

**CAPITAL UNIVERSITY OF SCIENCE AND
TECHNOLOGY, ISLAMABAD**



**Modelling Ethical Leadership and
Employee Attitudes: Mediating Role of
Psychological Empowerment and
Moderating Role of Ethical Climate,
Power Distance Orientation and Leaders
Social Distance**

by

Samina Karim

A thesis submitted in partial fulfillment for the
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**Modelling Ethical Leadership and Employee
Attitudes: Mediating Role of Psychological
Empowerment and Moderating Role of Ethical
Climate, Power Distance Orientation and
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*This thesis is dedicated to the patience of my
sister Rehana and my mother.*



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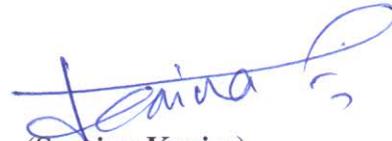
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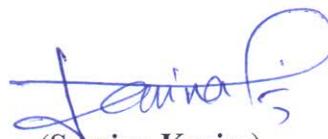
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List of Publications

It is certified that following publication(s) has been made out of the research work that has been carried out for this thesis:-

1. **Karim, S.**, & Nadeem, S. (2019). Understanding the unique impact of dimensions of ethical leadership on employee attitudes. *Ethics & Behavior*, 12(1), 1-23.

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(Samina Karim)

Abstract

Over the past few decades, scholars and practitioners have increasingly recognized the significance of ethical leadership for organizations. This study extends the literature on ethical leadership through empirically examining its seven dimensions as identified by Kalshoven, Den Hartog and De Hoogh (2011) to produce desired employee outcomes i.e. job satisfaction, organization commitment, cynicism, and job embeddedness. It further constructs and empirically tests a moderated mediation model, with ethical climate, power distance orientation, and leaders' social distance as moderators and psychological empowerment as a mediator in the relationship between ethical leadership and employee outcomes. Social exchange theory provides overarching support and LMX theory is utilized to explain dyadic relationships. Thus, this study examines ethical leadership using an uncommon yet more comprehensive scale to measure ethical leadership behavior in the context of South Asia. This study also examines various constructs which have seldom been explored with ethical leadership i.e. psychological empowerment, power distance orientation, leader' social distance, and job embeddedness.

This study is based on a deductive research approach and a time-lag research design. Data were collected from four major cities of Pakistan i.e. Islamabad, Rawalpindi, Lahore, and Karachi using a survey questionnaire. The questionnaire was divided into different sections to collect data at Time 1 and Time 2 with a time lag of 4 weeks. The final sample size was 585 employees working in private and public sector organizations, and the overall response rate was 73%. The data analysis procedures included exploratory factor analysis (EFA), confirmatory factor analysis (CFA), tests for data normality and multi-collinearity, followed by hypothesis testing using SPSS, AMOS and Process Macro.

Results supported seven dimensions of ethical leadership, and a varying positive relationships of these dimensions with employee outcomes of job satisfaction, organization commitment, and job embeddedness, and a negative relationship with cynicism. Out of the seven-dimensions of ethical leadership, people orientation,

fairness, and power-sharing had a strong association with a majority of the employee outcomes, ethical guidance and role clarification had a moderate relationship, while concern for sustainability and integrity had a limited influence. Results also supported the positive association between the second order composite form of ethical leadership and job satisfaction, organization commitment, and job embeddedness, and a negative relationship of composite form of ethical leadership with cynicism, as proposed using social exchange theory. Out of the three contextual moderating constructs, ethical climate was found to moderate the relationship between ethical leadership and psychological empowerment, while the moderating role of power distance orientation and leader's social distance were not supported. Psychological empowerment mediated the relationship between ethical leadership and job embeddedness, but was not found to mediate the remaining relationships. Lastly, the moderated mediation analysis was supported with ethical climate, power distance orientation and leaders social distance failed to moderate the mediation.

This study contributes to the literature by highlighting the unique impact of specific dimensions of ethical leadership on outcomes. Secondly, this study examines the distinctive influence of internal and external contextual moderators i.e. ethical climate, power distance orientation and leader's social distance on the relationship between ethical leadership and psychological empowerment. Data collection from private and public sector organizations also adds to generalizability of results which is unlike in other ethical leadership studies.

This study has several implications for the practitioners and managers, it suggests that congruent leader-member values can produce a strong exchange relationship and desired outcomes. It identifies people orientation and fairness are the two most effective dimensions of ethical leadership, and provides deeper insights into impact of particular dimensions e.g. power sharing resulting in increasing employees' job satisfaction, organization commitment and job embeddedness. It also highlights the role of developing an ethical work culture to make ethical leaders more effective.

Keywords: Ethical leadership, Social exchange theory, Leader-member exchange theory, Job satisfaction, Organization commitment, Cynicism,

Job embeddedness, Psychological empowerment, Ethical climate, Power distance, Leaders social distance.

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Chapter 1

Introduction

1.1 Chapter Introduction

This chapter introduces the concept of ethical leadership and its significance as a topic of research. It also highlights the need to examine ethical leadership in-depth to address the arising ethical dilemmas. It presents the academic and corporate background of ethical leadership and how this leadership style has evolved over time. This chapter further discusses the research gaps, research questions, and the research objectives of the study followed by the underpinning theories i.e. social exchange theory and leader-member exchange theory, describing how these theories are explaining the proposed relationships in this study. Lastly, this chapter details the contribution of the study to the body of knowledge and presents the structure of the thesis.

1.2 Background of Ethical Leadership

The literature of leadership is enriched with numerous leadership styles, e.g. trait, contingency, charismatic (Howell & Shamir, 2005), visionary, participative, transformational (Bass & Steidlmeier, 1999), transactional (Hater & Bass, 1988), servant, authentic (Gardner, Avolio, Luthans, May, & Walumbwa, 2005) and spiritual (Fry, Hannah, Noel & Walumbwa, 2011). However, substantial ethical scandals

over the last two decades have emphasized the need to establish an independent ethical leadership style (Brown et al., 2005; Trevino et al., 2003). Thus, ethical leadership has attracted great attention from scholars across the world (Ahmad & Gao, 2018; Brown et al., 2005; Neubert, Carlson, Kacmar, Roberts, & Chonko, 2009; Qing, Asif, Hussain & Jameel, 2019) and has emerged as an independent topic of academic research (Brown, Trevino, & Harrison, 2005; Fehr, Yam & Dang, 2015; Kalshoven, Den Hartog & De Hoogh, 2011; Mayer, Aquino, Greenbaum & Kuenzi, 2012).

In the words of Brown and colleagues (2005; P. 120), ethical leadership is “the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making”. Ethical leadership style is a collection of ethics and leadership traits (Trevino et al., 2003), with a focus on trust, respect, proactive communication, and ethical behavior (Bello, 2012; Chughtai, Byrne, & Flood, 2015; De Hoogh & Den Hartog, 2008; Kalshoven, van Dijk, & Boon, 2016; Trevino, Hartman & Brown, 2000; Xu, Loi & Ngo, 2016). It is a style that makes ethics an integral part of leadership (Trevino et al., 2000). Ethical leaders influence employees through ethical behavior, candid feedback, and reinforcement through reward and punishment (Brown et al., 2005; Brown & Trevino, 2014; Brown & Trevino, 2006; Mayer et al., 2012). Ethical leaders are fair and benevolent, and they motivate employees to establish quality social relationships with leaders and emulate similar conduct (Giessner, Van Quaquebeke, van Gils, van Knippenberg, & Kollee, 2015; Schaubroeck, Hannah, Avolio, Kozlowski, Lord, Trevino & Peng, 2012; Wang, Lu & Liu, 2017). In contrast, unethical leaders are unlikely to reap such advantages.

An examination of corporate scams indicates that these tricks articulate heavily on the significance of business ethics worldwide and demand that organizations are managed ethically (Brown et al., 2005; Brown & Trevino, 2006; Kalshoven, Den Hartog, & De Hoogh, 2013; Okpara & Wynn, 2008; Trevino, Brown, & Hartman, 2003). For example, Enron’s failure in the year 2001 exemplifies the dark side of leadership, where personal desires of the leader eventually lead to bankruptcy

(Hosseini & Mahesh, 2016), and is known as one of the largest corporate scandals in the world history. Enron became the sixth-largest energy company based on its market capitalization through acquiring a large number of the corporation across the globe. Yet, the majority of its leaders were found involved in malpractices as a result of low integrity, avid desires, rigidity, and disregard for their actions. Thus, these leaders were characterized by all the dysfunctional personal traits, which makes them destructive leaders who exercise unethical practices. Though top executives of the firm were well-aware of the significant amount of debt and the illegal financial practices, yet, they continued with these practices to earn personal benefits and gains. They deceived the public and continued to take debt funds from the market to raise funds and maintain credit ratings. Executives of the corporation undertook window dressing, practiced irresponsibility, and failed to take required ethical actions, and practiced oversight. Thus, top officials abused power and privilege and manipulated information, putting self-interest ahead of employees and the public (Hosseini & Mahesh, 2016).

Similarly, WorldCom was another giant telecom scandal in the history of the United States (Unerman & O'Dwyer, 2004) which occurred after it became the largest corporation after AT&T as a result of multiple mergers and acquisitions (60 companies). As a result of over-supply and over-excited predictions of the internet growth, the firm started experiencing a decline in revenue, faced forced rejection of the merger of Sprint Corporation and the prevailing recession in the overall economy. In order to maintain stock prices, the executives used various bogus accounting entries and fraudulent ways to inflate its revenue to USD 11 billion to hide its diminishing profits. Upon revelation, the firm laid off its employees, and the CEO was punished and fined for filing false documents. The management of the firm was found to emphasize revenues to achieve rapid growth, relying on aggressive corporate actions involving creative accounting practices (Ashraf, 2011).

Another financial scandal of the Parmalat instigated an attempt to overcome the occurring losses after the management agreement to keep the matter disguised.

The practice of keeping the losses under the carpet ushered the company to commit further unethical accounting conventions for more than a period of 13 years (Gumbel, 2004). For inflating the revenue, the management disclosed fake assets and created fake transactions through double billing and used receivables as fake sales to borrow loans from the banks (Buchanan & Yang, 2005). Similarly, Allied Irish Bank, one of the four commercial banks in Ireland, started investigating the treasury operations of one of its subsidiaries, i.e. Allfirst. Investigation revealed that the management of the company was involved in the wrong bet of the Yen against the Dollar. This wrong bet was followed by the wrong hedging practice that generated huge losses (Carswell & Reddan, 2008) for the firm. The fraud was revealed in 2003.

Tracing a similar fiasco in Pakistan, Axact, headquartered in Karachi with over 5,000 employees and apparently flashed to be an IT-based firm, was reported to sell fake academic degrees in different countries (Al Matarneh, 2018) across the globe. Though the CEO, Shoaib Shaikh, denied all such allegations, yet, the subsequent investigation revealed that initial predictions were just the tip of an iceberg and the firm was involved in taking money from over 215,000 individuals across 197 countries (Walsh, 2016), accumulating at least USD 89 million in its final year. Further investigation disclosed that the firm was actually involved in a scam of \$140 million. New York Times report of May 2015 shed light as to how Axact earned millions of dollars by issuing bogus academic certificates from 350 virtual colleges (Walsh, 2015). Following this, XPRESS reported that the majority of the degrees were sold in the Middle East, Saudi Arabia, and UAE (Farooqui, 2015). It was also reconfirmed by Sayyad Yasir Jamshaid, a whistleblower, that out of 5,000 calls daily, 60% were from UAE and Saudi Arabia, demanding degrees between the price range of Dh50,000 and Dh100,000 per certificate from any of the bogus universities of Axact, i.e., Gibson, Rochville, Grant Town, Brooklyn Park, Nixon, Ashley, Belford, Campbell, and Paramount California University.

The above literature has indicated that ethical leadership is a significant area of concern and requires further exploration. An enriched and deep-rooted investigation on this topic is needed to uncover the underlying mechanism through which

ethical leaders become more effective. The significance of ethical leaders is further enhanced in developing countries like Pakistan to address any arising unethical issues which may be helpful for the academic and corporate sectors.

1.2.1 Research Gaps

The aforementioned unethical practices and many similar smaller scale issues in the corporate world have increased the significance of understanding ethical leadership as a distinct form of leadership. Brown and colleagues (2005) presented an overview of ethical leadership style as a unidimensional concept. However, the growing literature on ethical leadership has identified ethical leadership as a multidimensional concept (Den Hartog & De Hoogh, 2009; Fehr et al., 2015; Kalshoven et al., 2011; Resick, Hanges, Dickson & Mitchelson, 2006). Despite the acknowledgment of its multi-dimensions, the majority of the ethical leadership research continued to explore its composite form instead of exploring its dimensions (Den Hartog & De Hoogh, 2009; Fehr et al., 2015; Kalshoven et al., 2011; Kanungo & Mendonca, 1998; Resick et al., 2006) using the scale of Brown and colleagues (2005). Identification of multi-dimensions of ethical leadership opens up new horizons for further investigation (Mo & Shi, 2017). One of the comprehensive multidimensional analyses was conducted by Kalshoven & Colleagues (2011) which identified people orientation, fairness, power-sharing, concern for sustainability, ethical guidance, role clarification, and integrity as ethical leadership dimensions. Furthermore, in the urge to explore foundations that make up an ethical leader, Fehr et al. (2015) identified six moral foundations, i.e. fairness/cheating, care/harm, sanctity/degradation, loyalty/betrayal, liberty/oppression, and authority/subversion. Exploration of multi-dimensions of ethical leaders can help and identify the mechanism that makes up a leader ethical and detect the dimensions appreciated by the employees. i.e. some of the dimensions may be more appreciated by the employees producing positive outcomes as compared to others. Therefore, more research is needed to explore the impact of dimensions of ethical leadership with different outcomes (Den Hartog & De Hoogh, 2009).

Several comprehensive research studies indicate the effects of leadership styles on the behavior of employees. For example, earlier studies on leadership have shown that leadership is an antecedent of several significant employee outcomes, e.g. job satisfaction, organization commitment (Avolio, Zhu, Koh & Bhatia, 2004a; Choi, Ullah & Kwak, 2015; Kim & Brymer, 2011), decision-making (Messick & Bazerman, 2013), work environment (Stouten, Baillien, Van den Broeck, Camps, De Witte & Euwema, 2010), ethical role modeling (Brown & Trevino, 2014; Dust, Resick, Margolis, Mawritz, & Greenbaum, 2018) and ability to control employee misconduct (Mayer, Kuenzi & Greenbaum, 2010). These outcomes are the result of mutual trust and respect in the relationship of leader-member. Among these, a few studies have examined the impact of ethical leadership on two common outcomes namely job satisfaction and organization commitment (Ahmad & Gao, 2018; Brown et al., 2005). However, such studies have mostly used a unidimensional scale i.e. Brown and colleagues (2005), and have rarely explored the impact of various dimensions of ethical leadership on outcomes. Thus, there is a need to examine how various dimensions of ethical leadership impact job satisfaction and organization commitment.

The majority of the examined outcomes of leadership or ethical leadership are short term in nature. So far, scant studies have examined long term outcomes e.g. job embeddedness with ethical leadership (Ferreira, 2017) and no study has examined such outcomes with dimensions of ethical leadership. Long term employee outcomes result in reduced turnover and consistent performance and hence need to be examined further. Moreover, unethical leadership triggers various unhealthy outcomes leading the organization towards decline (Mete, 2013). However, the focus of the majority of the ethical leadership studies have been on positive outcomes while the literature recommends to empirically examine ethical leadership with negative outcomes as well e.g. cynicism (Mete, 2013; Mo & Shi, 2017).

In addition to the need to examine positive and negative, short term and long-term outcomes, the ethical leadership literature recommends to examine complex relationships to understand the underlying mechanism that produces positive outcomes. Psychological empowerment is one of the mechanisms through which a

leader promotes desired employee outcomes (Avolio et al., 2004b; Laschinger, Finegan & Shamian, 2001) resulting in common outcomes of high job satisfaction (Manojlovich & Laschinger, 2002) and organization commitment (Liu et al., 2006). However, limited studies have examined the mediating role of psychological empowerment with negative outcomes i.e. cynicism and long-term outcome of job embeddedness. Further, earlier studies examining the mediating role of psychological empowerment in relation to ethical leadership (Ahmad & Gao, 2018; Qing, Asif, Hussain & Jameel, 2019) have used a general scale (Brown and colleagues, 2005) instead of exploring it with a comprehensive scale of ethical leadership.

Additionally, the relationship of ethical leadership with outcomes is further complicated by the contextual factors. Earlier studies on ethical leadership have suggested the need to examine the impact of external contextual factors such as ethical climate (Lu & Lin, 2014; Shin et al., 2015; Wu, 2017), leaders' social distance (Antonakis & Atwater, 2002) and power distance orientation (Farh et al., 2007). The literature of ethical climate states that leader-member association is strengthened in a conducive environment (Aryati, Sudiro, Hadiwidjaja & Noermijati, 2018; Demirtas & Akdogan, 2015). Generally speaking, leaders' social distance creates contingencies which may also influence the leader-member relationship (Avolio et al., 2004b) including ethical leader-member relationship. Exploring the concept of how leaders' social distance may affect the relationship between ethical leadership outcome may assist practitioners to cope with the emerging challenges of Covid-19. Out of these contextual factors, ethical climate and power distance orientation have been examined with ethical leadership (Ahmad & Gao, 2018; Loi, Lam & Chan, 2012) using the scale of Brown and colleagues (2005). This demands further exploration of the above contextual factors though measuring ethical leadership with a more comprehensive scale such as that by Kalshoven and colleagues, (2011).

Majority of the ethical leadership studies have been conducted in the West (Ponnu & Tennakoon, 2009; Ng & Feldman, 2015) using the scale of Brown & colleagues (2005), providing limited insights on South Asian locale. South Asia is composed of eight countries, and despite sharing its borders with Iran and China, the culture of Pakistan is different and has been seldom contested in the literature. These

important differences suggest unique findings of ethical leadership practices in Pakistan, yet, limited research studies have been conducted in the Eastern setting (Ahmad & Gao, 2018; Ahmad & Umrani, 2019; Qing et al., 2019; Wang & Xu, 2019). The few studies which have been conducted have used a general scale to measure ethical leadership i.e. Brown et al. (2005). Thus, no study has focused on the specific dimensions of ethical leadership which encourage employees to generate desired outcomes.

According to Transparency International (2013), a large number of malpractices makes a society unethical. This requires to regularize organizations by following corporate codes (Mujtaba & Afza, 2011) in private and public sector organizations alike. Pakistan is a developing country, and all its research fields are in infancy including ethical leadership (Mayer, Kuenzi, Greenbaum, Bardes & Salvador, 2009). Thus, there is a need to examine the ethical leadership practices in the private and public sector in Pakistan which has not been examined earlier (Ahmad & Gao, 2018).

1.3 Statement of the Problem

In the light of research gaps identified in the previous section, it is evident that more research is needed on ethical leadership in South Asia. Though enriched literature on various leadership styles exist, yet arising unethical conduct demands a dedicated leadership style to serve as an ethical role model across the globe. Recent developments in the literature of ethical leadership demand to identify a particular leadership behavior that encourages desirable employee outcomes, for example, fair treatment by the leader is viewed respectfully by the employees and can surface desired employee outcomes. Extant literature focuses on the general model of ethical leadership, while, research studies that focus on the different behavioral dimensions of ethical leadership are lacking. Despite the dearth of literature on ethical leadership, seldom studies have attempted to identify a specific leadership dimension useful for managers in the organization. Therefore, this study has attempted to identify which dimension(s) of ethical leadership is likely to work

better in Pakistan using the scale of Kalshoven and colleagues (2011). Earlier to this study, ethical leadership has been viewed as a leaders' style that focuses on ethics (Brown et al., 2005), yet, the comprehensive study of Kalshoven et al. (2011) provides a detailed analysis of different characteristics that makes up an ethical leader. Therefore, this study examined ethical leadership through the scale developed by Kalshoven et al. (2011).

A vast majority of ethical leadership studies have focused on the antecedents and outcome of this leadership style. The findings of these studies indicate a positive association of ethical leadership with affirmative outcomes, with limited attempts to examine the role of ethical leaders in reducing the negative employee outcomes. Additionally, the majority of the employee outcomes have been short term in nature, with a narrow focus on long term employee outcomes. Scant research studies have extensively and empirically examined the mechanism that converts ethical leadership behavior into employee outcomes. Therefore, to address the above, this study has empirically examined the impact of ethical leadership dimensions and their composite form on employee outcomes of job satisfaction, organization commitment, cynicism, and job embeddedness and examines the mediating role of psychological empowerment in the aforementioned relationship. However, the leadership practices are influenced by the prevailing context, where South Asia has a different context as compared to Western countries. Considering this, it is essential to examine the contextual factors which may influence ethical leadership practices. Therefore, this study has examined the moderating role of internal and external contextual factors i.e. ethical climate, power distance orientation, and leaders' social distance in the relationship of ethical leadership and psychological empowerment.

1.4 Research Questions

The focal point of this research investigation is to empirically examine the seven dimensions and the composite model of ethical leadership and to examine their

influence on employees' outcomes in South Asia. Therefore, this research study attempts to answer the following research questions:

Research Question 1

What is the impact of the seven dimensions of ethical leadership, i.e., people orientation, fairness, integrity, power-sharing, concern for sustainability, ethical guidance and role clarification, on employee outcomes, i.e., job satisfaction, organization commitment, cynicism, and job embeddedness?

Research Question 2

What is the relationship of seven dimensions of ethical leadership with job satisfaction, organization commitment, cynicism and job embeddedness, and which dimensions of ethical leadership work strongly in Asian settings?

Research Question 3

What is the impact of the composite form of ethical leadership on psychological empowerment and employee outcomes, i.e., job satisfaction, organization commitment, cynicism and job embeddedness?

Research Question 4

Does psychological empowerment act as a mediator in the relationship between ethical leadership and job satisfaction, organization commitment, cynicism, and job embeddedness?

Research Question 5

Do ethical climate, power distance orientation and leaders' social distance moderate the relationship between ethical leadership and psychological empowerment?

Research Question 6

Is the mediating role of psychological empowerment, between ethical leadership and outcome variables, influenced by a higher level of ethical climate, power distance orientation, and leaders' social distance?

1.5 Objectives of the Study

This study extends the research on ethical leadership with the intention to explore the concept of ethical leadership and how ethical leadership and its seven dimensions' impact employee outcomes, i.e., job satisfaction, organization commitment, cynicism, and job embeddedness.

This study also provides the opportunity to empirically examine the earlier relational traces examined in the West, to be analyzed in the public and private sector organizations (Hawass, 2015; Wright et al., 2016) in Pakistan. In addition, this study examines the mediating role of psychological empowerment in the relationship between ethical leadership and employee outcomes, i.e., job satisfaction, organization commitment, cynicism, and job embeddedness.

Further, this study has also empirically examined the moderating role of ethical climate, power distance orientation, and leader's social distance in the relationship between ethical leadership and psychological empowerment. Therefore, the objectives of this study are listed below:

Research Objective 1

To investigate the relationship of seven dimensions of ethical leadership, i.e., people orientation, fairness, integrity, power-sharing, concern for sustainability, ethical guidance and role clarification, with job satisfaction, organization commitment, cynicism and job embeddedness.

Research Objective 2

To identify the impact of composite ethical leadership on psychological empowerment, job satisfaction, organization commitment, cynicism and job embeddedness.

Research Objective 3

To examine the mediating role of psychological empowerment in the relationship between ethical leadership, job satisfaction, organization commitment, cynicism and job embeddedness.

Research Objective 4

To examine the role of ethical climate, power distance orientation and leaders' social distance as moderators between ethical leadership and psychological empowerment.

Research Objective 5

To investigate the mediating role of psychological empowerment between ethical leadership and outcome variables, i.e., job satisfaction, organization commitment, cynicism and job embeddedness, and how this relationship is influenced by a higher degree of ethical climate, power distance orientation, and leaders' distance.

1.6 Key Terms of the Study

This section presents an overview of the key constructs of this study including the independent variable (ethical leadership), the moderators (ethical climate, power distance orientation, leaders' social distance), the mediator (psychological empowerment), and the dependent variables (job satisfaction, organization commitment, cynicism, and job embeddedness). A detailed review of the literature is presented in Chapter 2 of this dissertation.

1.6.1 Ethical Leadership

As explained earlier, the concept of ethical leadership was introduced by Brown et al. (2005). Since then, many studies have tried to identify the characteristics and behavior of ethical leaders. As per the literature, ethical leaders are effective communicator, provide timely support, establish trust, and preach ethics through reward and punishment (Chughtai et al., 2015; Kim & Brymer, 2011; Trevino, et al., 2000; Trevino, et al., 2003; Xu et al., 2016; Zhu, May & Avolio, 2004). Ethical leaders are fair, concerned for the employees, and give ethical guidance (Xu et al., 2016; Wang et al., 2017). They focus on honesty (Ehrich, Harris, Klenowski, Smeed & Spina, 2015), exhibits integrity (Lawton & Paez, 2015) and compassion, which produces congruent moral values in leader-member (Brown et al., 2005;

Dust et al., 2018; Tang, Cai, Liu, Zhu, Yang & Li, 2015), and discourage deviant behavior, e.g. cynicism (Kalshoven et al., 2011; Mete, 2013; Mo & Shi, 2017). Ethical conduct of leaders becomes their social identity (Brown & Trevino, 2006; Brown et al., 2005; Dust et al., 2018; Grojean, Resick, Dickson, & Smith, 2004; Skubinn & Herzog, 2016). These characteristics of an ethical leader encourage employees to reciprocate through affirmative outcomes (Mete, 2013; Mo & Shi, 2017). Literature advocates that “people enjoy working for an ethical organization which helps in attracting and retaining the best employees” (Trevino et al., 2000; P. 136). This further enhances the significance of ethical leadership style and makes it imperative to examine it with employee outcomes (Brown et al., 2005; Kalshoven et al., 2011; Mete, 2013; Mo & Shi, 2017). Ethical leader substantiates the attitude of the employees, which is demonstrated in employee behaviors (De Hoogh & Den Hartog, 2008; Kalshoven et al., 2011; Neubert et al., 2009).

A recent development in the literature of ethical leadership identifies two significant studies highlighting different dimensions of ethical leaders (Fehr et al., 2015; Kalshoven et al., 2011). The study by Kalshoven and colleagues (2011) introduces seven dimensions of ethical leadership and which have been used and tested in the West nine years ago. In comparison, as the study of Fehr et al. (2015) is more recent, the dimensions are theoretical and the links of some dimensions, such as loyalty/betrayal and sanctity/degradation have no clear linkage with existing outcomes. Therefore, due to the ease of measuring ethical leadership through the scale of Kalshoven and colleagues (2011) and some evidence of the linkages of its dimensions with employee outcomes, this study adopts the scale of Kalshoven et al. (2011) to examine a comprehensive and multidimensional concept of ethical leadership.

1.6.2 Job Satisfaction

Employee attitude and behavior impact an organization’s performance that demands further exploration (Bonner, Greenbaum & Mayer, 2016; Bouckennooghe, Zafar & Raja, 2015; Choi et al., 2015). Job satisfaction is defined as “an attitude toward an object, i.e., as work-related condition, facets or aspect” (Wiener,

1982; P. 422). Various earlier studies contend that leaders stimulate employees' job satisfaction (Bass & Riggio, 2006; Holtom, Mitchell, Lee & Eberly, 2008; Rich, 1997). The significance of job satisfaction is further enhanced in the presence of arising ethical issues, as satisfied employees not only lead to organizational growth but also ensure its integrity. A high degree of morality allows ethical leaders to influence employee attitude and behavior (Brown et al., 2005; Choi et al., 2015; Lindblom, Kajalo & Mitronen, 2015; Ren & Chadee, 2017).

1.6.3 Organization Commitment

Among other various imperative employee outcomes, organization commitment is a widely studied concept. Allen and Meyer (1990; P. 3) significantly explored organization commitment and stated it as "a link between the employee and organization that decreases the likelihood of turnover". Ethics and morality focus on basic individual conduct which strengthen the level of organization commitment (Chye Koh & Boo, 2004; Wright, Hassan, & Park, 2016). Leadership style significantly impacts the development of organization commitment (Wright et al., 2016). As advocated by earlier studies ethical leadership significantly correlates with positive employee outcomes (Brown et al., 2005; Li, Wu, Johnson & Avey, 2017; Trevino et al., 2003; Wang & Sung, 2016; Yang, Ding & Lo, 2016).

1.6.4 Cynicism

Cynicism is an imperative concept focusing on negative employee emotions (Andersson, 1996; Andersson & Bateman, 1997; Cole, Bruch & Vogel, 2006). In the words of Andersson and Bateman (1997; P. 450), cynicism is "both a general and specific attitude, characterized by frustration and disillusionment as well as negative feelings toward and distrust of a person, group, ideology, social convention, or institution". Dean, Brandes and Dharwadkar (1998: P. 345) elaborate cynicism as "a negative attitude toward one's employing organization" that includes "a belief that the organization lacks integrity". Thus, distrust, futility, disillusionment and unmet expectations of employees are susceptible to cynicism (Andersson &

Bateman, 1997) emerging from poor communication, unfair treatment, managerial incompetence and absence of support (Andersson, 1996; Andersson & Bateman, 1997). There is some evidence of the negative relationship between leadership and cynicism (Bommer, Rich & Rubin, 2005; Polatcan & Titrek, 2014); few studies have also examined the relationship between the composite form of ethical leadership and cynicism (Metek, 2013; Qian & Jian, 2020).

1.6.5 Job Embeddedness

Employee retention is one of the key challenges faced by today's organizations (Tanova & Holtom, 2008). The recently emerged construct of job embeddedness is accorded as an employee retention strategy. Job embeddedness is defined as "the combined forces that keep a person from leaving his or her job" (Yao, Lee, Mitchell, Burton & Sablinski, 2004; P. 159). Job embeddedness is a long-term employee outcome which is a collection of social forces that keep an employee embedded through a link, fit, and sacrifice (Mitchell, Holtom, Lee, Sablinski & Erez, 2001; Holtom, Mitchell & Lee, 2006; Zhang, Fried & Griffeth, 2012). Therefore, it is believed that the higher the number of social webs, the higher is the degree of job embeddedness. As a result of strong job embeddedness, employees experience a deep-rooted long-term association with colleagues and the firm. Further, high job leaving cost (social relations) (Giessner et al., 2015) and organization support contribute to increasing job embeddedness (Holtom et al., 2006; Karatepe, 2011, 2013; Karatepe & Karadas, 2012). The outcome of job embeddedness has not been examined as an outcome of ethical leadership using a scale of Kalshoven et al. (2011).

1.6.6 Psychological Empowerment

Various leadership styles have been examined with psychological empowerment (Avolio, Gardner, Walumbwa, Luthans & May, 2004b; Aryee & Chen, 2006; Avey, Hughes, Norman & Luthans, 2008). Psychological empowerment is "a

motivational construct manifested in four cognitions: meaning, competence, self-determination, and impact” (Spreitzer, 1995; P. 1444). Scholars have viewed psychological empowerment differently by extracting diverse meanings and types of this construct, such as relational, social, structural and psychological empowerment (Liden, Wayne & Sparrowe, 2000; Spreitzer, 1995). Psychological empowerment influences the cognitive processes of the employees with a focus on the sociopolitical environment, empowerment, and its associated outcomes (Zimmerman, 1995). Psychological empowerment intrinsically motivates employees (Dust et al., 2018), and affects the leader-member mutual interaction and behavior (Zhang & Bartol, 2010). Psychological empowerment is granted by the leader, followed by a dedicated performance, devotion and employee effectiveness (Bouckennooghe et al., 2015; Spreitzer, De Janasz & Quinn, 1999), resulting in a strong leader-member relationship (Liu, 2017). This is followed by a high degree of trust, work involvement and self-efficacy (Bedi, Alpaslan & Green, 2016; Ponnu & Tennakoon, 2009; Chughtai et al., 2015; Tu & Lu, 2016; Xu et al., 2016). Increased empowerment steers to increased effect on job outcomes (Wang & Lee, 2009). Psychological empowerment is a multi-dimensional construct, where job meaning, job impact, personal competence and self-determination makes up the concept of psychological empowerment (Spreitzer, 1995; Thomas & Velthouse, 1990) and pave the path for developing a responsive employee behavior (Avolio et al., 2004b; Barroso Castro, Villegas Perinan & Casillas Bueno, 2008; Chang et al., 2010; Fuller et al., 1999; Hechanova et al., 2006).

1.6.7 Ethical Climate

The ethical climate reveals the prevailing degree of morality and ethics practiced in an organization. Ethical climate is “the shared perception of how ethical issues should be addressed and what ethically correct behavior is” (Deshpande, Joseph & Shu, 2011; P. 3). Ethical climate influences employees’ ethics and values (Ambrose, Arnaud & Schminke, 2008; Chye Koh & Boo, 2004; Demirtas & Akdogan, 2015; Dickson, Smith, Grojean & Ehrhart, 2001; Mayer et al., 2010), which promote improved work environment and employee conduct. Thus, an ethical

climate enhances the mutual trust and respect between the leader-member, this motivates employees (Brown & Trevino, 2006; Martin & Cullen, 2006; Mayer et al., 2012; Schminke, Ambrose & Neubaum, 2005) and strengthen leader-member value congruence. Thus, ethical climate correlates with the organizational norms which directly impacts the organizational performance with a dedicated focus on ethical implication (Victor & Cullen, 1988). Moreover, ethical climate nurtures a moral environment that promotes a healthy leader-member relationship (Dickson et al., 2001; Wu, 2017; Liu, 2017) that supports in maintaining the ethical climate (Schminke et al., 2005; Shin, Sung, Choi & Kim, 2015; Weaver, Trevino & Cochran, 1999a).

1.6.8 Power Distance Orientation

External contextual factor, including national culture, widely influences leadership practices, traits, and qualities (Chao & Moon, 2005; Hofstede, 1980; House, Hanges, Javidan, Dorfman & Gupta, 2004; Schwartz, 1994; Triandis, 1995, Trompenaars & Hampden-Turner, 1998). The most acknowledged research on national culture is that of Hofstede (1980) and GLOBE (House et al., 2004), and out of the different cultural dimensions, power distance is identified as the most influential cultural dimension (Francesco & Chen, 2000; Kirkman, Chen, Farh, Chen & Lowe, 2009) to be examined with leadership practices. As a society, Pakistan is high in power distance as compared to the United Kingdom and the United States as per the Hofstede study (Hofstede, 1980) and the GLOBE study (House et al., 2004; Nadeem & Sully de Luque, 2018).

Initially, power distance was examined at the national/macro level measuring the societal and country-level degree of power distance. It was then suggested that national cultural dimensions may also be analyzed at the individual/micro level as well (Clugston, Howell, & Dorfman, 2000; Farh, Hackett & Liang, 2007; Jackson, Colquitt, Wesson, & Zapata-Phelan, 2006; Taras, Steel, & Kirkman, 2010), suggesting the use of the power distance orientation. In the words of Clugston and colleagues (2000; P. 9), power distance orientation is “the extent to which

an individual accepts the unequal distribution of power in institutions and organizations”. Generally, power distance signifies unequal power distribution (Farh et al., 2007; Hofstede, 1993, 1994), and at the individual level, employees use the different frame of reference that influences employees’ job attitude (Johns, 2006; Kirkman & Shapiro, 2001; Kirkman et al., 2009).

Leadership practices are influenced by the prevailing culture. Thus, a high degree of power distance orientation influences the leadership practices and minimizes the power delegation to the employees. Further, employees with high power distance orientation perceive the leader as more influential and privileged. Thus, these employees take actions that benefit leaders (Javidan, House, Dorfman, Hanges & De Luque, 2006). Conversely, low power distance orientation will enable ethical leaders to work closely with the followers. Thus, culture influences the social relationship between the leader-member; in high power distance cultures, leaders deliberately keep employees at a distance and are reluctant to share power, while in low power distance cultures, the leaders keep a strong relationship with employees through frequent communication and responsibility-sharing.

1.6.9 Leaders’ Social Distance

Across the globe, business expansion has generated various challenges to managing a dispersed workforce and influenced leader-member relationships (Avolio et al., 2004b; Napier & Ferris, 1993). In a leader-follower relationship, distance is defined as “the continual effect (i.e., the co-existence of a cluster of independent factors) of leader-follower physical distance, perceived social distance, and perceived interaction frequency” (Antonakis & Atwater, 2002, P. 4). The dyadic nature of the leader-member relationship is influenced by the context, the number of followers, nature of the work, the leadership and the degree of social distance between leader-member (Torres & Bligh, 2012).

The literature identifies different types of distance, such as physical distance, social distance and psychological distance, that determine the quality of leader-member relationship (Antonakis & Atwater, 2002; Cole, Bruch & Shamir, 2009). Leaders’

social distance is “perceived difference in status, rank, authority, social standing, and power which affect the degree of intimacy and social contact that develop between followers and their leader” (Antonakis & Atwater, 2002, P. 16). Literature suggests that closely knitted leader-member relationship enjoys a high degree of mutual trust and positive perception (Avolio et al., 2004a; Chughtai et al., 2015; Shamir, 1995; Xu et al., 2016), while distant employees are unable to frequently interact with the leaders, resulting in poor leader-member association (Avolio et al., 2004a; Shamir, 1995). Shamir (1995) explored the influence of a leader’s social distance with charismatic leadership, suggesting that leaders’ social distance impacts the level of trust between leader-member and leaders’ perception. Trust between a leader and socially distant employees consider leaders’ past actions and future objectives, while in a socially close relationship, employees look at leaders’ honesty and fairness (Shamir, 1995).

Proximate employees closely coordinate with the leaders, learn through observation and pave the path for establishing a strong social relationship (Giessner et al., 2015). Increased leaders’ social distance keeps employees aloof, resulting in a distant relationship with no direct learning or power delegation to the employees. The phenomenon of leaders’ social distance suggests a perceived or desired degree of remoteness between members of a group or unit and the leader. The concept of leaders’ social distance resembles and differentiates in various aspects with the situation which has been arisen from the global pandemic of Covid-19. In both cases, the concept of social distance requires to maintain a mutual distance in establishing social contact with one another. Leaders’ social distance signifies the social interaction distance between the leader-member due to team disparity, social standing and authority. In comparison, social distance due to pandemic triggers to hold social interaction to avoid catching the infectious virus for self and others. However, it is pertinent to mention that challenges associated with the increased social distance in the relationship of leader-member are alike; for example, in both forms of social distance, the degree of social interaction remains limited.

1.7 Contribution to the Body of Knowledge

The current study is significant in various aspects. Its main contribution to the body of knowledge is examining the seven dimensions of ethical leadership and examining how the contextual factors of ethical climate, leaders' social distance, and power distance orientation affect the relationship between ethical leadership and outcomes. These contributions are explained below.

1. The first contribution of this study is to investigate the relationship between the seven-dimensional model of ethical leadership and four employee outcomes, to help and assist managers in nourishing a particular dimension or dimensions. While many earlier studies have focused on identifying the antecedent and outcomes of ethical leadership, yet, this study contributes to the literature by empirically testing and providing comprehensive findings on the multiple dimensions of ethical leadership. To do so, this study explores the dimensions of ethical leadership through the scale of Kalshoven et al. (2011) instead of utilizing the scale of Brown et al. (2005) which has been extensively used in the earlier studies (Ahmad & Gao, 2018; Qing, Asif, Hussain, & Jameel, 2019). Results indicate that various dimensions differently affect the employee outcomes, for example, the dimensions of people orientation, power sharing, fairness, ethical guidance, and role clarification are more strongly associated with the outcomes. In comparison, results of concern for sustainability and integrity indicate limited or no correlation. Thus, results indicate that all the dimensions affect outcomes differently. Identification of these dimensions encourages practitioners to focus on the ethical leadership dimensions which promote and nurture moral behavior with a positive impact on the organizations and the employees.
2. This second contribution of this study to the literature is examining the role of unique moderators i.e. ethical climate, power distance orientation, and leaders' social distance in the relationship between ethical leadership and psychological empowerment. Results indicate that ethical climate was a moderator in the relationship between ethical leadership and psychological

empowerment. This finding is useful and indicates that ethical leaders are more influential in an ethical climate. Further, when ethical leaders are present in the work environment, employees adopt their behavioral models and get rewarded for demonstrating the desired behavior (Mayer et al., 2009). Moreover, the exchange process becomes significant when ethical leaders affect employees' behavior through assigning tasks and roles. Thus, in an ethical climate, ethical leaders provoke employees' involvement in ethical conduct (Dickson et al., 2001). This finding thus contributes to the literature which has suggested the need to examine ethical climate as a moderator (Mayer et al., 2009; Zehir, Müceldili & Zehir, 2012). This empirical evidence also provides practical implications for the managers to develop a conducive environment that promotes ethics, and morality. Thus, in an ethical climate, leaders are viewed positively by the employees and make it possible to flow empowerment from the leader to the follower.

This study also examined the moderating role of power distance orientation. Results of the study indicate no moderating influence of power distance between the relationship of ethical leadership and psychological empowerment. Thus, ethical leadership is likely to result in psychological empowerment irrespective of the power distance orientation of the employees. However, this is a less explored moderator in the literature on ethical leadership, and the country context of Pakistan is unique. Thus, we suggest that another reason for the absence of findings could be that as Pakistan is a high power distance society, any variation in individual level power distance orientation was not strong enough to influence the relationship. Further studies in different country contexts or covering multiple country contexts may have different results.

Lastly, the results of this study also indicate that leaders' social distance was not a moderator in the relationship between ethical leadership and psychological empowerment. Thus this study did not find that social distance influenced an employee's consideration or disregarding of thoughts, motives and actions of the ethical leader (Tumasjan, Strobel & Welpe, 2011). This

finding is useful and interesting particularly because of the prerequisites of social distance due to Covid-19. Thus, social distance in the Covid-19 situation is not likely to influence the relationship between ethical leadership and psychological empowerment. This finding contributes to the literature which has suggested the need to examine the leaders' social distance as to how it affects ethical evaluation of the leaders (Tumasjan et al., 2011).

This study has also examined the moderated mediation impact between the relationship of ethical leadership and employee outcomes. The results of the moderated mediation of ethical climate and psychological empowerment was found to be significant between the relationship of ethical leadership and job embeddedness. Findings indicate that in an ethical climate, leaders empower their followers which impacts employee outcome of job embeddedness. As job embeddedness is a long term employee outcome, this study provides insight that psychologically empowered employees think in long term instead of focusing on short term employee outcomes of job satisfaction and organizational commitment. Thus, this study contributes to the literature by identifying the thinking patterns of psychologically empowered employees.

In addition to the above two major areas of contribution, the study also contributes to the literature in the following way.

3. This study has examined the unique outcome variable of job embeddedness with ethical leadership. Job embeddedness is a long term outcome that results from a strong social relationship with the leader and other individuals. Therefore, this study has contributed to the body of knowledge by providing insights into the aforementioned relationship. The finding of this study indicates that job embeddedness is significantly and positively associated with the composite form of ethical leadership and its key dimensions e.g. people orientation, fairness, power sharing, ethical guidance and role clarification. Thus, results indicate that job embeddedness is an imperative long term outcome of ethical leadership. Hence, these findings of the composite and dimensional form of ethical leadership are helpful for the managers to

keep the employees embedded in their jobs by following the aforementioned characteristics of ethical leaders.

