership style (Brown et al., 2005; De Hoogh & Den Hartog, 2008). Some scholars (Wang et al., 2015; Shin et al., 2015 & Zhu et al., 2019; Barare & Wambua, 2018) demonstrated ethical leadership as a moral virtue that could be instilled in people through learning and practice.

Literature presents various definitions of ethical leadership with various constructs. There is no commonly agreed definition of ethical leadership in literature. For instance, in the study by Brown et al. (2005) and Trevino, et al. (2003), ethical leadership is defined based on two-dimensional constructs (moral person and moral manager) while the definition of Kalshoven et al. (2011) covers seven constructs: power sharing, fairness, integrity, ethical guidance, role clarification, people-orientation and concern for sustainability. On the other hand, the definition by Yukl et al. (2013) covers several constructs: fairness, honesty, integrity, communication of ethical values, ethical guidance, honesty and consistency of behavior with espoused values. This scale did not include role clarification and power sharing. However, power sharing is vital for better balance and checks to avoid manipulation and self-interest in an organization (Khalid & Bano, 2015). Power sharing increases team commitment, improves employees' communication and employees' trust in the organizations (De Hoogh & Den Hartog, 2008). The most used definition in previous studies is that by Brown et al. (2005) which does not cover a number of constructs such as role clarification and concern for sustainability. This definition combines different behaviors into a single undifferentiated construct which would make it harder to expose different mechanisms through which ethical leadership develops (Kalshoven et al., 2011).

Ethical Leadership Measurements
Ethical leadership literature has measured ethical leadership in various ways. Most studies have used conceptualization as one-dimensional using the definition for Brown et al., 2005) who developed the Ethical Leadership Scale (ELS). The scale combines different dimensions including fairness/honesty, allowing followers to air out their voice and rewarding ethical conducts. The questionnaire contains 10 items scale, each item containing a 5-point-Likert-Scale response format. This measurement is criticized in a number of ways. For instance, Kalshoven et al. (2011) argued that this type of short scale is useful for certain research purposes because theoretically the core behaviors of ethical leadership seem rather different and may have different antecedents and consequences. Furthermore, combining different behaviors into a single undifferentiated construct would make it harder to expose the different mechanisms through which ethical leadership develops. Yukl et al. (2013) argued that some relevant aspects like fair allocation of assignments and rewards, honest, communications and behaviors consistent with espoused values are not clearly included in the scale.

Based on this criticism, Kalshoven et al. (2011) developed an Ethical Leadership Work Questionnaire (ELW) to measure the ethical

leadership. The questionnaire contains 38 items scale under seven dimensions: ethical guidance, fairness, power sharing, concern for sustainability, integrity, role clarification and people orientations. Each item contains a 7-point-Likert-Scale response format. Yukl et al. (2013) argued that the dimension of concern for sustainability involves social issues and it is only one of many social issues that leaders may determine to endorse and support. Furthermore, the dimension of people orientation is related to fairness dimensions.

Following these arguments, Yukl et al. (2013) developed an Ethical Leadership Questionnaire (ELQ) which incorporates several aspects of ethical leadership such as altruism, fairness, honesty, ethical guidance, integrity, communicating ethical values and consistency of behavior with espoused values. The questionnaire contains 15 items under six dimensions. Each item contains a 6-point-Likert-Scale response option. Despite the fact that ELQ includes seven dimensions, the questionnaire has omitted the power-sharing dimension on the basis that it is related to relationship behavior than to ethical leadership. However, power sharing dimension is considered to be a significant part of ethical leadership in a number of studies (Heres & Lasthuizen, 2012; De Hoogh & Den Hartog, 2008; Judge & Gennard, 2010).

Previous studies have measured the ethical leadership differently. However, the most used measurement in literature is the Ethical Leadership Scale developed by Brown et al (2005). The measurements developed do not cover explicitly all constructs of ethical leadership. Therefore, future researchers should propose ethical leadership measurements that cover all constructs.

Ethical Leadership and Employee Performance
Brown et al. (2005) has it that ethical leaders provide a social exchange relationships with their subordinates. The relationship influences leaders to treat subordinates with dignity and respect, which influences employees' ethical behavior and generates ethical trust. This, in turn, raises employees' engagement and commitment at work (Barrick et al. 2015). Employees' engagement in return is likely to enhance performance. Literature suggests that ethical leadership enhances the performance of employees by enhancing commitment, engagement and motivation (Shin et al. (2015). Ethical leadership creates a friendly environment for employees with full motivation.

Ethical leadership not only makes a positive influence on employee's attitudes and behaviors but also improves the employee's performance (Wang, 2017). Ethical leaders are therefore expected to develop progressive employee motivation and organizational culture, clarify organizational objectives and visions and direct the entire efforts toward high performance (Kia et al., 2019).

Previous studies have reported the influence of ethical leadership on employees' performance. For example, the study by Bouckenooghe et al. (2015) and Brown et al. (2005) found a positive influence of ethical leadership on employees' performance. Likewise, using middle managers as a unit of analysis, Bedi et al. (2016) found that employees working under ethical leadership demonstrate positive behaviors, which help to improve performance and achieve high work satisfaction. Barare and Wambua (2018) found that ethical leadership influences employees' performance.

While prior research (Trevino et al., 2003; Aronson, 2001; Kanungo, 2001; Brown et al., 2005; Athota et al., 2020; Bedi et al., 2016; Bouckenooghe et al., 2015; Downe et al., 2016) has demonstrated the impact of ethical leadership on worker performance, few studies have been carried out in the public sector. Therefore, subsequent investigations of the relationship between ethical leadership and employee performance ought to take place in the public sector.

Conclusions and Recommendations
This study carried out a methodical evaluation of empirical research on ethical leadership outcomes, metrics and theories. Although a lot of studies have been conducted on ethical leadership in the past decades, the existing literature remains miscellaneous and disjointed. The study did not find a consensus definition of ethical leadership in the literature. Brown et al.'s definition of ethical leadership has been largely used. The developed measurements did not explicitly address all aspects of ethical leadership. While three distinct survey questions were used to quantitatively analyze the ethical leadership, the Ethical Leadership Scale developed by Brown et al., is the most effective questionnaire. Finally, Ethical Leadership has been found to have a favorable impact on workers' performance.

Based on the conclusions, future scholars ought to put up a comprehensive definition of ethical leadership that takes into account various factors.

Furthermore, future scholars ought to develop a comprehensive measuring instrument for ethical leadership that takes into account various relevant factors. Finally, research on ethical leadership ought to be done in various nations.

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