4. Further, this study is significant in a way that it examines the mediating role of psychological empowerment with ethical leadership. Contending the study of Ahmad and Gao (2018), this study has used a comprehensive scale to examine this mediating relationship between ethical leadership and outcomes instead of using the measuring scale of Brown and colleagues (2005). Though psychological empowerment did not mediate the relationship between three of the employee outcomes, yet, it was a mediator in the relationship between ethical leadership and the long term employee outcome of job embeddedness. Thus, results of this study indicate that impact of psychological empowerment is greater on long term employee outcome as compared to short term employee outcomes of job satisfaction, organization commitment and cynicism. This study helps managers to keep the employee embedded in the job by way of psychologically empowering employees. Thus, findings of this study provide useful insights for the managers working in private and public sector organizations of Pakistan.
5. Another significant contribution of this study is that it provides insights from a number of industries operating in private and public sector organizations of Pakistan. Contending the study of Ahmad and Gao (2018), this study collected data from public and private sector banks, call centers and other public sector offices, which helped in generalizing the findings. Further, this study collected data from the four major cities of Pakistan, including Islamabad/ Rawalpindi, Karachi and Lahore, unlike two cities in the study of Ahmad and Gao, (2018). This population of interest was selected for various reasons. Firstly, financial and government sectors are more prone to crises, making the industry suitable to examine the influence of ethical leadership practices in Pakistan. Further, due to an increased number of restrictions to perform banking and call center jobs, employees' may feel more stressed, hence making it more useful to examine the impact of ethical leadership

on employees' attitudes. Results indicate that ethical leadership has equal significance in the private and public sector organizations of Pakistan.

6. This study also contributes to the literature by examining the aforementioned relationship in a different contextual background. Pakistan possesses a rich cultural background, from the Mughal empire, subcontinent and finally as an independent Islamic state. This enriched culture influences the overall context, management style and the dyadic relationship of leader-member. This is the first study on ethical leadership that has explored this concept in South Asia by using the scale developed by Kalshoven et al. (2011) to measure ethical leadership to reveal explicit insights and implicit nuances that are not found in other studies.

1.8 Supporting Theories

Social Exchange Theory (SET) and Leader-Member Exchange (LMX) are the two key theories that provide deep insight into the key relationships of this study. These theories enabled a better understanding of the underlying mechanism which influenced the relationship between ethical leadership style and associated employees' attitudes and behaviors. In addition to this, leader-member exchange theory has been used to explain the moderating effects of ethical climate, power distance orientation and leaders' social distance. These theories are briefly explained in this section.

1.8.1 Social Exchange Theory

George Homans (1958) conceptualized social exchange theory (SET) in his article "Social Behavior as Exchange". Among other behavioral theories, social exchange theory is known as the most influential and widely used theory in the field of management sciences. This theory addresses diverse areas of a leader-member relationship (Liden, Sparrowe, & Wayne, 1997) with a focus on exchange relationships. Parties of exchange are known as actors, resources, and structures that

initiate the process of exchange (Molm, 2006). SET explains the dyadic interaction patterns and underlying mechanisms between the parties of exchange, i.e., leader-member. The dyadic exchange takes the form of tangible or intangible actions based upon different frames of reference, social processes, level of social interaction, independence, interdependence and mutual dependence between parties of exchange (Blau, 1964; Emerson, 1976; Homans, 1958). This triggers a reciprocal relationship between the parties of exchange, where actions of one party ignite the exchange process, followed by a response from the other party (Cropanzano & Mitchell, 2005; Cropanzano et al., 2017); however, the absence of a response from other party shatters the reciprocal relationship. Further, this exchange process is influenced by the power and status possessed by the parties of exchange (Blau, 1964). The exchange process is not a transactional bargain; rather, it influences the quality of the exchange relationship that supplements favorable outcomes (Aryee & Chen, 2006; Cropanzano & Mitchell, 2005; Molm, 2003; Piccolo et al., 2010; Pucic, 2015). Contextual factors i.e. culture, personal and situational factors, also influence the mutual interdependence of parties of exchange (Gouldner, 1960). The actions of one party, i.e. leader, influence the followers in a way to reciprocate through similar valance.

In line with this study, ethical leaders and employees act as parties of exchange and reciprocate (Liden et al., 2000). It is argued that the moral conduct of an ethical leader triggers employees' behavior positively, thereby building a strong exchange relationship (Kalshoven et al., 2013; Wang & Sung, 2016). For example, ethical leader's concern for employees, fairness, integrity and power-sharing stimulate reciprocal responses from the employees (Emerson, 1976; Kalshoven et al., 2011; Kalshoven et al., 2016; Xu et al., 2016; Wang et al., 2017). Thus, the ethical behavior of leaders activates high-quality social exchange relationships (Piccolo et al., 2010; Walumbwa, Mayer, Wang, Wang, Workman, & Christensen, 2011; Liu, 2017; Newman et al., 2015). Furthermore, social exchange theory provides an in-depth analysis of the relationship between the leader-member (Kalshoven et al., 2011; Kalshoven et al., 2016; Newman et al., 2015), which sets a strong foundation to understand the association of ethical leadership with employees' behavioral

outcomes (Brown et al., 2005; Newman et al., 2015).

1.8.2 Leader-Member Exchange Theory

Leader-member exchange theory has its fundamentals in social exchange theory (Rockstuhl, Dulebohn, Ang & Shore, 2012) and describes a dyadic relationship. Basically, LMX theory focuses on an exchange relationship between leader-member which influences employee's responsibility, decision-making and performance (Deluga, 1998), positive employment experience, and organizational effectiveness (Liden et al., 1997). This exchange relationship promotes mutual trust, respect, and strong emotional attachment that goes beyond the usual employment relation (Bauer & Erdogan, 2015), resulting in a strong and quality LMX relationship (Graen & Uhl-Bien, 1995). Developments in the LMX theory have discussed vertical and horizontal exchange relationships (Graen & Uhl-Bien, 1995; Graen & Canedo, 2016). LMX theory focuses on how leaders form an effective LMX relationship (Bauer & Erdogan, 2015) by assessing the quality of exchange, influence of relationship and how the quality of this relationship affects outcomes. However, limited studies have examined the context surrounding LMX, e.g. organizational culture (Anand, Hu, Liden & Vidyarthi, 2011). Leaders have more control on the quality of exchange, such that leaders' evaluation and perception of a follower determines the leader's behavior towards an employee (Rockstuhl et al., 2012). Dyadic LMX relationship operates differently in Western context due to low degree of power distance (House, Hanges, Javidan, Dorfman, & Gupta, 2004) as compared to high power distance culture in Asia (Anand et al., 2011). Power distance turns out to be a strong predictor of LMX (Anand et al., 2011), as people in low power distance are likely to consider themselves equal to others. While, in high power distance subordinates show high deference to authority and are less reliant on the norms of reciprocity (Farh et al., 2007).

Leaders' support, opportunity and mentoring encourage positive reciprocal response from the employees by enhancing loyalty (Bauer & Erdogan, 2015), increased feelings of obligation and commitment. In addition, leaders' integrity and

perception determine the nature of LMX relationship leading to affirmative outcomes (Dulac, Coyle-Shapiro, Henderson, Wayne, 2008) i.e. mutual trust, the delegation of responsibility and high performance levels (Dienesch, Liden, 1986). LMX theory also emphasizes affirmative exchange mechanism (Liden, Wayne & Stilwell, 1993; Scandura, 1999) through enhancing information exchange, trust, respect, rewards, performance, loyalty (Asgari, Silong, Ahmad & Samah, 2008; Bauer & Erdogan, 2015). It is noteworthy that high communication between leader-member is the sign of an affirmative LMX relationship (Dansereau et al., 1975). Leaders determine their relationship with employees on the basis of low/high (out-group/in-group) quality LMX relationship. When this differentiation is high, employees experience inequality in reward distribution and interaction which is perceived as unethical behavior that triggers a poor ethical climate (Fein et al., 2013). The study of Erdogan and Bauer (2010) concluded that ethical climate strongly moderates the effect of LMX differentiation on work attitudes. In addition, increased leader's social distance also contributes to promoting LMX differentiation within a group. Thus, the degree of LMX relationship determines the effectiveness of a leader (Graen & Cashman, 1975). Therefore, high leaders' social distance produces a fragile leader-member relationship which impacts a leader's effectiveness and exchange reciprocity. Thus, LMX theory helps to understand the dynamics of this dyadic relationship by establishing an on-going exchange relationship (Fein et al., 2013; Lee et al., 2010).

The nature of LMX relationship is influenced by the distribution of resources and time invested (Yammarino & Naughton, 1992; Yukl & Fu, 1999). In contrast, low-quality LMX relationships experience limited trust, unidirectional interaction, reduced support and rewards (Bauer & Green, 1996), where leadership style is supervisory with less personal and economic exchange. Therefore, trust, respect and benevolence develop a strong emotional attachment with the leader (Graen & Schiemann, 2013), exhibited through collaboration and teamwork resulting in a win-win relationship (Nier, 2013). In Western cultures, a successful LMX relationship is measured through positive affectivity, i.e. organization commitment

and job satisfaction (Rockstuhl et al., 2012). Therefore, it is argued that ethical leaders' support, trust and care for employees generate a positive and ethical perception of the leader.

1.9 Structure of the Thesis

This section details the structure of the remainder of the thesis which is divided into five main chapters. The first chapter has discussed the brief introduction of the variables under study and particularly the research gaps, objectives and significance. The second chapter discusses the theoretical framework, followed by the establishment of different hypotheses as a result of proposed relationships. The third chapter discusses the research methodology adopted to examine the proposed relationships of the study. The fourth chapter presents the data analysis techniques used and the emerging results from the statistical analysis conducted on the data collected. The final chapter discusses the results in light of earlier studies and the findings of this study. It also presents the limitations of the study, future research directions, practical implications and the conclusion of this study.

1.10 Chapter Summary

In this chapter, the introduction and importance of the ethical leadership concept have been presented. This chapter also briefly discussed the research gaps identifying the scope of the study followed by statement of the problem. This chapter also presents the key terms used in this study which included the constructs examined in this study such as ethical leadership, job satisfaction, organization commitment, cynicism and job embeddedness as employee outcome, ethical climate, power distance orientation and leaders' social distance as moderator and psychological empowerment as mediator. This chapter also discusses the underpinning theories of this study, i.e., social exchange theory and leader-member exchange theory, and how these theories explain the proposed relationships. It has also attempted to

shed light on the contributions of this study to the body of knowledge. A detailed review of the literature is presented in the next chapter.

Chapter 2

Literature Review

2.1 Chapter Introduction

This chapter establishes an in-depth knowledge of ethical leadership and associated outcomes, as recommended in the earlier studies. Firstly, this chapter sheds light on the relationship between independent variables, moderator, mediator and the dependent variables, subsequently followed by developing hypotheses. Independent variable of the study is ethical leadership and its dimensions, mediator variable is psychological empowerment, moderators include ethical climate, power distance orientation and leaders' social distance, while outcome variables are job satisfaction, organization commitment, cynicism and job embeddedness. Secondly, apart from identifying the relationship, this study also examines how these relationships work and influence employee outcomes through social exchange and leader-member exchange in the South Asian setting of Pakistan. This chapter also presents the hypotheses of the study.

2.2 Ethical Leadership

Leadership has captivated numerous scholars and academicians over time (Aronson, 2001; Avolio et al., 2004a; Ahmad & Yekta, 2010; Avey, Wernsing & Palanski, 2012; Avey et al., 2008; Yukl, Gordon & Taber, 2002). A majority of leadership

studies discuss different leadership styles such as charismatic, transactional and transformational leadership (Mohammad Mosadegh Rad & Hossein Yarmohammadian, 2006; Howell & Shamir, 2005). Scholars have highlighted the significance of positive leadership style while comparing it with deviant leadership styles (Brown & Trevino, 2006; Hoch, Bommer, Dulebohn & Wu, 2018; Ofori, 2009; Wang & Sung, 2016) and their influence on employees. Deviant leadership style is focused on attaining personal goals irrespective of the way to achieve them, for example, comparison of authentic transformational leadership and pseudo-transformational leadership identifies authentic leaders as truthful, optimistic and ethically sound (Avolio et al., 2004a), and pseudo-transformational leaders deliberately follow unethical and destructive personal goals (Barling, Christie & Turner, 2008; Hoch et al., 2018; Trevino et al., 2003). In addition, despotic leaders practise personal dominance and authority to serve self-interest (Aronson, 2001), unethical charismatic leaders exercise social and personal power motives (Howell & Avolio, 1992), and Machiavellian leaders use ethical leadership as concealment to attain personal goals by compromising ethical standards (Den Hartog & Belschak, 2012). Thus, this makes it imperative to practice ethical conduct as leaders' preference for personal goals makes all leadership styles practise unethical conduct (Howell & Avolio, 1992).

In addition, arising ethical dilemmas further emphasize the need for a positive and ethical leadership style (Hoch et al., 2018). A thorough examination of transactional and transformational leadership styles reveals ethics as one of their components (Ofori, 2009; Kalshoven et al., 2011). However, the arising challenges demand an autonomous ethical leadership style with a dedicated approach towards ethics and morality (De Hoogh & Den Hartog, 2008; Den Hartog & De Hoogh, 2009; Fehr et al., 2015). Thus, ethical leadership emerged as an independent leadership style embedded in ethics, morality, integrity, honesty and trust (Lawton & Paez, 2015; Trevino et al., 2003). This benefits employees, organizations and society equally (Chughtai et al., 2015; Ehrich et al., 2015; Trevino et al., 2003; Bello, 2012). Thus, ethical leaders establish ethical standards and behavior. Ethical leaders are fair, benevolent and demonstrate to be ethical role models who

engender optimism and positivity in the employees (Bello, 2012; De Hoogh & Den Hartog, 2008; Demirtas, 2015; Dust et al., 2018; Ofori, 2009; Trevino et al., 2003; Wang et al., 2017). They emphasize on ethical values, moral character and moral processes (Brown et al., 2005), make ethical choices and exhibit ethical behavior in personal and professional life (Andrews, 1989; Bello, 2012; Brown & Trevino, 2014; Grojean et al., 2004; Mayer et al., 2012). Ethical leaders make ethics-driven decisions, encourage employee participation in decision-making, share power and clarify role expectations (Den Hartog & De Hoogh, 2009; De Hoogh & Den Hartog, 2008; Trevino et al., 2003; Wang et al., 2017). They encourage subordinates to follow an ethical means to an end in the processes (Aronson, 2001; Brown & Trevino, 2006) and reinforce ethics through reward and punishment (Mayer et al., 2012). Ethical leaders are social individuals who believe in frequent communication through formal and informal ways (Ofori, 2009; Mayer et al., 2012) that inspire followers, as evident in America (Weaver et al., 1999a; Weaver, Trevino, & Cochran, 1999b). The benefits of ethical leaders are more evident in large organizations (Fehr et al., 2015; Trevino et al., 2003). Qualitative examination indicates that ethical leaders stimulate affirmative employee behavior (Brown et al., 2005; De Hoogh & Den Hartog, 2008; -6), while the absence of ethics costs the organization heavily (De Hoogh & Den Hartog, 2008). Therefore, it is significant to accentuate the empirical examination of ethical leadership (Brown et al., 2005; Demirtas, 2015).

Initially, ethical leadership style was apprehended as a uni-dimensional concept (Brown et al., 2005) followed by identification of various ethical leadership dimensions (De Hoogh & Den Hartog, 2008; Den Hartog & De Hoogh, 2009; Eisenbeiss, 2012; Fehr et al., 2015; Kalshoven et al., 2011; Kanungo & Mendonca, 1998; Resick et al., 2006). This development in the field of ethical leadership literature opens up new avenues for enhanced research investigation (Mo & Shi, 2017), suggesting to examine the influence of ethical leadership behavior independently (Den Hartog & De Hoogh, 2009; De Hoogh & Den Hartog, 2008; Eisenbeiss, 2012; Fehr et al., 2015; Kalshoven et al., 2011; Resick et al., 2006; Kanungo & Mendonca, 1998). Despite its admitted significance, scant studies analyze the impact of ethical leadership

dimensions on employee outcomes (De Hoogh & Den Hartog, 2008; Den Hartog & De Hoogh, 2009), though there exists a positive correlation between the composite form of ethical leadership and its dimensional version (Kalshoven et al., 2011). Yet, several limitations are attached to the composite form of ethical leadership as it refrains from uncovering the in-depth influence of ethical leadership behavior on employee outcomes. One of the most comprehensive examinations of ethical leadership and its dimensions was carried out by Kalshoven and colleagues (2011) with identification of seven different dimensions, such as people orientation, integrity, role clarification, ethical guidance, concern for sustainability, power-sharing and fairness. Furthermore, Fehr and colleagues (2015) also identified six moral foundations including fairness/cheating, care/harm, sanctity/degradation, loyalty/betrayal, liberty/oppression, and authority/subversion. Moral foundation clearly indicates an association with the seven-dimensional model of ethical leadership (Fehr et al., 2015). However, readily available scale to measure the seven-dimensional model of Kalshoven et al. (2011) makes it superior to moral foundations model of Fehr et al. (2015).

Contending on above, it is imperative to explore the dimension of ethical leadership and its impact on employee behavior. An earlier examination of dimensions of ethical leadership indicates scattered investigation with limited empirical support (Brown et al., 2005; De Hoogh & Den Hartog, 2008; Den Hartog & De Hoogh, 2009; Mayer et al., 2009; Piccolo et al., 2010; Ponnu & Tennakoon, 2009). Therefore, this study fills this gap by focusing on the composite form of ethical leadership as well as exploring its different dimensions, as recognized by Kalshoven and colleagues (2011), having an influence on employee outcomes, i.e. job satisfaction, Organization commitment, cynicism and job embeddedness. This is consistent with the study of Dust and colleagues (2018) who have used the similar approach by creating one composite variable for calculating a composite form of psychological empowerment variable. Further, consistent with various earlier studies which also examine dimensions of other leadership styles (Dubinsky, Yammarino & Jolson, 1995; Masterson et al., 2000; Piccolo & Colquitt, 2006; Rafferty & Griffin,

2004; Skarlicki & Folger, 1997), this study has explored the comprehensive seven-dimensional model of Kalshoven and colleagues (2011) and its impact on employee outcomes. Therefore, each dimension of ethical leadership is discussed in detail in the following paragraphs.

2.2.1 Dimensions of Ethical Leadership

Numerous studies explore varying dimensions of ethical leadership (De Hoogh & Den Hartog, 2008; Den Hartog & De Hoogh, 2009). The dimensions of Kalshoven et al. (2011) presented a comprehensive model composed of the dimensions of people orientation, fairness, integrity, power-sharing, role clarification, concern for sustainability and ethical guidance. We have expected that some of these dimensions may have a positive association with outcome variables, and some may have limited or no relationship at all. We further expect that dimensions of ethical leadership explain different aspects that significantly influence employee behavior. However, except for qualitative evidence, we are unable to find a study that directly examines the seven-dimensional model of Kalshoven and colleagues (2011) with its impact on employee outcomes.

The dimension of people orientation implies leaders' honest concern for employees (Ehrich et al., 2015; Resick et al., 2006). People orientation includes leader's apprehension for employees with an inner obligation to be responsible for the actions taken, their consequences and subsequent accountability (Brown et al., 2005; Khuntia & Suar, 2004; Resick et al., 2006; Trevino et al., 2003; Voegtlin, 2016) and influence of actions on others. As a result of ethical leaders' strong social relationship, a culture of mutual support, care and collaboration promotes employee motivation to reciprocate, emulate and copy leaders' ethical conduct while exhibiting prosocial behavior (Cropanzano & Mitchell, 2005; Giessner et al., 2015; Liu, 2017). Thus, this dimension stipulates leaders' care and respect for employees and their efforts to reinforce moral behavior through reward and punishment (Brown & Trevino, 2006; Kanungo, 2001; Resick et al., 2006; Trevino et al., 2003).

The dimension of fairness situates as an integral part of ethical leadership style (Xu et al., 2016; Wang et al., 2017) which delineates ethical leaders as honest, trustworthy, transparent and fair who follow morality and ethics in every aspect (Chughtai et al., 2015; De Hartog & Belschak, 2012; De Hoogh & Den Hartog, 2008; Wang et al., 2017; Xu et al., 2016). Transparency and fairness of ethical leaders pave a path for the establishment of a just and ethical environment (Brown et al., 2005; Demirtas, 2015) that further enhances the reliability and credibility of ethical leaders (Brown et al., 2005; De Hoogh & Den Hartog, 2008; Kalshoven & Hartog, 2009; Trevino et al., 2003; Xu et al., 2016). Therefore, the positive perception of ethical leaders that the leader is acting in the best interest of the employees, makes employees believe that the leader is fair and caring.

The dimension of power-sharing signifies adequate listening to the employee's voice and allowing a reasonable autonomy to perform the tasks (De Hoogh & Den Hartog, 2008; Fehr et al., 2015; Huang & Paterson, 2017). Through shared responsibility, the ethical leader makes employees co-responsible (Gini, 1997) for the actions. Power-sharing emerged as a result of mutual trust and congruent ethical values (Chughtai et al., 2015; Tang et al., 2015; Xu et al., 2016). Ethical leaders determine employees' acceptance to take added responsibility by increasing employee willingness and infusing sensible power use among employees, which makes leaders further effective and ethical role models (De Hoogh & Den Hartog 2009; Dickson et al., 2001; Dhar, 2016; Resick et al., 2006). Thus, ethical leaders encourage employees to take part in the decision-making and craft jobs followed by power delegation (Brown et al., 2005; Hassan, 2015; Kanungo, 2001; Lee, Choi, Youn & Chun, 2017; Piccolo et al., 2010).

The dimension of ethical guidance emphasizes on the virtuous nature of ethical leaders who not only set the ethical direction for the employees but also simultaneously guide employees to exhibit ethical behavior and conduct (Eisenbeiss & van Knippenberg, 2015; Trevino et al., 2003). Ethical leaders develop ethical rules and principles (Kalshoven et al., 2011) followed by leaders' help and support to translate these documented organizational guidelines into practical settings (Fehr

et al., 2015; Trevino et al., 2003). Further, through frequent and clear communication, ethical leaders impart ethical guidelines to employees reinforced by reward and punishment (Brown & Trevino, 2006; Kalshoven et al., 2011). Thus, ethical leaders' support, guidance and interpretation make them effective leaders (Brown & Trevino, 2014; Bruce, 1994; Mahsud, Yukl & Prussia, 2010) and role models. Hence, all such behaviors that benefit employees, such as helping others, have a benefiting effect on the leader as well (Masterson et al., 2000).

The dimension of role clarification signifies clear role expectations and performance goals communicated from the ethical leaders (De Hoogh & Den Hartog, 2008). Work context can vary in the presence of role clarity as in high role clarity; employees clearly understand what is expected from them (Newman et al., 2015). This enables employees to focus on their performance within the defined boundaries keenly. In contrast, inability to understand job role tends to limit the employee capacity and appropriate behavior, resulting in low performance (Tubre & Collins, 2000), situational stress (Gilboa, Shirom, Fried & Cooper, 2008) and likelihood to increase deviant behavior (Newman et al., 2015). As ethical leaders elaborate the responsibilities, expectations and performance objectives to the employees, this enhances the followers' responsiveness that contributes to goal attainment (Mahsud et al., 2010; Newman et al., 2015). Therefore, reduced employees' job ambiguity supports to make a meaningful contribution to the overall organization's objectives and emulates normatively appropriate behavior. Therefore, as a response to the social exchange relationship, ethical guidance encourages employees to contribute to the organizational objectives with a high degree of devotion and dedication.

The ethical leadership dimension of concern for sustainability signifies leader's ability to influence one's action broadly beyond followers, work unit, organization and the overall welfare of the society (Hargreaves & Fink, 2012; Kanungo & Mendonca, 1998; Kalshoven et al., 2011). Concern for sustainability indicates a long-term orientation which is not directly associated or visible but rather unfolds in the coming years. Sustainable leadership style emphasizes on developing others through delegating responsibility (Hargreaves & Fink, 2004). Thus, leaders'

act of benevolence garners promoting concern for the environment, sustainability and ability to benefit the aggregate society beyond workgroup. Ethical leaders empower employees by delegating responsibilities with an intention to develop employees. Thus, ethical leaders have an inner obligation to develop employees through delegating authority and effectively dealing with difficult situations (Hargreaves & Fink, 2004, 2012). Though ethical leaders exchange positive outcomes with employees, yet, long-term effects of concern for sustainability to be associated with long-term employee outcome.

Lastly, the dimension of integrity works out to be a core characteristic of ethical leadership (Lawton & Paez, 2015), which is not much visible like the dimension of concern for sustainability. Integrity is perceived as a fundamental trait of leaders, businesses and organizations (Craig & Gustafson, 1998; Kouzes & Posner, 2011), which is exhibited through consistency between words and actions (Lawton & Paez, 2015; Palanski & Yammarino, 2009). This infers ethics as a guiding principle in every walk of life (Brown et al., 2005; Lawton & Paez, 2015). Drawing on the literature of ethical leaders, we observe that ethical leaders keep promises (Kalshoven et al., 2011), guide followers, reinforce ethics, establish trust and demonstrate integrity in the dealing with people (Bass, 1998; Bass & Steidlmeier, 1999; Brown et al., 2005; Chughtai et al., 2015; Lawton & Paez, 2015; Xu et al., 2016).

The exchange relationship between leader and followers is based on tangible or intangible resource interchange, which is reinforced through reward and reprimand (Dansereau, Graen & Haga, 1975). We argue that social exchange theory (SET) helps in understanding the dynamics associated with ethical leadership style (Brown et al., 2005; Turner, Barling, Epitropaki, Butcher & Milner, 2002; Kalshoven et al., 2011), such as norms of reciprocity that help in restoring employees' reactions (Cropanzano & Mitchell, 2005; Newman et al., 2015). Norms of reciprocity are established on the basis of repetition of interaction, mutual recognition, the memory of past interaction and ability to record other's actions (Ridley, 1997). Employees reciprocate kind behavior in a similar vein (Ciulla, 2005; Newman et al., 2015). As in this study, kind gestures of ethical leaders are

responded by desirable employee behavior (Newman et al., 2015). Hence, the nature of reciprocity is transactional that predicts the reactions of another party of exchange. Therefore, leader (one party of exchange) who promotes trust, justice, fairness, care and respect is reciprocated by affirmative employee (the other party of exchange) behavior (Becker, 2014; Chughtai et al., 2015; Dirks & Ferrin, 2002; Podsakoff, MacKenzie & Bommer, 1996; Xu et al., 2016). Therefore, we argue that the positive actions of ethical leaders encourage employees to respond with affirmative employee outcomes and discuss the key outcomes in the forthcoming subsections.

2.2.2 Ethical Leadership and Job Satisfaction

Social exchange theory identifies the underlying mechanism of reciprocal obligation (Greenberg, 1980; Shore & Wayne, 1993) as a result of the positive exchange relationship. This exchange process involves a series of sequential transactions between the parties of exchange steered by greater trust and flexibility (Mitchell, Cropanzano & Quisenberry, 2012), in response to high task interdependence and degree of mutual communication (Cropanzano & Mitchell, 2005). Thus, positive initiating behavior of an actor (the leader) directs the target (the employee) to respond with good behavior (Cropanzano et al., 2017); leader's morality and benevolence are reciprocated by obliged and prosocial employee behavior (Newman et al., 2015; Yang et al., 2016). This further encourages ethical leaders to boost employees' social and relational attachment (Brown et al., 2005; Davidovitz, Mikulincer, Shaver, Izsak & Popper, 2007; Liu, 2017). The strong association of the leader and the employee promotes beneficial outcomes for employees (Cropanzano & Mitchell, 2005).

This study focuses on job satisfaction as one of the outcomes of ethical leadership behavior suggesting that the positive social exchange relationship of leader-member increases the propensity of compassionate employee behavior through increased job satisfaction (Farrell & Rusbult, 1981). Job satisfaction is a well-examined behavior, where approximately fifty years ago, more than 3000 aspects of job satisfaction were identified (Locke, 1969). Job satisfaction is the degree to

which employee's work satisfies his needs (Griffin & Bateman, 1986). Significance of job satisfaction is on-going depending upon the increased economic challenges and complex nature of jobs emerging in recent times (Koh & El'Fred, 2001; Lok & Crawford, 2004). According to social exchange theory, the exchange mechanism triggers the reciprocal behavior (Cropanzano et al., 2017). We argue that there will be a positive effect on job satisfaction of the follower as ethical leaders are moral, trusted and principled individuals who care for employees and make fair decisions (Chughtai et al., 2015; Eisenbeiss, 2012; Khuntia & Suar, 2004; Liu, 2017; Podsakoff et al., 1990; Wang & Xu, 2019; Xu et al., 2016). Similarly, comparison of managers shows that moral managers successfully develop satisfied employees (Avey et al., 2012), which is unlikely for the managers who are less focused on ethics. Furthermore, employees' perception of leaders' care and concern helps them develop a feeling of obligation reciprocated through favorable outcomes (Brown & Trevino, 2006). Thus, positive behavior of ethical leaders is responded positively through "norms of reciprocity" (Blau, 1964).

Ethical leaders are governed by ethics, adapt fairness (Brown et al., 2005), exhibit integrity, instill ethics in employees (Xu et al., 2016; Wang et al., 2017), allocate time, focus on employees (De Hoogh & Den Hartog, 2008; Walumbwa, Orwa, Wang & Lawler, 2005; Rich, 1997), construct an ethics-driven culture (Brown & Trevino, 2006; Kalshoven et al., 2011; Neubert et al., 2009; Trevino, Butterfield & McCabe, 1998), share power and allow voice (Hassan, 2015; Huang & Paterson, 2017). This invokes positive emotions in the employees.

Further, ethical leaders also successfully develop a meaningful and contributing relationship (Mahsud et al., 2010; Newman et al., 2015) by providing employees with opportunities to deploy skills, followed by strong positive response by the employees through job satisfaction (Avey et al., 2012; Eisenbeiss, 2012; Kim & Brymer, 2011; Khuntia & Suar, 2004; Ofori, 2009; Podsakoff et al., 1990; Walumbwa et al., 2011). Thus, employees feel satisfied to work for the ethical and altruistic leaders (Eisenbeiss, 2012; Gini, 1997; Kalshoven et al., 2011; Ren & Chadee, 2017). Subsequently, ethical leaders, directly and indirectly, influence job satisfaction (Nubert et al., 2009; Wang & Xu, 2019) of the employees.

Additionally, ethical leaders are people-orientated and exhibit honest care and concern for the employees, eventually making the job significant and meaningful (Den Hartog & De Hoogh, 2009); ethical leaders build mutual trust that enables leaders to share power (Brown et al., 2005; Bono & Judge, 2003; Den Hartog & De Hoogh, 2009; Eisenbeiss, 2012; Xu et al., 2016); ethical leaders are fair, transparent and demonstrate concern for sustainability that makes employees obliged who, in turn, reciprocate by job satisfaction (Brown et al., 2005; Brown & Trevino, 2006; Den Hartog & De Hoogh, 2009; Settoon, Bennett & Liden, 1996; Xu et al., 2016; Wang et al., 2017).

Ethical leaders validate integrity (Lawton & Paez, 2015) and guide ethically through maintaining an effective communication mechanism which adds to job satisfaction (Eisenbeiss, 2012; Neubert et al., 2009; Walumbwa et al., 2005; Wang & Xu, 2019; Yidong & Xinxin, 2013). Lastly, clearly defined role expectations reduce job stress and uncertainty (De Hoogh & Den Hartog, 2008; Mahsud et al., 2010; Pelletier & Bligh, 2008) in employees.

Therefore, altruistic and ethical behavior of the leader produces satisfied employees (Den Hartog & De Hoogh, 2009; Eisenbeiss, 2012; Kalshoven et al., 2011; Kim & Brymer, 2011; Nubert et al., 2009) leading to improved job satisfaction (Eisenbeiss, 2012; Khuntia & Suar, 2004; Ng & Feldman, 2015; Podsakoff et al., 1990; Wang & Xu, 2019). Thus, based on above, we argue that positive initiating actions of ethical leaders will trigger a positive reciprocal feeling in employees, which will enhance employee job satisfaction. Therefore, we establish the following hypotheses:

Hypothesis 1: Ethical leadership is positively and significantly associated with job satisfaction.

Hypothesis 2: The dimensions of ethical leadership, i.e. (a) people orientation, (b) fairness, (c) power-sharing, (d) integrity, (e) ethical guidance, (f) role clarification and (g) concern for sustainability, are positively associated with job satisfaction.

2.2.3 Ethical Leadership and Organization Commitment

Positive initiating behavior of leaders stimulates the relational reciprocity, which generates a trusted relationship and promotes Organization commitment (Cropanzano & Mitchell, 2005; Cropanzano et al., 2017). Organization commitment is a normative approach that explains employee work behavior with the organization (Wiener, 1982). Trusted leader-member relationship encourages employees to increase their efforts towards the job (Allen & Meyer, 1996; Chughtai et al., 2015; Xu et al., 2016). Further, drawing on social exchange theory, we argue that positive initiating action of the actor (the leader) enhances trust which promotes positive behavioral responses by the target (the employees) (Cropanzano et al., 2017; Konovsky & Pugh, 1994). Thus, leaders' considerate actions promote development of positive reciprocal relationship (Kim, Leong & Lee, 2005; Kim & Brymer, 2011; Lok & Crawford, 1999; Meyer, Irving & Allen, 1998; Wright et al., 2016). Similarly, leaders focus on ethics, and morality invokes positive exchange relationship (Settoon et al., 1996; Newman et al., 2015; Yang et al., 2016) through improved Organization commitment (Wang & Xu, 2019). Organization commitment is an imperative and widely studied workplace behavior (Mathieu & Zajac, 1990; Meyer & Herscovitch, 2001; Mowday, Steers & Porter, 1979). Various earlier studies examine Organization commitment with different leadership styles (Avolio et al., 2004b; Bono & Judge, 2003; Cullen, Parboteeah & Victor, 2003; Hansen, Alge, Brown, Jackson & Dunford, 2013; Koh, Steers, & Terborg, 1995; Walumbwa & Lawler, 2003; Zhu et al., 2004). Thus, this study aims to examine the influence of ethical leadership on Organization commitment (Li et al., 2017; Wang & Xu, 2019).

Drawing on the social exchange theory, a unique exchange relationship exists between the parties of exchange (Bishop, Scott, Goldsby & Cropanzano, 2005). In addition, ethical leader (a party to exchange) initiates a positive action of sharing power and responsibility with employee to achieve objectives (Hater & Bass, 1988; Koh et al., 1995; Shamir, House & Arthur, 1993; Bono & Judge, 2003), liaise and translate organizational policies through effective communication and demonstration (Blau, 1985; Bono & Judge, 2003; Li et al., 2017; Mowday et al., 1982;

Schminke et al., 2005; Schwepker, 2001; Wright et al., 2016). This establishes a trusted and normative relationship between leader and member, which enhances relational attachment (Chughtai et al., 2015; Cropanzano et al., 2017; Davidovitz et al., 2007; De Hartog & Belschak, 2012; Dickson et al., 2001; Kalshoven & Den Hartog, 2009; Li et al., 2017; Sirota & Klein, 2013). Leaders promote ethical environment (Aronson, 2001; Brown, 2007; Mendonca, 2001; Martin & Cullen, 2006; Neubert et al., 2009; Trevino et al., 1998) by developing ethical standards (Ponnu & Tennakoon, 2009). We argue that affirmative actions of ethical leaders trigger employees to respond positively, i.e. through Organization commitment (Chen, Sawyers & Williams, 1997; De Hartog & Belschak, 2012; Kim & Brymer, 2011; Li et al., 2017; Mize, Stanforth & Johnson, 2000; Upadhyay & Singh, 2010; Wang & Xu, 2019).

Hence, ethical leaders knit morality and ethical conduct in employees (Bono & Judge, 2003; Brown, 2007; Chen et al., 1997; Eisenbeiss et al., 2015; Jordan, Brown, Trevino, & Finkelstein, 2013; Mendonca, 2001), which aids in Organization commitment (Bakker et al., 2004; Kalshoven & Den Hartog, 2009; Kim & Brymer, 2011; Lok & Crawford, 1999; Neubert et al., 2009; Li et al., 2017; Wang & Xu, 2019). Thus, demonstration of ethics and morality influences employees to exhibit compassionate behavior of Organization commitment (Avolio et al., 2004b; Kim & Brymer, 2011; Khuntia & Suar, 2004; Weaver et al., 1999b; Trevino et al., 1998; Trevino et al., 2000). Therefore, higher the perception of ethical leaders, higher the employee commitment (Brown & Trevino, 2006; Mize et al., 2000; Neubert et al., 2009; Ponnu & Tennakoon, 2009; Upadhyay & Singh, 2010; Wang & Xu, 2019).

Additionally, ethical leaders are people-oriented and fair, which enables employees to perceive them as an effective leader (Brown et al., 2005; Den Hartog & De Hoogh, 2009). They delegate power and authority to employees by allowing them a say in decisions (Brown & Trevino, 2006; Bono & Judge, 2003; Den Hartog & De Hoogh, 2009; Eisenbeiss, 2012; Koh et al., 1995; Neubert et al., 2009). Further, ethical leaders are concerned about the development of employees and ethically guide them in the time of need (Hargreaves & Fink, 2012; Kalshoven et al., 2011).

Ethical leaders exhibit integrity (Lawton & Paez, 2015), keep promises (Kalshoven et al., 2011), have an inner obligation to provide employees with an opportunity to perform (De Hoogh & Den Hartog, 2008; Kalshoven et al., 2011; Kanungo & Mendonca, 1998) by effectively communicating the role expectations (Brown et al., 2005; De Hoogh & Den Hartog, 2008; Kalshoven et al., 2011; Mahsud et al., 2010; Yidong & Xinxin, 2013). Thus, leaders establish a cooperative and positive relationship that enhances employee's Organization commitment (Avolio et al., 2004a; House & Howell, 1992). Therefore, all ethical behaviors of leader support to enhance Organization commitment (Kim & Brymer, 2011; Khuntia & Suar, 2004; Tziner, Sharoni, Fein & Shultz, 2011; Wang & Xu, 2019). We expect that the majority of the dimensions are likely to impact positive outcomes, i.e. organization commitment. Whereas, when a leader is perceived as unethical by the followers, and these leaders exhibit immoral conduct, leaders find it difficult to motivate the employees (Kanungo & Mendonca, 1998; Kanungo, 2001) to demonstrate affirmative employee outcomes. Drawing on the above argument, this study attempts to explore the relationship between ethical leadership and its dimensions with organization commitment with an aim to understand how each dimension influences organization commitment. Thus, we hypothesize that:

Hypothesis 3: Ethical leadership is positively and significantly associated with organization commitment.

Hypothesis 4: The dimensions of ethical leadership, i.e. (a) people orientation, (b) fairness, (c) power-sharing, (d) integrity, (e) ethical guidance, (f) role clarification and (g) concern for sustainability, are positively associated with organization commitment.

2.2.4 Ethical Leadership and Cynicism

Social exchange process promotes either a negative or a positive response between the parties of exchange (Abraham, 2000; Blau, 1964; Cropanzano & Mitchell, 2005; Davis & Gardner, 2004; Farrell & Rusbult, 1981). However, in exchange to disrespect and unfavorable social relationships, employees exhibit negative emotional

responses (Cropanzano & Mitchell, 2005; Davis & Gardner, 2004; Mitchell & Ambrose, 2007; Tepper, Duffy, Henle & Lambert, 2006; Dasborough, Ashkanasy, Tee & Herman, 2009; Qian & Jian, 2020). For example, negative initiating actions of the leader, i.e. abusive supervision, tend to organization deviance exhibited by the employees (Tepper, Henle, Lambert, Giacalone & Duffy, 2008), while positive actions of the leader may trigger affirmative employee actions (Cropanzano & Mitchell, 2005). Drawing on the social exchange relationship, we argue that the positive actions of the leader neutralize the negative reactions generated by the employees.

Thus, positive social exchange process decreases the negative employee reactions (Ambrose, Seabright & Schminke, 2002; Newman et al., 2015). In contrast, the absence of positive initiating behavior by the leader results in unethical and deviant work behavior (Vitell & Davis, 1990; Cropanzano et al., 2017). Therefore, unethical or deviant conduct results in a compromised leader-member relationship and other devastating outcomes, such as cynicism (Ambrose et al., 2002; Aquino, Lewis & Bradfield, 1999; Goldfarb, 1991; Jones, 1991; Karnes, 2009; Lind, Greenberg, Scott & Welchans, 1997; Qian & Jian, 2020; Stivers, 1994; Reichers, Wanous & Austin, 1997).

A cynic is explained as an individual who is disliked and distrusted by others and exhibits a distant attitude towards work (Schaufeli & Greenglass, 2001). Emerging corporate scandals trigger to explore further the root causes (Fleming & Spicer, 2003; Bommer et al., 2005) of cynical employee attitude. Historically, ancient Greeks stimulate cynical and non-ethical individual as a dog (Dudley, 1937; Caldwell, 2006) because a dog is a shameless animal and has the ability to differentiate between its friends and enemies. Thus, a dog can easily recognize friends who match its philosophy and receives them kindly, and unfitted individuals are treated harshly (Dudley, 1937).

While, cynicism is now attributed as distrust, disillusionment and unfulfilled expectations resulting in frustration, stress and demonstration of passive and deviant work behavior (Andersson & Bateman, 1997; Kanter & Mirvis, 1989; Hanisch & Hulin, 1990; Seidman, 2004). Furthermore, in response to distrust and anxiety,

cynical employees protest through detaching themselves from the organization and refrain from ethics. Employee detachment is either in the form of job withdrawal or work withdrawal (Hanisch & Hulin, 1990). Hence, cynicism accelerates the development of cynical reactions and reduces the propensity of prosocial behavior (Andersson, 1996; Andersson & Bateman, 1997; Chiaburu, Peng, Oh, Banks & Lomeli, 2013; Dean et al., 1998; Johnson & O’Leary-Kelly, 2003; Wanous, Reichers & Austin, 1994; Wanous, Reichers & Austin, 2000).

The impact of cynicism is transferable from individuals to the organization and the society. Various factors develop cynicism, including unequal income distribution (Andersson & Bateman, 1997; Wilhelm, 1993), poor communication, unfair treatment (Andersson, 1996; Andersson & Bateman, 1997; Davis & Gardner, 2004; Dean et al., 1998; Schweiger & Denisi, 1991), less participation in decision-making (Wanous et al., 2000), distrust (Rotter, 1980), decreased work ethics (Guastello, Rieke, Guastello & Billings, 1992), breach of psychological contract (Johnson & O’Leary-Kelly, 2003; Matthijs Bal, Chiaburu & Jansen, 2010), reduced commitment, organizational support (Wanous et al., 2000) and leaders’ behavior (Bies & Moag, 1986; Kanter & Mirvis, 1989).

Leaders’ careful and concerned behavior encourages employees to reduce cynical reactions (Andersson, 1996; Kanter & Mirvis, 1989; Kalshoven et al., 2011; Mete, 2013). Cynical employees consider their actions as right arising from unmet expectations, and breach of psychological contract (Pelletier & Bligh, 2008) sways employee’s positive actions (Qian & Jian, 2020). We expect that affirmative and altruistic actions of ethical leaders reduce cynical employee reactions. Ethical leaders discourage unethical conduct while emphasizing ethics (Davis & Rothstein, 2006; Ethics Resource Center, 2007; Grojean et al., 2004; Mayer et al., 2012; Kanter & Mirvis, 1991; Mo & Shi, 2017; Qian & Jian, 2020) and reinforce ethics through reward and punishment (Brown & Trevino, 2006).

Ethical leaders are honest and considerate (Ehrich et al., 2015), and establish trust and strong social connection that controls negative employee actions (Ciulla, Price & Murphy, 2005; Chughtai et al., 2015; Demirtas, 2015; Kalshoven & Hartog, 2009; Mo & Shi, 2017; Qian & Jian, 2020; Xu et al., 2016). Furthermore, with the

support of top management and by demonstrating exemplary ethical behavior, ethical leaders control cynicism (Mete, 2013; Shin et al., 2015; Seidman, 2004; Wu, Kwan, Yim, Chiu & He, 2015; Qian & Jian, 2020) and negative actions of employees (Brown et al., 2005; Kanungo & Mendoca, 1998; Kanungo, 2001; Mo & Shi, 2017; Qian & Jian, 2020).

Additionally, we examine how the dimensions of ethical leadership contribute to decreasing employee cynicism. Ethical leaders are people-oriented and behave fairly that helps strengthen the social and trusted relationship with employees (Anderson, 1996; Ambrose et al., 2002; Dasborough et al., 2009; Giessner et al., 2015; Matthijs Bal et al., 2010; Karnes, 2009; Xu et al., 2016). The positive social relationship encourages ethical leaders to share power with employees and clarify role uncertainties (Anderson, 1996; Kanungo & Mendonca, 1998; Gini, 1997; Kalshoven et al., 2011; Tu & Lu, 2016).

Furthermore, ethical leaders are driven by an inner obligation to develop employees. Thus, ethical leaders give candid feedback and guide employees ethically through right interpretation and support (De Hoogh & Den Hartog, 2008; Kalshoven et al., 2011; Kanungo & Mendonca, 1998; Kanungo, 2001). Nonetheless, ethical leaders align their words with actions, keep promises and demonstrate integrity (Lawton & Paez, 2015). Drawing on the above, we argue that ethical leadership style, in its composite and multi-dimensional form, reduces employee cynicism. We further expect that every dimension of ethical leadership style impacts employee cynicism in a different and unique way. Therefore, this study aims to explore how ethical leadership and its dimensions influence cynicism. Thus, the following hypotheses are established:

Hypothesis 5: Ethical leadership is negatively and significantly associated with cynicism.

Hypothesis 6: The dimensions of ethical leadership, i.e. (a) people orientation, (b) fairness, (c) power-sharing, (d) integrity, (e) ethical guidance, (f) role clarification and (g) concern for sustainability, are negatively associated with cynicism.

2.2.5 Ethical Leadership and Job Embeddedness

Robust exchange relationship invokes the feeling of obligation, which is reciprocated through compassionate employee outcomes (Dansereau et al., 1975; Shore & Wayne, 1993). Leader-member exchange relationship is constructed on a high degree of trust and historical traces of relationship in the past (Chughtai et al., 2015; Dienesch & Liden, 1986; Cropanzano, Prehar & Chen, 2002; Masterson et al., 2000; Xu et al., 2016). Social exchange relationship works when an actor (the leader) passes signals to the target by initiating behavior followed by reciprocation by the target (the employee), resulting in the initiation of reciprocity cycle (Blau, 1964; Gouldner, 1960; Hom, Tsui, Wu, Lee, Zhang, Fu & Li, 2009). Hence, a deep relationship may develop through leaders' positive influence resulting in the prosocial behavior of job embeddedness of the employee.

The dynamic nature of job embeddedness to keep employees implanted is gaining attention worldwide (Mitchell et al., 2001). The concept of job embeddedness was introduced by Polanyi (1944) in his book "The Great Transformation", which emerged from strong inter-relational links and social complexity (Barber, 1995; Granovetter, 1985; Mitchell et al., 2001; Sekiguchi, Burton & Sablynski, 2008). These social relations are woven by different social, psychological and financial strands composed of work, non-work, a formal and informal social relationship which contributes to establishing job embeddedness. Further, social relationships are constructed on mutual cooperation by the individuals, which aids in social complexity and keeps employee embedded with the organization (Allen, 2006). The construct of job embeddedness is enriched by three main components, i.e. fit, link and sacrifice, which is further divided between the organization and the community (Felps, Mitchell, Hekman, Lee, Holtom & Harman, 2009; Lee, Burch & Mitchell, 2014; Sekiguchi et al., 2008; Holtom et al., 2006; Zukin & DiMaggio, 1990). Fit denotes perceived compatibility and fitness with the employee's personal values and career objectives that set well with corporate culture resulting in a job-employee match within the organization/the community (Lee, Mitchell, Sablynski, Burton & Holtom, 2004; Zukin & DiMaggio, 1990). Link signifies formal and informal connections with other people and groups (Mitchell et al., 2001).

Lastly, sacrifice refers to the financial and psychological costs associated with an employee's job-leaving decision (Holtom & Inderrieden, 2006). Collectively, all these social elements significantly contribute to enhancing job embeddedness (Lee et al., 2014; Hom et al., 2009; Sekiguchi et al., 2008). Thus, the higher the degree of these three elements, the higher the job embeddedness of the employees (Holtom et al., 2006). The concept of embeddedness is further expanded to national, cultural and family influences (Lee et al., 2014) as empirically investigated from an individualistic to a collective culture, i.e. from the United States to India, where results indicate that family embeddedness predicted turnover in both cultures (Ramesh & Gelfand, 2010).

Job embeddedness is also divided into work and non-work factors, i.e. on-the-job embeddedness and off-the-job embeddedness (Mitchell et al., 2001; Lee et al., 2004; Lee et al., 2014; Kiazad, Holtom, Hom & Newman, 2015; Lev & Koslowsky, 2012), where on-the-job embeddedness constitutes fit, link and sacrifice at the organizational level, and off-the-job embeddedness deliberates fit, link and sacrifice at the societal level. Therefore, collectively, these work and non-work factors contribute to establishing a firm emotional attachment with the organization, where each of these social elements influences employee outcomes differently (Allen, 2006; Lee et al., 2004). Numerous factors, such as trust, reliability, commitment, leaders' proximity, culture (Crossley, Bennett, Jex & Burnfield, 2007; Dacin, Ventresca & Beal, 1999; Granovetter, 1985; Mallol, Holtom & Lee, 2007), and effective and ethical leadership style, contribute to the development of job embeddedness (Sun, Zhao, Yang & Fan, 2012; Stouten, Van Dijke & De Cremer, 2012). An earlier study examined the relationship between transformational leadership and job embeddedness (Sekiguchi et al., 2008) followed by another research investigation on the composite form of ethical leadership style and job embeddedness (Ferreira, 2017). Ethical practices, trusted leader-member relationship and support nurture affirmative employee outcomes, i.e. job embeddedness (Babalola, Stouten & Euwema, 2016; Demirtas, 2015; Erkutlu & Chafra, 2015; Frisch & Huppenbauer, 2014; Sun et al., 2012). Further, ethical leaders are social individuals who promote and infuse ethics through strong social relationship (De Hoogh & Den Hartog, 2008; Den

Hartog & De Hoogh, 2009; Demirtas, 2015; Frisch & Huppenbauer, 2014; Stouten et al., 2012; Tziner et al., 2011), trust (Chughtai et al., 2015), and self-efficacy (Bedi et al., 2016; Lee et al., 2017; Tu & Lu, 2016; Xu et al., 2016; Wang et al., 2017). Ethics become the social identity of these individuals and generate affirmative outcomes (Pucic, 2015; Skubinn & Herzog, 2016; Stouton et al., 2012). Since job embeddedness is also an affirmative behavior, therefore, we argue that ethical leaders are imperative for job embeddedness (Ferreira, 2017; Felps et al., 2009; Frisch & Huppenbauer, 2014; Sekiguchi et al., 2008).

In addition to a composite form of ethical leadership, we aim to examine the multi-dimensions of ethical leadership and their influence on job embeddedness. Ethical leaders care for employees, i.e. people-orientation (Brown et al., 2005; Kalshoven et al., 2011), ensure transparency (Matthijs Bal et al., 2010), equality and share power (Brown et al., 2005; Kalshoven et al., 2011; Kanungo & Mendonca, 1998; Xu et al., 2016) with employees, which provides a foundation for strong social ties. Furthermore, ethical leaders are concerned for sustainability (Hargreaves & Fink, 2004; Kalshoven et al., 2011) that indicates their focus on individual, organization and society. They guide ethically and clarify role ambiguities (Den Hartog, & De Hoogh, 2009) by maintaining a high degree of integrity (Lawton & Paez, 2015). This makes them an effective role model who holds strong relational attachment with employees (Brown & Trevino, 2014). Therefore, it is proposed that ethical conduct of the ethical leaders works as a strong bond that keeps employee embedded (Erkutlu & Chafra, 2015; Ferreira, 2017; Sekiguchi et al., 2008). Thus, drawing on the above argument, this research investigation explores the relationship between ethical leadership and its dimensions with job embeddedness with an aim to understand the influence of each dimension on the outcome. Though this far, we are aware of only one study that analyzes ethical leadership and job embeddedness (Ferreira, 2017). Other research on ethical leadership, however, provides indirect support to expect a positive relationship between ethical leadership and job embeddedness. Therefore, we hypothesize that:

Hypothesis 7: Ethical leadership is positively and significantly associated with job embeddedness.

Hypothesis 8: The dimensions of ethical leadership, i.e. (a) people-orientation, (b) fairness, (c) power-sharing, (d) integrity, (e) ethical guidance, (f) role clarification and (g) concern for sustainability, are positively associated with job embeddedness.

2.3 Psychological Empowerment

This study has examined psychological empowerment as an outcome of ethical leadership and as a mediator in the relationship between ethical leadership and various outcome variables. The literature which suggests the possibility of these relationships is presented in this section.

2.3.1 Concept of Psychological Empowerment

Kanter (1977) introduced the concept of psychological empowerment, followed by further elaboration by Conger and Kanungo (1988). Psychological empowerment intrinsically motivates employees and develops relational, structural or psychologically empowered employees (Karavardar, 2014; Seibert, Wang & Courtright, 2011). It is a multi-dimensional construct (Dust et al., 2018; Conger & Kanungo, 1988; Thomas & Velthouse 1990) with four basic components, i.e. meaning, belief, competence and choice.

Firstly, the element of meaning denotes the connotation a job gives to the job holder, congruence with job demands and employees' values (Hackman, 1980). Secondly, the belief/impact is the influence of an employee on the organization, its processes, strategies, administrative and operational outcomes (Spreitzer, Kizilos, & Nason, 1997). Thirdly, competence is the employee's capability overwork and job knowledge to perform the tasks (Bandura, 1989). Lastly, choice refers to the task autonomy, intrinsic motivation, decision-making and self-determination of an employee (Deci, Connell & Ryan, 1989; Dhar, 2016). Albeit, elimination of any component of psychological empowerment diffuses its overall impact.

Degree of empowerment is associated with nature and depth of empowerment initiative, which varies for close and distant group employees (Schriesheim, Castro, Zhou & DeChurch, 2006). Empowerment encourages employees to accept responsibility and exert additional efforts that motivate employees to generate positive outcomes (Chen et al., 2011; Conger & Kanungo 1988; Huang, Iun, Liu & Gong, 2010; Kim & Kim, 2013; Konczak, Stelly & Trusty, 2000; Wat & Shaffer, 2005).

The following subsection discusses the relationship between ethical leadership and psychological empowerment and how psychological empowerment mediates the relationship between ethical leadership and outcome variables, i.e. job satisfaction, organization commitment, cynicism and job embeddedness.

2.3.2 Ethical Leadership and Psychological Empowerment

Drawing on the social exchange theory, leaders' positive initiative actions in the form of extended support and fairness (Riggle, Edmondson, & Hansen, 2009; Cropanzano & Rupp, 2008) are likely to be responded through positive and kind reactions of the employees. Further, employee reactions can take the form of relational or behavioral responses where one type of response influences the other (Cropanzano et al., 2017). Thus, a healthy exchange relationship signifies that positive actions of the leader inspire employees to reciprocate through similar responses (Eisenbeiss & van Knippenberg, 2015; Kalshoven et al., 2011). Further, leaders' power delegation is responded positively by the employees. Therefore, empowered employees are more participative to attaining organizational success (De Hoogh & Den Hartoog, 2008).

Leaders inspire, motivate, and influence employees by psychologically empowering them (Avolio et al., 2004b; Ahmad & Gao, 2018; Liden et al., 2000; Sigler & Pearson, 2000; Zhu et al., 2004). This enables the employees to positively reciprocate leaders' initiatives (Zhu et al., 2004) through performing tasks, work meaningfulness and effective decision-making (Dust et al., 2018; Yukl & Becker, 2006). Leaders empower employees by sharing power, promoting autonomy and nurturing critical thinking (Ahmad & Gao, 2018; Dhar, 2016; Gomez & Rosen,

2001; Honold, 1997; Howard & Foster, 1999; Kark, Shamir & Chen, 2003; Kirkman & Rosen, 1999; Kraimer, Seibert & Liden, 1999). Further, leaders encourage employees for participation in decision-making by establishing a strong degree of trust through regular communication (Chughtai et al., 2015; Den Hartog, & De Hoogh, 2009; Fulford & Enz, 1995; Liang, Chan, Lin & Huang, 2011; McAllister, 1995; Seibert et al., 2011; Spreitzer, 1995, 1996; Story, Youssef, Luthans, Barbuto & Bovaird, 2013; Xu et al., 2016).

The relationship of psychological empowerment has been examined with transformational and authentic leadership styles (Avolio et al., 2004b; Barroso Castro et al., 2008; Conger, 1999; Dvir, Eden, Avolio & Shamir, 2002; Kirkman & Rosen 1999; Kark et al., 2003; Ozaralli, 2003; Wong & Laschinger, 2013) and seldom with ethical leadership (Ahmad & Gao, 2018). Thus, different leadership styles promote employee psychological empowerment which, in turn, is reciprocated by positive behavioral responses by the employees (Avolio et al., 2004b). Drawing on this, we argue that leaders psychologically empower employees (Arnold, Arad, Rhoades & Drasgow, 2000; Den Hartog, & De Hoogh, 2009; Huang et al., 2010; Konczak et al., 2000), which engenders compassionate employee outcomes (Avolio et al., 2004b). Leader's optimism, capabilities and initiatives make employees self-efficient (Bandura, 1989; Bedi et al., 2016; Laschinger, Finegan & Shamian, 2001).

Ethical leaders inspire employees with their ethical conduct and develop a strong social relationship (Ahmad & Gao, 2018; Davidovitz et al., 2007; Dickson et al., 2001; Eisenbeiss et al., 2015; Giessner et al., 2015; Neubert et al., 2009; Pucic, 2015). They are fair and benevolent (Bedi et al., 2016; Lawton & Paez, 2015; Resick et al., 2006; Xu et al., 2016; Wang et al., 2017; Zhu et al., 2004), people-focused, clarify role expectations and guide ethically (Kalshoven et al., 2011; Lawton & Paez, 2015; Xu et al., 2016; Wang et al., 2017). Further, ethical leaders share power and listen to employee ideas (Den Hartog & De Hoogh, 2009; Hassan, 2015; Huang & Paterson, 2017; Kalshoven et al., 2011; Lee et al., 2017; Resick et al., 2006). Thus, ethical leaders establish an ethical environment which improves mutual trust (Xu et al., 2016; Wang et al., 2017) and honesty (Avey et al.,

2012; Conger & Kanungo 1988; Martin, 1994; Menon, 2001; Zhu et al., 2004) as well as aids to increase employee self-efficacy (Ahmad & Gao, 2018; Bedi et al., 2016; Kalshoven et al., 2011; Lee et al., 2017; Tu & Lu, 2016), better job control and enhanced psychological empowerment (Laschinger et al., 2001; Mishra & Spreitzer, 1998). Therefore, we anticipate that the affirmative actions of ethical leaders positively encourage psychological empowerment of the employees. Thus, the following hypothesis is established:

Hypothesis 9: Ethical leadership is positively and significantly associated with psychological empowerment.

2.3.3 Psychological Empowerment and Job Satisfaction

Leaders' positive actions trigger positive reactions of the employees, which enables leaders to establish a positive behavioral response by the employees. Thus, a compassionate social exchange relationship stimulates affirmative employee actions (Bonner et al., 2016; Bouckennooghe et al., 2015; Kim & Kim, 2013; Kalshoven et al., 2011; Newman et al., 2015). Various studies suggested that leaders' actions empower employees (Avolio et al., 2004b; Avey et al., 2012), which eventually results in increased job satisfaction (Avey et al., 2012; Barroso Castro et al., 2008). Thus, drawing on the social exchange theory, we argue that leaders' strong social relationship with the employees improves mutual trust and exchange relationship which serves as a key element to precipitate satisfied and performing employees (Ng & Feldman, 2015; Ng & Sorensen, 2008; Spreitzer et al., 1997).

Ethical leaders promote ethics through ethical role modelling (Chughtai et al., 2015; Zhu et al., 2004), and share power (De Hoogh & Den Hartoog, 2008). This strengthens leader-member trust and morality (Brown et al., 2005; Dust et al., 2018; Trevino et al., 2003; Mayer et al., 2012; Mayer et al., 2010; Tang et al., 2015) through effective communication (Brown et al., 2005; Giessner et al., 2015; Liu, 2017). It leads to psychologically empowered employees exhibiting increased job satisfaction (Wang & Lee, 2009). Further, ethical leaders guide employees ethically and delegate power by sharing responsibility (Kalshoven et al., 2011; Den

Hartog & De Hoogh, 2009; De Hoogh & Den Hartog, 2008). This will result in psychologically empowered employees with an increased degree of job satisfaction (Bowen & Lawler III, 2006; Chang et al., 2010; Fulford & Enz, 1995; Kirkman & Rosen 1999; Koberg, Boss, Senjem & Goodman, 1999; Laschinger, Finegan, Shamian & Wilk, 2004; Spreitzer et al., 1997).

Strong leader-member relationship promotes self-determined and psychologically empowered employees (Hackman, 1980) who produce positive outcomes (Yang et al., 2016), i.e. job satisfaction (Avolio et al., 2004b; Fuller, Morrison, Jones, Bridger & Brown, 1999; Laschinger et al., 2004). Psychological empowerment is an underlying mechanism leading to different favorable employee outcomes. Using social exchange theory, we argue that ethical leaders' moral conduct becomes a source to empower employees and works as an initiating action. In response, employees exhibit increased participation in decision-making and additional efforts to perform tasks (Kiel & Lennick, 2005). Thus, employees experience an increased degree of job satisfaction. In addition, leaders' empowerment contributes to increasing employee's intrinsic motivation, job control and work meaningfulness (Ahmad & Oranye, 2010; Hechanova, Regina, Alampay & Franco, 2006; Laschinger et al., 2004; Laschinger et al., 2001; Menon, 2001; Seibert et al., 2011; Spreitzer et al., 1997; Wang & Lee, 2009), and will encourage a positive reciprocal feeling in employees. Hence, this will enhance job satisfaction. Thus, we establish the following hypotheses:

Hypothesis 10: Psychological empowerment is positively and significantly associated with job satisfaction.

Hypothesis 10a: Psychological empowerment mediates the relationship between ethical leadership and job satisfaction.

2.3.4 Psychological Empowerment and Organization Commitment

Being a dominant behavioral theory, social exchange theory focuses on the behavioral outcomes of an exchange relationship determined by the norms of reciprocity

between the parties of exchange, i.e. leader and member. In addition to positive norms of reciprocity, interdependence and series of past interaction between the parties of exchange (Emerson, 1976) determine the employee responses. Thus, positive actions of the leader generate an inner obligation in the employees to reciprocate positively (Cropanzano & Mitchell, 2005; Cropanzano et al., 2017), i.e. organization commitment (Allen & Meyer, 1996; Bass, 1999; Liden et al., 2000; Ugboro & Obeng, 2000). Using exchange reciprocity, earlier studies suggest that leaders' power delegation improves the employees' positive response through enhanced organization commitment (Avey et al., 2012; Barroso Castro et al., 2008; Huang, Shi, Zhang & Cheung, 2006).

Work meaningfulness, employee participation in decision-making, and task significance (Khuntia & Suar, 2004; Martin & Cullen, 2006; Neubert et al., 2009; Ponnu & Tennakoon, 2009) engender employees' organization commitment (Wang & Xu, 2019). Various leadership styles promote psychologically empowered employees who, in turn, respond through enhanced organization commitment (Avolio et al., 2004b; Kanter, 1984; Spreitzer, 1995; Thomas & Velthouse, 1990; Wayne, Shore & Liden, 1997). Additionally, enhanced responsibility adds to mutual trust, and a strong exchange relationship between leader and member generates affirmative behavior of organization commitment (Ko & Hur, 2014; Ng & Feldman, 2015). Psychologically empowered employees experience better job control which triggers cognitive abilities of the employees (Spreitzer, 1995; Walumbwa & Lawler, 2003; Yukl & Becker, 2006) and motivates them to demonstrate affirmative behavior of organization commitment. Furthermore, outcomes of psychological empowerment are not instant; rather, they become visible over a long period of time (Yukl & Becker, 2006; Huang et al., 2006).

Contending on social exchange theory, leader imparts empowerment to the employees (Dust et al., 2018) which is reciprocated through positive behavior, i.e. organization commitment (Avolio et al., 2004b; Bass & Avolio, 1994; Bono & Judge, 2003; Mowday et al., 1982; Walumbwa & Lawler, 2003). Ethical leaders are associated with positive employee outcomes (Den Hartog & De Hoogh, 2009; Khuntia & Suar, 2004; Pucic, 2015; Wang & Sung, 2016; Yang et al., 2016),

demonstrate transparency, and guide employees ethically (Brown et al., 2005; De Hoogh & Den Hartog, 2008; Kalshoven et al., 2011; Lee et al., 2017; Wang et al., 2017; Xu et al., 2016). This contributes to increased trust and support. Thus, ethical leaders share power and responsibility with employees (Kalshoven et al., 2011), and allow employees to raise their concerns (Hassan, 2015; Huang & Paterson, 2017). This reduces reliance on leaders (Avolio et al., 2004b; De Zilva, 2014; Kraimer et al., 1999; Liden et al., 2000) and adds to psychological empowerment of the employees by allowing liberty to make decisions. Therefore, we propose that psychological empowerment will work as an underlying mechanism leading to increased organization commitment. Hence, the following hypotheses are established:

Hypothesis 11: Psychological empowerment is positively and significantly associated with organization commitment.

Hypothesis 11a: Psychological empowerment mediates the relationship between ethical leadership and organization commitment.

2.3.5 Psychological Empowerment and Cynicism

Nature of exchange relationship is mutually determined by the parties of exchange and results in either positive or negative response by the employees (Gouldner, 1960). Negative initiating actions of the leader produce negative reactions by the employees, which results in a shallow exchange relationship (Abraham, 2000; Craig & Gustafson, 1998; Cropanzano & Mitchell, 2005; Cropanzano et al., 2017; Davis & Gardner, 2004; Newman et al., 2015). In addition, history of exchange reciprocity also contributes to devising the nature of exchange relationship between the parties of exchange (Cropanzano et al., 2017). This results either in a weak or a deep-rooted exchange relationship. Thus, negative initiating actions of the leader may stimulate negative employee responses, such as incivility and cynicism (Andersson & Pearson, 1999; Pearson, Andersson, & Porath, 2005). Thus, based on the nature of leaders' actions, employees determine their responses. Further, based on the social exchange relationship, we argue that leaders' positive actions of

power delegation may reduce the negative affectivity in the employees (Chiaburu et al., 2013; Mete, 2013; Qian & Jian, 2020).

Workload, limited job control, inadequate reward, unfair treatment, and poor working conditions add to employee responses and escalate propensity to develop negative emotions, i.e. cynicism (Boudrias, Morin & Brodeur, 2012; Greco, Laschinger & Wong, 2006; Spence Laschinger, Leiter, Day & Gilin, 2009). This results in the demonstration of deviant behavior, cynicism, burnout and poor health conditions of the employees (Houkes, Janssen, Jonge & Bakker, 2003; Leiter & Maslach, 2004; Melamed, Shirom, Toker, Berliner & Shapira, 2006), and escalates distrust, hopelessness and dissatisfaction (Caldwell, 2006; Chiaburu et al., 2013; Fleming & Spicer, 2003; Johnson & O'Leary-Kelly, 2003; Mirvis & Kanter, 1991, Seidman, 2004; Wanous et al., 1994, 2000). This passive behavior is controlled through organization support and power-sharing which allows better job control, an opportunity to take ownership of actions, improved task significance and reduced negativity (Boudrias et al., 2012; Harley, 1999; Harley, Allen & Sargent, 2007; Spence Laschinger et al., 2009; Seibert et al., 2011). Thus, enhanced responsibility and empowerment establish a trusted leader-member relationship resulting in a strong social exchange relationship, which helps in reducing negative employee outcomes. According to the social exchange theory, leader-member trust, candid feedback and positive work environment influence the quality of exchange relationship (Cummings, MacGregor, Davey, Wong, Lo, Muise & Stafford 2010; Chughtai et al., 2015), resulting in successful employee empowerment. Leaders assess employees' skills prior to delegating power through enhancing the social relationship; this also helps in identifying early signs of dysfunctional behavior.

Negative employee reaction and global financial scams support the need of ethical leaders (Demirtas, 2015), which makes the role of leaders significant (Halbesleben, Novicevic, Harvey & Buckley, 2003; Greco et al., 2006). Literature suggests that ethical leaders stimulate positive employee outcomes through being honest, fair, altruistic and trustworthy (Brown et al., 2005; Chughtai et al., 2015; Ehrich et al., 2015; Lawton & Paez, 2015), guide ethically, emphasize on employee development and participation in decision-making (Kanungo, 2001; Xu et al., 2016) and

reduce negative outcomes (Mete, 2013; Wang & Sung, 2016; Yang et al., 2016; Qian & Jian, 2020), This motivates employees and engenders an inner obligation to reciprocate positively (Cropanzano et al., 2017). Ethical leaders promote ethical conduct and enable employees to make moral decisions (Kanungo & Mendoca, 1998; Voegtlin, 2016), delegate power to the employees, which controls the propensity to develop unfavorable outcomes (Chughtai et al., 2015; Davis & Rothstein, 2006; Emery & Barker, 2007; Grojean et al., 2004; Kanungo & Mendoca, 1998; Kanungo, 2001; Qian & Jian, 2020; Walumbwa, Avolio, Gardner, Wernsing & Peterson, 2008; Xu et al., 2016). Therefore, we argue that ethical leaders psychological empower employees, which in turn results in reduced cynicism. Thus, the following hypotheses are established:

Hypothesis 12: Psychological empowerment is negatively associated with cynicism.

Hypothesis 12a: Psychological empowerment mediates the relationship between ethical leadership and cynicism.

2.3.6 Psychological Empowerment and Job Embeddedness

High-quality exchange relationship is a result of mutual positive reciprocal relationship, which produces a long-term association between the parties of exchange (Cropanzano et al., 2017). Thus, positive initiating behavior of the leader not only successfully generates positive responses by the employees (Dansereau et al., 1975; Newman et al., 2015; Shore & Wayne, 1993), but also strengthens the leader-member association (Cropanzano & Mitchell, 2005). Strength of leader-member exchange relationship is established on the frequency and history of the exchange process (Gouldner, 1960).

This stimulates long-term employee outcomes, i.e. job embeddedness. Job embeddedness is a deep-rooted and long-term workplace behavior (Mitchell et al., 2001; Sekiguchi et al., 2008), which is relatively a new concept in the field of ethical leadership (Ferreira, 2017). It is strongly predicted by the leadership style (Ferreira, 2017; Sekiguchi et al., 2008). Using social exchange theory, we argue

that positive affectivity of the leader knits a strong and complex social-relational web around employees (Mitchell et al., 2001) enabling employees to demonstrate positive behavior (Cropanzano et al., 2017).

Job embeddedness is an emerging area of research emphasizing on different social connectivity forces that generate employee retention (Lee et al., 2014; Holtom et al., 2006). Elements of job embeddedness equally affect organization and society and focus on the motives that enable an individual to stay in the organization. Job embeddedness is a multidimensional, deep-rooted social web connected with the organization and the community, which results in employee embeddedness (Allen, 2006; Felps et al., 2009; Mitchell et al., 2001; Sekiguchi et al., 2008). Each element of job embeddedness contributes to enhancing its overall degree (Hom et al., 2009; Sekiguchi et al., 2008).

Further, an in-depth social relationship, existing patterns of social interaction, and a positive and conducive environment increase the complexity of job embeddedness (Allen, 2006) and make employees stay over a long period of time (Dacin et al., 1999; Gulati, 1998; Mitchell et al., 2001; Yang et al., 2016) as a result of improved social connection. In addition, the degree of job embeddedness indicates a spillover effect from one employee to the other (Felp et al., 2009). For example, an employee experiencing low job embeddedness may influence another employee to make a quit decision. Overall, job embeddedness encompasses on-the-job and off-the-job embedded factors where on-the-job factors include prosocial work behavior, job performance and negative prediction to turnover (Lee et al., 2014).

While, off-the-job embeddedness predicts voluntary turnover and absenteeism (Lee et al., 2004). This results in job withdrawal as a result of limited social relationship at work. Literature suggests that psychologically empowered employees are highly motivated (Dust et al., 2018; Kraimer et al., 1999; Karavardar, 2014; Liden et al., 2000), which influences job embeddedness. Furthermore, empowered employees experience better job control and power (Spreitzer, 1995), which results in generating a positive social relationship between leader and member, eventually resulting in positive outcomes (Brown et al., 2005; Erkutlu & Chafra, 2015; Pucic, 2015; Wang & Sung, 2016; Yang et al., 2016).

Some of the past studies have examined the relationship between transformational leadership and job embeddedness (Sekiguchi et al., 2008) and ethical leadership and job embeddedness (Ferreira, 2017). We argue that ethical leaders are positive influencers, exhibit positive conduct (Dimotakis, Scott & Koopman, 2011), and encourage social interaction (Babalola et al., 2016; Demirtas, 2015; Erkutlu & Chafra, 2015; Frisch & Huppenbauer, 2014; Lesabe & Nkosi, 2007; Sun et al., 2012). It adds to social relationship complexity that generates job embeddedness. Ethical leaders' positivity is further enhanced by their altruistic approach (Brown et al., 2005; Kalshoven et al., 2011), ethical role demonstration (Dust et al., 2018) and power-sharing (Den Hartog, & De Hoogh, 2009), which invokes positive and indebted feelings among employees (Kalshoven et al., 2011; Mitchell et al., 2001). Thus, leaders' support, congruent values and empowerment further strengthen the social relationship between leader and member; this results in producing affirmative employee responses. In addition, psychologically empowered employees are emotionally stable and take the responsibility for their actions, which generates improved employee attachment and reduces employee turnover (Griffeth, Hom & Gaertner, 2000).

Despite theoretical linkage, not many studies have examined the relationship between ethical leadership and job embeddedness (Ferreira, 2017; Karavardar, 2014). Yet, we believe that values of ethical leaders work as a strong social web to keep employees embedded (Erkutlu & Chafra, 2015; Ferreira, 2017). Therefore, we argue that ethical leaders' positivity and trust psychologically empower employees who, in turn, reciprocate through high job embeddedness, where psychological empowerment works as a strong mediating mechanism. Thus, to validate these assumptions, the following hypotheses are established:

Hypothesis 13: Psychological empowerment is positively and significantly associated with job embeddedness.

Hypothesis 13a: Psychological empowerment mediates the relationship between ethical leadership and job embeddedness.

2.4 Moderators of Ethical Climate, Power Distance Orientation and Social Distance

As suggested by the literature, this study examines the influence of three significant internal and external contextual variables as moderators, which may influence the relationship between ethical leadership style and employees' psychological empowerment. The concept of these internal and external moderators and influence are discussed in detail in the following subsection.

2.4.1 Concept of Ethical Climate

Climate manifests the values supported by the organization (Schwepker, 2001) and explains the acceptable behavior (Chye Koh & Boo, 2004), producing the desired standard behavior. Similarly, ethical climate generates a shared perception of ethics (Reichers & Schneider 1990; Victor & Cullen, 1988) and morality that subsequently shapes a single dominant climate with various sub-climates (Victor & Cullen, 1988). Thus, ethical climate represents an aggregate perception of ethical practices, policies and procedures practised in the organization (Martin & Cullen, 2006). Emerging corporate scandals raise various ethical challenges and emphasize on the significance of ethics and integrity (Carson, 2003; Lawton & Paez, 2015). Therefore, it is imperative to consider corporate ethics to produce beneficial organizational outcomes (Shin, 2012). It is significantly important to analyze the influence of ethical climate on the relationship between leader and member and how the degree of ethical climate influences this social relationship. This study fills this gap and aims to examine the influence of ethical climate on the relationship between ethical leader and employee psychological empowerment.

The ethical climate is established on ethical norms, values and standards with the support of management (Babin, Boles, & Robin 2000; Barnett & Vaicys, 2000; Demirtas & Akdogan, 2015; Schwepker 2001; Shin et al., 2015; Wu, 2017). Further, organizational support strengthens the prevailing organizational norms and enhances social interaction that supports ethical climate (Demirtas & Akdogan,

2015; Wu, 2017). This encourages ethical demonstration making ethics an integral part of behavioral conduct (Trevino et al., 1998; Wu, 2017). It influences organizational strategy, practice and transparency (Xu et al., 2016; Wang et al., 2017). Thus, ethical climate determines the desired ethical values and behavior that encourage ethical conduct of the employee (Demirtas & Akdogan, 2015; Wimbush & Shepard, 1994).

The ethical climate is also a multi-faceted construct where each of its components has a differing effect on outcomes (Posner & Schmidt, 1984; Victor & Cullen, 1988; Wu, 2017). Ethical climate emphasizes on ethical norms and promotes ethical values (Demirtas & Akdogan, 2015; De Hoogh & Den Hartoog, 2008; Shin et al., 2015; Wu, 2017). This promotes prosocial employee behavior and reduces deviant work behavior (Metz, 2013; Tang et al., 2015). Leaders shape climate by exhibiting desired behavior (Brown & Trevino, 2006; Posner & Schmidt, 1984; Trevino et al., 1998; Wimbush & Shepard, 1994) which influences followers to identify, recognize and emulate leaders' conduct. Ethical climate promotes ethics that motivate employees to demonstrate affirmative behavior (Demirtas & Akdogan, 2015; Shin et al., 2015; Wu, 2017). In addition, the ethical climate generates positive leaders' perception and serves as a guiding principle which is positively reciprocated by the employees (Shore & Wayne, 1993). This results in a positive and strong leader-member exchange relationship.

Leader-member exchange theory emphasizes that LMX generates a high-quality and deep-rooted social and exchange relationship (Asgari et al., 2008; Bauer & Green, 1996; Liden et al., 1997) between the leader and member. Further, when leaders are concerned about employees and delegate power and authority, employees are likely to respond with ethical conduct and exhibit responsible behavior (Ehrich et al., 2015). Similarly, we anticipate that ethical leaders and employees collectively establish a strong and beneficial exchange relationship (Hansen, 2011; Newman et al., 2015; Shin et al., 2015). Strength of this exchange relationship is influenced by the prevailing ethical climate. Therefore, the ethical practices of ethical leadership are nurtured in the ethical climate which tends to empower employees psychologically. Hence, we expect that ethical leaders empower employees

who, in turn, demonstrate ethical conduct and strengthen ethical climate. This makes employees obliged to respond positively through serving better (Martin & Cullen, 2006; Schneider & Snyder, 1975; Voegtlin, 2016).

2.4.2 Ethical Climate as a Moderator

According to an overarching theoretical impact of social exchange theory, LMX theory deeply interprets the leader-member dyads; where a high quality LMX is associated with high degree of trust, mutual respect, and affection, while, a low quality exchange relationship remains limited to job related economic exchanges (Graen & Uhl-Bien, 1995; Le Blanc & Gonzalez-Roma, 2012; Uhl-Bien, 2006). A positive LMX relationship of leader-member generates a robust social interaction (Dachler & Hosking, 1995) and produces the desirable behaviors (Gerstner & Day, 1997; Graen & Uhl-Bien, 1995). A firm LMX makes employees perceive leaders as a role model and shapes employee's conduct (Thomas, Schermerhorn & Dienhart, 2004).

Ethics become social identity of individuals in an ethical climate, where individuals internalize ethics and are inclined to practice high moral values which effects the individual attitude towards their job and organization (Cullen et al. 2003). This forms a relational attachment between leader-member which produces a trusted relationship (Brown & Trevino, 2006). A trusted dyadic relationship increases mutual association and confidence on each other (Dansereau et al., 1975; Dienesch & Liden, 1986; Le Blanc & Gonzalez-Roma, 2012). So, when ethical leaders follow ethical directives, demonstrates fairness, and establishes trust (Dickson et al., 2001; Ehrich et al., 2015; Mulki, Jaramillo & Locander, 2006; Schwepker, 2001; Wang et al., 2017), they produce an affirmative perception in the eye of the followers. This results in relational attachment and trusted leader-member exchange relationship which makes it comfortable to delegate power and stimulates psychologically empowered employees (Fock, Hui, Au, & Bond, 2013; Gini, 1997; Pucic, 2015; Zhu et al., 2004). Such employees affirmatively accept empowerment (Gini, 1997; Kalshoven et al., 2011) initiatives of the leader and practice sensible power use; this contributes to steady organizational growth (Brymer, 1991). Ethical

leaders provide an ethical direction to the employees (Brown et al., 2005; Trevino et al., 2003; Weaver et al., 1999a). Thus, ethical climate positively influences the exchange relationship between ethical leaders and followers.

Ethical leadership practices are influenced by the context which facilitates or restricts the power sharing initiatives of a leader. A successful leader-member exchange relationship is constructed on the pillars of routine interaction and communication (Jian, Shi & Dalisay, 2014). Characteristics of ethical leaders are people oriented, ethically guide employee in the time of need and fairness (Kalshoven et al., 2011), this helps in establishing a trusted leader-member relationship. Employees receives power sharing as a developmental exposure from the leader resulting in psychologically empowered employees (Den Hartog, & De Hoogh, 2009; Dust et al., 2018; Spreitzer, 1996). In an ethical climate, ethical leaders firmly follow the dictates of ethics by demonstrating integrity (Lawton & Paez, 2015), transparency and mutual support (Shin et al., 2015; Xu et al., 2016; Wang & Sung, 2016), this makes ethical leader role model and results in high quality exchange relationship. Ethical climate nurtures benevolent behavior (Demirtas & Akdogan, 2015; Eisenbeiss & van Knippenberg, 2015; Dickson et al., 2001) and stimulates congruent moral values in the leader-member relationship (Aronson, 2001; Mayer et al., 2012; Mendonca, 2001) that trickle down to all tiers of the organization. In an ethical climate, characteristics/ initiatives of ethical leaders are positively perceived by the employees and are likely to cultivate a positive reciprocal response by the follower witnessing a high quality LMX relationship. Ethical climate nurtures ethics which develops a positive perception of ethical leader who is an altruistic and trusted individual (Chughtai et al., 2015; Kalshoven et al., 2011). Ethical leaders' initiatives such as employee development and ethical guidance stimulates a favorable reciprocal response from the employees. Thus, power sharing to the employees is also warmly received by the employees as a result of strong LMX association.

Influence of an ethical leader on the followers is enhanced in an ethical climate due to enhanced trust (Chughtai et al., 2015; Demirtas & Akdogan, 2015; Elci & Alphan., 2009; Mendonca, 2001; Schminke et al., 2005; Xu et al., 2016; Wu,

2017). Ethical climate follows a standard set of ethical norms that promotes positivity and helps in developing similar moral values among organization members which supports leaders' initiative of employee empowerment (Choi et al., 2015; Mulki et al., 2006; Tang et al., 2015). Employee empowerment enables employees to make decision (Cullen et al. 2003; Mulki et al., 2006; Neubert et al., 2009; Schwepker Jr., 2001; Shin et al., 2015; Wimbush & Shepard, 1994; Wu et al., 2015), promotes affirmative employee behavior (Liu, 2017; Schneider, 1975) and discourages deviant behavior (Podsakoff et al., 2009). This stimulates a strong leader-member association (Davidovitz et al., 2007; Demirtas & Akdogan, 2015; Liu, 2017) resulting in a trusted relationship and empowered employees (Aryati et al., 2018).

Ethical climate is established and sustained with the support of leaders and management (Davidovitz et al., 2007; Demirtas & Akdogan, 2015; Dickson et al., 2001; Shin et al., 2015). Thus, leaders and management pass ethical cues and set the moral tone of the organization (Deshpande, 1996a; Dickson et al., 2001; Mendonca, 2001; Shin et al., 2015; Sims, 2000; Sims & Brinkman, 2002; Wu et al., 2015). Strict compliance to ethics makes leaders a role model and ethical climate nurtures trust and power sharing (Ehrich et al., 2015; Kalshoven et al., 2011) resulting in employee psychological empowerment (Cullen et al., 2003; Mayer et al., 2009; Shin et al., 2015; Wu, 2017; Yang et al., 2016). Therefore, in an effective leader-member exchange relationship and ethical climate, ethical leaders successfully empower employees (Demirtas & Akdogan, 2015). However, despite its significance seldom studies have examined an external contextual factor of ethical climate in the relationship between ethical leadership and psychological empowerment in Pakistan. According to leader-member exchange theory, a high ethical climate builds a trusted and strong leader-member association which encourages power sharing by the ethical leaders and produces psychologically empowered employees (Bedi et al., 2016; Kalshoven et al., 2011; Newman et al., 2015; Shin et al., 2015). In contrary, a low ethical climate fails to establish a trusted leader-member exchange relationship followed by limited or no power sharing with employees. Therefore, we argue that a high degree of ethical climate positively

nurtures and enhances the leader-member relationship. Thus, the following hypothesis is established:

Hypothesis 14: Ethical climate moderates the relationship between ethical leadership and psychological empowerment such that the positive relationship between ethical leadership and psychological empowerment will be stronger in case of high ethical climate.

2.4.3 Concept of Power Distance Orientation

Culture is referred to as commonly accepted beliefs, values and assumptions (Chen & Francesco, 2000; Ostroff, Kinicki & Tamkins, 2003; Schneider, 2000; Schein, 1988) or collective programming of mind and values shared by a heterogeneous group of people (Trompenaars & Hampden-Turner, 1998). Culture varies in South Asian setting and West, which is reflected in thinking, behavior, processes and outcomes of the individuals (Carr, Schmidt, Ford & DeShon, 2003; Chen, 2004; Chen & Francesco, 2000; Hofstede, 1980, 1993; Pucic, 2015). Out of different cultural studies, the dimensions of individualism-collectivism, power distance, and uncertainty avoidance are widely recognized (Hofstede, 1980), while the power distance orientation is recognized as widely influencing the leader-subordinate relationship (Kirkman et al., 2009).

Earlier cultural studies analyze the culture at macro level measuring power distance at societal or country level (Hofstede, 1980), whereas the recent progression encourages to examine culture at micro/individual level (Farh et al., 2007; Kirkman et al., 2009; Loi, Lam & Chan, 2012; Maznevski & DiStefano, 1995; Maznevski, Distefano, Gomez, Nooderhaven, & Wu, 2002). Recognizing its significance, various studies examined power distance orientation at the individual level (Brockner et al., 2001; Maznevski et al., 2002; Farh et al., 2007) with leadership (Ahmad & Gao, 2018; Kirkman et al., 2009). However, the majority of the studies were conducted in Western society and suggest to examine the influence of power distance orientation at the individual level in other cultural settings with high

power distance orientation. This makes it imperative to examine the power distance orientation in a high power distance country, i.e. Pakistan (Ahmad & Gao, 2018; Nadeem & Sully de Luque, 2018). Therefore, this study aims to investigate the moderating role of power distance orientation in the relationship between ethical leadership and psychological empowerment (Farh et al., 2007; Kirkman et al., 2009).

Degree of power distance orientation varies in different geographical settings, which shapes the social relationship and influences the employee outcomes (Farh et al., 2007; Chen & Francesco, 2000; Giessner et al., 2015; Gomez, Kirkman & Shapiro, 1999; Kim Jean Lee & Yu, 2004; Kolman, Noorderhaven, Hofstede & Dienes, 2003; Tyler, Lind & Huo, 2000). Power distance orientation influences the relationship of leader-member; For example, low power distance culture promotes strong relationship with leader, encourages frequent communication, reduces social distance and focuses on participation in decision-making that produces self-efficient and egalitarian employees (Kirkman & Shapiro, 1997; Kirkman et al., 2009; Lam, Schaubroeck & Aryee, 2002). In comparison, high power distance culture considers and values the status and position of the individuals, practises favoritism, maintains distance with the leader through limited communication, features inadequate trust and scarce transparency and accepts directions from the leaders (Adler & Gundersen, 2007; Atwater, Wang, Smither & Fleenor, 2002; Farh et al., 2007; Hofstede & Hofstede, 2005; O'Reilly, 1989). Thus, based on these cultural differences, power distance orientation influences the employees and their behavioral outcomes.

2.4.4 Power Distance Orientation as a Moderator

Social exchange theory explains the exchange mechanism between social exchange partners with a potential to establish a high quality exchange relationship (Cropanzano & Mitchell, 2005). While, LMX theory is utilized to interpret the dyadic relationship of leader-member exchange. LMX association is determined by the degree of physical or mental effort, resources shared, information exchange between the dyads (Liden et al., 1997). Frequent communication brings leader-member close

(Graen, 1976; Le Blanc & Gonzalez-Roma, 2012) and shapes the nature of social relationship (Liden et al., 1997; UhlBien, 2006). Management style and culture (Farh et al. 2007; Loi et al., 2012; Rollinson, 2008) influences LMX association (Gerstner & Day, 1997) and determines the nature of reciprocity (Bass & Stogdill, 1990; Bonner et al., 2016; Bouckennooghe et al., 2015; Choi et al., 2015).

As per LMX theory, low LMX relationships are categorized as out-group exchanges (Dansereau et al., 1975) which are limited to employment contract only. In contrast, high LMX relationships are classified as in-group exchanges (Dansereau et al., 1975) that includes exchange of all sorts exceeding above the formal employment contract (Liden & Graen, 1980). Thus, in high LMX association leader-member collaborates, share ideas (Graen 1976; Le Blanc & Gonzalez-Roma, 2012), allow voice, and encourage deference (Ahmad & Oranye, 2010; Botero & Van Dyne, 2009; Daniels & Greguras, 2014). However, LMX relationship is influenced by the internal contextual values such as individual level power distance orientation (Brockner et al., 2001; Chen & Francesco, 2000; Fock et al., 2013; Loi et al., 2012; McFarlin & Coget, 2013; Rafiei & Pourreza, 2013). Power distance orientation impacts employee conduct, managerial effectiveness (Aycan, 2006; Brockner et al., 2001; Kirkman et al., 2009; Kirkman et al., 2006) and leader-member relationship (Farh et al., 2007; Lok & Crawford, 1999). Thus, power distance orientation influences leader-member behavioral responses. Individual-level power distance orientation is the manifestation of an individual's personal values and cultural beliefs (Ahmad & Gao, 2018) which may stimulate a different approach than the power distance at the societal level. For example, ethical leaders are concerned for employees who effectively communicate and share power (Kalshoven et al., 2011; Den Hartog, & De Hoogh, 2009; Ehrich et al., 2015) are perceived as leaders having low power distance orientation.

Ethical leaders are social individuals who establish an affirmative social relationship with employees (De Hoogh & Den Hartog, 2008) by providing them an opportunity to perform (Kalshoven et al., 2011). Literature of ethical leadership is enriched with traits of fairness and integrity (Kalshoven et al., 2011; Lawton & Paez, 2015; Resick et al., 2006; Xu et al., 2016; Wang et al., 2017; Tang et al.,

2015), ethical conduct through role modelling, employee voice and power sharing (Resick et al., 2006). Through effective communication, ethical leaders educate employees about power usage (Loi et al., 2012; Kalshoven et al., 2011) which adds to self-efficient employees (Bedi et al., 2016). A strong leader-member relationship stimulates trust (Brown & Trevino, 2006) making it simple to delegate power to the employees, resulting in psychologically empowered employees. Empowered employee takes ownership of actions, accepts added responsibility (Brymer, 1991; Conger & Kanungo, 1988; Fock et al., 2013; Karavardar, 2014; McFarlin & Coget, 2013; Pucic, 2015; Seibert et al., 2011) and performs better, experiences enhanced perception of task significance, task meaningfulness, and exerts additional efforts (Bedi et al., 2016). Thus, empowerment is a result of leader-member mutual trust, social interaction and collaboration. However, leaders' ability to psychologically empower employees is influenced by the degree of power acceptance (Avolio et al., 2004b; Fock et al., 2013; McFarlin & Coget, 2013; Williamson & Holmes IV, 2015) in a society.

Power distance orientation at an individual level determines the degree of power acceptance, employee reactions (Ahmad & Gao, 2018; Kirkman et al., 2009; Sigler & Pearson, 2000), and conduct. Earlier studies have examined low and high power distance orientation cultures with evident differences (Francesco & Chen, 2000; Kirkman & Shapiro, 1997; Rafiei & Pourreza, 2013). These studies suggest that high power distance orientation culture encourages employee deference and acceptance to power inequality and low power distance orientation promotes employee participation, quality treatment, job control and close interaction. As per LMX theory, leader-member establishes a different exchange relationship which influences important dyadic attitudes and behaviors (Dansereau et al., 1975). For example, in high power distance orientation leaders keep employees at a distance to maintain their status quo with limited trust on employees which stimulates narrow power delegation i.e. psychological empowerment. Thus, high power distance orientation keeps LMX association at low level that makes employees perceive leaders differently (Ahmad & Gao, 2018; Uhl-Bien, 2006). In addition, high societal power distance supersedes the power distance orientation and leader despite being ethical

finds it difficult to empower employees which results in fragile leader-member relationship and restricts power sharing by the leader. Contrary to this, we anticipate that a trusted LMX association will exist in low power distance orientation culture with a leader's ability to psychologically empower employees. Therefore, we argue that ethical leaders will positively influence psychological empowerment when the degree of power distance orientation is low. We also argue that ethical leadership practices will have limited or no influence on psychological empowerment of the employees when power distance orientation is high (Farh et al., 2007; Kirkman et al., 2009). Thus, the following hypothesis is developed:

Hypothesis 15: Power distance orientation moderates the relationship between ethical leadership and psychological empowerment such that the positive relationship between ethical leadership and psychological empowerment will be stronger for subordinates low on power distance orientation.

2.4.5 Concept of Leader's Social Distance

Business expansion restricts the opportunity to work closely with the leader (Antonakis & Atwater, 2002; Napier & Ferris, 1993; Trevino et al., 2000); this deeply influences the leader-member relationship. Distance is an imperative construct and requires further exploration (Antonakis & Atwater, 2002; Avolio et al., 2004b; Collinson, 2005; Erskine, 2012; Napier & Ferris, 1993; Zyglidopoulos & Fleming, 2008). Literature suggests various types of distance, such as physical distance, social distance (Antonakis & Atwater, 2002; Erskine, 2012), infrequent communication (Antonakis & Atwater, 2002), psychological distance (Erskine, 2012; Napier & Ferris, 1993), structural distance, supervision structure (Napier & Ferris, 1993), status distance, and demographic distance (Erskine, 2012). Distance uniquely influences the relationship of leader-members. Therefore, it is essential to consider the possible impact of distance while establishing a dispersed team structure to overcome the devastating outcomes of distance (Zyglidopoulos & Fleming, 2008). Social distance has become a challenge for leaders even before the emergence of

the pandemic of COVID-19, and its significance is largely realized during the pandemic. Social distance between the leader and member comprised of opportunities and challenges at the same time. Firstly, enhanced social distance gives rise to ambiguous leader-follower perception about one another, inability to learn from the experience of each other and limited task interdependence. This further escalates the propensity of developing invisible unrest that coexists with the social distance between the leader and member. Secondly, social distance provides an opportunity to be more focused, have enhanced concentrated time and approach towards the arising issues and their solutions. Due to norms of social distance, organizations are also facing a challenge towards their economic growth and development in this global pandemic of COVID-19. This has given birth to challenges associated with social interaction between leader and follower. Thus, social distance due to team disparity hinders the frequent face-to-face interaction between leader and member, restricting the followers to observe and learn from the leader. Whereas, leaders' social distance is different from the social distance due to pandemic restricting the close contact of humans indoor and outdoor. Therefore, the condition to maintain social distance as a result of pandemic COVID-19 also demands to maintain a forced space between oneself and others to avoid being exposed to the virus and reducing the spread of disease. This time of social distance due to either of the reasons requires an improved collaboration of leader-member through virtual connection and interaction. Further, an analysis that assesses the distance between the leader and member can be helpful to identify the root cause of employee reactions (Antonakis & Atwater, 2002; Napier & Ferris, 1993). Therefore, the literature suggests for further examination for the moderating role of distance with leadership (Antonakis & Atwater, 2002; Cole et al., 2009; Howell & Hall-Merenda, 1999; Howell, Neufeld & Avolio, 2005; Tumasjan et al., 2011).

Contending on above, leaders' distance has attracted the attention of various scholars (Antonakis & Atwater, 2002; Story et al., 2013) and is recommended to be examined with leadership style (Avolio et al., 2004b; Howell & Hall-Merenda, 1999; Howell et al., 2005; Jones, 1991; Tumasjan et al., 2011; Zaccaro, Craig & Quinn, 1991). Distance determines the nature of the leader-member relationship as

proximate leaders frequently assist employees, give guidance, disseminate knowledge, and produce a strong social interaction (Shamir et al., 1993; Shamir, 1995; Weaver & Agle, 2002); this triggers mutual trust and ensures positive response through affirmative employee outcomes (Chughtai et al., 2015; Pucic, 2015; Shore & Wayne, 1993; Xu et al., 2016). Furthermore, close leader-member relationship (Yukl, O'Donnell, & Taber, 2009; Yukl & Becker, 2006) encourages employee participation, power delegation and trust (Arnold et al., 2000; Chen et al., 2011; Fulford & Enz, 1995; Kark et al., 2003; Kirkman & Rosen, 1999; Konczak et al., 2000; Wong & Laschinger, 2013; Zhang & Bartol, 2010; Zhu et al., 2004). This establishes a strong social relationship between the leader and member (Giessner et al., 2015), shares power (Tang et al., 2015), and promotes mutual understanding (Bauer & Green, 1996; Butler, 1991; Dansereau et al., 1975; Honald, 1997). Conversely, distant relationship results in distrust, misperception, and deviant employee outcomes. Furthermore, as a result of increased leaders' social distance, employees are unable to talk freely to the leaders about non-work-related issues, feel uncomfortable in the presence of the leader, experience limited understanding with the leader, avoid mutual interaction and eye contact, and keep limited physical proximity (Torres & Bligh, 2012). Lastly, reduced leaders' social distance diminishes leaders' influence and respect, while, proximate leaders are perceived as more human and fallible (Yagil, 1998).

Leaders' social distance emerged as an imperative factor as a result of structural shifts in the organizations from a collocated organization setup to the recent dispersed workforce setup (Napier & Ferris, 1993; Rosen, Furst & Blackburn, 2006) and due to the spread of COVID-19. Therefore, considering the independent significance of leaders' social distance, this study examines the degree of intimacy and social relationship between the leader and member (Antonakis & Atwater, 2002). Earlier studies examined the concept of distance with various leadership styles (Cole et al., 2009; Howell & Hall-Merenda, 1999; Howell, Neufeld & Avolio, 2005; Shamir, 1995; Tumasjan et al., 2011; Yammarino 1994). Accordingly, this study also recognizes and examines how leaders' social distance influences the relationship between ethical leadership and psychological empowerment.

2.4.6 Leader's Social Distance as a Moderator

Social exchange theory emphasizes upon the norms of reciprocity. Similarly, central point of LMX theory is the exchange reciprocity that forms an effective relationship (Graen, 1976; Graen & Cashman, 1975) between the leader-member. This relationship can take form of primary or a deep-rooted proximate relationship (Dansereau et al., 1975; Dockery & Steiner, 1990) which determines the nature and degree of future exchange reciprocity (Dansereau et al., 1975; Dockery & Steiner, 1990; Dunegan, Duchon, & Uhl-Bien, 1992). Rapid changing work dynamic across the globe demands a strong mutual interaction (Judge & Ferris, 1993) and enhanced time allocation (Hoegl & Proserpio, 2004) between the leader-member. This requires effective leaders who have an ability to manage employees adequately (Antonakis & Atwater, 2002) and work closely. In contrast, distant leader-member relationship may give rise to various challenges (Howell & Hall-Merenda, 1999).

The study of Graen and Cashman (1975) states that leadership position enjoys various resource such as providing social support, assigning tasks, sharing/ withholding information and favor/ un-favor followers in discourse with others. In response to this, followers reciprocate with values which are appreciated by the leader such as greater degree of responsibility, exerting added effort and enhanced commitment towards the leader and the organization (Liden et al., 1997). Thus, the nature of LMX association determines the effectiveness or ineffectiveness of a leader (Graen & Cashman, 1975). Ethical leaders are social individual who builds a strong social connection with employees by way of effective communication (Brown et al., 2005; Brown & Trevino, 2006; Chughtai et al., 2015) and showing concern for employees (Kalshoven et al., 2011). They delegate authority to the employees by sharing power (De Hoogh & Den Hartog, 2008; Den Hartog, & De Hoogh, 2009; Ehrich et al., 2015; Kalshoven et al., 2011) resulting in psychologically empowered employees. Ethical leaders are altruistic, practice morality and take care of followers by educating employees about the practical utilization of power and authority. These initiatives of ethical leaders are perceived positively by the employees which increases mutual trust (Butler, 1991; Xu et al., 2016) and

results in a strong leader-member association (Bedi et al., 2016; Howell et al., 2005; Kalshoven et al., 2011; Shamir et al., 1993; Shamir, 1995; Zaccaro & Klimoski, 2002). Leader-member association is improved as a result of proximate relationship (Mencl & May, 2009). As per LMX theory, when leaders delegate power and authority, employees reciprocate through being psychologically empowered.

LMX relationship of leader-member is influenced by the degree of social distance between the dyads. Leaders' social distance signifies the differences arising from status, authority, power and social standing of the individuals. Thus, degree of social distance influence the mutual relationship and social contact (Antonakis & Atwater, 2002) leading to various challenges (Howell & Hall-Meranda, 1999; Napier & Ferris, 1993). Effective communication by the leader (Howell et al., 2005; Shamir et al., 1993; Wilson, Boyer O'Leary, Metiu & Jett, 2008) supports to overcome the degree of social distance. In contrast, increased social distance gives rise to various challenges such as leaders' misperception, uncertainty (Kerr & Jermier, 1978; Napier & Ferris, 1993; Richman, Noble & Johnson, 2001; Shamir, 1995; Story et al., 2013), team cohesion, trust and social interaction. Thus, according to LMX theory high social distance dilutes the leader-member relationship having low trust that hinders delegation of power and authority which is reciprocated by employees by not accepting any added responsibility. Earlier studies have examined the moderating role of distance (Cole et al., 2009; Howell & Hall-Merenda, 1999; Howell et al., 2005; Tumasjan et al., 2011) in the relationship of leader-member. Though, limited empirical evidence is available in favor of leaders' social distance (Antonakis & Atwater, 2002) which is an internal contextual factor. Therefore, this study aims to fill this gap by examining how the increased leader's social distance influences the leader-member relationship and subsequently, employee's psychological empowerment. According to LMX theory, this study asserts that ethical leaders are socially knitted and empower employees as a result of a proximate relationship with the followers. Conversely, the low LMX association and distant leader-member relationship with the followers results in a limited degree of employee empowerment. Thus, the following hypothesis is established:

Hypothesis 16: Leaders' social distance moderates the relationship between ethical leadership and psychological empowerment such that the positive relationship between ethical leadership and psychological empowerment will be weaker in the case of high social distance.

2.5 Moderated Mediation: Mediating Role of Psychological Empowerment Between Ethical Leadership and Job Satisfaction, Organization Commitment, Cynicism & Job Embeddedness Conditioned on Power Distance Orientation, Leader's Distance & Ethical Climate

Social exchange theory predicts that positive actions of initiating party encourage the other party to exchange to reply with kind gestures, i.e. engaging in more positive responses and exhibiting less negative reciprocal response (Cropanzano et al., 2017). Whereas, when employees are treated poorly, they are less likely to respond positively and are more inclined to establish a shallow exchange relationship. Further, leaders' personal conduct, moral values, trust, transparency, and integrity (Xu et al., 2016; Kalshoven et al., 2011; Yang et al., 2016) stimulate positive outcomes and reduce negative responses (Mete, 2013). Leaders' effectiveness is further enhanced with their ethical perception (Lawton & Paez, 2015; Wang & Sung, 2016). Thus, ethical leaders demonstrate to be fair, concerned for the employees, and share power (Kalshoven et al., 2011); this engenders compassionate employee behavior (Den Hartog & De Hoogh, 2009, Eisenbeiss & van Knippenberg, 2015; Kalshoven et al., 2011) and effectively reduces employee deviance (Mete, 2013). Ethical leaders emphasize ethics, cease to harm others and infuse morality in employees through self-example (De Hoogh & Den Hartog 2009;

Dust et al., 2018; Mete, 2013). These characteristics of ethical leaders construct a trusted and credible relationship with employees, which brings employees closer to the leader and develops a strong social relationship that results in positive reciprocation from the employees (Brown & Trevino, 2006; Chughtai et al., 2015; Cropanzano et al., 2017; Dust et al., 2018). Conversely, a negative perception of leaders produces staggering consequences, i.e. compromised leader-member relationship and limited social relationship between the leader and member (Cropanzano et al., 2017). This results in low-quality exchange relationship of leader-member. In high-quality exchange relationship, leaders delegate power and authority to the employees, which eventually results in promoting positive employee actions and reduces the negative employee reactions. However, this relationship of ethical leadership and employee psychological empowerment is influenced by ethical climate (Aryati et al., 2018; Okpara & Wynn, 2008), the prevailing level of power distance orientation (Avolio et al., 2004b; Fock et al., 2013; McFarin & Coget, 2013), and leaders' social distance (Liang et al., 2011; Tumasjan et al., 2011).

The contextual effect of ethical climate also deeply influences the leader-member exchange relationship. Ethical climate cannot survive in isolation; rather, it requires support from the leaders whereas, absence of support shatters the advantages of ethical climate. Ethical climate influences the prevailing leadership style and the behavioral outcomes of the employees. Literature suggests that ethical leaders are associated with various affirmative outcomes (Brown et al., 2005) through being fair, people-oriented and sharing power (Kalshoven et al., 2011). Characteristics of an ethical leader become further influential in the presence of an ethical climate that results in long-lasting and deep social relationship with employees (Cropanzano et al., 2017). In addition to traits of ethical leadership, ethical climate also encourages demonstration of ethical conduct which develops a positive perception of leaders and promotes propensity of ethics and morality in the organizations, which motivates employees to demonstrate prosocial outcomes (Pucic, 2015). Therefore, we argue that ethical climate nurtures ethics and morality, supplements favorable employee outcomes and discourages employees' cynical behavior (Mete, 2013). Thus, ethical climate constructs congruent values

of leader-member, an environment of mutual care and respect (Ehrich et al., 2015; Wu, 2017), which reduces the deviant employee outcomes and encourages positive conduct (Chughtai et al., 2015). Drawing on this, we argue that ethical climate positively influences the cognitive abilities of the employees, which, in turn, contributes to generating a positive response of the employees. Further, it is expected that positivity and power delegation of ethical leaders stimulate employees' psychological empowerment, which is positively nurtured in the presence of an ethical climate. Therefore, the ethical climate will positively moderate the mediation of psychological empowerment between an ethical leader with job satisfaction, organization commitment, and job embeddedness and will negatively influence the cynicism. Thus, the following hypothesis is established:

Hypothesis 17: Ethical climate moderates the mediation through psychological empowerment between ethical Leadership and a) job satisfaction, b) organization commitment, c) cynicism and d) job embeddedness in such a way that the relationship will be stronger if the ethical climate is high.

Numerous contextual factors affect leader-member relationships, such as power distance orientation, leaders' social distance and ethical climate. Degree of power distance orientation determines the leader-member relationship; for example, in high power distance orientation, leaders prefer a distance with employees, which reduces leaders' influence and positive perception. This makes employees perceive leaders as distant and self-focused, which restricts the ethical leaders to generate a positive reciprocal response from the employees. Similarly, ethical leaders under high power distance orientation will not be able to pledge a positive initiating action due to a false perception of the leader which may be responded by negative reciprocating actions, such as revenge-seeking or aggression (Cropanzano et al., 2017). Furthermore, in high power distance orientation, leaders are the controlling authority (Den Hartog & De Hoogh, 2009; Resick et al., 2006), unable to share authority, and keep employees at a distance. This produces a fragile leader-member relationship resulting in reduced leaders' effectiveness and influence. In addition, leaders' focus on personal gains is unlikely to influence employees and

desired employee outcomes (Brown et al., 2005; De Hoogh & Den Hartog, 2008; Mete, 2013). Further, this makes employees socially disconnected and isolated (Kirkman et al., 2006; Kirkman et al., 2009), resulting in no task significance and scant in-person contact with leaders. Furthermore, leaders remain unable to intrinsically motivate employees and restrict employees' positive contribution towards the organization and generate unfavorable outcomes (Brown & Trevino, 2006; Brown et al., 2005; De Hoogh & Den Hartog, 2008; Demirtas, 2015; Mayer et al., 2012; Trevino et al., 2003). Thus, it is expected that power and authority delegation of ethical leaders contribute to increased employee psychological empowerment, which is supported in low power distance orientation. Therefore, the following hypothesis is established:

Hypothesis 18: Power distance orientation moderates the mediation through psychological empowerment between ethical Leadership and a) job satisfaction, b) organization commitment, c) cynicism and d) job embeddedness in such a way that the relationship will be weaker if power distance orientation is high.

In addition, leaders' social distance poses various challenges to the organization and restricts frequent interaction between the leader and member. Further, the increased social distance between the leader and member produces anxiety and the false perception that generates uncertainty and negativity. Thus, limited interaction between the leader and member results in low self-efficacy (Antonakis & Atwater, 2002; Napier & Ferris, 1993), timely guidance and interpretation that results in limited influence on employees. This makes employees indifferent, encourages a feeling of withdrawal and modifies the leader's perception in the eyes of the employees. Further, distant leader-member relationship desists vicarious learning, promotes limited participation in decision-making and makes it difficult to build the right perception of leader among the employees. This reduces the propensity to generate positive outcomes of ethical leadership. Therefore, we argue that despite ethical leadership traits, if leaders are unable to bridge the social distance with the employee, this will not allow leaders to share power with employees and will result in limited benefits of ethical leadership style. Hence, the

moderated mediation of leaders' distance and psychological empowerment may not produce the desired outcome for ethical leadership. Therefore, we expect that leaders' narrow social distance produces employees' psychological empowerment; this generates positive employee outcomes (job satisfaction, organization commitment, and job embeddedness) and reduces negative employee reaction of cynicism. Thus, the following hypothesis is established:

Hypothesis 19: Leaders' social distance moderates the mediation through psychological empowerment between ethical leadership and a) job satisfaction, b) organization commitment, c) cynicism and d) job embeddedness in such a way that the relationship will be weaker if leaders' distance is high.

2.6 Summary of Hypotheses

This section presents the number of hypotheses developed in the previous section. The established hypotheses are further divided into few groups (direct relationship, mediated relationship, moderated relationship and moderated mediation relationships). All the hypotheses are as below:

2.6.1 Direct Relationships

Hypothesis 1: Ethical leadership is positively and significantly associated with job satisfaction.

Hypothesis 2: The dimension of ethical leadership, i.e. (a) people orientation, (b) fairness, (c) power-sharing, (d) integrity, (e) ethical guidance, (f) role clarification and (g) concern for sustainability are positively associated with job satisfaction.

Hypothesis 3: Ethical leadership is positively and significantly associated with organization commitment.

Hypothesis 4: The dimension of ethical leadership, i.e. (a) people orientation, (b) fairness, (c) power-sharing, (d) integrity, (e) ethical guidance, (f) role clarification and (g) concern for sustainability are positively associated with organization commitment.

Hypothesis 5: Ethical leadership is negatively and significantly associated with cynicism.

Hypothesis 6: The dimension of ethical leadership, i.e. (a) people orientation, (b) fairness, (c) power-sharing, (d) integrity, (e) ethical guidance, (f) role clarification and (g) concern for sustainability are negatively associated with cynicism.

Hypothesis 7: Ethical leadership is positively and significantly associated with job embeddedness.

Hypothesis 8: The dimension of ethical leadership, i.e. (a) people orientation, (b) fairness, (c) power-sharing, (d) integrity, (e) ethical guidance, (f) role clarification and (g) concern for sustainability are positively associated with job embeddedness.

2.6.2 Psychological Empowerment as Mediator

Hypothesis 9: Ethical leadership is positively and significantly associated with psychological empowerment.

Hypothesis 10: Psychological empowerment is positively and significantly associated with job satisfaction.

Hypothesis 10a: Psychological empowerment mediates the relationship between ethical leadership and job satisfaction.

Hypothesis 11: Psychological empowerment is positively and significantly associated with organization commitment.

Hypothesis 11a: Psychological empowerment mediates the relationship between ethical leadership and organization commitment.

Hypothesis 12: Psychological empowerment is negatively associated with cynicism.

Hypothesis 12a: Psychological empowerment mediates the relationship between ethical leadership and cynicism.

Hypothesis 13: Psychological empowerment is positively and significantly associated with job embeddedness.

Hypothesis 13a: Psychological empowerment mediates the relationship between ethical leadership and job embeddedness.

2.6.3 Role of Moderators

Hypothesis 14: Ethical climate moderates the relationship between ethical leadership and Psychological empowerment such that the positive relationship between ethical leadership and psychological empowerment will be stronger in case of high ethical climate.

Hypothesis 15: Power distance orientation moderates the relationship between ethical leadership and psychological empowerment such that the positive relationship between ethical leadership and psychological empowerment will be stronger for subordinates' low on power distance orientation.

Hypothesis 16: Leaders' social distance moderates the relationship between ethical leadership and psychological empowerment such that the positive relationship between ethical leadership and psychological empowerment will be weaker in the case of high social distance.

2.6.4 Moderated Mediation

Hypothesis 17: Ethical climate moderates the mediation through psychological empowerment between ethical Leadership and a) job satisfaction, b) organization commitment, c) cynicism and d) job embeddedness in such a way that the relationship will be stronger if the ethical climate is high.

Hypothesis 18: Power distance orientation moderates the mediation through psychological empowerment between ethical Leadership and a) job satisfaction, b)

organization commitment, c) cynicism and d) job embeddedness in such a way that the relationship will be weaker if power distance orientation is high.

Hypothesis 19: Leaders social distance moderates the mediation through psychological empowerment between ethical leadership and a) job satisfaction, b) organization commitment, c) cynicism and d) job embeddedness in such a way that the relationship will be weaker if leaders distance is high.

2.7 Theoretical Framework

The models of the study are shown in Figures 2.1 and 2.2.

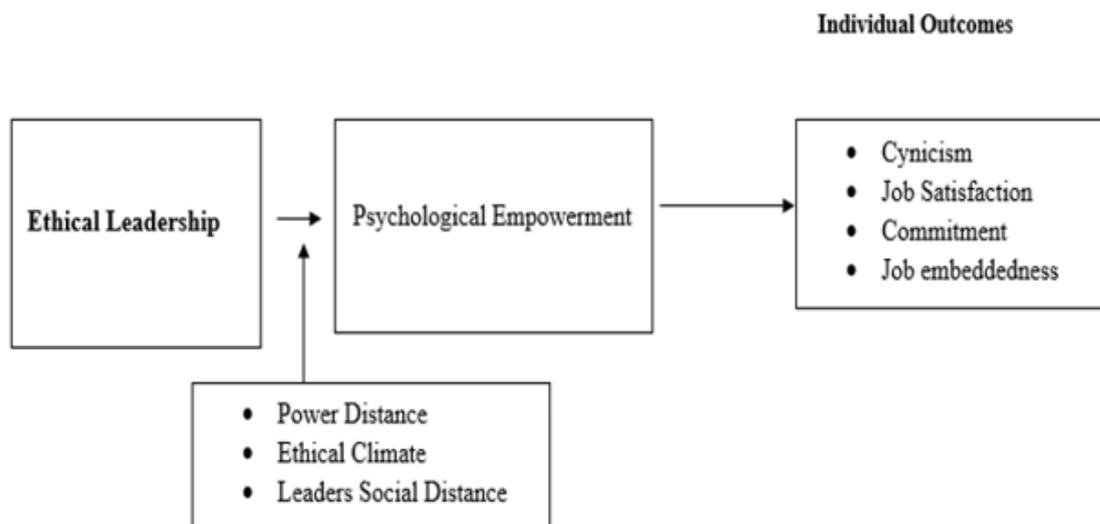


FIGURE 2.1: Unidimensional Model A.

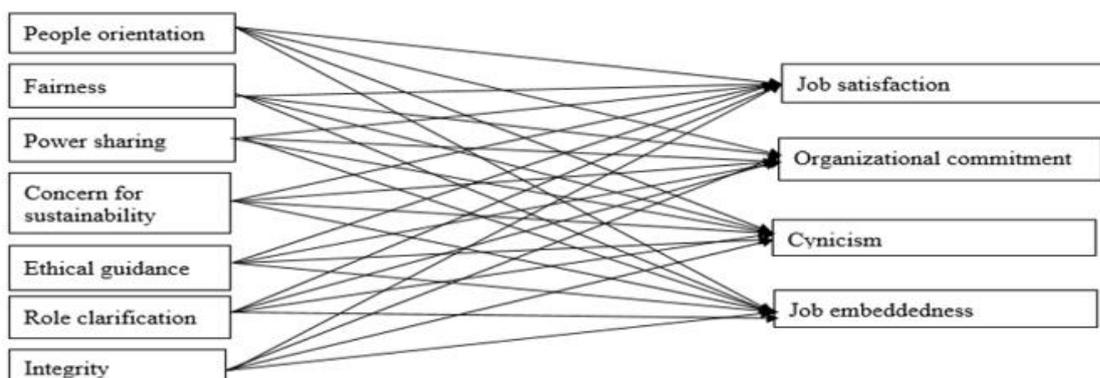


FIGURE 2.2: Multidimensional Model B.

2.8 Chapter Summary

This chapter presented a brief review of previous literature based on the theoretical framework under investigation and devised hypotheses for empirical testing. Overall, the seven-dimensional model of ethical leadership presented by Kalshoven et al. (2011) was selected to be tested on the basis of its comprehensive nature and availability of measurement scale. This chapter establishes the relationship between different dimensions of ethical leadership and its composite form with psychological empowerment, job satisfaction, organization commitment, cynicism and job embeddedness. The existing relationships and proposed associations of ethical leadership with other variables were also discussed. The research investigation argues that ethical leaders positively influence the psychological empowerment of the employees through their ethical influence. Further, some of the contextual factors, such as power distance orientation, leaders' social distance, and ethical climate, are also explored in the light of previous findings. This study explored and discussed these relationships in the view of past research investigations and the leader-member exchange (LMX) theory. In addition, we explored the social exchange theory and its influence on behavioral outcomes of the employees and the mediating role of psychological empowerment. Thus, this chapter explained the proposed relationship in the light of social exchange theory and leader-member exchange theory. Lastly, this study also examined the moderated mediation of the three moderates (power distance orientation, leaders' social distance and ethical climate) of the study with psychological empowerment and outcome variables (job satisfaction, organization commitment, cynicism and job embeddedness). Finally, on the grounds of literature reviewed, hypotheses for this research investigations have been established for data collection and examination by using different statistical tests.

Chapter 3

Research Methodology

3.1 Chapter Introduction

This chapter mainly outlines the procedure undertaken for the empirical research investigation and the selected methodology to explore the role of ethical leadership and its dimensions with various employee outcomes, such as job satisfaction, organization commitment, job embeddedness and cynicism. Primarily, this chapter discusses the layout and rationale to conduct this study in Pakistan, followed by the justification to choose the research design and the adopted instrument scales for data collection. Further, this chapter deliberates the operationalization of constructs under study and the description of the sample.

In the later sections of this chapter, the methodological challenges, the target population of the study, the process adopted for designing the survey questionnaire, time horizon and level of data collection are discussed. At the end of the chapter, we discuss the analytical testing of the dataset before final hypothesis testing, i.e. pilot study, data normality, reliability, the validity of the instruments, multicollinearity and data analysis techniques used in this study, followed by the discussion for conducting research analysis and generating findings. Lastly, this chapter highlights the findings of the pilot study and demographic details of the dataset prior to conducting final data analysis.

3.2 Research Design

Research design provides the overall strategy to conduct an investigation in a coherent way and ensures that the adopted research methodology effectively addresses the research problem under study. Research philosophy stimulates a belief system, assumptions about knowledge development and the world. Where research assumptions underpin the research strategy and methodology that emphasizes what we do and how do we understand what it is we are investigating (Johnson & Clark, 2006). The choice of philosophy determines the methodological choice, research strategy, data collection and the analysis procedure (Saunders, 2011). Thus, the choice of a research design answers the research questions through the arrangement of conditions or collections of the phenomenon on the basis of nature, scope and research requirements (Gill & Johnson, 2010). Out of various research designs, a researcher may adopt a single or a combination of different research designs for data collection (Saunders, 2011) and analysis, which best addresses the research study requirements. Common research design technique includes qualitative, quantitative (i.e. structured, observations and survey), semi-experimental (i.e. field experiment, in-depth interviews, quasi-experiment), experimental (experiment with different assignments), review analysis (systematic review, exploratory) and meta-analysis method.

Research paradigm explains the perspective through which a research study is conducted and helps in making an assumption about the nature of reality, truth, queries to explore and ways to address them (Glesne, 2011). There are three basic research assumptions: firstly, ontology is the assumption about the nature of the reality, and this shapes the way researcher sees the research object, i.e. organizations, management, and artefacts (Saunders, 2011). Secondly, epistemology signifies assumptions about the knowledge, how knowledge can be communicated to the others, and what constitutes an acceptable and legitimate knowledge (Burrell & Morgan, 1979; Carter & Little, 2007; Cohen, Manion & Morrison, 2013; Scotland, 2012). Lastly, axiology refers to the ethics and values incorporated during the research process and how the researcher deals with their own values and the

research participants. Researchers differentiate on ontological and epistemological results through different research approaches (Grix, 2010).

The concept of epistemology has two perspectives, i.e. empiricist and constructionism; empiricism is viewed as reality based on measurable, quantifiable processes, objective and generalizability, while constructionism signifies reality as woven by and between the persons after experiencing where human beings are observers, participants and agents who produce patterns through which reality is established (Hickman, Neubert & Reich, 2009). Thus, epistemology discovers the meaning of knowledge called as “theory of knowledge”, concerned with the possibilities, nature, sources and limitation of knowledge. Therefore, epistemology is classified as what does and what does not constitute the knowledge. While ontology emphasizes “the science or study of being” and deals with the nature of reality. Ontology is an individual’s system of belief used for the interpretation about the fact and answers the questions about the existence of an object, what is needed to understand the perception as to how things are in actual and how they work in reality (Scotland, 2012). It is the study of being concerned with “what is” nature of existence and structure of reality (Crotty, 1989; P. 10), which nurtures the concept formation by specifying “what is inherent” imperative for empirical phenomenon arising out of a concept and shapes the reality by prevailing social, political and cultural values. Positivistic ontology focuses on realism concerning objects with independent existence (Cohen et al., 2013), and positivist methodology explains the relationships in a way which identifies factors and influences the outcomes (Creswell, 2009). Thus, epistemology underlines apprising theoretical perspective that helps to understand what is (ontology) and answers the way to comprehend what it means to know (epistemology) (Crotty, 1989).

Broadly, research philosophies are categorized in positivism, realism, interpretivism, postmodernism and pragmatism (Saunders, 2011). These are discussed in detail in the following section. Firstly, positivism refers to the philosophical stance of the natural scientist and works on an observable social reality that produces law-like generalizations. Positivism promises unambiguous and accurate knowledge. Usually, positivism uses a deductive and highly structured approach,

collects a large sample for analysis and is independent of social actors. Secondly, realism explains what we see and experience from reality that shapes the observable events. Realism reality is independent and external, which uses a retroductive approach, in-depth historical analysis of structures. It uses a range of methods and data types to fit the subject matter. Thirdly, interpretivism focuses that human beings are different from physical events and cannot be studied like physical phenomenon. Thus, social sciences require different research techniques to create new knowledge, better understanding and interpretations. Interpretivism typically uses inductive approach, uses the small sample, and conducts in-depth investigations by using a qualitative method for analysis. Fourthly, postmodernism refers to the role of language, a power which answers the questions in an acceptable way that gives voice to alternative views. Postmodernism constitutes a critical theory which confronts ideological, social and historical structures that shape epistemology. Postmodernism uses the in-depth investigation of anomalies and a range of data types, typically qualitative methods. Lastly, pragmatism argues and reconciles objectivism and subjectivism, which starts with a problem and aims to contribute practical solutions that lead to accurate and rigorous knowledge. Pragmatism focuses on research questions and uses mixed, multiple qualitative and quantitative action research with a focus on practical solutions.

Consistently, the scope, approach to research design and investigation vary according to the nature of the study, i.e. qualitative and quantitative research. The qualitative approach assumes an integrative method and identifies the intrinsic attributes of a concept. Whereas the quantitative approach in management sciences often adopts a research methodology for an unmeasured latent variable, identifies indicators having a causal relationship with the latent variable and is supported by statistical data which focus on the nature and quality of measures, and operationalization that produces datasets with a limited scope of concept development (Goertz & Mahoney, 2012). However, to conduct a research investigation, data can be collected either through qualitative technique, quantitative technique or by a combination of both approaches. Thus, research methodology works as a strategic plan to choose procedures to conduct a research investigation by answering why,

what, where, when and how the data is collected and analyzed (Crotty, 1989).

3.2.1 Research Approach of this Study

Literature suggests that various leadership studies have a positivist approach (Avolio et al., 2004a; Avolio et al., 2004b; Kalshoven et al., 2011). The hypotheses-deductive method is commonly used (Kalshoven et al., 2011; Mete, 2013) in leadership studies. Recently, many ethical leadership studies have also used a quantitative approach (Demirtas, 2015; Dust et al., 2018; Mete, 2013) that follow a positivist research approach through a survey questionnaire. These studies examine the causal association of leaders with the emerging employee outcomes (Avolio et al., 2004b; Mete, 2013) with the statistical technique of Amos to test the causal relationship (Kalshoven et al., 2011). Consistently, this study follows the positivist research philosophy to analyze the nature of ethical leadership and how ethical leadership operates. Furthermore, existing literature of ethical leadership and outcome variables advocates the use of a quantitative technique for data collection, i.e. survey questionnaire (Kalshoven et al., 2011, Fehr et al., 2015). Therefore, this research investigation follows a survey technique to collect data from the respondents and uses the structural equation modelling technique to examine the proposed relationship.

This study examines the ethical leadership, its nature, and how the leadership style influences the behavioral patterns. Drawing on the positivist research philosophy, we signify that ontology of leader and leadership style suggests the nature and function of a leader and the source of actions associated with the leadership style (Erhard, Jensen, Zaffron, & Granger, 2013). Further, applying this research philosophy on the ethical leadership style, this study attempts to connect thought and action through empirically testing this theory using a positivist approach. Therefore, this study highlights how employees perceive and engage in a discourse of ethical leadership as a way of social exchange paradigm. Findings of this study suggest that the respondents of this study may contribute through establishing a narration consistent with the questions under study.

3.3 Data Collection

A preliminary search on the research topic indicates various emerging issues which focus on the need to test the theory. Thus, this study adopts a hypothesis-testing approach (Zikmund, 2003). Researchers suggested different data collection techniques, for example, face-to-face, fax survey or interview methods, which adds costs and time in data collection and complicates the data collection process (Tse & Ching, 1994). Conversely, internet-based surveys are limited to internet users only with varying response rate, i.e. some studies indicate a higher or equal response rate of pencil paper survey, and some report low response rate (Bachmann, Elfrink & Vazzana, 1996; Mehta & Sivadas, 1995; Schaefer & Dillman, 1998; Schuldt & Totten, 1994; Tse, 1998). While survey questionnaires provide a standardized set of questions, methods, a large sum of data collection in less time without affecting instrument validity and reliability, and quick conversion into quantitative data which allows using scientific analysis and comparison (Robson & McCartan, 2016), representing a deductive research approach (Saunders, 2011). Therefore, this study adopts the most common and easy-to-explain data collection technique for data collection approach, i.e. survey questionnaire to collect data from large and sizeable target population with minimum budget and time constraints. In line with this study and its scope, the theoretical framework (Chapter 2- Literature Review, Figure 2.1 and 2.2) indicates different constructs and their hypothesized relationships for which the data was collected using a survey questionnaire.

This research study collected the perception and opinions of public and private sector employees through survey questionnaire from sample government offices (government offices, banks and call centers) and private commercial banks and call center organizations located in Islamabad/Rawalpindi/Lahore and Karachi with an aim to examine the sector-level impact of ethical leadership on employee outcomes. Ahmad and Gao (2018) collected data from public sector organization in Pakistan to examine the ethical leadership style from two cities of Pakistan, i.e. Peshawar and Islamabad. Unlike the study of Ahmad and Gao (2018), this study collects data from broad industry segments including both public and private sector organizations in four major cities of Pakistan, i.e. Islamabad/Rawalpindi,

Lahore and Karachi, resulting in more representative sample of the study. Thus, this study further enriches the earlier findings. Therefore, a self-administered questionnaire was adopted via a combination of the emerging reality of COVID-19.

This study indicates nine (9) separate instruments. Each instrument is composed of a range of answer choices (i.e., from 1 (Strongly disagree) to 7 (strongly agree)) allowing respondent to choose the best answer in the given range. Further, the survey clearly indicated the purpose, general instructions, importance and confidentiality of the responses. In order to reduce the response fatigue and collect time-lagged data, the questionnaire was divided into multi-page and multi-stage subsections with different subsections for each scale and its brief description. The first section of the questionnaire was composed of the questions about the ethical leader and moderator (leaders' social distance, power distance orientation & ethical climate) variables. In the second section, questions about mediators (psychological empowerment) and dependent variables (job satisfaction, organization commitment, cynicism and job embeddedness) were listed. Third and the last section inquire about demographic factors including gender, age, marital status, tenure, education, language and sector (public or private). The complete details are attached as Appendix I-a and b.

3.4 Time Horizon for Data Collection

In an effort to examine the causal effects of ethical leadership and to ensure the validity of the results on employee outcomes, the data for this study was collected at different points in time, i.e. data for ethical leadership, power distance orientation, social distance and ethical climate were collected at Time 1, while the data for psychological empowerment, job satisfaction, organization commitment, cynicism and job embeddedness were collected at Time 2 with an overall time lag of four weeks between Time 1 and Time 2. This allowed examining the pattern of variables over a certain time period. Longitudinal data analysis is a powerful tool to examine the cause-and-effect relationship and association between different

events (Caruana, Roman, Hernandez-Sanchez, & Solli, 2015; Fitzmaurice, Davidian, Verbeke, & Molenberghs, 2008)¹.

3.5 Level of Data Collection

Prior to data collection, the level of data collection was also determined as an individual. Therefore, the data were collected from an individual employee concerning the perception of ethical leadership.

3.6 Survey Population and Sampling Frame

Population for an empirical research investigation clarifies the scope for generalizability of its findings (Eisenhardt, 1989b). Usually, the sample represents the population, which influences the internal and external validity of the results (Simintiras & Diamantopoulos, 2003). Internal validity signifies how changes in independent variable influence dependent variable while external validity signifies generalizability of the results (Zikmund, 2003). This study has a broader scope and aims to cover wider industries operating in Pakistan. Considering the scope of the study, five sampling populations were identified, i.e. (1) Government offices, (2) Government-owned Commercial Banks, (3) Government-owned call centers, (4) private commercial banks and (5) private call centers in Islamabad/Rawalpindi/Lahore and Karachi. The private and public sectors have different management styles and market dynamics (Sharma & Bhal, 2001). Therefore, this study aimed to examine the prevailing leadership practices in these two large

¹Initially, the data was designed to be collected at three different points in Times with time lag of one month between each data collection time. At Time 1, data for predictor (i.e. Ethical leadership) and moderators (power distance, social distance and ethical climate) were collected. While at Time 2, data for mediation and outcome and at Time 3, data for outcome variables were collected with the intention to compare the results of outcome variable collected at Time 2 and Time 3. However, the response rate fell below the data collected at Time 1 followed by further decrease in Time 3 which was not improved despite several follow-ups and reminders to the respondents. The data collected at Time 3 remained below 250 respondents. Therefore, as an alternative idea, data analysis was carried out with data collected at Time 1 and Time 2. In this regard, t-test was conducted to check the variations in data collected at Time 2 and Time 3. Wherein no significant changes were observed and it was decided to use the dataset collected at Time 1 and Time 2 only.

sectors of Pakistan, which employs a large number of population in the country. In Pakistan, the federal government and various autonomous bodies make up the public sector with a Basic Pay Scale (BPS; starting from 1 to 22) grades. Simultaneously, a large proportion of individuals works in private sector organizations, i.e. private commercial banks and call centers. Therefore, data were collected from these organizations to examine the perception of ethical leadership in these industries.

Therefore, the researcher contacted different public and private organizations for data collection through contact person or by directly arranging meetings with the respondents followed by a brief introduction of research project prior to taking response by filling the survey questionnaire.

3.6.1 Sample Process

Practically, data cannot be collected from the entire target population, which is possible in the case of some studies. Data collection from the entire population does not necessarily provide useful results. Therefore, sampling proves to be a suitable alternative. It is impractical to collect data from the entire population due to budget constraints, time constraints and need to get quick results. Therefore, sampling becomes a preferred and convenient approach to meet deadlines (Saunders, 2011; Henry, 1990). However, the sample should be representative of the population characteristics in terms of age, tenure, qualifications, etc. Broadly, sampling techniques are divided into probability and non-probability sampling (Saunders, 2011). Out of these, probability sampling techniques are selected where a complete sampling framework is available. Therefore, according to the scope of study and time constraint, a convenience sampling technique is adopted and applied for ease in data collection, and for time- and cost-saving.

In addition, from the large population (10,000,000), the minimum sample size is estimated at 384 responses with a 5% margin of error (Saunders, 2011). Furthermore, this study aims to examine the causal effect of ethical leadership style on the employee outcome, and longitudinal study design was adopted. Therefore, this

study collects data at two different times with a time lag of four weeks between each data collection. Considering this, the sample size was determined at 600 survey questionnaires' responses (estimating minimum 300+ responses from each sector) for the data collection at each point in time (i.e. Time 1 and Time 2).

Estimating a response rate of 80%, approximately 800 questionnaires were distributed at both Time 1 and Time 2 for data collection from the public sector (banks, offices and call centers) and private sector (commercial banks and call centers) organizations. Further, to meet the determined sample size at Time 1, a total of 673 questionnaires was returned with a response rate of 84%. These respondents were contacted through the same contact person or through arranging a second meeting after four weeks to collect data at Time 2. However, the response rate dropped to 653 responses at Time 2, making a response rate of 82%. The accumulative response rate for Time 1 and Time 2 was estimated at 73% out of the base of 800 questionnaires. Furthermore, after data collection at both times, the survey questionnaires collected at Time 1 and Time 2 were matched through demographic information (name of the respondent, organization and email ID) collected at the end survey questionnaires at both times. Thus, the final dataset was composed of only those respondents who participated in both survey times.

3.7 Instrumentation

This research investigation was carried out in two stages: the first stage is a pilot study to examine the validity and reliability of the survey questionnaire, and its results provide insights regarding problems faced by the respondents. After completing the data collection from the aforementioned sample and positive validity and reliability of the scales adopted, questionnaires were distributed to a larger sample (i.e. above 800 employees) working in private and public sector organizations in Pakistan.

Further, to investigate the theoretical framework, different scales were identified through the database search. The instruments were selected based upon their reliability and frequency in the previous research studies. All the selected scales

are ranged on the originally developed Likert scale consistent with earlier studies (Henle, Giacalone, & Jurkiewicz, 2005; Palanski, Avey, & Jiraporn, 2014).

3.7.1 Ethical Leadership

Ethical leadership was the independent variable of this research study, and various measures were shortlisted for this study, including Kalshoven et al. (2011) and Brown et al. (2005). Though most commonly used scale of ethical leadership was that of Brown et al. (2005), which focuses on the aggregate behavioral measurement of ethical leadership construct. However, the scale of Brown et al. (2011) did not match the scope of this research study. Similarly, the study of Fehr et al. (2015) discusses various moral foundations of ethical leadership, and scales of all these moral foundations were not available for construct measurement. Therefore, the scale instrument of Kalshoven et al. (2011) was adopted to measure ethical leadership and its dimensions. The scale has total 38 items (including seven dimensions) developed by Kalshoven et al. (2011), measured on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) with scale reliability as 0.80 (Kalshoven et al., 2011). The scale measures each dimension of ethical leadership, i.e. fairness, people orientation, concern for sustainability, power-sharing, role clarification, ethical guidance, and integrity separately. The scale had an overall Cronbach's α of .87, while for the respective values for the dimensions of people orientation, fairness, power-sharing, concern for sustainability, ethical guidance, role clarification and integrity were .92, .89, .92, .84, .92, .87 and .86. Sample items are; people orientation - "My supervisor is interested in how I feel and how I am doing", fairness - "My supervisor holds me accountable for problems over which I have no control", power sharing - "My supervisor allows subordinates to influence critical decisions", Concern for sustainability - "My supervisor likes to work in an environmentally friendly manner", Ethical guidance - "My supervisor clearly explains integrity related codes of conduct", Role clarification - "My supervisor indicates what are the performance expectations from each group member", and integrity - "My supervisor keeps his/her promises".

3.7.2 Power Distance Orientation

Power distance orientation at the individual level was adopted as a moderator for this study. Initially, the cultural studies were conducted and measured by using a scale of Hofstede (1980); however, this scale measures culture at the national level. Therefore, various other instruments were evaluated for this study including Tyler et al. (2000), Clugston et al. (2000), GLOBE study (House et al., 2004), and Farh et al. (2007). The adopted scale was originally developed by Earley and Erez (1997), and then also used by Kirkman et al. (2009) which is generally used to measure power distance at the individual level than the power distance at the societal level. The scale consists of eight items measured on a 7-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree). The scale has a reliability of 0.71 (Kirkman et al., 2009). Sample items are “In most situations, managers should make decisions without consulting their subordinates”, “In work-related matters, managers have a right to expect obedience from their subordinates” and “Employees who often question authority sometimes keep their managers from being effective”.

3.7.3 Leader’s Social Distance

Leaders’ social distance is adopted as a potential moderator that influences the relationship between ethical leadership and psychological empowerment. A thorough analysis of the literature revealed that there are limited studies that measure and assess leader’s social distance. Scales concerning other forms of distance, such as physical distance (Antonakis & Atwater, 2002; Kerr & Jermier, 1978), were considered if they could substitute for leader’s social distance.

Further, another scale measuring social distance was considered; however, this scale was rejected as it measures social distance in a non-work setting (Bogardus, 1933). Therefore, to measure the leader’s social distance, the scale of Torres and Bligh (2012) was adopted which has 14 items measured on a 7-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree) with alpha reliability of

0.86 (Torres & Bligh, 2012). Sample items are “I feel like I can talk about non-work related subjects with him/her”, “I feel like I can use humor in my interactions with him/her” and “I feel uncomfortable when he/she approaches me”.

3.7.4 Ethical Climate

The ethical climate is a moderator, and the scale to measure ethical climate was adopted from Schwepker (2001). This scale was adopted as it is unidimensional and uses a short number of items (Mulki, Jaramillo & Locander, 2008). This adopted scale is used to measure the individual’s assessment of the code of ethics, corporate policies and focus of top management towards ethical climate (Jaramillo, Mulki & Solomon, 2006; Mulki et al., 2008). Another available scale of ethical climate measures different dimensions of ethical climate, which does not match the scope of this study. Therefore, the scale composed of seven items measured on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) with reliability as 0.89 (Schwepker, 2001) was adopted for this study. Sample items are “My company has a formal, written code of ethics”, “My company strictly enforces a code of ethics” and “Top management in my company has let it be known in no uncertain terms that unethical behaviors will not be tolerated”.

3.7.5 Psychological Empowerment

Psychological empowerment is selected as a mediator of the study that mediates the relationship between ethical leadership and employee outcomes. This adopted scale is widely used in the recent studies (Ahmad and Gao, 2018; Dust et al., 2018). Therefore, to measure psychological empowerment, frequently used scale of Spreitzer (1995) was adopted. The scale has 12 items measured on a 7-point Likert scale ranging from strongly disagree (1) to strongly agree (7). The alpha reliability of the scale was 0.92 (Spreitzer, 1995). Sample items are “The work I do is very important to me”, “I am confident about my ability to do my job”, “I have significant autonomy in determining how I do my job” and “My impact on what happens in my department is large”.

3.7.6 Job Satisfaction

Job satisfaction is a dependent variable in this research study. Out of various available scales to measure job satisfaction, such as Minnesota Satisfaction Questionnaire which includes a single item (Wanous, Reichers, & Hudy, 1997) and Job Descriptive Index (JDI) which is a faceted measure to assess the job satisfaction with five distinct areas, such as work itself, supervision, people, pay and promotion (Smith, Kendall & Hulin, 1969). This scale is a commonly used scale that measures job satisfaction as a sum of facets. Further, Scarpello and Campbell (1983) articulated that individual questions about different aspects of the job do not fit well with a global measure of overall satisfaction. Therefore, the scale developed by Brayfield and Rothe (1951) and later on used by Judge, Bono, & Locke (2000) is adopted to measure job satisfaction as it overall measures the job satisfaction. The scale consists of five items measured on a 7-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree). The scale has alpha reliability as 0.91. Sample items include “I feel fairly satisfied with my present job”, “Most days I am enthusiastic about my work” and “I find real enjoyment in my work”.

3.7.7 Organization Commitment

Organization commitment is another dependent variable in this research investigation. Therefore, to measure organization commitment, several instruments were identified, such as Allen and Meyer (1990, 1996) and Clugston et al. (2000). However, these two scales measure different dimensions of organization commitment, which does not match the scope of this study. Therefore, a single-dimensional scale developed by Porter, Steers, Mowday & Boulian (1974), which comprises of fifteen items, was selected to measure organization commitment. The item consists of six positively worded items and six reversed code items (to reduce biasness). Lately, Mowday and colleagues (1979) advocated that positively worded items work out as an acceptable substitute to the longer version of this scale and find this scale equally effective to measure the organization commitment. Therefore, the shorter version of the scale consisting of eight items measured on a 7-point Likert scale

ranging from 1 (strongly disagree) to 7 (strongly agree) was adopted. The scale has alpha reliability of 0.93 (Mowday et al., 1979). The sample items are “I am willing to put in a great deal of effort beyond what normally is expected in order to help this organization to be successful”, “I talk up this organization to my friends as a great organization to work for” and “I find that my values and the organization’s values are very similar”.

3.7.8 Cynicism

Similar to job satisfaction and organization commitment, various scales were identified to measure organization cynicism, for example, Dean et al. (1998), Niederhoffer (1967) and Brandes, Dharwadkar and Dean (1999) measured organization cynicism and its different dimensions (such as affective, cognitive and behavioral cynicism). This did not match the scope of this study. Therefore, a commonly used single-dimensional scale developed by Brandes et al. (1999) was selected for this research investigation. The scale has twelve items measured on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The scale has alpha reliability of 0.92 (Brandes et al., 1999). Sample items are “I believe my organization says one thing and does another”, “My organization’s policies, goals, and practices seem to have little in common” and “When my organization says it’s going to do something, I wonder if it will really happen”.

3.7.9 Job Embeddedness

Job embeddedness is the fourth dependent variable of this study and is a multidimensional construct (Mitchell et al., 2001). Therefore, instead of adopting a scale that measures its different dimensions, this study adopts a scale which measures job embeddedness in its composite form. Further, to match the scope of the existing study and to measure the composite form of job embeddedness, the scale developed by Crossley et al. (2007) was adopted. This scale clearly instructs the respondents to respond, considering the work and non-work factors. The scale has seven items measured on a 5-point Likert scale ranging from 1 (strongly disagree)

to 5 (strongly agree). The scale has alpha reliability as 0.87 (Crossley et al., 2007). Sample items are “I feel attached to this organization”, “It would be difficult for me to leave this organization” and “I am tightly connected to this organization”.

3.7.10 Summary of Scales

Table 3.1 provides a summary overview of all the instruments to be adopted for the present study, which have been discussed in detail under sections 3.7.1 to 3.7.9.

TABLE 3.1: Summary of Scales.

Variable Used	Developed by	No. of Items	Measure
Ethical Leadership	Kalshoven et al., 2011	38	Strongly disagree → 1
Power			Strongly Agree: → 5
Distance Orientation	Earley & Erez, 1997	8	Strongly disagree: → 1
Leaders			Strongly agree: → 7
Social Distance	Torres & Bligh, 2012	14	Strongly disagree: → 1
Ethical Climate			Strongly agree: → 7
Psychological Empowerment	Schwepker, 2001	7	Strongly disagree: → 1
Job Satisfaction			Strongly agree: → 5
Organization Commitment	Spreitzer, 1995	12	Strongly disagree: → 1
Cynicism			Strongly agree: → 7
Job Embeddedness	Judge et al., 2000	5	Strongly disagree: → 1
			Strongly agree: → 7
	Mowday et al., 1979	8	Strongly disagree: → 1
			Strongly agree: → 7
	Brandes et al., 1999	12	Strongly disagree: → 1
			Strongly agree: → 5
	Crossley et al., 2007	7	Strongly disagree: → 1
			Strongly agree: → 5

3.8 Pilot Testing

Prior to the final data collection, the questionnaire was discussed with more than twenty (20) professionals from the Banking sector to assess their feedback regarding items in the questionnaire and respondent's interpretation against them. Based upon their recommendations and without changing the original words in questionnaire items, few uncommon words which needed explanation were included in the brackets with the original words. For example, an item of cynicism scale has the word aggravation (annoying), and ethical climate scale has the word reprimanded (warning) which were accompanied by their synonyms to make the statement more understandable and get the right response from the respondents.

Pilot testing is significant, and it allows us to examine the research design with a subsample of the total survey population (Gill & Johnson, 2010). Further, pilot testing allows the researcher to analyze any modifications required prior to final data collection concerning respondent's interpretation, reaction to the items in a survey, research design, final methods and tools to collect the data (Van Teijlingen & Hundley, 2001). Thus, pilot testing identifies the practicality of proposed observations in the real world and its validity. Drawing on the significance of pilot testing, a subgroup of responses was examined for pilot testing to analyze and validate the reliability and validity of data collection instruments. Sixty-seven respondents participated in the pilot study. Sample of the respondents was tested for scale reliability, EFA and correlation analysis. Reliabilities of all the adopted instruments were above 0.70, which met the benchmark (Lance, Butts, & Michels, 2006). Further, construct validity exploratory factor analysis (EFA) was conducted through Varimax rotation. Results of the EFA produced successful factor loadings with few cross-loadings below 0.3, which were not considered. Wherein all the items loaded on their factors with significant loading values. Moreover, correlation analysis was also performed to examine the strength of proposed relationships. All the results of correlation analysis in this study were reported by using the actual P-value other than asterisks to represent the significance level (Meyer, van Witteloostuijn & Beugelsdijk, 2017). Further, the results affirmed the positive association of ethical leadership with outcome variables, which was

later on confirmed by the scientific analysis performed on the complete dataset. Based on these results, data collection was completed from the target population.

3.8.1 Data Set

Sample size of this research study was ascertained at 600 survey responses (300 from each sector) for both points in times of data collection (Time 1 and Time 2) with a lag time of 30 days. Further, to generate 80% return rate of the survey, a total number of 800 questionnaires was distributed at Time 1 in the target population, i.e. public sector (banks, offices and call centers) and private sector (commercial banks and call centers) organizations. As the data collection completed, the final set of data collected was thoroughly reviewed for data filtration prior to hypothesis testing.

In the course of data cleansing process, a total number of 16 responses was disregarded due to insufficient information in the responses, and 52 others were dropped as the respondent's selected neutral response against each question. This resulted in the final dataset of 585 responses with an aggregate response rate of 73% against the initially distributed questionnaires base of 800. The 585 response feedbacks were computed in SPSS to examine different statistical tests. Following this, the computed data file of SPSS was again reviewed to detect any missing values that were replaced with the series mean to avoid any escalated results and to eliminate propensity of no-response biasness. Lastly, the reverse coded items were also reversed through SPSS reverse coding technique prior to performing further statistical analysis.

3.9 Characteristics of the Sample

Analysis of the sample characteristics provides details of the respondent structure in the final set of data to understand the attributes of the population composition of the respondents in this study. Details of the population analysis and corresponding frequencies are presented in Table 3.2.

3.9.1 Characteristics of the Respondents' Sample

The population characteristics are composed of employees from private and public sector organizations. Population characteristics in this sample are discussed as follows:

Total male respondents were 75.2%, and 24.8% females represent the population of working women proportion in Pakistan (Economic Survey of Pakistan, 2018). A similar sample proportion is reported in the study of Ahmad and Gao (2018). Thus, male and female composition in this sample is the representative of the industry which is increased to 28.2% in the year 2017-18 as compared to 26.5% for the year 2014-15 (Economic Survey of Pakistan, 2018); the mean age was 30.4 years (SD = 7). Majority of the respondents had work experience between 1 and 5 years (mean = 4.89, SD = 4.6). Out of the total sample, 62.9% were unmarried, and 37.1% were married. A large majority of the respondents was employed in the public sector, i.e. 63.4%. The sample was educated, who easily understood the English language of the survey questionnaire, as 56.2% held a Master's degree, and 33.7% held a Bachelor's degree. Table 3.2 presents the summary of sample characteristics as below.

TABLE 3.2: Summary of Respondent Characteristics.

Description	Frequencies	Percentage
Sample Gender		
Male	440	75.2
Female	145	24.8
Marriage State		
Married	217	37.1
Unmarried	368	62.9
Sector		
Public sector	371	63.4
Private sector	214	36.6
Qualification		
Matric	1	.2
Bachelors	196	33.5

Masters	329	56.2
MS/PhD	50	8.5
Any other	9	1.5
Language		
Urdu	232	39.7
English	3	.5
Punjabi	238	40.7
Pashtu	89	15.2
Sindhi	5	.9
Any other	18	3.1

Prior to statistically testing the proposed relationship, the influence of demographic variables was examined for their impact on the dependent variable through Analysis of Variance (ANOVA). Demographic and organization characteristic variables were coded into a dichotomous category, i.e. gender, marital status, and sector. However, to proceed with further variables, various categories were regrouped in dummy variables. Out of above demographic variables, some of the demographic variables with various categories were regrouped by making dummy variables. The variable of Qualification significantly influenced the dependent variables, i.e. cynicism. Therefore, it was divided and regrouped in two groups, i.e. less than bachelor's and above master's (limited responses were recorded in others category. Therefore, this was not included in the analysis). In addition to Qualification, the variable of language was also regrouped in three dummy variables, i.e. Urdu, Punjabi and any other. Description of the dummy variables is presented in Table 3.3 as below.

TABLE 3.3: Indicator of Dummy Variables.

Demographic Variable	Dummy Variables
Qualification	Bachelors and below
	Above Masters
Language	Urdu
	Punjabi
	Any other

3.10 Key Constructs of the Study

This research study is intended to analyze the ethical leadership and its influence on employee outcomes with the moderating role of power distance orientation, social distance and ethical climate. Additionally, this research study also examines the mediating role of psychological empowerment between the relationship of ethical leadership, job satisfaction, organization commitment, cynicism and job embeddedness. To ensure reliability, consistency, and quality of the adopted scales, this study conducts a reliability test of all the scales. Results of the reliability test determine the consistency of a scale and the corresponding items in an instrument which are used to collect the data. Thus, a significant result of the validity and reliability tests expresses the overall reliability and authenticity of the adopted measure. Earlier studies indicate a distinctive criterion to affirm the reliability of a scale. However, generally in social sciences, a rule of thumb is followed, i.e. minimum scale reliability should be above 0.70 (Cronbach, 1951; Nunnally & Bernstein, 1994; Streiner, 2003). Any alpha reliability estimate exceeding .9 is accorded as “Excellent”, an estimate exceeding .8 but below .9 is considered as “Good”, and an estimate above .7 but below .8 is “Acceptable”. Whereas, alpha reliability value above .6 but less than .7 is “Questionable”, an estimate exceeding .5 but less than .6 is “Poor”, and any value below .5 is not admissible (Streiner, 2003). Aforementioned criteria of alpha reliability are summarized in Table 3.4.

TABLE 3.4: Indicator of Reliability.

Cronbach’s Alpha	Internal Consistency
$0.9 \leq \alpha$	Excellent
$0.8 \leq \alpha < 0.9$	Good
$0.7 \leq \alpha < 0.8$	Acceptable
$0.6 \leq \alpha < 0.7$	Questionable
$0.5 \leq \alpha < 0.6$	Poor
$\alpha < 0.5$	Unacceptable

In addition to the aforementioned criteria, a total number of items in a measure also influences the alpha reliability of a scale. Though a higher value of Cronbach's alpha indicates high confidence on the measure. However, the alpha reliability for a multi-dimensional construct might be inferior and requires to be ascertained by conducting a factor structure analysis to determine scale item loading (George & Mallery, 2003). A detailed summary of scale reliability is presented in Table 3.5.

TABLE 3.5: Summary of Scale Reliability.

Key Variables	Alpha Value	Item No.	Items Retained
Ethical Leadership	.889	38	38
Power Distance Orientation	.878	8	8
Leader's Social Distance	.939	14	14
Ethical Climate	.890	7	7
Psychological Empowerment	.926	12	12
Job Satisfaction	.903	5	5
Organization Commitment	.942	8	8
Cynicism	.886	12	12
Job Embeddedness	.837	7	7

3.11 Summary of Statistical Analysis

This section of the research investigation outlines a detailed description of the mechanism and the data analysis procedures used in this study to examine the proposed relationships and to assess the outcomes of the study. Primarily, this study conducts a factor structure analysis, confirmatory factor structure analysis, correlation coefficient analysis, hypothesized relationship testing, moderated and mediated analyses through using SPSS, SEM, AMOS and moderated mediation analyses conducted through the process by Preacher and Hayes. Initial screening of the collected dataset is performed using data normality test, multicollinearity test, scale reliability tests, followed by advanced data analyses tests which are divided into three broad stages as below.

The initial stage of data analyses includes normal data distribution test, reliability analysis and descriptive statistical analysis to assess the basic demographic patterns of the data collected. Prior to proceeding for any other analysis, control variables including age, gender, marital state, tenure, sector, language and qualification were also evaluated using Analysis of Variance test (ANOVA) to analyze any interrelation of the demographic and work-related control variables with all the criterion variables of the study. One-Way ANOVA test examines and compares the variance of statistical mean estimate of two or more independent clusters in the sample. Furthermore, this study also conducts two separate correlation analyses (Model A & Model B) to assess the interrelationship of predictor and criterion variables. Outcomes of the correlation analysis were discussed in view of the present studies which suggest that any correlation value above .8 might impact the discriminant and convergent validity of the two variables (Kline, 2005). Here it is imperative to mention that any correlation estimate above .8 is considered as acceptable, only if both the variables have some conceptual support to be distinguished from one another. Finally, the factor structure of the collected data was assessed through Exploratory Factor Structure Analysis (EFA) using SPSS and Confirmatory Factor Structure Analysis (CFA) using AMOS. Analysis of EFA was carried out using the dimensional reduction approach in an attempt to uncover any underlying factors in the final dataset (details of the EFA are mentioned in Chapter 4). EFA was followed by CFA technique using AMOS to further authenticate the results of the EFA analysis. Thus, the final dataset was examined to reconfirm the overall data structure using Structural Equation Modelling (SEM) to analyze any relational association in the observed and latent variables. SEM uses advanced, flexible and hassle-free technique which estimates a sequential yet inter-related equation. The technique of SEM comprises of two steps: firstly, it uses a measurement model and secondly, it uses a structural/hypothesized model (Anderson & Gerbing, 1988). Therefore, to examine a measurement model, all the latent variables are required to be associated with its items to produce a CFA result prior to testing a structural/hypothesized model. A structural/hypothesized model specifies an immediate and implied impact on the relational correlation of

a latent variable on another variable. Contending on the above, this study conducted a CFA evaluation on the same pattern by initially connecting all the latent variables, its corresponding items and other latent variables of the study. The outcome of the CFA analysis distinguishes between scale items and the constructs used in this research study. Further, the criteria for factor loading were determined as any value below .40 should be dropped (Steven, 1996). Thereby, the outcomes of CFA analysis also support to cleanse the structural/hypothesized model.

Followed by CFA analysis, the direct relational association between independent variable and dependent variable was examined through path analysis to assess the structural/hypothesized model. The aforementioned technique was also used to examine the direct relationship of composite and seven-dimensional model of ethical leadership with four outcome variables, i.e. job satisfaction, organization commitment, cynicism and job embeddedness. Thus, this study has examined the relationship between seven different dimensions and composite form of ethical leadership (antecedents) with job satisfaction, organization commitment, cynicism and job embeddedness (Consequence) through structural equation modeling (SEM). Using the second order composite scale is consistent with the various earlier studies (Dust et al., 2018; Masterson et al., 2000; Piccolo & Colquitt, 2006; Rafferty & Griffin, 2004).

Further, to better understand and eliminate the risk of multicollinearity, all the moderators of the study were standardized using the Z score for testing moderation influence on the relationship. Z score method normalizes the variable using population mean and standard deviation. Therefore, to calculate standardized moderators, the individual score is subtracted from the population mean divided by the standard deviation of the population ($Z = (x - \mu)/\sigma$, where x = individual score, μ = population mean, σ = population standard deviation). Generally, the standardization approach compares an observation which is also known as Z score, normal score or standardized variable. This standard variable can assume a negative or positive value, where a negative score indicates a value less than the population mean, and a positive value signifies an estimated value greater than

the population mean. Generally, Z score for a given set of data is zero. Therefore, this study also calculates standardized moderation variables in the same way to examine the moderation impact in the proposed relationship using the AMOS technique.

Moderation tests were examined using two techniques, i.e. through AMOS and Process Macro. Following the standardization method, an interacting variable is computed through the interaction (IV*M) of the predictor variable (ethical leadership) and the study moderators (i.e. ethical climate, power distance orientation, and leaders' social distance) using SPSS. After assessing the path analysis of predictor-criterion variables, moderating analyses (i.e. power distance orientation, leaders' social distance and ethical climate) were assessed through SEM implying predictor-criterion equation simultaneously, unlike in SPSS. To further validate the moderation results, moderation analysis was also conducted using Process Macro. While in Process Macro, moderators' standardization is performed automatically; therefore, standardized variables were not used. The role of identified moderators was examined in the relationship of ethical leadership and psychological empowerment and how moderators influence this relationship.

According to the guidelines of SEM technique, the above-proposed model is analyzed using the guidelines of structural/hypothesized model to analyze the collected set of data (Hair, Black, Babin, Anderson & Tatham, 1998). In addition, the estimation approach in SEM enables to evaluate that if the structural/hypothesized model adequately fits with the collected data, as a sufficient fit-model shows a strong relationship amid different constructs under study. Further, to attain a superb model-fit, SEM technique uses post-hoc statistical modification rules. To determine an adequate model-fit, SEM approach uses a wide range of statistical indicators, out of which, three statistical indicators are commonly used, i.e. Comparative fit/Incremental fit indicators, absolute fit indicators (Chi-Squared test, RMSEA, AGFI, GFI, and RMR), and model parsimony indicators (Holmes-Smith, Coote & Cunningham, 2004). Earlier studies have used different fit indicators to determine the model-fit criteria (Ping Jr., 2004); for example, the study of Byrne (2001) recommends that every model fit indicates different indices to determine

fit, and rules should be followed to obtain a good model-fit for reporting results. Commonly used model-fit indicators also include Comparative Fit Indices (CFI), Root Mean Square Error of Approximation Indices (RMSEA), and Tucker Lewis coefficient Indices (TLI). Wherein, some scholars suggest Chi-squared Indices, TLI Indices and CFI Indices as acceptable model fitting indicators (Kenny & McCoach, 2003; Steenkamp, Batra & Alden, 2003), the study of Bentler (1990) recommends that Incremental Fit Indices (IFI), Tucker-Lewis coefficient Indices (TLI), and Comparative Fit Indices (CFI) are sufficient fit indicators, and the study of Fan, Thompson & Wang (1999) recommends TLI, CFI and RMSEA as adequate fit indicators for reporting SEM results. Hence, there is limited consensus towards the reporting of model-fit indicators. Therefore, it is not feasible to report all the model-fit indicators corresponding to an individual dataset (Holmes-Smith et al., 2004; Hu & Bentler, 1999). Thus, this research study only reports fit indicators which are commonly used and accepted.

Before switching to the data evaluation, this section of the study briefly discusses the commonly used fit indicators of SEM. Comparative Fit Indices (CFI), also known as Bentler Comparative Fit Indices, explore the model fit by comparing the collected data and the hypothesized model. It also adjusts issues in sample size, and due to this attribute, it is considered as a reliable indicator of model-fit. Model-fit indicating value of CFI ranges from 0 to 1, where greater CFI values indicate a better model fit. Root Mean Square Error of Approximation (RMSEA) is another significant model-fit indicator which avoids size of the sample, analyzes the data inconsistency with covariance matrix in the structural/hypothesized model and indicates a convergence fit. RMSEA fit indicator value ranges from 0-1 (where RMSEA value above 0.01 is excellent model fit, any value less than .05 indicates a good fit, any value less than .08 indicates a mediocre fit, and any value above .10 is a poor fit). Thus, smaller the value of RMSEA, superior the model-fitting (Hu & Bentler, 1999). Similarly, Incremental Fit Index (IFI) also indicates model-fit by comparing chi-square with the baseline model. Any IFI value near 1 indicates an excellent fitting model (Bollen, 1989). In addition, the benchmark value for CFI and TLI is determined as above .90, which signifies a good fitting model (Hair

et al., 1998; Hu & Bentler, 1999).

Upon successful model fitting evaluation of the collected data, the direct inter-relationship of the proposed model, which consists of a seven-dimensional model of ethical leadership (fairness, people orientation, power-sharing, ethical guidance, concern for sustainability, integrity and role clarification), composite ethical leadership model with four endogenous variables (job satisfaction, organization commitment, cynicism and job embeddedness) were examined using AMOS.

In the third step, mediation analyses and moderated mediation analyses were conducted. Psychological empowerment is identified as a potential mediating variable predicted by ethical leadership. Psychological empowerment (the mediator) also serves as an independent variable that consequently influences employee attitude and behavior (job satisfaction, organization commitment, cynicism and job embeddedness). In addition to AMOS, mediation analyses were also conducted using PROCESS Macro by Preacher & Hayes (2008). Last statistical analysis was conducted to examine the moderated mediation (power distance orientation, leaders' social distance and ethical climate) on psychological empowerment and how it consequently influences employee behavior, i.e. job satisfaction, organization commitment, cynicism and ethical climate. Moderated mediation analysis was conducted using PROCESS Macro.

Lastly, in addition to structural model testing for hypothesis, we also estimated the effect size of each relationship, i.e. direct or moderating relationship. Effect size determines the overall contribution of one variable to the other by affirming that this effect was not due to chance. It is argued that the influence of one variable on the other could be significant. However, this may not be practically impressive (Neill, 2008). Thus, effect size stimulates the distance of the actual value from the anticipated value through estimating means of the variables. Therefore, the effect size analysis was conducted for the aforementioned models through Partial Eta Square (Baguley, 2009). Effect size analysis is helpful in identifying the practical significance of the relationship between the two variables (Khalilzadeh & Tasci, 2017). Further, the acceptance criteria for Partial Eta Square are divided into large (.13), medium (above .06 but below .13), and small (.01 but below .06)

(Khalilzadeh & Tasci, 2017). The statistical tests and evaluations applied in this research study are presented in Table 3.6.

TABLE 3.6: Summary of Analyses.

Independent Variable	Dependent Variable (Moderator/Mediator)	Tests Applied
All items of a scale	-	Exploratory factor analysis using SPSS & confirmatory factor analysis using AMOS
Ethical Leadership (Direct relationship)	Job satisfaction, Organization commitment, Cynicism, Job embeddedness and Psychological empowerment	Linear regression analysis, Path analysis, effect size
Ethical Leadership: Seven Dimensions (Direct relationship)	Job satisfaction, Organization commitment, Cynicism, Job embeddedness and Psychological empowerment	Linear regression analysis, Path analysis, effect size
Ethical Leadership	Job satisfaction, Organization commitment, Cynicism, Job embeddedness (Mediation: Psychological empowerment)	Regression analysis, Path analysis, Process by Preacher & Hayes
Ethical Leadership	Psychological empowerment Moderation: Ethical Climate, Power distance orientation, Leaders social distance	Regression analysis, Process by Preacher & Hayes, effect size

Independent Variable	Dependent Variable (Moderator/Mediator)	Tests Applied
Ethical Leadership	Job satisfaction, Cynicism, Organization commitment, Job embeddedness - Mediation: Ethical climate, Power orientation, and Social distance - Mediation: Psychological empowerment	Process by Preacher & Hayes (Moderated-mediation)

This study is unique as it contributes to the existing literature through examining the unidimensional and multidimensional aspects of ethical leadership and their association with the employee outcomes (i.e. job satisfaction, organization commitment, cynicism and job embeddedness). In addition, this study also examines the mediation (psychological empowerment), moderation analysis (ethical climate, power distance orientation, and leaders' social distance), followed by moderated mediation analysis and effect size analysis.

3.12 Chapter Summary

This chapter discussed the methodological details of this research study, including the data collection techniques, time horizon, level of data collection, the survey population, and instruments adopted. Further, this chapter discussed the significance of survey techniques adopted for the data collection and the sampling technique. According to the scope of the research study, the unit of analysis was selected as an individual, and the survey population was selected as public and private sector organizations of major cities in Pakistan, i.e. Islamabad, Rawalpindi, Lahore, and Karachi. This section of the dissertation also discussed the details of pilot testing, demographic details of the collected sample, the initial data tests (i.e.

data normality, multicollinearity, etc.), and the details of analyses to be conducted on the final dataset. The next chapter presents the results of the data collected.

Chapter 4

Results and Analysis

4.1 Chapter Introduction

Present chapter of this research study specifies the data assessment tests carried out and details the emerging results. Out of the above chapters, Chapter 2 of this study presented a review of the literature concerning the predictor, the criterion, the moderators and the mediator constructs, and Chapter 3 explained the methodology adopted to operationalize these constructs.

A short overview of the methodology deployed in this study is also discussed in the introduction section of this chapter prior to presenting the detail of evaluation tests and research outcomes. In total, this research study consists of nine variable constructs; this includes ethical leadership as independent variable, which is measured through 38-item scale of Kalshoven et al. (2011).

The four main dependent variables are job satisfaction, organization commitment, cynicism and job embeddedness measured through a scale developed by Judge et al. (2000), Mowday et al. (1979), Brandes et al. (1999), and Crossley et al. (2007), respectively. Psychological empowerment is investigated as a prospective mediator in the relationship of ethical leadership and the aforementioned outcome variables; it is measured through a 12-item scale of Spreitzer (1995). In addition, the study also examines the moderating impact of ethical climate, power distance

orientation, and leaders' social distance on the relationship between ethical leadership and psychological empowerment. The concept of ethical climate is measured through a seven-item scale of Schwepker (2001), power distance orientation is measured through an eight-item scale of Earley & Erez, (1997), and leaders' distance is measured through a 14-item scale of Torres & Bligh (2012).

Chapter 3 also details the research methodology adopted for this study. Data were collected from a population group of individuals working in various private and public organizations, which includes banks, call centers and government offices. The data were collected from four key cities of Pakistan including Islamabad/Rawalpindi, Lahore, and Karachi through survey questionnaires at two different times with a time lag of four weeks (i.e. Time 1 & Time 2). At both times of collecting data, the survey questionnaire was segregated into three segments, including the purpose of the survey, scale items and respondents' demographic information. Out of a total of 800 distributed survey questionnaires, 585 complete responses appeared in the final set of data.

Additionally, this chapter also details the techniques adopted to measure the construct validity using Exploratory and Confirmatory Factor Analysis (EFA & CFA respectively) for the final set of data before evaluating the hypotheses. After EFA and CFA, this chapter presents the results related to the normal distribution of data collected, correlation coefficient analyses and Analysis of variance (ANOVA) test.

Next section of this chapter details the core analysis deployed which includes examination of the direct relationship, the moderated relationship, the mediated relationship followed by the moderated mediation relationship as proposed in the Chapter 2. Apart from unidimensional ethical leadership style, this research study also probes into the multi-dimensional characteristics of ethical leaders and how these traits influence employee behavior. Data analyses were conducted using SPSS, AMOS and PROCESS to test the hypothesized interrelationship among the variables. Last section of this study presents an overview of the accepted/rejected hypotheses.

4.2 Analysis of Data

According to the recent attention to the characteristics of ethical leaders, this study investigates the composite and dimensional model of ethical leadership style. Literature suggests that composite form of ethical leadership produces affirmative employees' responses. Though the majority of ethical leadership literature is nurtured in Western society, hence, this study aims to examine the composite form of ethical leadership with job satisfaction, organization commitment, cynicism and job embeddedness. The model which examines the composite form of ethical leadership style is labelled as Model A in this study. In addition, this study also analyzes the seven-dimensional model of ethical leadership developed by Kalshoven and colleagues (2011) with the aforementioned employee outcomes of job satisfaction, organization commitment, cynicism and job embeddedness. The model which tests the seven-dimensional effect of ethical leadership on employee outcomes is labelled as Model B in this study. Present chapter also represents separate analytical outcomes of both the models (composite ethical leadership - Model A and multi-dimensional ethical leadership - Model B) using the heading of corresponding model. Further, this chapter also conducts dedicated CFAs, data normality tests, multi-collinearity diagnostics, correlation analyses, and hypotheses testing for both the models.

4.2.1 Examining the Factor Structure of the Sample

Factor structure analysis is widely recognized and generally accepted approach to ratify the validity of a construct. Factor structure analysis reconfirms the pattern/structure of the data collected and verifies the scale reliability adopted to measure the constructs in the study. Additionally, factor structure determines the relational association in a given number of variables which are used to measure a particular construct. Thus, factor structure focuses on the variance of the variables enabling each item to load on one and only one factor (Kerlinger & Lee, 1999). Thus, the technique of factor structure generates a particular set of factors while ensuring minimum loss of data (Child, 2006). Contending on the above

approach, this study carried out a detailed factor structure investigation through EFA analysis using SPSS, followed by several CFA analyses using statistical package of AMOS. A comprehensive CFA analysis was conducted to further validate the outcomes of EFA analysis through AMOS. Therefore, the results of factor structure analysis validate the construct and discriminant validity.

4.2.2 Exploratory Factor Structure (EFA) Analysis

4.2.2.1 Principle Component Analysis

Exploratory Factor Analysis is a data reduction technique which is used to produce a meaningful set of information. It uses different techniques to determine factor structure of the collected data, out of which Principal Component Analysis (PCA) uses an approach to primarily clean the data, making it simple to explore the set of data and to identify strong pattern in the dataset by minimizing the variance. PCA uses variance and covariance of the variables to determine the final set of factors. PCA also uses eigenvalues, usually benchmarked as above 1, to extract the factors from a given dataset. In addition, PCA offers a variety of rotation methods where each rotation offers unique solutions to the factor structure analysis. Factor rotation offers better data fit.

For this study, the rotation technique was selected after conducting experimental factor analyses using different rotation approaches to identify the best and most suitable rotation approach for factor extraction. Resultantly, Varimax rotation approach was selected as this is a prominent rotation technique and offers an easy solution by maximizing the sum of variance in the squared loadings producing coefficients that can be large or near zero with limited mediocre values. Varimax rotation is an orthogonal rotation solution that considers very high or very low values by increasing the variance of the loadings which makes it easy to load each item appropriately on a single factor only (Abdi, 2003).

Significance of Factor analysis is determined by another estimate which is known as Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) test. This test ensures the adequacy of the dataset by indicating a proportion of variance in the

sample due to underlying factors. KMO test can assume a value spanning from 0 to 1, generally higher values, i.e. close to 1, and indicates that factor analysis may bring useful outcomes and a greater fit of model (Cerny & Kaiser, 1977).

Different KMO values indicate a different degree of sampling adequacy. Cerny and Kaiser (1977) have established standard criteria for KMO estimates; for example, any KMO value above .9 to 1 is marvelous, any KMO value above .8 to .89 is meritorious, any KMO value above .7 to .79 is middling, any KMO value above .6 to .69 is mediocre, any KMO value above .5 to .59 is miserable and any value below .5 (i.e. 0 to .49) is poor and not acceptable. Minimum acceptable value for KMO is above 0.60 and any value below this is not acceptable. Summary of this standard criterion is presented in Table 4.1. KMO test estimate in this research study was .91, conforming to the benchmark criteria.

TABLE 4.1: Criteria for KMO Estimate.

.9 to 1	marvelous
.8 to .89	meritorious
.7 to .79	middling
.6 to .69	mediocre
.5 to .59	miserable
0 to .49	unacceptable

Usually, Bartlett's Test of Sphericity is performed while using a data reduction technique, i.e. PCA or EFA to determine that the data reduction technique can bring data in some meaningful form. This test compares observed and identity matrix correlation of the dataset to ascertain any redundancy among the variable which can be summarized into factors (Bartlett, 1937). Bartlett's test assumes two hypotheses, where null hypothesis analyzes that variables are not correlated, while alternate hypothesis examines that variables are enough correlated to diverge from identity matrix. Any value of Bartlett's test below .5 is appreciated; Bartlett's estimate for this study is .000. Results of EFA analysis also produce

a table indicating the estimates of communalities; this test indicates the aggregate variance reported by each variable. In other words, communalities ensure reliability through the extent to which an item inter-correlates with other items. High communality value indicates better item loading results, while low degree of communality indicates that a particular variable may find it difficult to load on any factor. Table of communalities in this study shows value below 1, and the value of variance explained is above .5. Thus, standard criteria are met.

Table 4.2 represents the factor analysis of ethical leadership, leaders' social distance, ethical climate and power distance orientation (moderators) and psychological empowerment (mediator), with a total of 79 items. Table 4.3 presents the factor analysis of outcome variables, i.e. job satisfaction, organization commitment, cynicism and job embeddedness, with 32 items in total. EFA results indicate 15 factors extracted (as each of the seven dimensions of ethical leadership was treated as an independent variable). Tabachnick, Fidell and Osterlind (2007) identified a standard criterion for factor loading as an estimate of .3. Thus, any value below .3 was suppressed, and was not made part of the rotated solution (Baker & Charvat, 2008); further, these values were not presented in the final solution. The details of item loading are summarized in Tables 4.2 and Table 4.3.

TABLE 4.2: Factor Analysis of Ethical Leadership, Power Distance Orientation, Social Distance, Ethical Climate & Psychological Empowerment.

	Component														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
PPL1							.821								
PPL2							.768								
PPL3							.805								
PPL4							.790								
PPL5							.794								
PPL6							.767								
PPL7							.814								
Fair1													.838		
Fair2													.746		
Fair3													.766		
Fair4													.792		
Fair5													.815		
Fair6													.809		
PS1										.855					
PS2										.835					

	Component														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
PS3										.815					
PS4										.833					
PS5										.826					
PS6										.853					
CS1															.818
CS2															.817
CS3															.833
EG1						.855									
EG2						.766									
EG3						.813									
EG4						.826									
EG5						.849									
EG6						.751									
EG7						.839									
RC1													.865		
RC2													.725		
RC3													.805		

	Component														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
RC4													.772		
RC5													.799		
INT1														.842	
INT2														.809	
INT3														.789	
INT4														.826	
PD1					.884										
PD2					.879										
PD3					.792										
PD4					.773										
PD5					.759										
PD6					.838										
PD7					.883										
PD8					.770										
SD1	.874														
SD2	.822														
SD3	.860														

	Component														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
SD4	.899														
SD5	.892														
SD6	.881														
SD7	.886														
SD8	.774														
SD9	.888														
SD10	.886														
SD11	.900														
SD12	.771														
SD13	.868														
SD14	.847														
EC1							.879								
EC2							.744								
EC3							.784								
EC4							.815								
EC5							.785								
EC6							.708								

	Component														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
EC7							.814								
PE1	.889														
PE2	.892														
PE3	.900														
PE4	.887														
PE5	.818														
PE6	.899														
PE7	.830														
PE8	.852														
PE9	.886														
PE10	.904														
PE11	.907														
PE12	.885														

Note 1: PPL = People orientation, Fair = Fairness, PS = Power sharing, CS = Concern for sustainability, EG = Ethical guidance, RC = Role clarification, INT = Integrity, PD = Power Distance orientation, SD = Social distance, EC = Ethical climate, PE = Psychological empowerment. Note 2: values < .30 are suppressed

TABLE 4.3: Factor Analysis for Outcome Variables.

	Component														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
JE1									.863						
JE2									.794						
JE3									.730						
JE4									.773						
JE5									.799						
JE6									.783						
JE7									.775						
CYN1		.858													
CYN2		.654													
CYN3		.758													
CYN4		.721													
CYN5		.768													
CYN6		.764													
CYN7		.791													
CYN8		.771													
CYN9		.792													

	Component														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
CYN10			.778												
CYN11			.799												
CYN12			.781												
OC1				.847											
OC2				.911											
OC3				.883											
OC4				.880											
OC5				.802											
OC6				.882											
OC7				.801											
OC8				.897											
JS1										.830					
JS2										.892					
JS3										.883					
JS4										.889					
JS5										.884					

Note: *JE* = Job embeddedness, *CYN* = Cynicism, *OC* = Organization commitment, *JS* = Job satisfaction

4.2.3 Measurement/Observed Model: Model Fit

Cudeck and MacCallum (2007) state that EFA is an imperative precursor of CFA, and conducting both analysis in one study supports to confirm (Van Prooijen & Van Der Kloot, 2001) the underlying factor structure and patterns. Therefore, this study conducts more than one CFA analysis for each model to validate the factor analysis and its outcomes. Thus, we carried out a CFA analysis through the AMOS technique.

Confirmatory Factor Analysis is a significant and commonly used approach to validate factor structure of the measured/observed variables under study. Results of CFA analysis are assessed by using estimates of different fit indices, i.e. chi-squared (X^2), Comparative fit indices (CFI), Tucker-Lewis fit indices (TLI), Incremental fit indices (IFI), Root Mean Square Error of Approximation (RMSEA), and non-normed fit indices (NNFI) (Bentler, 1990).

This study has examined various CFA analyses including first-order CFA of ethical leadership, second-order CFA of ethical leadership, measurement model of data collected at Time 1 (ethical leadership, power distance orientation, leaders' social distance and ethical climate), measurement model of data collected at Time 2 (job satisfaction, organization commitment, cynicism and job embeddedness) and, lastly, a combined measurement model of all the measured/observed variables collected at both data collection times (Time 1 & Time 2).

As discussed in Chapter 3, only generally accepted model-fit indicators are reported in this research study, which are X^2 , IFI, CFI, RMSEA and TLI. Nonetheless, before CFA outcomes, this chapter presents a table of encryption as below:

4.2.3.1 Coding Table for Conducting Factor Analysis

Considering a large number of items in this research study, a coding table for every variable and its item was devised. The coding table is presented in Table 4.4.

TABLE 4.4: Coding Table for Conducting Factor Analysis: Model Fit (All Items of Measurement Model).

Item Code	Item Name	Item Code	Item Name	Item Code	Item Name	Item Code	Item Name	Item Code	Item Name
PPL1	People Orientation 1	EG3	Ethical guidance 3	SD3	Social distance 3	PE6	Psychological empowerment 6	CYN12	Cynicism 12
PPL2	People Orientation 2	EG4	Ethical guidance 4	SD4	Social distance 4	PE7	Psychological empowerment 7	OC1	Organization commitment1
PPL3	People Orientation 3	EG5	Ethical guidance 5	SD5	Social distance 5	PE8	Psychological empowerment 8	OC2	Organization commitment2
PPL4	People Orientation 4	EG6	Ethical guidance 6	SD6	Social distance 6	PE9	Psychological empowerment 9	OC3	Organization commitment3
PPL5	People Orientation 5	EG7	Ethical guidance 7	SD7	Social distance 7	PE10	Psychological empowerment 10	OC4	Organization commitment4
PPL6	People Orientation 6	RC1	Role clarification 1	SD8	Social distance 8	PE11	Psychological empowerment 11	OC5	Organization commitment5
PPL7	People Orientation 7	RC2	Role clarification 2	SD9	Social distance 9	JE1	Job embeddedness 1	OC6	Organization commitment6
Fair1	Fairness 1	RC3	Role clarification 3	SD10	Social distance 10	JE2	Job embeddedness 2	OC7	Organization commitment7
Fair2	Fairness 2	RC4	Role clarification 4	SD11	Social distance 11	JE3	Job embeddedness 3	OC8	Organization commitment8
Fair3	Fairness 3	RC5	Role clarification 5	SD12	Social distance 12	JE4	Job embeddedness 4	JS1	Job satisfaction 1
Fair4	Fairness 4	INT1	Integrity 1	SD13	Social distance 13	JE5	Job embeddedness 5	JS2	Job satisfaction 2
Fair5	Fairness 5	INT2	Integrity 2	SD14	Social distance 14	JE6	Job embeddedness 6	JS3	Job satisfaction 3
Fair6	Fairness 6	INT3	Integrity 3	EC1	Ethical climate 1	JE7	Job embeddedness 7	JS4	Job satisfaction 4
PS1	Power sharing 1	INT4	Integrity 4	EC2	Ethical climate 2	CYN1	Cynicism 1	JS5	Job satisfaction 5
PS2	Power sharing 2	PD1	Power Distance Orientation 1	EC3	Ethical climate 3	CYN2	Cynicism 2		
PS3	Power sharing 3	PD2	Power Distance Orientation 2	EC4	Ethical climate 4	CYN3	Cynicism 3		
PS4	Power sharing 4	PD3	Power Distance Orientation 3	EC5	Ethical climate 5	CYN4	Cynicism 4		
PS5	Power sharing 5	PD4	Power Distance Orientation 4	EC6	Ethical climate 6	CYN5	Cynicism 5		
PS6	Power sharing 6	PD5	Power Distance Orientation 5	EC7	Ethical climate 7	CYN6	Cynicism 6		
CS1	Concern for sustainability 1	PD6	Power Distance Orientation 6	PE1	Psychological empowerment 1	CYN7	Cynicism 7		
CS2	Concern for sustainability 2	PD7	Power Distance Orientation 7	PE2	Psychological empowerment 2	CYN8	Cynicism 8		
CS3	Concern for sustainability 3	PD8	Power Distance Orientation 8	PE3	Psychological empowerment 3	CYN9	Cynicism 9		
EG1	Ethical guidance 1	SD1	Social distance 1	PE4	Psychological empowerment 4	CYN10	Cynicism 10		
EG2	Ethical guidance 2	SD2	Social distance 2	PE5	Psychological empowerment 5	CYN11	Cynicism 11		

4.2.4 Measurement/Observed Model: Ethical Leadership

Confirmatory factor analysis (CFA) is a statistical approach which is used to verify factor structure of the dataset which is composed of observed variables. Further, CFA helps in better conceptualization of observed variables and its interpretation. CFA analysis enables to accurately examine the hypothetical relationship between observed and latent variables. Primarily, ethical leadership was considered as a unidimensional construct followed by identification of various dimensions of ethical leadership (Fehr et al., 2015; Kalshoven et al., 2011). Additionally, this study adopted the seven-dimensional model of Kalsoven et al. (2011) to estimate the influence of these dimensions on employee outcome. This is inline with the study of Dust and colleagues (2018) who created one parcel for each dimension of the four dimensions to compose pshychological empowerment. Further, this study revalidates the multidimensional construct of ethical leadership in a non-western setting of this research investigation, i.e. South Asia. Thus, to authenticate the multi-dimensionality of ethical leadership, we conducted the first- and second-order confirmatory factor analysis. To examine the first order CFA of ethical leadership, all 38 indicators (items) were directly associated with the latent variable of ethical leadership (Figure 4.1, Table 4.5). While, the second order CFA was conducted by connecting all the indicators to ethical leadership through its seven dimensions (Figure 4.2, Table 4.5).

Results of first-order CFA converged into a poor model-fit ($X^2 = 16.257$, CFI = .249, IFI = .251, TLI = .206, RMSEA = .163,) and none of the threshold values were met. While, results of the second order CFA indicates all the indicator items loaded satisfactorily on respective dimensions resulting in a greater fit model (CMIN/DF = 1.703, CFI = .966, IFI = .966, TLI = .964, RMSEA = .035) and confirm the seven dimensions of ethical leadership. Thus, the second order model fit met the overall model fit requirement (Hu & Bentler, 1999) and validates the construct validity through meeting the threshold values of IFI, CFI and TLI greater than .90 and the RMSEA less than .08. Thus, CFA results of ethical leadership model fit were in line with the findings of Kalshoven et al. (2011). Therefore, this study calculated the summated indexes on second order CFA for further analysis.

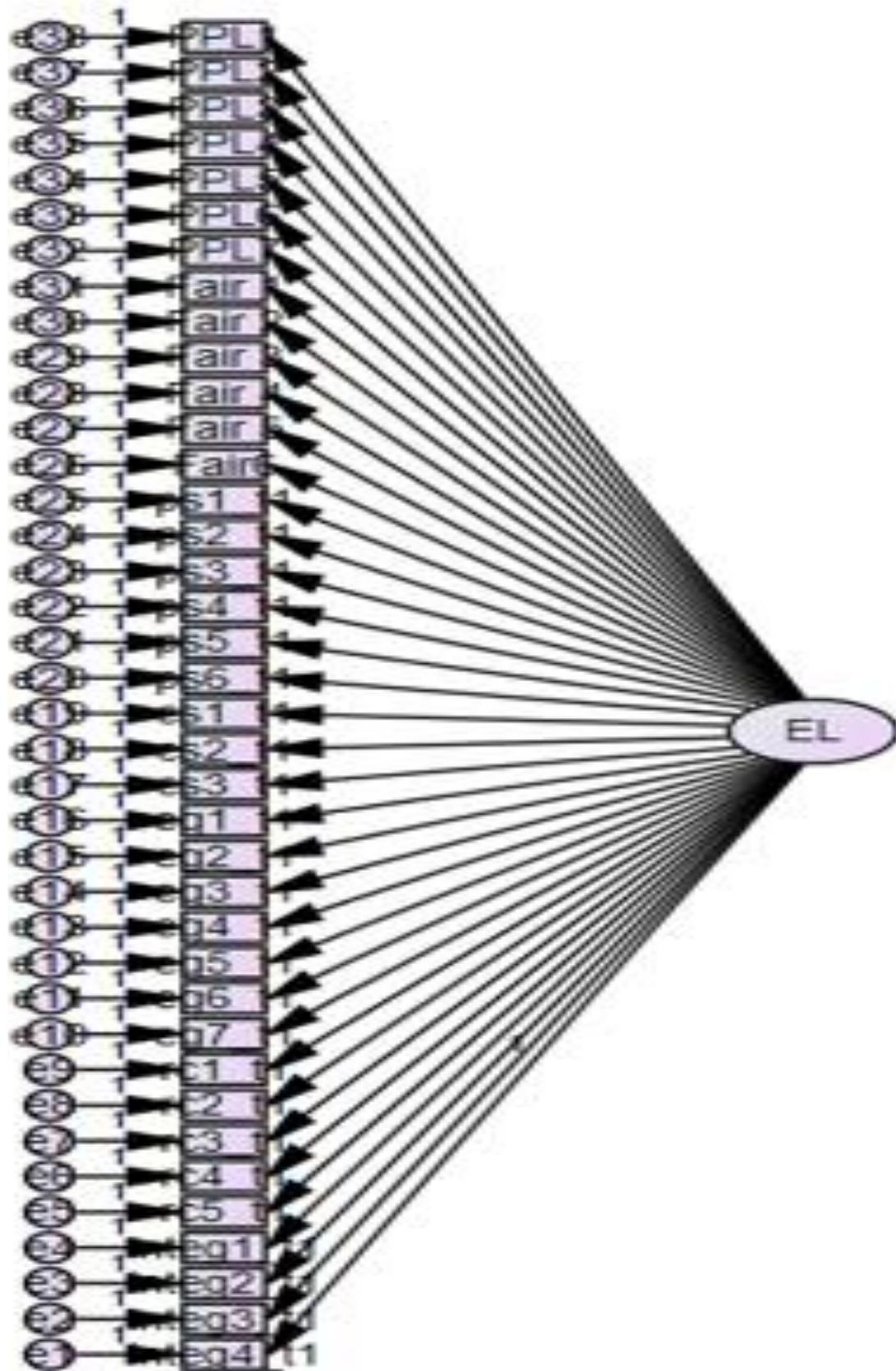


FIGURE 4.1: CFA Analysis: First Order CFA of Ethical Leadership.
 Note: *EL* = Ethical leadership

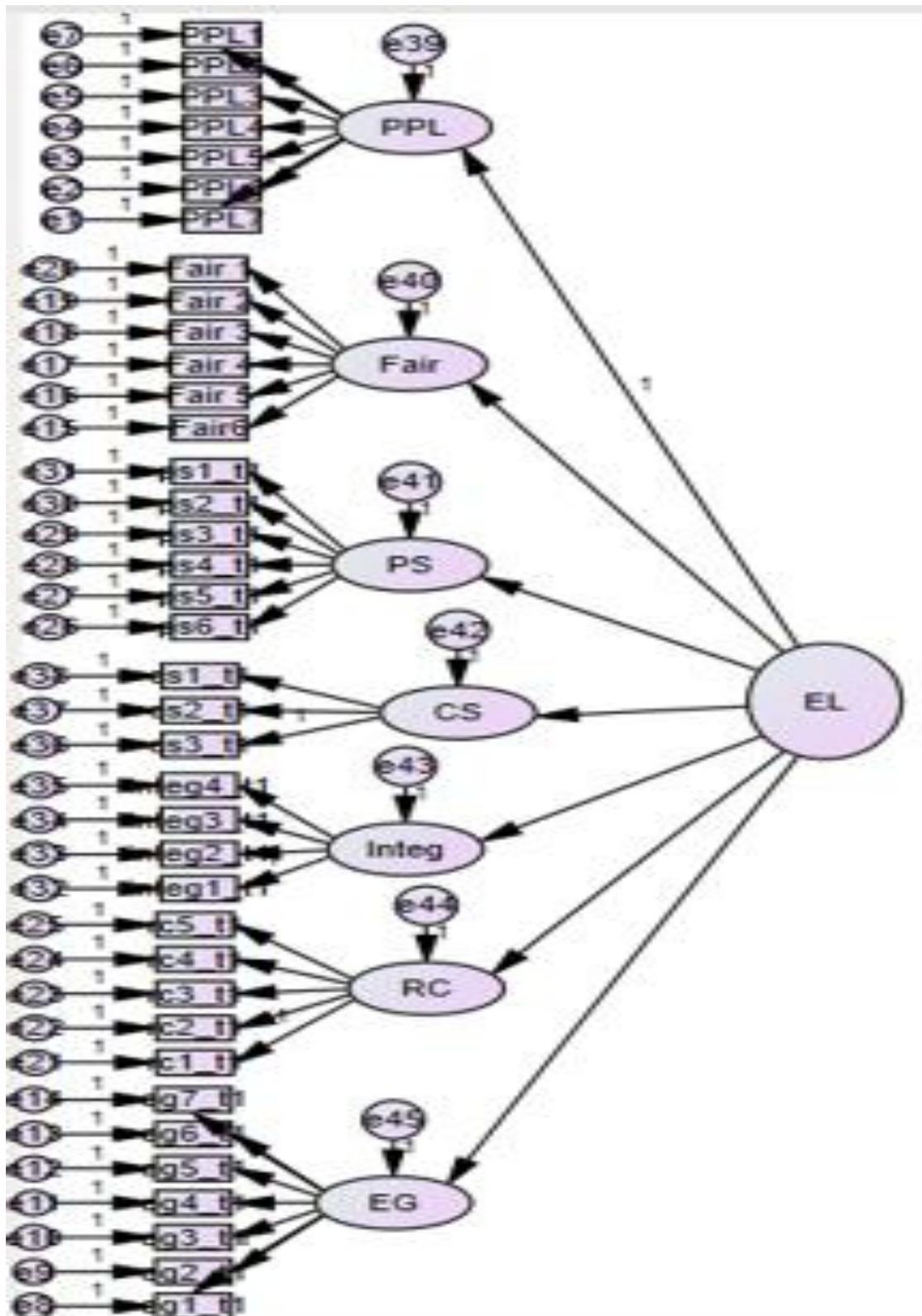


FIGURE 4.2: CFA Analysis: Second Order CFA of Ethical Leadership.

Note: EL = Ethical leadership, PPL = People orientation, Fair = Fairness, PS = power sharing, CS = Concern for sustainability, Integ = Integrity, RC = Role clarification, EG = Ethical guidance

TABLE 4.5: Measurement Model: Ethical Leadership (First order CFA).

Measurement Models	Chi-square/df	CFI	IFI	TLI	RMSEA
Threshold values	< 3	> 0.95	> 0.9	> 0.9	.05-0.1
Initial Solution (1st Order CFA)	16.511	.249	.251	.206	.163
Initial Solution (2nd Order CFA)	1.703	.966	.966	.964	.035

Note: *chi-square/df* = *chi-square/degree of freedom*, *CFI* = *comparative fit index*, *IFI* = *incremental fit index*, *TLI* = *Tucker-Lewis fit index*, *RMSEA* = *root mean square error of approximation*

4.2.5 Confirmatory Factor Analyses 1 (CFA1)

Consistent with the study of Fernandez (2014) as data collection was carried out at two times, two separate CFAs were examined. First, CFA contained the variables collected at Time 1, i.e. ethical leadership, power distance orientation, social distance and ethical climate (Table 4.6, Figure 4.3). The second CFA was conducted on psychological empowerment, job satisfaction, organization commitment, cynicism and job embeddedness, data collected at Time 2 (Table 4.7, Figure 4.4). Sample size remained 585 in both CFAs ($N = 585$). In addition, this study follows the methodology of Dust and colleagues (2018), this study also creates one parcel to examine the influence of composite form of ethical leadership on employee outcomes.

The initial CFA1 (Time 1, Table 4.6, Figure 4.3) converged with adequate model fit ($X^2 = 1.811$, $CFI = .942$, $IFI = .942$, $TLI = .940$, $RMSEA = .037$) followed by post hoc modifications, of relating error terms of the same variable to achieve a greater fitting model ($X^2 = 1.597$, $CFI = .958$, $IFI = .958$, $TLI = .956$, $RMSEA = .032$). Hence the final solution meets the threshold values (Hu,& Bentler, 1999).

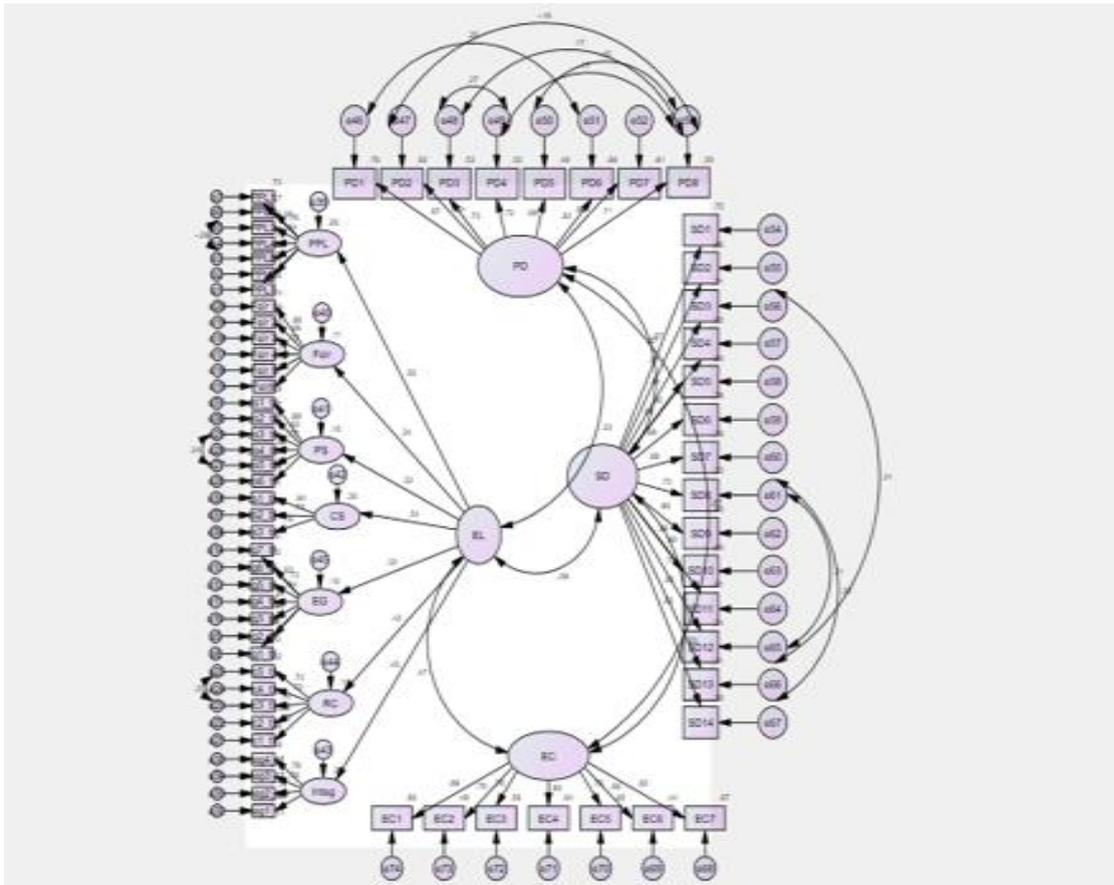


FIGURE 4.3: Confirmatory Factor Analyses- Model Fit (CFA1).

Note: PPL = people orientation, Fair = Fairness, PS = Power sharing, CS = Concern for sustainability, EG = ethical guidance, RC= Role clarification, Integ = Integrity, EL = ethical leadership, PD = Power distance orientation, SD = social distance, EC = ethical climate

TABLE 4.6: Confirmatory Factor Analysis- Model Fit (CFA1).

Measurement Models	Chi-square/df	CFI	IFI	TLI	RMSEA
Threshold values	< 3	> 0.95	> 0.9	> 0.9	.05-0.1
Initial solution	1.811	.942	.942	.940	.037
Final solution (with modification indices)	1.597	.958	.958	.956	.032

Note: chi-square/df = chi-square/degree of freedom, CFI = comparative fit index, IFI = incremental fit index, TLI = Tucker-Lewis fit index, RMSEA = root mean square error of approximation

For Time 2 CFA (Table 4.7, Figure 4.4), the initial solution converged with significant fit of model ($X^2 = 2.191$, CFI = .956, IFI = .956, TLI = .953, RMSEA =

.045). Therefore, no further post hoc modifications were made as all the threshold values were met (Hu, & Bentler, 1999).

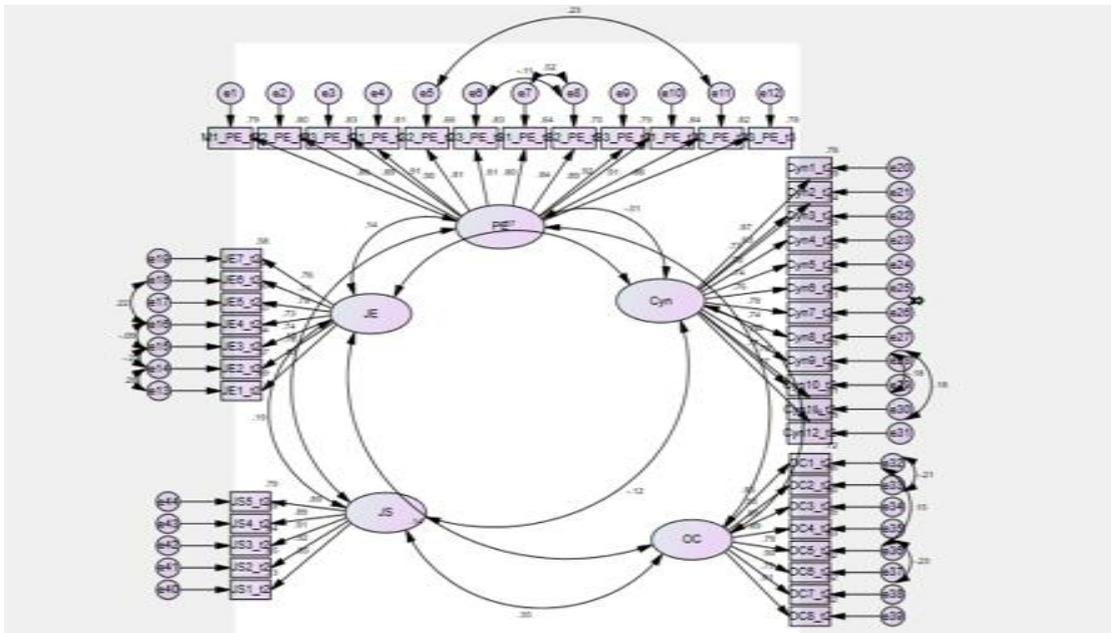


FIGURE 4.4: Confirmatory Factor Analyses- Model Fit (CFA2).
 Note: PE =psychological empowerment, JS = job satisfaction, OC = organization commitment, Cyn = cynicism, JE = job embeddedness

TABLE 4.7: Confirmatory Factor Analysis- Model Fit (CFA2).

Measurement Models	Chi-square/df	CFI	IFI	TLI	RMSEA
Threshold values	< 3	> 0.95	> 0.9	> 0.9	.05-0.1
Initial solution	2.191	.956	.956	.953	.045

Note: chi-square/df = chi-square/degree of freedom, CFI = comparative fit index, IFI = incremental fit index, TLI = Tucker-Lewis fit index, RMSEA = root mean square error of approximation

4.2.6 Consolidated Confirmatory Factor Analysis: Model Fit for Model A

Lastly, a consolidated CFA including all the variables (Time 1 and Time 2) to be included in Model A was examined to observe a composite measurement model including all independent, moderators, mediator and the dependent variables (Table 4.8, Figure 4.5, N = 585). Testing of such a complete measurement model is

recommended by experts on CFA (Meade & Lautenschlager, 2004; Protopapas, Simos, Sideridis & Mouzaki, 2012).

Results of the complete measurement model CFA (Table 4.8, Figure 4.5) indicate an acceptable fit of model values ($X^2 = 1.972$, CFI = .912, IFI = .923, TLI = .924, RMSEA = .031). To achieve a superior fitting model, post hoc adjustments were made to the initial model, by correlating error terms of the same variable, resulting in a higher fitting model ($X^2 = 1.461$, CFI = .951, IFI = .951, TLI = .949, RMSEA = .028). Thus, all the benchmark values are met (Hu & Bentler, 1999).

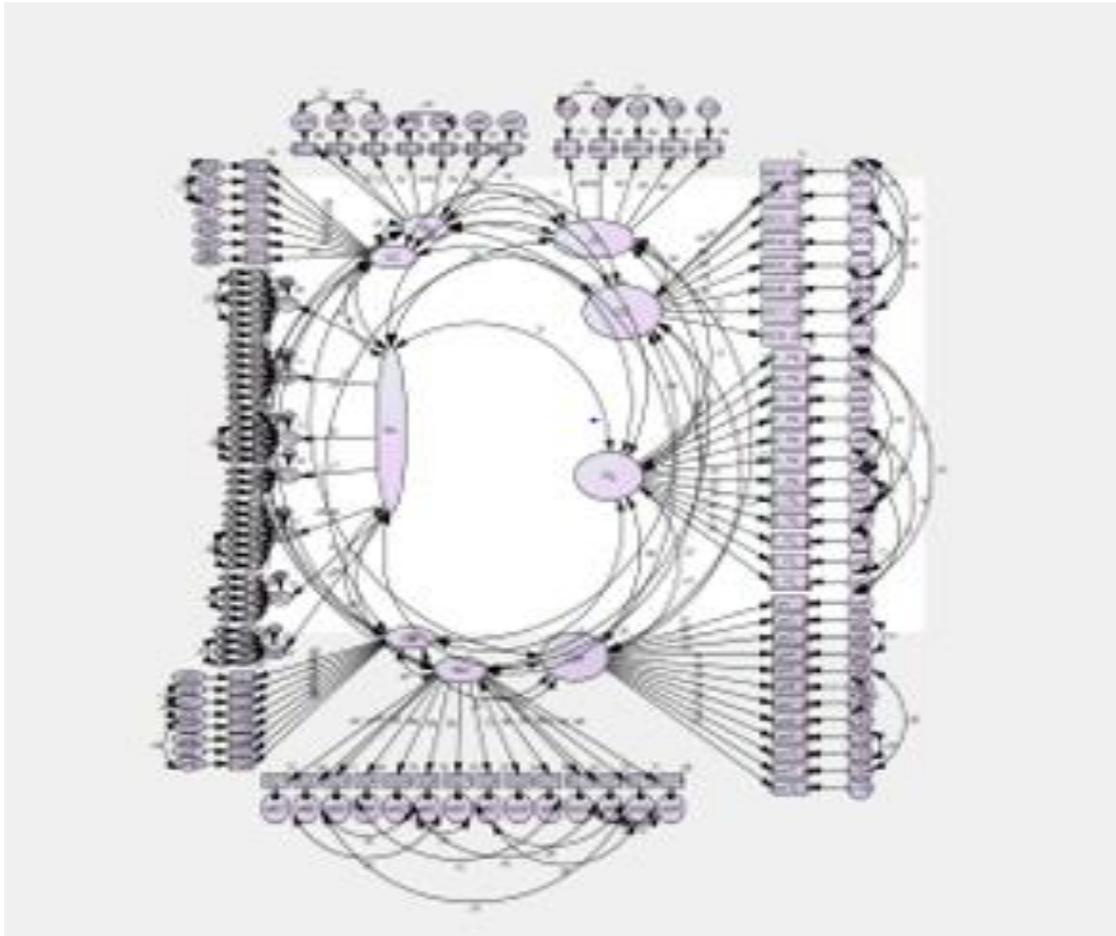


FIGURE 4.5: Complete Measurement Model.

Note: PPL = people orientation, Fair = Fairness, PS = Power sharing, CS = Concern for sustainability, EG = ethical guidance, RC= Role clarification, Integ = Integrity, EL = ethical leadership, PD = Power distance orientation, SD = social distance, EC = ethical climate, PE =psychological empowerment, JS = job satisfaction, OC = organization commitment, Cyn = cynicism, JE = job embeddedness

TABLE 4.8: Summary of Model Fit.

Measurement Models	Chi-square/df	CFI	IFI	TLI	RMSEA
Threshold values	< 3	> 0.95	> 0.9	> 0.9	.05-0.1
Initial solution	1.972	0.912	0.923	0.924	0.031
Final solution	1.461	0.951	0.951	0.949	0.028

Note: chi-square/df = chi-square/degree of freedom, CFI = comparative fit index, IFI = incremental fit index, TLI = Tucker-Lewis fit index, RMSEA = root mean square error of approximation

After validating the fitness of measurement model and construct validity, the analyses continued by calculating the composite variables of all the variables under investigation.

4.2.7 Multidimensional Exploratory Model B

In addition, another measurement model for the seven-dimensional model of ethical leadership style was also tested (Model B). The seven dimensions of ethical leadership include fairness, people orientation, integrity, power-sharing, concern for sustainability, ethical guidance and role clarity which are examined with job satisfaction, organization commitment, cynicism and job embeddedness.

Table 4.9 and Figure 4.6 represents the assessment of fitness of measurement model. The preliminary model converged into an adequate fitting model ($X^2 = 1.584$, CFI = .954, IFI = .954, TLI = .952, RMSEA = .032) which met all the standard criteria (Hu, & Bentler, 1999). Therefore, no post-hoc modification were made.

TABLE 4.9: Confirmatory Factor Analysis - Model Fit (MODEL B).

Measurement Models	Chi-square/df	CFI	IFI	TLI	RMSEA
Threshold values	< 3	> 0.95	> 0.9	> 0.9	.05-0.1
Solution	1.584	.954	.954	.952	.032

Note: chi-square/df = chi-square/degree of freedom, CFI = comparative fit index, IFI = incremental fit index, TLI = Tucker-Lewis fit index, RMSEA = root mean square error of approximation

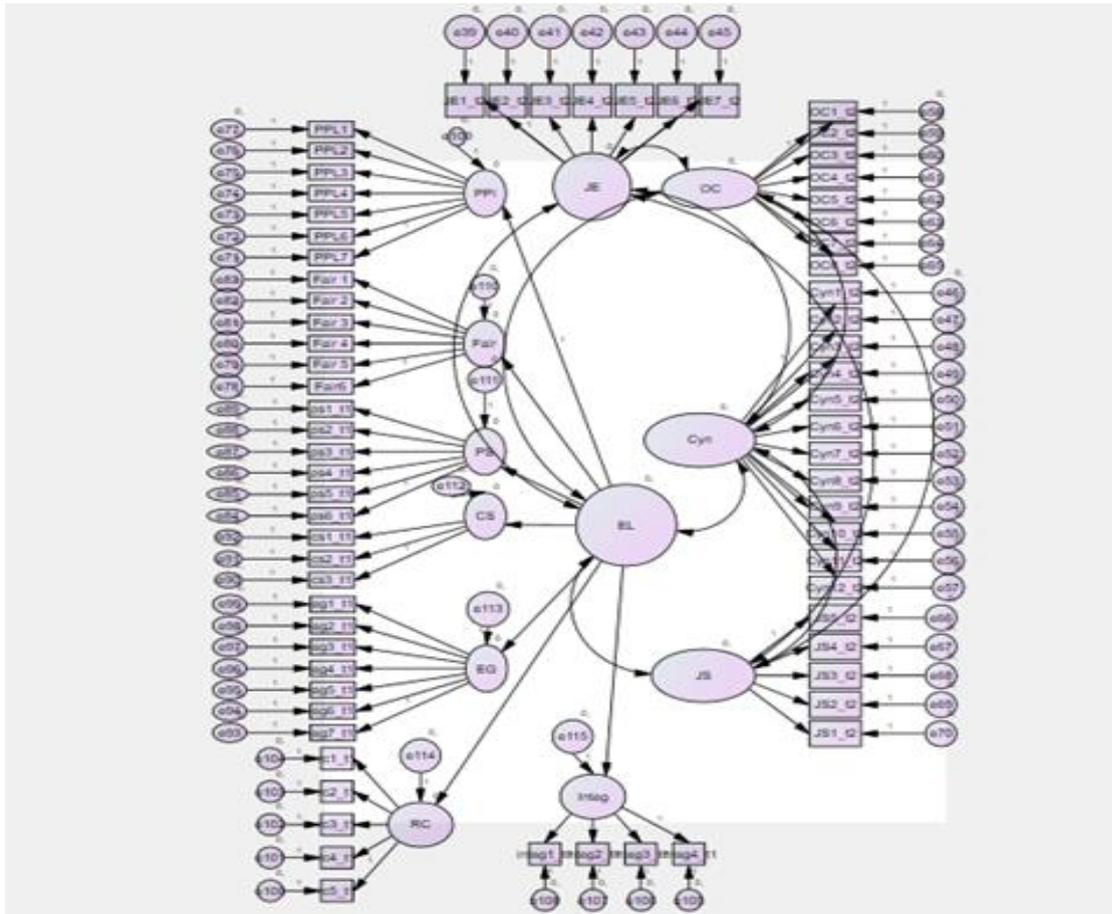


FIGURE 4.6: Confirmatory Factor Analysis: Model B.

Note: *EL = Ethical leadership, PPL = people orientation, Fair = Fairness, PS = Power sharing, CS = Concern for sustainability, EG = Ethical guidance, Integ = Integrity, RC = Role clarification, JS = Job satisfaction, OC = Organization commitment, Cyn = Cynicism, JE = Job embeddedness*

4.2.8 Data Normality Distribution Analysis

A normal distributed data or data normality indicates a perfect symmetry of data around its mean. Data normality examination is the prerequisite to various statistical tests and any deviations may result in inflated outcomes leading to misinterpretation of the findings.

4.2.8.1 Skewness & Kurtosis (Model A)

Data normality evaluation before hypothesis testing allows to certify and to avoid deceitful test results. Generally, to assess the data normality Kurtosis and Skewness tests are performed (Bai & Ng, 2005; Mardia, 1970). Kurtosis indicates a bell

peak, where, light tails indicates low kurtosis and heavy tails signifies high value of kurtosis (Hain, 2010). Whereas, skewness also shows data normality using a curve, where if a curve is tilted towards left or right is referred to as skewed data (Bai & Ng, 2005). For a normal distributed data set skewness value is zero.

Table 4.10 indicates the estimates of kurtosis and skewness of the main variables used in this study. The analysis includes ethical leadership as a composite variable; the model using ethical leadership in a composite form is labelled as Model A. Generally, if the value of Kurtosis is not between -2 to +2, the dataset is away from normal distributed sample and it is recommended to normalize the data prior to further testing (George, 2011). Similarly, Table 4.10 also represents the Skewness estimates of the collected data. Any skewness value which is more than double of its standard error is the indication of data non-normality. Skewness value for this study ranges between -.045 to -.544, which is below -2.

4.2.8.2 Skewness & Kurtosis (Model B)

Table 4.11 shows the statistical estimates of kurtosis and skewness for the seven-dimensional model of ethical leadership. The model with seven dimensions of ethical leadership is labelled as Model B. As discussed, in normal distribution the value of Kurtosis should be between -2 and +2, while any deviation signifies data distance from the normal distribution that requires attention before the further examination (Field, 2000). Further, Table 4.11 also indicates that all the skewness values ranging from .135 to -.794 are less than -2. Nonetheless, skewness estimate is not more than double of the value of its standard error and is below zero with light tails.

TABLE 4.10: Normal Distribution Model A.

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
						Statistics	Std. Error	Statistics	Std. Error
Ethical Leadership	585	1.79	4.71	3.64	0.60	-.479	.101	-.385	.202
Psychological empowerment	585	1.33	6.75	4.09	1.82	-.045	.101	-1.724	.202
Job embeddedness	585	1.00	5.00	3.57	1.13	-.544	.101	-1.373	.202
Organization commitment	585	1.13	6.50	3.55	1.70	.435	.101	-1.427	.202
Job satisfaction	585	1.20	7.00	3.66	1.78	.409	.101	-1.447	.202
Cynicism	585	1.42	5.00	3.18	1.14	.135	.101	-1.759	.202
Power Distance Orientation	585	1.38	6.88	4.10	1.66	-.124	.101	-1.549	.202
Social Distance	585	1.21	6.86	4.18	1.80	-.250	.101	-1.629	.202
Ethical climate	585	1.00	5.00	3.55	1.17	-.474	.101	-1.512	.202

Note: N = Sample size

TABLE 4.11: Normal Distribution Model B.

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
						Statistics	Std. Error	Statistics	Std. Error
People Orientation	585	1.14	5.00	3.68	1.135	-.677	.101	-1.186	.202
Fairness	585	1.00	4.83	3.65	1.082	-.794	.101	-.914	.202
Power Sharing	585	1.00	5.00	3.51	1.223	-.545	.101	-1.283	.202
Concern for Sustainability	585	1.00	5.00	3.60	1.189	-.704	.101	-.936	.202
Ethical guidance	585	1.00	5.00	3.70	1.111	-.765	.101	-1.053	.202
Role Clarification	585	1.40	5.00	3.65	1.085	-.602	.101	-1.357	.202
Integrity	585	1.00	5.00	3.61	1.137	-.664	.101	-1.072	.202

Note: N = Sample size

4.2.8.3 Multi-Collinearity Diagnostics (Model A)

This study also examines the multi-collinearity of all the variable in this study before conducting main analysis. Multicollinearity is problematic, have the potential to impact the statistical significance of variables and makes it difficult to assess the significant impact of independent variable to explain variation in dependent variable. Therefore, multicollinearity tests were conducted for both models i.e. Model A and Model B through Variable Inflation Factor and Tolerance analysis. When independent variables are correlated, VIF assess an increase in the variance of a regression coefficient. Further, if $VIF=1/(1-R^2_i)$ estimate is 5, the reporting variable should be removed due to high multicollinearity (Hair et al., 1998).

In case of no inter-correlation, VIF value will be 1, thus, higher the value of VIF higher will be multicollinearity. Parallel to this, tolerance value below .1 requires attention of the researcher and value below .2 is cause of concern (Menard, 2002; Myers, 1990). Standard value of tolerance ranges from 0 to 1, where higher tolerance value indicates low multicollinearity and low tolerance values shows high multicollinearity. Similarly, tolerance value above 10 shows a multicollinearity (Emam, Benlarbi, & Goel, 1999). Outcomes of this VIF/ tolerance test shows that there was no collinearity detected. Table 4.12 represents the estimates of VIF and Tolerance test of Model A and Model B.

4.2.8.4 Multi-Collinearity Diagnostics (Model B)

The VIF and Tolerance test was repeated for Model B, i.e. with the seven dimensions of ethical leadership. As discussed, higher values of VIF adversely affect the results and Tolerance values less than 0.2 indicates a matter of concern referring to serious collinearity issues in data. Table 4.13 indicates that none of the VIF value is closer to 5 or less than 0.2 or greater than 10 (Tolerance) (Emam et al., 1999; Hair et al., 1998; Menard, 2002; Myers, 1990). Therefore, no collinearity problem was detected.

TABLE 4.12: Variable Inflation Factor (Model A).

	Job embeddedness		Organization commitment		Job Satisfaction		Cynicism	
	Tolerance	VIF	Tolerance	VIF	Tolerance	VIF	Tolerance	VIF
Tenure	.429	2.33	.429	2.33	.429	2.33	.429	2.33
Qualification	.889	1.12	.889	1.12	.889	1.12	.889	1.12
Language	.966	1.04	.966	1.04	.966	1.04	.966	1.04
Marital Status	.608	1.65	.608	1.65	.608	1.65	.608	1.65
Gender	.862	1.16	.862	1.16	.862	1.16	.862	1.16
Age	.319	3.14	.319	3.14	.319	3.14	.319	3.14
Sector	.842	1.19	.842	1.19	.842	1.19	.842	1.19
Ethical leadership	.817	1.22	.817	1.22	.817	1.22	.817	1.22
Psychological empowerment	.898	1.11	.898	1.11	.898	1.11	.898	1.11
Power Distance Orientation	.917	1.09	.917	1.09	.917	1.09	.917	1.09
Social Distance	.960	1.04	.960	1.04	.960	1.04	.960	1.04
Ethical climate	.883	1.13	.883	1.13	.883	1.13	.883	1.13

Note: VIF = Variable inflation factor

TABLE 4.13: Variable Inflation Factor (Model B).

	Job Satisfaction		Organization commitment		Cynicism		Job embeddedness	
	Tolerance	VIF	Tolerance	VIF	Tolerance	VIF	Tolerance	VIF
Tenure	.425	2.353	.425	2.353	.425	2.353	.425	2.353
Qualification	.898	1.114	.898	1.114	.898	1.114	.898	1.114
Language	.961	1.040	.961	1.040	.961	1.040	.961	1.040
Marital Status	.605	1.652	.605	1.652	.605	1.652	.605	1.652
Gender	.866	1.154	.866	1.154	.866	1.154	.866	1.154
Age	.318	3.141	.318	3.141	.318	3.141	.318	3.141
Sector	.829	1.206	.829	1.206	.829	1.206	.829	1.206
People Orientation	.856	1.169	.856	1.169	.856	1.169	.856	1.169
Fairness	.935	1.069	.935	1.069	.935	1.069	.935	1.069
Power Sharing	.919	1.088	.919	1.088	.919	1.088	.919	1.088
Concern for Sustainability	.858	1.165	.858	1.165	.858	1.165	.858	1.165
Ethical guidance	.899	1.113	.899	1.113	.899	1.113	.899	1.113
Role Clarification	.896	1.115	.896	1.115	.896	1.115	.896	1.115
Integrity	.885	1.130	.885	1.130	.885	1.130	.885	1.130

Note: VIF = Variable inflation factor

4.2.9 Correlation Coefficient Analysis

Correlation coefficient assessment is an extensively and commonly applied statistical test which describes the degree of interdependence between two quantitative variables. However, relational association between these variables may not be an outcome of any causal relationship. A correlation analysis indicates high and weak relationship of the variables; where high correlation shows that variables are strongly related to each other and weak correlation refers that variables are hardly related to each other. Correlation coefficient analysis is also used to identify any underlying patterns or trends in the dataset. Result of correlation analysis determines the degree of existence or non-existence of an inter-correlation between variables. Correlation analysis is indicated by a value ranging from -1 to +1, and any zero value in between shows no correlation. Here, a positive correlation value is indicated by 1, referring to the movement of variables in the same direction where an increase in one variable causes increase in the other variable. Similarly, the value of -1 shows a negative correlation, signifying an inverse relationship of variables where an increase in the value of one variable causes decrease in the value of other variable. While, no correlation effect is specified as any increase/ decrease in one variable is unable to bring any change in other variable (Lee Rodgers & Nicewander, 1988).

There are nine main variables explored in this research study; the variable of ethical leadership has seven dimensions. Tables 4.14 and 4.15 presents the results of the correlation analysis. These tables also include selected demographic variables as demographic variables are imperative and have the potential to influence results and produce useful insights about the theoretical model. For example, demographics of the respondent affect their responses and hence, the emerging results from the model. The continuous demographic variables (age, and tenure) and discontinuous demographic variables (gender, marital status, sector and qualification) are included in Tables 4.14 and 4.15. Thus, demographic variables enable researchers to make conclusions about a certain group of individuals and their behavioral patterns.

4.2.9.1 Correlation Analysis (Model A)

Results of correlation analysis for Model A are reported in Table 4.14. The table indicate that ethical leadership was positively and substantially associated with psychological empowerment ($r = .226^{**}$, $p = .000$), job embeddedness ($r = .248^{**}$, $p = .000$), organization commitment ($r = .295^{**}$, $p = .000$), job satisfaction ($r = .304^{**}$, $p = .000$), power distance orientation ($r = .228^{**}$, $p = .000$), ethical climate ($r = .311^{**}$, $p = .000$) and was negatively and significantly related to cynicism ($r = -.208^{**}$, $p = .000$).

The contextual factors of power distance orientation indicate an affirmative inter-correlation with psychological empowerment ($r = .140^{**}$, $p = .000$), job satisfaction ($r = .089^*$, $p = .005$) and job embeddedness ($r = .083^*$, $p = .005$), while weak correlation is observed with organization commitment ($r = .061$, $p = \text{ns}$) and cynicism ($r = .009$, $p = \text{ns}$). While no correlation was reported between ethical leadership and leaders' social distance ($r = .062$, $p = \text{ns}$).

However, social distance indicates weak and an affirmative inter-correlation with psychological empowerment ($r = .168^{**}$, $p = .000$). Whereas, ethical climate indicates a strong positive correlation with psychological empowerment ($r = .163^{**}$, $p = .000$), and organization commitment ($r = .166^{**}$, $p = .000$).

However, no correlation was observed between ethical climate and job satisfaction ($r = .056$, $p = \text{ns}$), cynicism ($r = .041$, $p = \text{ns}$), and job embeddedness ($r = .066$, $p = \text{ns}$). In addition, cynicism and psychological empowerment ($r = -.023$, $p = \text{ns}$) and cynicism and job embeddedness ($r = -.065$, $p = \text{ns}$) show negative and insignificant correlation. However, majority of the correlations were positive, while negative correlation was observed between cynicism and other variables as presented.

TABLE 4.14: Correlation Analysis (N = 585, Model A).

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1 ¹ Gender	1.25	.432	1													
2 ² Age	30.38	7.03	-.192**	1												
3 ³ Marital Status	1.63	.483	.179**	-.615**	1											
4 Language	2.46	1.33	-.099*	-.037	1											
5 ⁴ Qualification	1.09	.304	-.031	.090*	-.075	1										
6 ⁵ Tenure	4.89	4.66	-.123**	.744**	-.422**	.062	1									
7 ⁶ Sector	1.37	.482	-.148**	-.215**	.179**	-.119**	-.226**	1								
8 EL	3.63	.600	-.174**	.017	-.059	.051	.010	.010	1							
9 PD	4.10	1.66	-.109**	-.087*	.052	.083*	-.030	.055	.228**	1						
10 SD	4.18	1.80	-.068	.053	-.072	.083*	.012	.024	.062	.051	1					
11 EC	3.53	1.15	-.079	.001	-.016	-.011	.014	.091*	.311**	.073	.021	1				
12 PE	4.09	1.84	-.111**	-.035	-.022	.030	.001	.012	.226**	.140**	.168**	.163**	1			
13 JS	3.66	1.78	-.007	-.106*	.028	-.006	-.032	-.129**	.304**	.089*	-.012	.056	.122**	1		
14 OC	3.55	1.69	-.082*	-.055	-.025	.012	.011	-.039	.295**	.061	.018	.166**	.128**	.349**	1	
15 Cyn	3.17	1.14	-.141**	.022	.010	-.066	.030	.154**	-.208**	.009	-.014	.041	-.023	-.112**	-.139**	1
16 JE	3.57	1.13	-.002	.003	-.046	.057	.004	-.017	.248**	.083*	.058	.066	.142**	.184**	.138**	-.065

Note 1: $n = 585$: ¹Gender coded 1 = Male, 2 = Female, ²Marital Status coded: 1 = Married, 2 = Unmarried, ⁴Language coded: 1 = Urdu, 2 = Punjabi, 3 = Any other, ⁵Qualification coded: 1 = Bachelors & below, 2 = Masters & Above, ⁷ Sector coded: 1 = public, 2 = private

Note 2: EL = Ethical leadership, PD = Power distance orientation, SD = Social distance, EC = Ethical climate, PE = Psychological empowerment, JS = Job satisfaction, OC = Organization commitment, Cyn = Cynicism, JE = Job embeddedness

Note 3: *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$, + $p < .10$

Note 4: SD = standard deviation

4.2.9.2 Correlation Analysis (Model B)

As discussed under correlation analysis of Model A, correlation analysis signifies the strength of association between two variables.

Table 4.15 presents the correlation analysis. The table indicates that people orientation is significantly related to all the employee outcomes i.e. job satisfaction ($r = .229^{**}$, $p = .000$), organization commitment ($r = .177^{**}$, $p = .000$), cynicism ($r = -.203^{**}$, $p = .000$), and job embeddedness ($r = .159^{**}$, $p = .000$).

Similarly, the dimension of fairness also indicates significant association with job satisfaction ($r = .147^{**}$, $p = .000$), organization commitment ($r = .139^{**}$, $p = .000$), cynicism ($r = -.167^{**}$, $p = .000$) and job embeddedness ($r = .123^{**}$, $p = .000$).

Further, the dimension of power sharing also shows a substantial correlation with job satisfaction ($r = .146^{**}$, $p = .000$), organization commitment ($r = .159^{**}$, $p = .000$), cynicism ($r = -.116^{**}$, $p = .000$) and job embeddedness ($r = .156^{**}$, $p = .000$).

The dimensions of ethical guidance and role clarification also indicates adequate association with employee outcome variables. While, the dimension of concern for sustainability is significantly associated with organization commitment ($r = .168^{**}$, $p = .000$) and there was no correlation with other employee outcomes i.e. job satisfaction, cynicism and job embeddedness.

Similarly, the dimension of integrity indicates significant association with job satisfaction ($r = .150^{**}$, $p = .000$) and organization commitment ($r = .122^{**}$, $p = .000$). While no correlation was observed with cynicism and job embeddedness.

TABLE 4.15: Correlation Analysis (N = 585, Model B).

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1 ¹ Gender	1.25	.432	1																
2 ² Age	30.38	7.03	-.192**	1															
3 ³ Marital Status	1.63	.483	.179**	-.615**	1														
4 Language	2.46	1.33	-.099*	-.037	.017	1													
5 ⁴ Qualification	1.09	.304	-.031	.090*	-.075	1													
6 ⁵ Tenure	2.78	.664	-.123**	.744**	-.422**	.062	1												
7 ⁶ Sector	1.37	.482	-.148**	-.215**	.179**	-.119**	-.266**	1											
8 People orientation	3.68	1.135	-.104*	-.022	-.042	.050	-.019	-.003	1										
9 Fairness	3.65	1.082	-.016	-.016	-.007	-.017	-.019	-.038	.107**	1									
10 Power sharing	3.51	1.228	-.109**	.010	-.040	.033	-.015	-.022	.176**	.023	1								
11 Concern for sustainability	3.60	1.189	-.098*	.010	.009	.014	.042	.110**	.244**	.183**	.136**	1							
12 Ethical guidance	3.70	1.111	-.087*	.035	-.040	.002	.001	-.014	.213**	.099*	.200**	.144**	1						
13 Role clarification	3.65	1.084	-.113**	.055	-.029	.053	.027	.004	.205**	.154**	.121**	.123**	.186**	1					
14 Integrity	3.61	1.137	-.130**	-.002	-.052	.063	.066	-.026	.191**	.121**	.115**	.224**	.088*	.155**	1				
15 Job satisfaction	3.66	1.782	-.007	-.106*	.028	-.006	-.032	-.129**	.229**	.147**	.146**	.053	.165**	.172**	.150**	1			
16 Organization commitment	3.55	1.696	-.082*	-.055	-.025	.012	.011	-.039	.177**	.139**	.159**	.168**	.161**	.159**	.122**	.349**	1		
17 Cynicism	3.18	1.140	-.141**	.022	.010	-.066	.030	.154**	-.203**	-.167**	-.116**	-.025	-.137**	.002	-.008	-.112**	-.139**	1	
18 Job embeddedness	3.57	1.129	-.002	.003	-.046	.057	.004	-.017	.159**	.123**	.156**	.062	.152**	.149**	.053	.184**	.138**	-.065	1

Note 1: $n = 585$: ¹Gender coded 1 = male, 2 = Female, ³Marital Status coded: 1 = Married, 2 = Unmarried, ⁴Qualification coded: 1 = Bachelors & below, 2 = Masters & Above, ⁶Sector coded: 1 = public, 2 = private

Note 2: *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$, + $p < .10$

Note 3: SD = standard deviation

4.2.10 Control Variable - One Way ANOVA Test

Previous research studies recommended (Allworth & Hesketh, 1999; McDaniel, Schmidt & Hunter, 1988), for examining relational association of demographic and work related variables before testing hypothesis to analyze impact of demographic variables on criterion variables. Therefore, this study investigates the pattern of association between demographic and work-related variables on the dependent variables of the study including psychological empowerment, job satisfaction, organization commitment, cynicism and job embeddedness through theoretical support and statistical analysis (Becker, 2005).

This study includes six (06) demographical and work related variables i.e. gender, age, language (Urdu, Punjabi, others), marital status (married, unmarried), qualification (bachelors or below, masters and above), tenure and sector (public and private). Age and tenure were requested real-time by asking a straight question about the age and tenure of the respondents. Further, control and work-related variables were regrouped by creating dummies, for example, qualification was divided into two broad groups, i.e. less than bachelors, and above masters. On the same pattern, the language was also divided into three groups, i.e. Urdu, Punjabi and any other. The purpose to include language as demographic variable is to determine that respondents in the sample are representative of the target population for generalization of the results. Further, as the data were collected from four cities from three provinces with different sub-languages spoken and different cultures. Though majority of the population understands and speaks Urdu and English as main language, yet each of the province has its own main language. Lastly, language is included as recommended by earlier studies for its influence on various employee outcomes associated with the use of a foreign language (Yamao & Sekiguchi, 2015) and to make different ethnicities part of this research study.

To examine any relational association of demographic and work-related variables on the criterion variables of this study, the One-way analysis of variance (ANOVA) test was conducted. ANOVA test is commonly used to identify an association on the criterion variables with demographic and work-related control variables i.e. gender, marital status, age, language, tenure, qualification and sector. Details of

this analysis are shown in the Table 4.16. Results indicates a mix results for the differences which exists between the demographic groups, for example gender was found significant with psychological empowerment $F(1, 583) = 7.25, p = .007, \eta^2 = .012$, organization commitment $F(1, 583) = 3.95, p = .047, \eta^2 = .007$ and cynicism $F(1, 583) = 11.86, p = .001, \eta^2 = .020$; while qualifications was significant with cynicism $F(4, 580) = 3.75, p = .005, \eta^2 = .025$; language was found significant with organization commitment $F(5, 579) = 3.61, p = .003, \eta^2 = .030$ and job embeddedness $F(5, 579) = 3.11, p = .009, \eta^2 = .026$; and, lastly sector significantly influence job satisfaction $F(1, 583) = 9.80, p = .002, \eta^2 = .017$ and cynicism $F(1, 583) = 14.22, p = .000, \eta^2 = .024$. Lastly, age was found to have a weak significant correlation with job satisfaction $r(585) = .016, p = .010$, while rest of the other correlations between age and the dependent variables were insignificant. Similarly, all other correlations between tenure and the dependent variables were also insignificant. Earlier studies indicates significant difference on job satisfaction of the individuals on the basis of gender (Huang & Gamble, 2015; Jena, 2015; Miao, Li & Bian, 2017), sector (Hansen & Host, 2012; Hansen & Kjeldsen, 2013; Kjeldsen & Hansen, 2018), qualification (Erdogan & Bauer, 2009) and language (Yamao & Sekiguchi, 2015). The study of Huang and Gamble, (2015) indicates that traditional gender roles significantly influence individual job satisfaction, for example, the gender role associated with females demands to perform domestic duties of care and concern in addition to their professional demands (Choi & Chen, 2006), which leaves females with limited time to focus on professional duties resulting in low job satisfaction. Similarly, the study of Hansen and Kjeldsen, (2013) signify that public sector organizations experience specific attributes of red tape, and hierarchical authority that impact employee commitment differently as compared to private sector organization. Further, language helps in generalizing results of the study by making the sample representative of different sub-cultures, ethnicity and regional variations. The study of Yamao and Sekiguchi, (2015) shows that employee commitment is influenced by the use of a foreign language i.e. English. Therefore, these demographic variables were controlled while testing the hypotheses. ANOVA results are presented in the Table 4.16.

TABLE 4.16: One Way ANOVA.

	Gender		Marital Status		Qualification		Language		Sector	
	F	Sig	F	Sig	F	Sig	F	Sig	F	Sig
PE	7.26	.007	.286	.593	1.041	.385	1.17	.325	.079	.779
JS	.030	.863	.459	.499	.560	.692	2.14	.060	9.80	.002
OC	3.95	.047	.367	.545	.740	.565	3.61	.003	.872	.351
Cyn	11.86	.001	.062	.803	3.75	.005	.601	.699	14.22	.000
JE	.002	.969	1.23	.268	1.138	.337	3.11	.009	.170	.680

Note: PE = psychological empowerment, JS = job satisfaction, OC = organization commitment, Cyn = cynicism, JE = job embeddedness

4.3 Hypotheses Testing

This segment of the chapter shares the analysis and respective outcomes against the relationship proposed in Chapter 2 of this study.

4.3.1 Direct Relationship of Ethical Leadership on Employee Attitude

For more than a century, scholars have been examining the relationship between predictor and criterion variable through linear regression analysis (Pearson, 1908). Advancement in all the research fields has also corresponded to significant changes in the statistical analysis tools such as Structural Equation Modeling (SEM) through AMOS. This study uses SEM technique to examine the association of predictor and criterion variable. The predictor variable is composed of a composite form of ethical leadership and its dimensions, i.e. fairness, people orientation, ethical guidance, power-sharing, role clarification, concern for sustainability and integrity. Using the composite and dimensional form of ethical leadership is in-line with the earlier studies (Dust et al., 2018; Masterson et al., 2000; Piccolo & Colquitt, 2006). While, criterion variable in this study are job satisfaction, organization commitment, cynicism and job embeddedness. Examination and outcomes of the direct relationship are shown in Table 4.17-4.20 and Figure 4.7 (A, B, C, D) as given below along with appropriate control variables in each model.

4.3.1.1 Hypothesis Testing

This section presents the results of hypothesis 1 to hypothesis 8, which are based on the relationship between dimensions of ethical leadership and outcome variables, i.e. job satisfaction, organization commitment, cynicism and job embeddedness. These hypotheses are recapitulated below.

H₁: Ethical leadership is positively and significantly associated with job satisfaction.

H₂: The dimension of ethical leadership, i.e. (a) people orientation, (b) fairness, (c) power-sharing, (d) integrity, (e) ethical guidance, (f) role clarification and (g) concern for sustainability are positively associated with job satisfaction.

H₃: Ethical leadership is positively and significantly associated with organization commitment.

H₄: The dimension of ethical leadership, i.e. (a) people orientation, (b) fairness, (c) power-sharing, (d) integrity, (e) ethical guidance, (f) role clarification and (g) concern for sustainability are positively associated with organization commitment.

H₅: Ethical leadership is negatively and significantly associated with cynicism.

H₆: The dimension of ethical leadership, i.e. (a) people orientation, (b) fairness, (c) power-sharing, (d) integrity, (e) ethical guidance, (f) role clarification and (g) concern for sustainability are positively associated with cynicism.

H₇: Ethical leadership is positively and significantly associated with job embeddedness.

H₈: The dimension of ethical leadership, i.e. (a) people orientation, (b) fairness, (c) power-sharing, (d) integrity, (e) ethical guidance, (f) role clarification and (g) concern for sustainability are positively associated with job embeddedness.

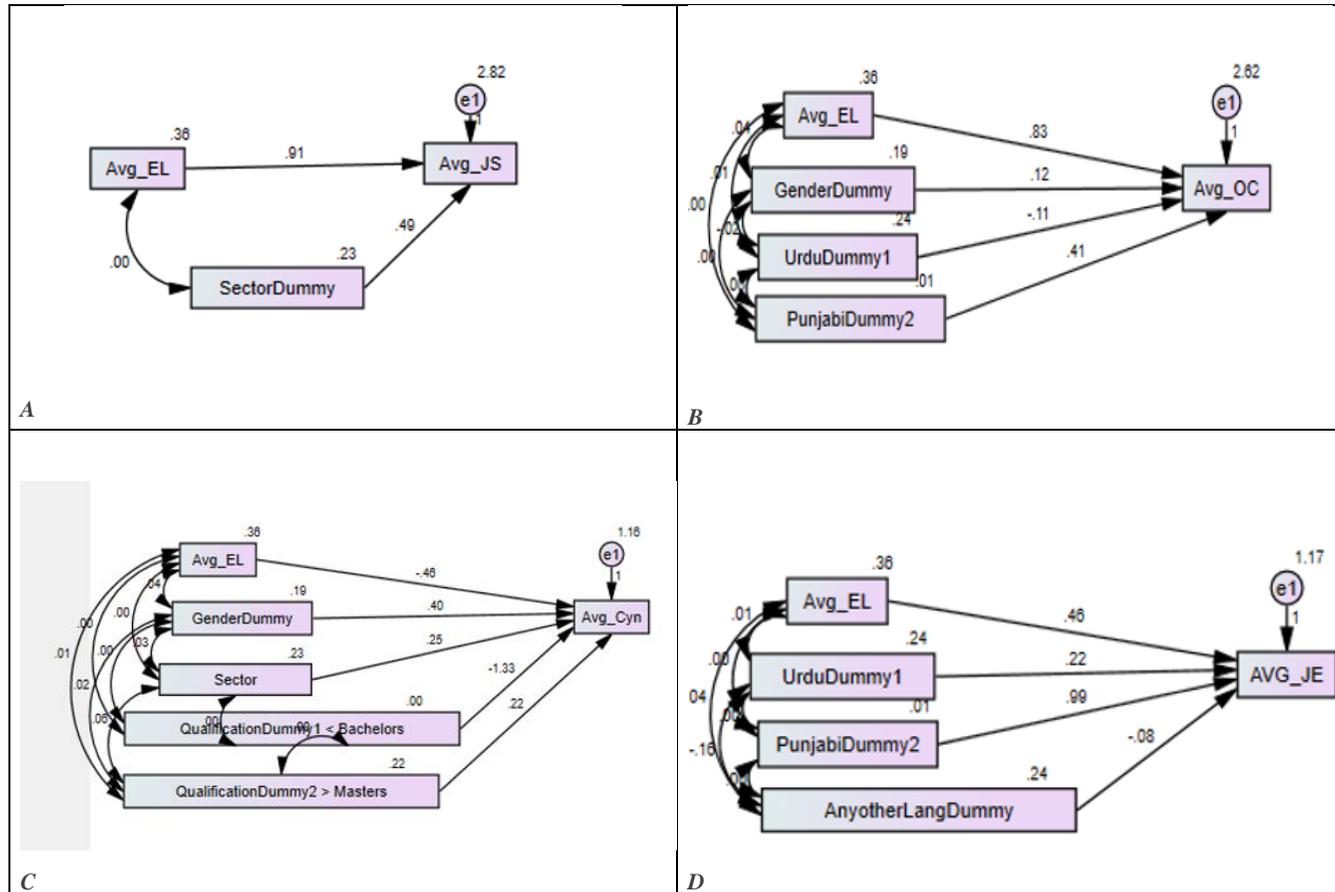


FIGURE 4.7: Direct Relationship of Ethical Leadership with Outcome Variables.

Note: EL = Ethical leadership, PE = Psychological empowerment, JS = Job satisfaction, OC = Organization commitment, Cyn = Cynicism, JE = Job embeddedness

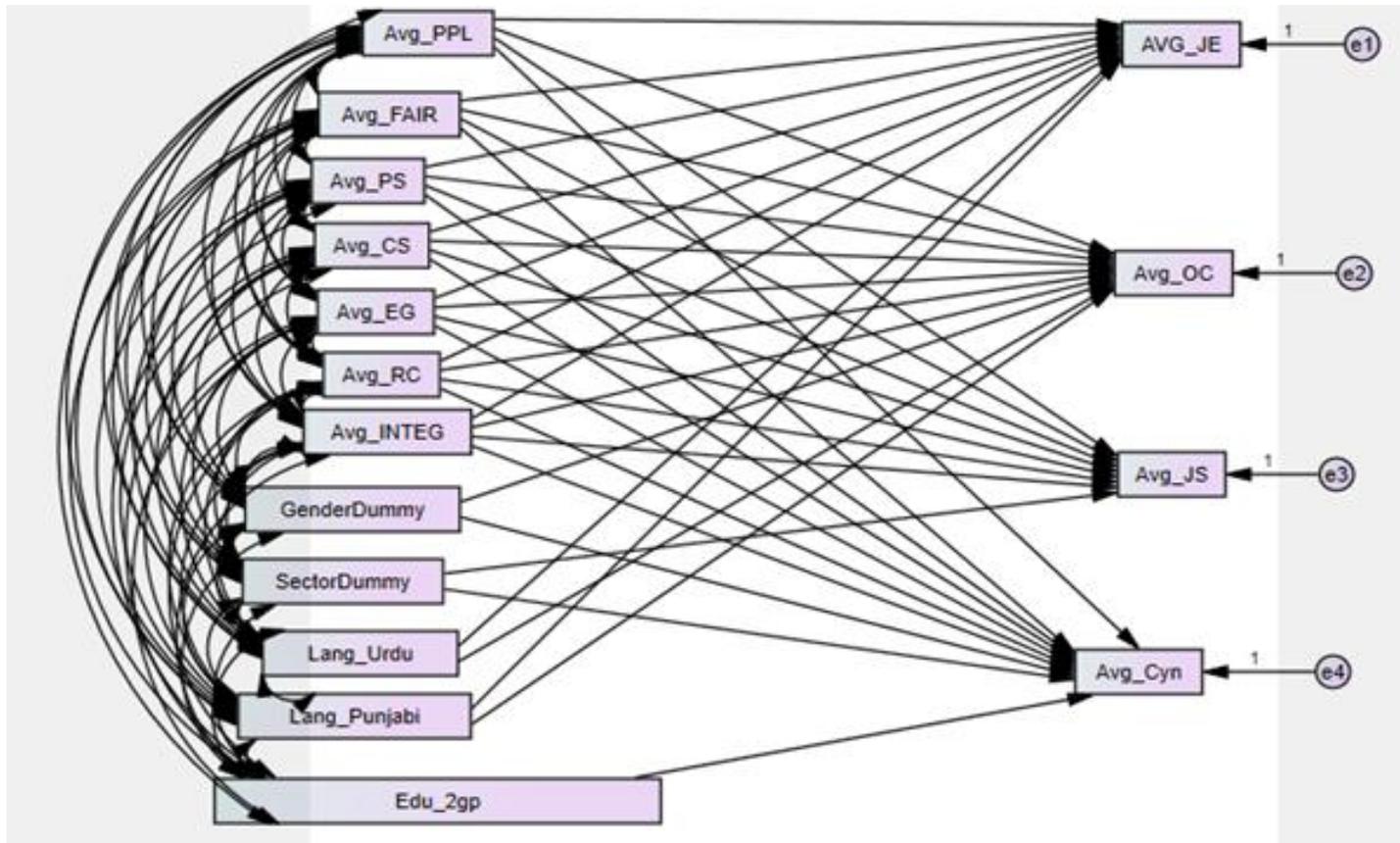


FIGURE 4.8: Testing Multi-Dimensions of Ethical Leadership with Employee Outcomes.

Note: EL = Ethical leadership, PPL = people orientation, Fair = Fairness, PS = Power sharing, CS = Concern for sustainability, EG = Ethical guidance, Integ = Integrity, RC = Role clarification, JS = Job satisfaction, OC = Organization commitment, Cyn = Cynicism, JE = Job embeddedness

TABLE 4.17: Standardized Coefficient of Structural Path.

Structural Path	Estimate	SE	CR	P
EL → JS (a)	.305	.116	7.818	***
EL → OC (b)	.292	.113	7.274	***
EL → Cyn (c)	-.235	.076	-5.875	***
EL → JE (d)	.242	.075	6.039	***

Note: EL = ethical leadership, JS = Job satisfaction, OC = Organization commitment, Cyn= Cynicism, JE = Job embeddedness

TABLE 4.18: Summary of Effect Size Analysis.

	Job satisfaction				Organization commitment				Cynicism				Job embeddedness			
	DF/Error	F	Sig	η^2	DF/Error	F	Sig	η^2	DF/Error	F	Sig	η^2	DF/Error	F	Sig	η^2
EL	98,486	1.494	.003	.231	98, 486	1.244	.072	.201	98, 486	1.069	.322	.177	98, 486	1.528	.002	.236

Note: DF = Degree of freedom, F = frequency, eta² = partial eta squared

TABLE 4.19: Results for Relationships between Dimensions of Ethical Leadership and Outcomes.

	Job satisfaction			Organization commitment			Cynicism			Job embeddedness		
	Estimate	SE	P	Estimate	SE	P	Estimate	SE	P	Estimate	SE	P
Gender	-	-	-	.021	.158	.597	.14	.105	.000	-	-	-
Sector	.122	.145	.002	-	-	-	-.111	.095	.006	-	-	-
Language-Urdu	-	-	-	-.148	.185	.005	-	-	-	.089	.124	.096
Language-Punjabi	-	-	-	-.171	.185	.001	-	-	-	-.05	.124	.357
Education	-	-	-	-	-	-	-.089	.095	.026	-	-	-
People Orientation	.162	.066	.000	.077	.063	.066	-.191	.042	.000	.101	.042	.018
Fairness	.108	.066	.007	.085	.063	.036	-.163	.042	.000	.082	.043	.046
Power sharing	.082	.059	.043	.085	.057	.038	-.092	.037	.022	.104	.038	.012
Concern for sustainability	-.046	.063	.271	.08	.060	.057	.032	.040	.438	-.021	.040	.621
Ethical guidance	.084	.066	.039	.086	.063	.037	-.092	.042	.023	.093	.042	.026
Role clarification	.09	.067	.027	.079	.064	.054	.071	.043	.079	.089	.043	.032
Integrity	.082	.064	.044	.038	.062	.354	.026	.041	.515	-.020	.041	.625

Note: SE = standard error, P = significance

TABLE 4.20: Summary of Effect Size Analysis.

	Job satisfaction				Organization commitment				Cynicism				Job embeddedness			
	DF/Error	F	Sig	η^2	DF/Error	F	Sig	η^2	DF/Error	F	Sig	η^2	DF/Error	F	Sig	η^2
People orientation	27,557	2.689	.000	.115	27,557	1.474	.060	.067	27,557	1.993	.002	.088	27,557	2.073	.001	.091
Fairness	23,561	1.626	.033	.063	23,561	1.502	.063	.058	23,561	1.893	.008	.072	23,561	1.520	.058	.059
Power sharing	23,561	1.430	.089	.055	23,561	1.961	.005	.074	23,561	1.375	.115	.053	23,561	1.860	.009	.071
Concern for Sustainability	12,572	.866	.582	.018	12,572	2.688	.002	.053	12,572	.787	.664	.016	12,572	1.821	.042	.037
Ethical Guidance	28,556	1.469	.058	.069	28,556	1.491	.051	.070	28,556	1.342	.114	.063	28,556	1.840	.006	.085
Role clarification	18,566	1.974	.010	.059	18,566	1.768	.026	.053	18,566	.871	.615	.027	18,566	1.885	.015	.057
Integrity	16,568	1.989	.012	.053	16,568	1.775	.031	.048	16,568	1.496	.095	.040	16,568	1.775	.031	.048

Note: DF = degree of freedom, F = frequency, η^2 = partial eta squared

H₁: Ethical leadership is positively and significantly associated with job satisfaction.

Standardized estimates of the structural paths are presented in Table 4.17 and Figure 4.7 (A). The control variable for this model was sector and was controlled in the analysis to avoid its influence on the relationship. Result shows that ethical leadership is positively and significantly associated with job satisfaction ($\beta = .305$, $p = .000$). The effect size for this relationship is $F(98, 486) = 1.494$, $p = .003$, $\eta^2 = .231$ indicating a high effect size (Table 4.18). Thus, hypothesis H₁ was accepted.

H₂: The dimension of ethical leadership, i.e. (a) people orientation, (b) fairness, (c) power-sharing, (d) integrity, (e) ethical guidance, (f) role clarification and (g) concern for sustainability are positively associated with job satisfaction.

H_{2a}: People orientation is positively and significantly associated with job satisfaction.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, people orientation is positively and significantly associated with job satisfaction ($\beta = .162$, $p = .000$). The effect size for this relationship is $F(27, 557) = 2.689$, $p = .000$, $\eta^2 = .115$ indicating a high effect size (Table 4.20). Hence, the hypothesis H_{2a} was accepted.

H_{2b}: Fairness is positively and significantly associated with job satisfaction.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, fairness is positively and significantly associated with job satisfaction ($\beta = .108$, $p = .007$). The effect size for this relationship is $F(23, 561) = 1.626$, $p = .033$, $\eta^2 = .063$ indicating a medium effect size (Table 4.20). Hence, the hypothesis H_{2b} was accepted.

H_{2c}: Power sharing is positively and significantly associated with job satisfaction.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, power sharing is positively and significantly associated with job satisfaction ($\beta = .082$, $p = .043$). The effect size for this relationship is $F(23, 561) = 1.430$, $p = .089$, $\eta^2 = .055$ indicating a small effect size (Table 4.20). Hence, the hypothesis H_{2c} was accepted.

H_{2d} : Concern for sustainability is positively and significantly associated with job satisfaction.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, concern for sustainability is positively and significantly associated with job satisfaction ($\beta = -.046$, $p = .271$). The effect size for this relationship is $F(12, 572) = .866$, $p = .582$, $\eta^2 = .018$ indicating a small effect size (Table 4.20). However, the hypothesis H_{2d} was rejected.

H_{2e} : Ethical guidance is positively and significantly associated with job satisfaction.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, ethical guidance is positively and significantly associated with job satisfaction ($\beta = .084$, $p = .039$). The effect size for this relationship is $F(28, 556) = 1.469$, $p = .058$, $\eta^2 = .069$ indicating a medium effect size (Table 4.20). Hence, the hypothesis H_{2e} was accepted.

H_{2f} : Role clarification is positively and significantly associated with job satisfaction.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, role clarification is positively and significantly associated with job satisfaction ($\beta = .090$, $p = .027$). The effect size for this relationship is $F(18, 556) = 1.974$, $p = .010$, $\eta^2 = .059$ indicating a small effect size (Table 4.13d). Hence, the hypothesis H_{2f} was accepted.

H_{2g} : Integrity is positively and significantly associated with job satisfaction.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, integrity is positively and significantly associated with job satisfaction ($\beta = .082$, p

= .044). The effect size for this relationship is $F(16, 568) = 1.989$, $p = .012$, $\eta^2 = .053$ indicating a small effect size (Table 4.20). Hence, the hypothesis H_{2g} was accepted.

Thus the hypotheses (H_{2a} , H_{2b} , H_{2c} , H_{2e} , H_{2f} , H_{2g}) were accepted, and hypothesis (H_{2d}) was rejected.

H_3 : Ethical leadership is positively and significantly associated with organization commitment.

Standardized estimates of the structural paths are presented in Table 4.17 and Figure 4.7 (B). In this model, language and gender are controlled to avoid its influence on the relationship. Result indicates that ethical leadership is positively and significantly associated with organization commitment ($\beta = .292$, $p = .000$). The effect size for this relationship is $F(98, 486) = 1.244$, $p = .072$, $\eta^2 = .201$ indicating a high effect size (Table 4.18). Thus, hypothesis H_3 was accepted.

H_4 : The dimension of ethical leadership i.e. (a) people orientation, (b) fairness, (c) power-sharing, (d) integrity, (e) ethical guidance, (f) role clarification and (g) concern for sustainability are positively associated with organization commitment.

H_{4a} : People orientation is positively and significantly associated with organization commitment.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, people orientation is positively and insignificantly associated with organization commitment ($\beta = .077$, $p = .066$). The effect size for this relationship is $F(27, 557) = 1.474$, $p = .060$, $\eta^2 = .067$ indicating a medium effect size (Table 4.20). However, the hypothesis H_{4a} was rejected.

H_{4b} : Fairness is positively and significantly associated with organization commitment.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, fairness is positively and significantly associated with organization commitment ($\beta = .085$, $p = .036$). The effect size for this relationship is $F(23, 561) = 1.502$, $p = .063$, η^2

= .058 indicating a small effect size (Table 4.20). Hence, the hypothesis H_{4b}: was accepted.

H_{4c}: Power sharing is positively and significantly associated with organization commitment.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, power sharing is positively and significantly associated with organization commitment ($\beta = .085$, $p = .038$). The effect size for this relationship is $F(23, 561) = 1.961$, $p = .005$, $\eta^2 = .074$ indicating a medium effect size (Table 4.20). Hence, the hypothesis H_{4c} was accepted.

H_{4d}: Concern for sustainability is positively and significantly associated with organization commitment.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, concern for sustainability is positively and significantly associated with organization commitment ($\beta = .080$, $p = .057$). The effect size for this relationship is $F(12, 572) = 2.688$, $p = .002$, $\eta^2 = .053$ indicating a small effect size (Table 4.20). However, the hypothesis H_{4d} was rejected.

H_{4e}: Ethical guidance is positively and significantly associated with organization commitment.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, ethical guidance is positively and significantly associated with organization commitment ($\beta = .086$, $p = .037$). The effect size for this relationship is $F(28, 556) = 1.491$, $p = .051$, $\eta^2 = .070$ indicating a medium effect size (Table 4.20). Hence, the hypothesis H_{4e} was accepted.

H_{4f}: Role clarification is positively and significantly associated with organization commitment.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, role clarification is positively and significantly associated with organization commitment ($\beta = .079$, $p = .054$). The effect size for this relationship is $F(18, 556) = 1.768$, $p = .026$, $\eta^2 = .053$ indicating a small effect size (Table 4.20). However, the hypothesis H_{4f} was rejected.

H_{4g}: Integrity is positively and significantly associated with organization commitment.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership integrity is positively and insignificantly associated with organization commitment ($\beta = .038$, $p = .354$). The effect size for this relationship is $F(16, 568) = 1.775$, $p = .031$, $\eta^2 = .048$ indicating a small effect size (Table 4.20). However, the hypothesis H_{4g} was rejected.

Thus the hypotheses (H_{4b}, H_{4c}, H_{4e}) were accepted, and hypotheses (H_{4a}, H_{4d}, H_{4f} & H_{4g}) were rejected.

H₅: Ethical leadership is negatively and significantly associated with cynicism.

Standardized estimates of the structural paths are presented in Table 4.17 and Figure 4.7 (C). The control variable for this model was sector, gender and qualification. Results indicate that ethical leadership is negatively and significantly associated with cynicism ($\beta = -.235$, $p = .000$). The effect size for this relationship is $F(98, 486) = 1.069$, $p = .322$, $\eta^2 = .177$ indicating a high effect size (Table 4.18). Thus, hypothesis H₅ was accepted.

H₆: The dimension of ethical leadership, i.e. (a) people orientation, (b) fairness, (c) power-sharing, (d) integrity, (e) ethical guidance, (f) role clarification and (g) concern for sustainability are positively associated with cynicism.**H_{6a}: People orientation is negatively and significantly associated with cynicism.**

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, people orientation is negatively and significantly associated with cynicism ($\beta = -.191$, $p = .000$). The effect size for this relationship is $F(27, 557) = 1.993$, $p = .002$, $\eta^2 = .088$ indicating a medium effect size (Table 4.20). Hence, the hypothesis H_{6a} was accepted.

H_{6b}: Fairness is negatively and significantly associated with cynicism.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, fairness is negatively and significantly associated with cynicism ($\beta = -.163$, $p = .000$). The effect size for this relationship is $F(23, 561) = 1.893$, $p = .008$, $\eta^2 = .072$ indicating a medium effect size (Table 4.20). Hence, the hypothesis H_{6b} was accepted.

H_{6c}: Power sharing is negatively and significantly associated with cynicism.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, power sharing is negatively and significantly associated with cynicism ($\beta = -.092$, $p = .022$). The effect size for this relationship is $F(23, 561) = 1.375$, $p = .115$, $\eta^2 = .053$ indicating a medium effect size (Table 4.20). Hence, the hypothesis H_{6c} was accepted.

H_{6d}: Concern for sustainability is negatively and significantly associated with cynicism.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, concern for sustainability is positively and insignificantly associated with cynicism ($\beta = .032$, $p = .438$). The effect size for this relationship is $F(12, 572) = .787$, $p = .664$, $\eta^2 = .016$ indicating a small effect size (Table 4.20). However, the hypothesis H_{6d}: was rejected.

H_{6e}: Ethical guidance is negatively and significantly associated with cynicism.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, ethical guidance is negatively and significantly associated with cynicism ($\beta = -.092$, $p = .023$). The effect size for this relationship is $F(28, 556) = 1.342$, $p = .114$, $\eta^2 = .063$ indicating a medium effect size (Table 4.20). Hence, the hypothesis H_{6e}: was accepted.

H_{6f}: Role clarification is negatively and significantly associated with cynicism.

Table 4.19 and Figure 4.8 presents the dimension of ethical leadership, role clarification is positively and insignificantly associated with cynicism ($\beta = .071$, $p =$

.079). The effect size for this relationship is $F(18, 566) = .871$, $p = .615$, $\eta^2 = .027$ indicating a small effect size (Table 4.20). However, the hypothesis H_{6f} was rejected.

H_{6g} : Integrity is negatively and significantly associated with cynicism.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, integrity is positively and insignificantly associated with cynicism ($\beta = .026$, $p = .515$). The effect size for this relationship is $F(16, 568) = 1.496$, $p = .095$, $\eta^2 = .040$ indicating a small effect size (Table 4.20). However, the hypothesis H_{6g} was rejected.

Thus the hypothesis (H_{6a} , H_{6b} , H_{6c} , H_{6e}) were accepted, and hypotheses (H_{6d} , H_{6f} , H_{6g}) were rejected.

H_7 : Ethical leadership is positively and significantly associated with job embeddedness.

Standardized estimates of the structure paths are shown in Table 4.17 and Figure 4.7 (D). Control variable for this model was a language, which was controlled to avoid its influence on the proposed relationship. Results indicate that ethical leadership is positively and significantly associated with job embeddedness ($\beta = .242$, $p = .000$). The effect size for this relationship is $F(98, 486) = 1.528$, $p = .002$, $\eta^2 = .236$ indicating a high effect size (Table 4.18). Thus, hypothesis H_7 was accepted.

H_8 : The dimension of ethical leadership, i.e. (a) people orientation, (b) fairness, (c) power-sharing, (d) integrity, (e) ethical guidance, (f) role clarification and (g) concern for sustainability are positively associated with job embeddedness.

H_{8a} : People orientation is positively and significantly associated with job embeddedness.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, people orientation is positively and significantly associated with job embeddedness ($\beta = .101$, $p = .018$). The effect size for this relationship is $F(27, 557) = 2.073$, $p =$

.001, $\eta^2 = .091$ indicating a medium effect size (Table 4.20). Hence, the hypothesis H_{8a} was accepted.

H_{8b} : Fairness is positively and significantly associated with job embeddedness.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, fairness is positively and significantly associated with job embeddedness ($\beta = .082$, $p = .046$). The effect size for this relationship is $F(23, 561) = 1.520$, $p = .058$, $\eta^2 = .059$ indicating a medium effect size (Table 4.20). Hence, the hypothesis H_{8b} was accepted.

H_{8c} : Power sharing is positively and significantly associated with job embeddedness.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, power sharing is positively and significantly associated with job embeddedness ($\beta = .104$, $p = .012$). The effect size for this relationship is $F(23, 561) = 1.860$, $p = .009$, $\eta^2 = .071$ indicating a medium effect size (Table 4.20). Hence, the hypothesis H_{8c} was accepted.

H_{8d} : Concern for sustainability is positively and significantly associated with job embeddedness.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, concern for sustainability is negatively and insignificantly associated with job embeddedness ($\beta = -.021$, $p = .621$). The effect size for this relationship is $F(12, 572) = 1.821$, $p = .042$, $\eta^2 = .037$ indicating a medium effect size (Table 4.20). However, the hypothesis H_{8d} was rejected.

H_{8e} : Ethical guidance is positively and significantly associated with job embeddedness.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, ethical guidance is positively and significantly associated with job embeddedness ($\beta = .093$, $p = .026$). The effect size for this relationship is $F(25, 556) = 1.840$, $p = .006$, $\eta^2 = .085$ indicating a medium effect size (Table 4.20). Hence, the hypothesis H_{8e} was accepted.

H_{8f}: Role clarification is positively and significantly associated with job embeddedness.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, role clarification is positively and significantly associated with job embeddedness ($\beta = .089$, $p = .032$). The effect size for this relationship is $F(18, 566) = 1.885$, $p = .015$, $\eta^2 = .057$ indicating a medium effect size (Table 4.20). Hence, the hypothesis H_{8f} was accepted.

H_{8g} Integrity is positively and significantly associated with job embeddedness.

Table 4.19 and Figure 4.8 presents that the dimension of ethical leadership, integrity is negatively and insignificantly associated with job embeddedness ($\beta = -.20$, $p = .625$). The effect size for this relationship is $F(16, 568) = 1.775$, $p = .031$, $\eta^2 = .048$ indicating a medium effect size (Table 4.20). However, the hypothesis H_{8g} was rejected.

Thus the hypotheses (H_{8a}, H_{8b}, H_{8c}, H_{8e}, H_{8f}) are accepted, and hypotheses (H_{8d} & H_{8g}) were rejected.

4.3.2 Mediation Analysis

Mediation analyses help to understand an already existing relationship by analyzing the underlying mechanism through which a variable influences the another variable by way of a third intervening variable. It allows to better understand the relationship between the predictor and criterion variable when these two variables do not have a significant association (Baron & Kenny, 1986). Thus, mediation analysis is focused on a variable which examines the path through which the causal relationship between the predictor-criterion variable exists and also analyze the degree of influence of the predictor variable on the criterion variable due to induction of mediating variable (Baron & Kenny, 1986). Further, this analysis also confirms whether no relationship exists in the absence of this mediating variable. Thus, mediation is a causal chain wherein a variable (IV) affects the other variable (M), which in turn affects another variable (DV). The intervening variable,

M, is the mediator variable which mediates the relationship between predictor and criterion variable. Thus, mediators explain how external events influence the dependent variable(s). According to the philosophy of Baron and Kenny (1986), a successful mediator triggers the mechanism through which the causal variable is anticipated to influence the outcome variable. Mediation analysis indicates the effect of predictor on criterion while controlling the intervening variable is called as the direct effect. Similarly, an effect of predictor on criterion due to the intervening variable (path a and b) is known as indirect effect. Whereas, the total effect of IV on DV is accorded as total effect, which is the sum of indirect and direct effects (Kenny & Judd, 2014). Graphical representation of mediation analysis is as below:

Figure 4.9 presents a figural model of mediation. According to Figure 4.9, the path an (IV to M) and path b (M to DV) are direct effect paths. While the mediation path is the collection of the path a and b, in which IV leads to DV through mediator; this is also known as indirect path. Indirect effect signifies the part of the relationship between IV and DV that is explained (mediated) by the mediator variable.

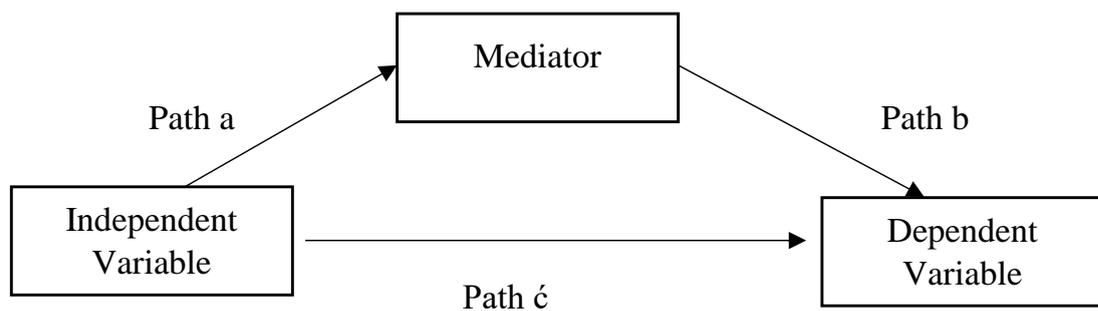


FIGURE 4.9: Mediation Analysis.

Mediation analysis is conducted using AMOS and Process to evaluate the below mentioned hypotheses.

4.3.2.1 Hypotheses Testing

Following segment of this chapter indicates the results of Hypothesis testing from Hypothesis 9 to Hypothesis 10a, which are based on the mediated relationship of

ethical leadership and job satisfaction, organization commitment, cynicism and job embeddedness. Figure 4.10 (A, B, C & D) presents the model tested along with control and work-related variables of these models, i.e. sector, gender, language and qualification. These variables were controlled prior to relationship testing. Results of the mediated analysis are presented in Table 4.21 and Table 4.22.

The proposed hypotheses are recapped in the following.

H₉: Ethical leadership is positively and significantly associated with psychological empowerment.

H₁₀: Psychological empowerment is positively and significantly associated with job satisfaction.

H_{10a}: Psychological empowerment mediates the relationship between ethical leadership and job satisfaction.

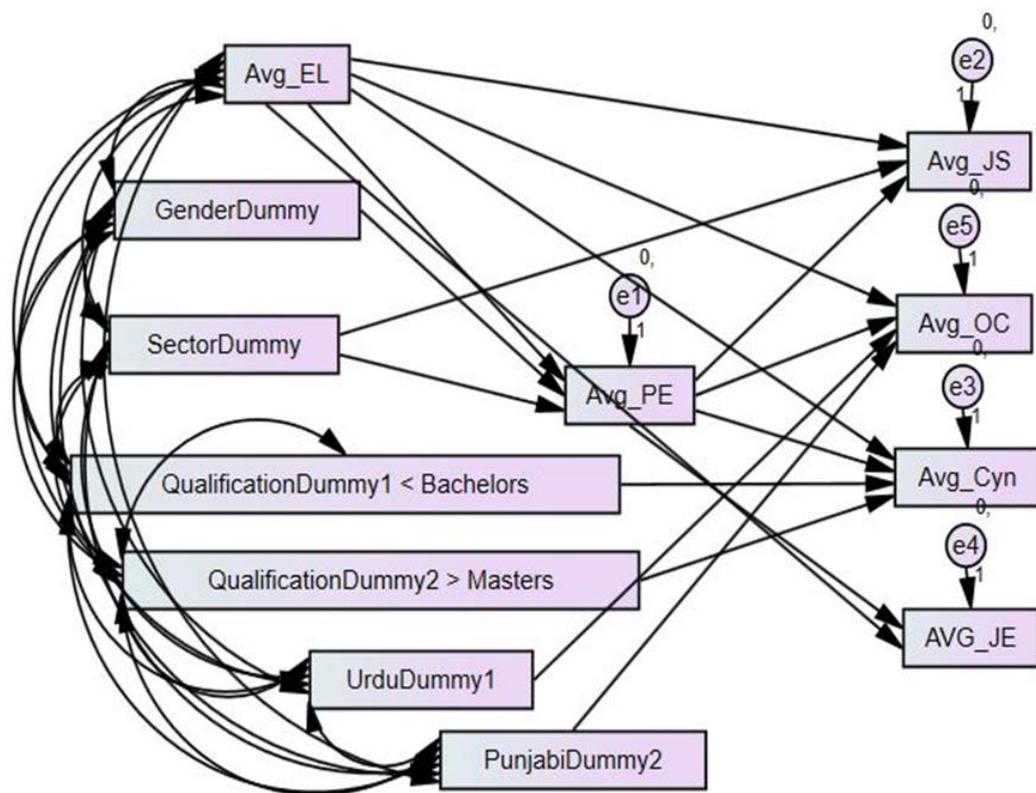


FIGURE 4.10: Analysis of Mediating Relationship of Psychological Empowerment.

Note: EL = Ethical leadership, PE = psychological empowerment, JS = Job satisfaction, OC = Organization commitment, Cyn = Cynicism, JE = Job embeddedness

TABLE 4.21: Standardized Coefficient of Structural Path (Path A & B).

Structural Path	Estimate	SE	CR	P
EL → PE (a)	.213	.124	5.229	***
PE → JS (b)	.058	.039	1.437	.151
EL → PE (a)	.213	.124	5.229	***
PE → OC (b)	.064	.038	1.577	.115
EL → PE (a)	.213	.124	5.229	***
PE → Cyn (b)	.027	.026	.659	.510
EL → PE (a)	.213	.124	5.229	***
PE → JE (b)	.090	.025	2.208	.027

Note: EL = Ethical leadership, PE = Psychological empowerment, JS = Job satisfaction, OC = Organization commitment, Cyn = Cynicism, JE = Job embeddedness

TABLE 4.22: Mediation Analysis.

Indirect Paths	Bootstrapping		BC		P
	Indirect Effect	SE	Lower Limit	Upper Limit	
EL → PE → JS	.036	.058	-.009	.088	.210
EL → PE → OC	.038	.064	.002	.082	.104
EL → PE → Cyn	.011	.027	-.015	.041	.478
EL → PE → JE	.036	.090	.009	.070	.028

Note: EL = Ethical leadership, PE = Psychological empowerment, JS = Job satisfaction, OC = Organization commitment, Cyn = Cynicism, JE = Job embeddedness

H₉: Ethical leadership is positively and significantly associated with psychological empowerment.

Table 4.21 and Figure 4.10 show that ethical leadership is significantly and positively associated with psychological empowerment ($\beta = .213$, $P = .000$). Thus,

direct relationship (Path a) of ethical leadership with psychological empowerment was positive and significant. Hence, hypothesis H₉ was accepted.

H₁₀: Psychological empowerment is positively and significantly associated with job satisfaction.

Table 4.21 and Figure 4.10 further indicate that psychological empowerment is significantly and positively associated with job satisfaction ($\beta = .058$, $P = .151$). Thus, a direct relationship (Path b) of psychological empowerment with job satisfaction was insignificant. Hence, hypothesis H₁₀ was rejected.

H_{10a}: Psychological empowerment mediates the relationship between ethical leadership and job satisfaction.

Table 4.22 and Figure 4.10 indicate the results of the indirect effects of psychological empowerment between ethical leadership and job satisfaction. This relationship lies between -.0029 and .088 limits with the presence of zero in the 95% confidence interval and insignificant P-value (.210). Thus, hypothesis H_{10a} was rejected as psychological empowerment is not mediating the relationship between ethical leadership and job satisfaction.

H₁₁: Psychological empowerment is positively and significantly associated with organization commitment.

Table 4.21 and Figure 4.10 signify that psychological empowerment is significantly and positively associated with organization commitment ($\beta = .064$, $P = .115$). Thus, a direct relationship (Path b) of psychological empowerment with organization commitment was insignificant. Hence, hypothesis H₁₁ was rejected.

H_{11a}: Psychological empowerment mediates the relationship between ethical leadership and organization commitment.

Table 4.22 and Figure 4.10 signify the result of indirect effects of psychological empowerment between ethical leadership and organization commitment. This relationship lies between .002 and .082 limits and insignificant P-value (.104). Thus, hypothesis H_{11a} was rejected as psychological empowerment is not mediating the relationship between ethical leadership and organization commitment.

H₁₂: Psychological empowerment is negatively associated with cynicism.

Table 4.21 and Figure 4.10 present that the relationship between psychological empowerment and cynicism is insignificant ($\beta = .0247$, $P = .510$). Thus, a direct relationship (Path b) of psychological empowerment with cynicism was insignificant. Hence, hypothesis H₁₂ was rejected.

H_{12a}: Psychological empowerment mediates the relationship between ethical leadership and cynicism.

Table 4.22 and Figure 4.10 present the results of the indirect effects of psychological empowerment between ethical leadership and cynicism. This relationship lies between -.015 and .041 limits with the presence of zero in the 95% confidence interval and insignificant P-value (.478). Thus, hypothesis H_{12a} was rejected as psychological empowerment is not mediating the relationship between ethical leadership and cynicism.

H₁₃: Psychological empowerment is positively and significantly associated with job embeddedness.

Table 4.21 and Figure 4.10 present that psychological empowerment is significantly and positively associated with job embeddedness ($\beta = .090$, $P = .027$). Thus, there exists a positive and significant direct relationship (Path b) between psychological empowerment and job embeddedness. Hence, hypothesis H₁₃ was accepted.

H_{13a}: Psychological empowerment mediates the relationship between ethical leadership and job embeddedness.

Table 4.22 and Figure 4.10 present the results of the indirect effects of psychological empowerment between ethical leadership and job embeddedness. This relationship lies between .009 and .074 with no zero in the 95% confidence interval and significant P-value (.028). Thus, H_{13a} was accepted as psychological empowerment is mediating the relationship between ethical leadership and job embeddedness.

4.3.3 Moderation Analysis

A moderation analysis uniquely impacts a relationship in a way that the relationship between predictor and criterion variable is either strong or weak than before. This relationship between predictor-criterion variable is impacted by the addition of a one or more moderating variable(s). Baron and Kenny, (1986) has discussed three types of moderating effects in the relationship of predictor-criterion variable. Addition of a moderator variable may have enhancing effect in the relationship which refers that an increase in moderator may result in increasing the impact of predictor variable on the criterion variable. While, addition of a moderator variable may indicate a buffering effect in the relationship which signifies that an increase in moderator would decrease the impact of predictor variable on criterion variable. Lastly, addition of a moderator may have antagonistic influence in the relationship by having an inverse effect of a predictor on the criterion variable. Therefore, a moderator has the potential to impact the existing relationship between a predictor-criterion variable, such that the relationship is strengthened or weakened. The moderation analysis is conducted after estimating an interaction term, and this interaction term changes the direction of the relational association between the predictor-criterion variable.

To further authenticate the moderation analysis results, the proposed hypotheses are analyzed using statistical technique of AMOS and Process. The proposed moderation hypotheses are recapped in the following.

4.3.3.1 Hypotheses Testing

Following segment indicates the results of hypotheses testing from Hypothesis 14 to Hypothesis 16, which are based on the moderated relationship of ethical climate, power distance orientation and leaders social distance on ethical leadership and psychological empowerment. Figure 4.11 presents the model tested along with control variables of this mode, i.e. gender, which was controlled. Furthermore, moderators were standardized before hypotheses testing. AMOS and Process are

used to examine the moderating impact; outcomes of moderation analysis are presented in Table 4.23-4.26.

These hypotheses are recapitulated below.

H₁₄: Ethical climate moderates the relationship between ethical leadership and psychological empowerment such that the positive relationship between ethical leadership and psychological empowerment will be stronger in case of high ethical climate.

H₁₅: Power distance orientation moderates the relationship between ethical leadership and psychological empowerment such that the positive relationship between ethical leadership and psychological empowerment will be stronger for workers low on power distance orientation.

H₁₆: Leaders social distance moderates the relationship between ethical leadership and psychological empowerment such that the positive relationship between ethical leadership and psychological empowerment will be weaker in the case of high social distance.

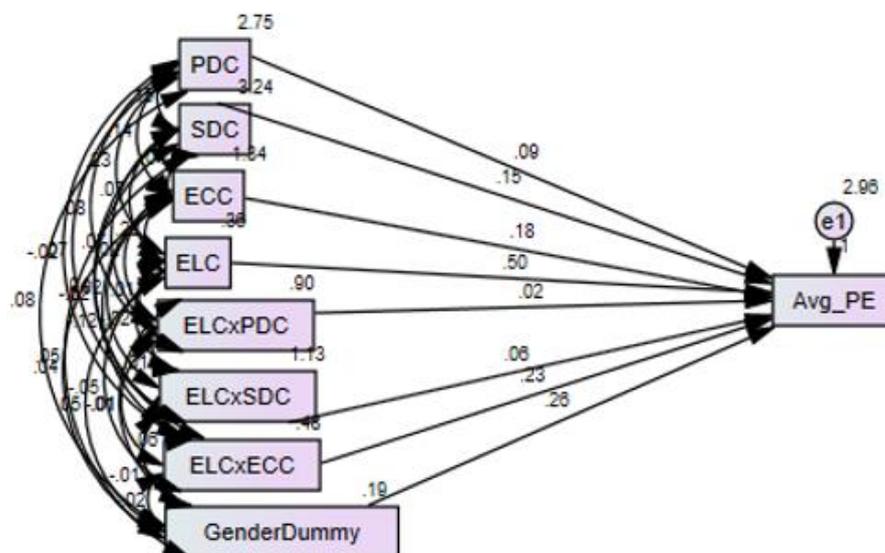


FIGURE 4.11: Moderation Analysis of Power Distance Orientation, Social Distance, Ethical Climate Between Ethical Leadership & Psychological Empowerment.

PDC = Standardized Power Distance Orientation, SDC = Standardized Leaders Social Distance, ECC = Standardized ethical climate, ELC = Standardized ethical leadership, PE = Psychological empowerment

TABLE 4.23: Moderation Analysis through AMOS.

Moderation Paths	Estimate	SE	CR	P
EL → PE	.166	.130	3.871	***
EC → PE	.112	.065	2.694	.007
PD → PE	.080	.044	1.957	.048
SD → PE	.148	.040	3.749	***
EL × EC → PE	.088	.104	2.213	.027
EL × PD → PE	.011	.075	.273	.785
EL × SD → PE	.034	.067	.863	.388

Note: *EL* = Ethical leadership, *PD* = Power distance orientation, *SD* = Social distance, *EC* = Ethical climate

TABLE 4.24: Effect Size of Moderation Analysis.

	Psychological Empowerment			
	DF/Error	F	Sig	η^2
EL	99, 485	1.060	.342	.176
EL × EC	431, 153	.879	.840	.712
EL × PD	491, 93	1.190	.170	.861
EL × SD	526, 58	1.483	.032	.931

Note: *EL* = Ethical leadership, *PD* = Power distance orientation, *SD* = Social distance, *EC* = Ethical climate, *DF* = Degree of freedom, *F* = frequency, η^2 = partial eta squared

4.3.3.2 Moderation Analysis Through AMOS

Table 4.23, 4.24 and Figure 4.11 shows details and outcomes of the moderating analysis conducted through AMOS. As per the analysis presented in Section 4.2.9, the control variable for this model was gender, which was controlled for testing this model.

H₁₄: Ethical climate moderates the relationship between ethical leadership and psychological empowerment such that the positive relationship between ethical leadership and psychological empowerment will be stronger in case of high ethical climate.

Table 4.23 and Figure 4.11 indicates the results of the moderation analysis where there was a direct effect of ethical climate on and psychological empowerment ($\beta = .112$, $p = .007$). Further, the interaction term of “ethical leadership and ethical climate” was found significant ($\beta = .087$, $p = .027$). The effect size for this relationship is $F(431, 153) = .879$, $p = .840$, $\eta^2 = .712$ indicating mild moderation effect on psychological empowerment (Table 4.24). Thus, the hypothesis H_{14} was accepted.

H_{15} : Power distance orientation moderates the relationship between ethical leadership and psychological empowerment such that the positive relationship between ethical leadership and psychological empowerment will be stronger for workers low on power distance orientation.

Table 4.23 and Figure 4.11 indicates the results of the moderation analysis where there was direct effect power distance orientation on psychological empowerment ($\beta = .080$, $p = .048$). Further, the interaction term of “ethical leadership and power distance orientation” was insignificant ($\beta = .011$, $p = .785$). The effect size for this relationship is $F(491, 93) = 1.176$, $p = .170$, $\eta^2 = .861$ indicating no moderation effect on psychological empowerment (Table 4.24). Hence, the hypothesis H_{15} was rejected.

H_{16} : Leaders social distance moderates the relationship between ethical leadership and psychological empowerment such that the positive relationship between ethical leadership and psychological empowerment will be weaker in the case of high social distance.

Table 4.23 and Figure 4.11 indicate the results of the moderation analysis where there was a direct effect of leaders’ social distance and psychological empowerment ($\beta = .148$, $p = .000$). Further, the interaction term of “ethical leadership and leaders’ social distance” was also insignificant ($\beta = .034$, $p = .388$). The effect size for this relationship is $F(526, 58) = 1.483$, $p = .032$, $\eta^2 = .931$ indicating no moderation effect on psychological empowerment (Table 4.24). Thus, the hypothesis H_{16} was rejected.

4.3.3.3 Moderation Analysis Using Process Macro

Table 4.25 presents the results of moderation analysis of ethical climate, power distance orientation, and leaders social distance in the relationship of ethical leadership and psychological empowerment using Process macro.

TABLE 4.25: Moderation Analysis through PROCESS.

Moderation Paths	R ²	Δ R ²	B (SE)	t	P	Lower Limit	Upper Limit
EL × EC → PE	.2712	.0735	.1062	2.2282	.0262	.0281	.4452
EL × PD → PE	.2530	.0640	.0772	.2971	.7665	-.1288	.1747
EL × SD → PE	.2844	.0809	.0682	1.0852	.2783	-.0599	.2079

Note: EL = Ethical leadership, PD = Power distance orientation, SD = Social distance, EC = Ethical climate, PE = psychological empowerment

H₁₄: Ethical climate moderates the relationship between ethical leadership and psychological empowerment such that the positive relationship between ethical leadership and psychological empowerment will be stronger in case of high ethical climate.

Table 4.25 and Figure 4.11 indicates that the upper and lower limits of ethical climate (Upper limit = .4452, Lower limit = .0281) have no zero in it. Further, the moderators' P value was significant (0.026). Thus, consistent with earlier results of AMOS, the moderating role of ethical climate was supported in the relationship between ethical leadership and psychological empowerment. Hence, the hypothesis H₁₄ was accepted while using Process Macro.

H₁₅: Power distance orientation moderates the relationship between ethical leadership and psychological empowerment such that the positive relationship between ethical leadership and psychological empowerment will be stronger for workers low on power distance orientation.

Table 4.25 and Figure 4.11 indicates that the upper and lower limits of power distance orientation (Upper limit = .1747, Lower limit = -.1288) have zero in it. Further, the moderators' P value was also found insignificant (.76). Thus,

consistent with the earlier results of AMOS, the moderating role of power distance orientation was not supported in the relationship between ethical leadership and psychological empowerment. Hence, the hypothesis H₁₅ was also rejected while using Process Macro.

H₁₆: Leaders' social distance moderates the relationship between ethical leadership and psychological empowerment such that the positive relationship between ethical leadership and psychological empowerment will be weaker in the case of high social distance.

Table 4.25 and Figure 4.11 indicates that the upper and lower limits of social distance (Upper limit = .2079, Lower limit = -.0599) have zero in it. Further, the moderators' P value was also found insignificant (0.278). Thus, consistent with earlier results of AMOS, the moderating role of social distance was not supported in the relationship between ethical leadership and psychological empowerment. Hence, the hypothesis H₁₆ was also rejected while using Process Macro.

Thus, hypotheses H₁₅ and H₁₆ were rejected, and H₁₄ was accepted. In addition to statistical tests, this study also examines the moderation analysis by way of SPSS by plotting moderation graphs for the variables (Figure 4.12). Simple slope analysis was plotted through excel macro developed by Dr. Jeremy Dawson (Dawson, 2011) for 2 way standardized sheet. The working sheet takes β coefficients of independent variable (ethical leadership), moderator variable (ethical climate), interaction term (ethical leadership \times ethical climate), and the value of constant to plot the graph.

The graph indicates two lines one dotted and the other continuous, as indicated in Figure 4.12. The continuous line indicates low ethical climate, and high degree of ethical leadership practices may produce limited psychological empowerment. Parallel to this, the dotted line presents high ethical climate and ethical leadership practices stimulates psychological empowerment. It shows a positive relationship between ethical leadership and psychological empowerment. Thus, this relationship is stronger in high ethical climate, as represented by the sharper slope of the dotted ethical climate line.

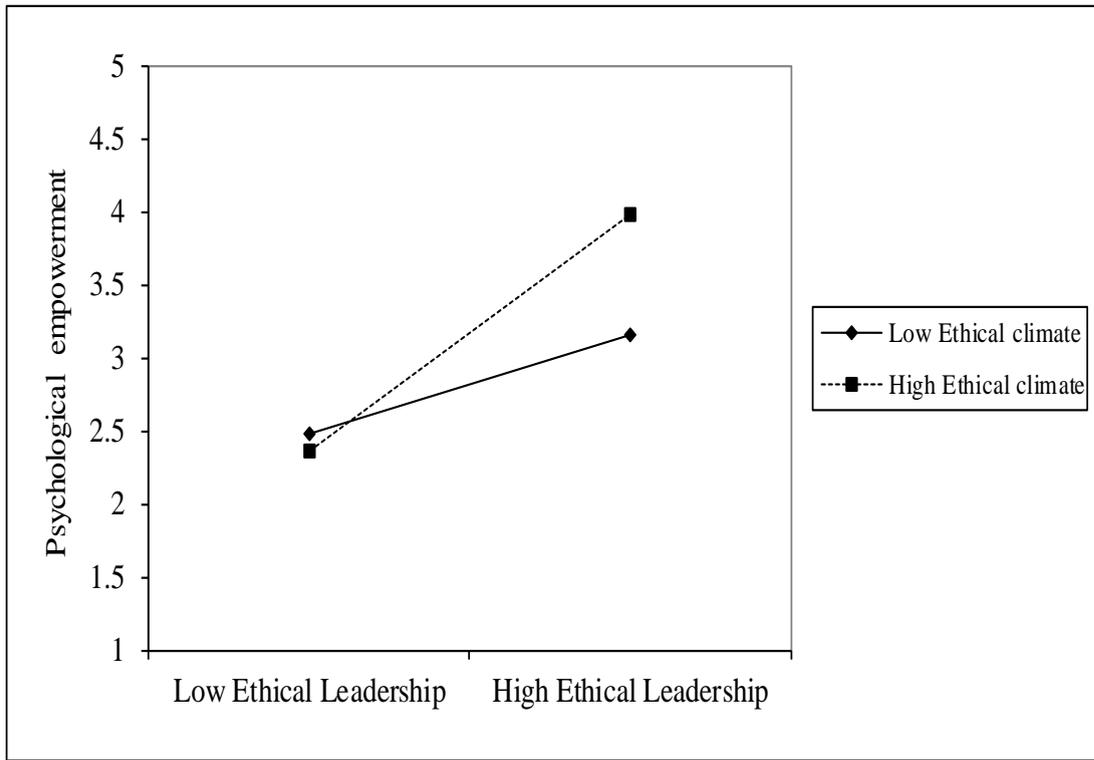


FIGURE 4.12: Moderation of Ethical climate.

TABLE 4.26: Standardized Regression Coefficients for Moderation.

Standardized Regression Coefficient	β
Independent Variable: Ethical Leadership	0.576
Moderator: Ethical climate	0.175
Interaction Term: Ethical leadership x ethical climate	0.237

4.3.4 Moderated Mediation

Moderated mediation is also known as a conditional indirect effect which intervenes considering effect of an predictor variable (X) on the outcome variable (Y) by means of a mediator variable (Z) varies depending upon the degree of the moderator (M). Thus, moderated mediation measures the effect of IV on DV and/or the effect of the mediator on DV on the level of moderator. It is represented graphically in Figures 4.13 and 4.14.

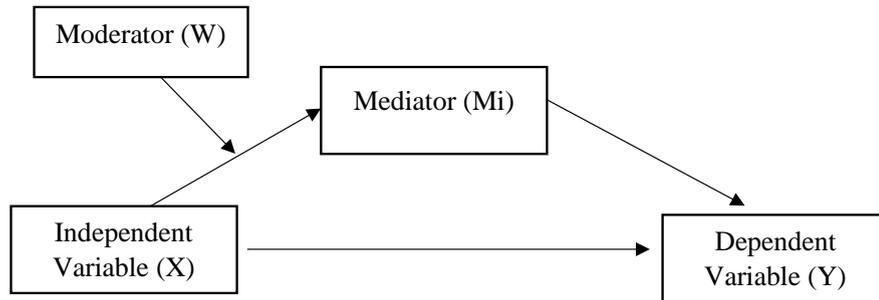


FIGURE 4.13: Moderated Mediation Analysis.

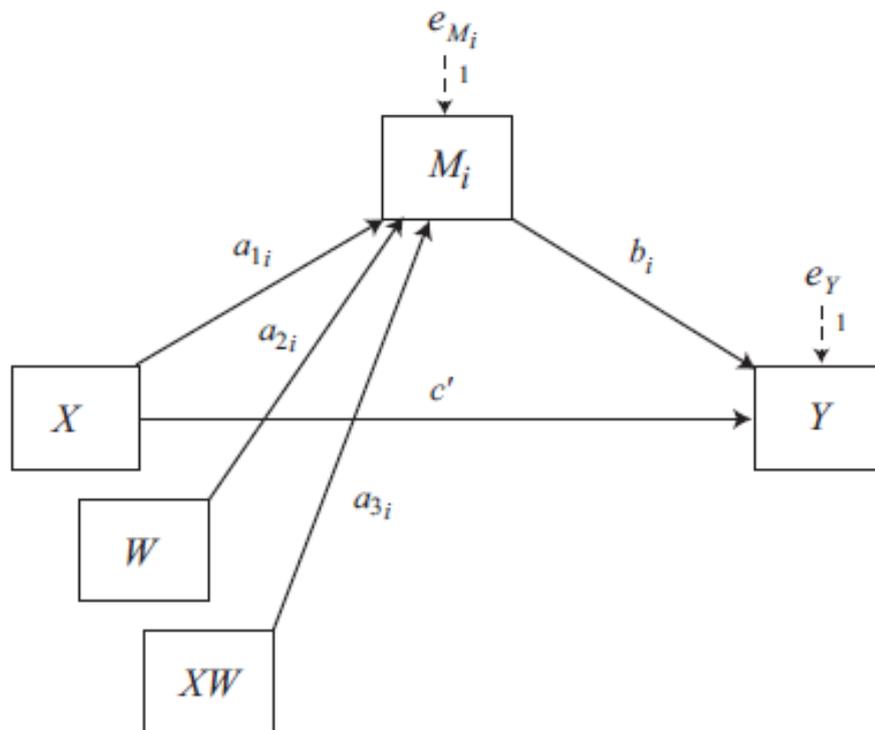


FIGURE 4.14: Statistical Diagram of Moderated Mediation.

Note: Paths to be tested: Path c' indicates the direct effect of IV on DV, Path a_{1i} indicates the effect of IV on Mediator, Path a_{2i} indicates the effect of W on Mediator, Path a_{3i} indicates the interaction term (IV \times Moderator) effect on Mediator, Path b_i indicates the effect of Mediator on DV

In this study, moderated mediation analysis was examined by using Process Macro (Model 7) to evaluate the below mentioned hypotheses.

4.3.4.1 Hypotheses Testing

Following segment indicates the results of hypotheses testing from hypothesis 17 to hypothesis 19, which examines the moderated mediation relationship of ethical leadership and job satisfaction, organization commitment, cynicism and job

embeddedness. Results of the analysis are mentioned in Table 4.27 and 4.28.

4.3.4.2 Test of Hypotheses - Ethical Climate

H₁₇: Ethical climate moderates the mediation through psychological empowerment between ethical Leadership and a) job satisfaction, b) organization commitment, c) cynicism and d) job embeddedness in such a way that the relationship will be stronger if the ethical climate is high.

Table 4.27 and 4.28 present the results of moderated mediation of ethical climate and psychological empowerment in the relationship of ethical leadership with job satisfaction, organization commitment, cynicism and job embeddedness as hypothesized in this research study. Table 4.27 tests the direct and moderated relationship between ethical leadership and psychological empowerment.

TABLE 4.27: Standardized Coefficient of Structural Path.

Structural Path	Estimate	SE	CR	P
EL → PE	.213	.124	5.230	***
EC → PE	.155	.064	3.813	***
EL × EC → PE	.052	.108	1.263	.207

Note: EL = Ethical leadership, EC = Ethical climate, PE = psychological empowerment

Table 4.28 presents the structural path of moderated mediation analysis.

TABLE 4.28: Standardized Coefficient of Structural Path.

Indirect Paths	Bootstrapping		BC 95% CI	
	Indirect Effect	SE	Lower Limit	Upper Limit
EL → EC × PE → JS	.033	.0117	-.0019	.0476
EL → EC × PE → OC	.033	.0114	-.0013	.0463
EL → EC × PE → Cyn	.0048	.0065	-.0091	.0184
EL → EC × PE → JE	.036	.0096	.0018	.0406

Note: EL = ethical leadership, EC = Ethical climate, PE = Psychological empowerment, JS = Job Satisfaction, OC = Organization commitment, Cyn = Cynicism, JE = Job embeddedness

H_{17a}: Ethical climate moderates the mediation through psychological empowerment between ethical leadership and job satisfaction in such a way that the relationship will be stronger if the ethical climate is high.

Table 4.27 and 4.28 presents that the relationship between ethical leadership and psychological empowerment ($\beta = .213$, $P = .000$), ethical climate and psychological empowerment ($\beta = .155$, $P = .000$) is significant, while, the relationship of the interaction term of “ethical leadership and ethical climate” with psychological empowerment ($\beta = .053$, $P = .207$) is insignificant. Lastly, the indirect effect of ethical leadership on job satisfaction through psychological empowerment in high ethical climate lies between $-.0019$ and $.0476$ with zero in the 95% confidence interval. Thus, hypothesis H_{17a} was rejected.

H_{17b}: Ethical climate moderates the mediation through psychological empowerment between ethical Leadership and organization commitment in such a way that the relationship will be stronger if the ethical climate is high.

Table 4.27 and 4.28 presents that the relationship between ethical leadership and psychological empowerment ($\beta = .213$, $P = .000$), ethical climate and psychological empowerment ($\beta = .155$, $P = .000$) is significant, while, the relationship of the interaction term of “ethical leadership and ethical climate” with psychological empowerment ($\beta = .053$, $P = .207$) is insignificant. Lastly, the indirect effect of ethical leadership on organization commitment through psychological empowerment in high ethical climate lies between $-.0013$ and $.0463$ with zero in the 95% confidence interval. Thus, hypothesis H_{17b} was rejected.

H_{17c}: Ethical climate moderates the mediation through psychological empowerment between ethical Leadership and cynicism in such a way that the relationship will be stronger if the ethical climate is high.

Table 4.27 and 4.28 presents that the relationship between ethical leadership and psychological empowerment ($\beta = .213$, $P = .000$), ethical climate and psychological empowerment ($\beta = .155$, $P = .000$) is significant, while, the relationship of the interaction term of “ethical leadership and ethical climate” with psychological

empowerment ($\beta = .053$, $P = .207$) is insignificant. Lastly, the indirect effect of ethical leadership on cynicism through psychological empowerment in high ethical climate lies between $-.0091$ and $.0184$ with zero in the 95% confidence interval. Thus, hypothesis H_{17c} was rejected.

H_{17d} : Ethical climate moderates the mediation through psychological empowerment between ethical Leadership and job embeddedness in such a way that the relationship will be stronger if the ethical climate is high.

Table 4.27 and 4.28 presents that relationship between ethical leadership and psychological empowerment ($\beta = .213$, $P = .000$), ethical climate and psychological empowerment ($\beta = .155$, $P = .000$) is significant, while, the relationship of the interaction term of “ethical leadership and ethical climate” with psychological empowerment ($\beta = .053$, $P = .207$) is insignificant. Lastly, the indirect effect of ethical leadership on job embeddedness through psychological empowerment in high ethical climate lies between $.0018$ and $.0406$ with no zero in the 95% confidence interval. Thus, hypothesis H_{17d} was accepted.

4.3.4.3 Test of Hypotheses - Power Distance Orientation

H_{18} : Power distance orientation moderates the mediation through psychological empowerment between ethical Leadership and a) job satisfaction, b) organization commitment, c) cynicism and d) job embeddedness in such a way that the relationship will be weaker if power distance orientation is high.

Table 4.29 and 4.30 present the results of moderated mediation of ethical climate and psychological empowerment in the relationship of ethical leadership with job satisfaction, organization commitment, cynicism and job embeddedness as hypothesized in this research study. Table 4.29 tests the direct and moderated relationship between ethical leadership and psychological empowerment, and Table 4.30 presents the structural path of moderated mediation analysis.

TABLE 4.29: Standardized Coefficient of Structural Path.

Structural Path	Estimate	SE	CR	P
EL → PE	.213	.124	5.230	***
PD → PE	.130	.045	3.157	.002
EL × PD → PE	.018	.079	.436	.663

Note: EL = Ethical leadership, EC = Ethical climate, PE = psychological empowerment

TABLE 4.30: Standardized Coefficient of Structural Path.

Indirect Paths	Bootstrapping		BC 95% CI	
	Indirect	SE	Lower	Upper
	Effect		Limit	Limit
EL → PD × PE → JS	.035	.0054	-.0065	.0173
EL → PD × PE → OC	.034	.0053	-.0072	.0160
EL → PD × PE → Cyn	.005	.0021	-.0025	.0073
EL → PD × PE → JE	.037	.0051	-.0073	.0141

Note: EL = Ethical leadership, PD = Power distance orientation, PE = Psychological empowerment, JS = Job satisfaction, OC = organization commitment, Cyn = Cynicism, JE = Job embeddedness

H_{18a}: Power distance orientation moderates the mediation through psychological empowerment between ethical Leadership and job satisfaction in such a way that the relationship will be weaker if power distance orientation is high.

Table 4.29 and 4.30 presents that the relationship between ethical leadership and psychological empowerment ($\beta = .213$, $P = .000$) and power distance orientation and psychological empowerment ($\beta = .130$, $P = .002$) is significant, while, the relationship of the interaction term of “ethical leadership and power distance orientation” and psychological empowerment ($\beta = .018$, $P = .663$) is insignificant.

Lastly, the indirect effect of ethical leadership on job satisfaction through psychological empowerment in high power distance orientation lies between $-.0065$ and $.0173$ with zero in a 95% confidence interval. Hence, hypothesis H_{18a} was rejected.

H_{18b}: Power distance orientation moderates the mediation through psychological empowerment between ethical Leadership and organization commitment in such a way that the relationship will be weaker if power distance orientation is high.

Table 4.29 and 4.30 shows that the relationship between ethical leadership and psychological empowerment ($\beta = .213$, $P = .000$) and power distance orientation and psychological empowerment ($\beta = .130$, $P = .002$) is significant, while, the interaction term of “ethical leadership and power distance orientation” and psychological empowerment ($\beta = .018$, $P = .663$) is insignificant. Lastly, the indirect effect of ethical leadership on organization commitment through psychological empowerment in high power distance orientation lies between $-.0072$ and $.0160$ with zero in the 95% confidence interval. Hence, hypothesis H_{18b} was rejected.

H_{18c}: Power distance orientation moderates the mediation through psychological empowerment between ethical Leadership and cynicism in such a way that the relationship will be weaker if power distance orientation is high.

Table 4.29 and 4.30 presents that the relationship between ethical leadership and psychological empowerment ($\beta = .213$, $P = .000$) and power distance orientation and psychological empowerment ($\beta = .130$, $P = .002$) is significant, while, the relationship of the interaction term of “ethical leadership and power distance orientation” and psychological empowerment ($\beta = .018$, $P = .663$) is insignificant. Lastly, the indirect effect of ethical leadership on cynicism through psychological empowerment in high power distance orientation lies between $-.0025$ and $.0073$ with zero in the 95% confidence interval. Thus, hypothesis H_{18c} was rejected.

H_{18d}: Power distance orientation moderates the mediation through psychological empowerment between ethical Leadership and job embeddedness in such a way that the relationship will be weaker if power distance orientation is high.

Table 4.29 and 4.30 shows that the relationship between ethical leadership and psychological empowerment ($\beta = .213$, $P = .000$) and power distance orientation and psychological empowerment ($\beta = .130$, $P = .002$) is significant, while, the relationship of the interaction term of “ethical leadership and power distance orientation” and psychological empowerment ($\beta = .018$, $P = .663$) is insignificant. Lastly, the indirect effect of ethical leadership on job embeddedness through psychological empowerment in high power distance orientation lies between $-.0073$ and $.0141$ with zero in the 95% confidence interval. Thus, hypothesis H_{18d} was rejected.

4.3.4.4 Test of Hypotheses – Leader’s Social Distance

H_{19} : Leaders social distance moderates the mediation through psychological empowerment between ethical leadership and a) job satisfaction, b) organization commitment, c) cynicism and d) job embeddedness in such a way that the relationship will be weaker if leaders distance is high.

Table 4.31 and 4.32 present the results of moderated mediation of leaders’ social distance and psychological empowerment in the relationship of ethical leadership with job satisfaction, organization commitment, cynicism and job embeddedness as hypothesized in this research study. Table 4.31 tests the direct and moderated relationship between ethical leadership and psychological empowerment.

TABLE 4.31: Standardized Coefficient of Structural Path.

Structural Path	Estimate	SE	CR	P
EL \rightarrow PE	.213	.124	5.230	***
SD \rightarrow PE	.161	.041	3.961	***
EL \times SD \rightarrow PE	.041	.070	.987	.323

Note: EL = Ethical leadership, SD = Leaders social distance, PE = psychological empowerment

Table 4.32 presents the structural path of moderated mediation analysis.

TABLE 4.32: Standardized Coefficient of Structural Path.

Indirect Paths	Bootstrapping		BC 95% CI	
	Indirect Effect	SE	Lower Limit	Upper Limit
EL → SD × PE → JS	.037	.0055	-.0019	.0226
EL → SD × PE → OC	.036	.0054	-.0021	.0226
EL → SD × PE → Cyn	.0053	.0026	-.0028	.0091
EL → SD × PE → JE	.039	.0045	-.0023	.0179

Note: EL = ethical leadership, SD = Social Distance, PE = Psychological empowerment, JS = Job Satisfaction, OC = Organization commitment, Cyn = Cynicism, JE = Job embeddedness

H_{19a}: Leaders social distance moderates the mediation through psychological empowerment between ethical leadership and job satisfaction in such a way that the relationship will be weaker if leaders distance is high.

Table 4.31 and 4.32 presents that the relationship between ethical leadership and psychological empowerment ($\beta = .213$, $P = .000$) and leaders' social distance and psychological empowerment ($\beta = .161$, $P = .000$) is significant, while, the relationship of the interaction term of "ethical leadership and social distance" with psychological empowerment ($\beta = .041$, $P = .323$) is insignificant. Lastly, the indirect effect of ethical leadership on job satisfaction through h psychological empowerment in the high social distance lies between $-.0019$ and $.0226$ with zero in the 95% confidence interval. Thus, hypothesis H_{19a} was rejected.

H_{19b}: Leaders social distance moderates the mediation through psychological empowerment between ethical leadership and organization commitment in such a way that the relationship will be weaker if leaders distance is high.

Table 4.31 and 4.32 presents that the relationship between ethical leadership and psychological empowerment ($\beta = .213$, $P = .000$) and leaders' social distance and psychological empowerment ($\beta = .161$, $P = .000$) is significant, while, the relationship of the interaction term of "ethical leadership and social distance" with

psychological empowerment ($\beta = .041$, $P = .323$) is insignificant. Lastly, the indirect effect of ethical leadership on organization commitment through psychological empowerment in the high social distance lies between $-.0021$ and $.0226$ with zero in the 95% confidence interval. Thus, hypothesis H_{19b} was rejected.

H_{19c}: Leaders social distance moderates the mediation through psychological empowerment between ethical leadership and cynicism in such a way that the relationship will be weaker if leaders distance is high.

Table 4.31 and 4.32 presents that the relationship between ethical leadership and psychological empowerment ($\beta = .213$, $P = .000$) and leaders' social distance and psychological empowerment ($\beta = .161$, $P = .000$) is significant, while, the relationship of the interaction term of "ethical leadership and social distance" with psychological empowerment ($\beta = .041$, $P = .323$) is insignificant. Lastly, the indirect effect of ethical leadership on cynicism through psychological empowerment with high social distance lies between $-.0028$ and $.0091$ with zero in the 95% confidence interval. Thus, hypothesis H_{19c} was rejected.

H_{19d}: Leaders' social distance moderates the mediation through psychological empowerment between ethical leadership and job embeddedness in such a way that the relationship will be weaker if leaders distance is high.

Table 4.31 and 4.32 presents that the relationship between ethical leadership and psychological empowerment ($\beta = .213$, $P = .000$) and leaders' social distance and psychological empowerment ($\beta = .161$, $P = .000$) is significant, while, the relationship of the interaction term of "ethical leadership and social distance" with psychological empowerment ($\beta = .041$, $P = .323$) is insignificant. Lastly, the indirect effect of ethical leadership on job embeddedness through psychological empowerment in the high social distance lies between $-.0023$ and $.0179$ with zero in the 95% confidence interval. Thus, hypothesis H_{19d} was rejected.

4.4 Overview of Hypotheses

Following segment of this chapter shows the overview of the hypotheses tested and the emerging outcomes including accepted or rejected status of each hypothesis. Table 4.33 presents a detailed outline of the relationships analyzed in this research study including examination of ethical leadership (composite and multi-dimensional style) with outcome variables (i.e. job satisfaction, organization commitment, cynicism and job embeddedness), mediating role of psychological empowerment between ethical leadership and the aforementioned outcome variables. Further, this table also lists down the moderation analysis while examining the moderating role of power distance orientation, leaders social distance and ethical climate between ethical leadership and psychological empowerment. Lastly, this table indicates the moderated mediation of above-mentioned moderators (power distance orientation, leaders social distance and ethical climate) and mediator (psychological empowerment) between ethical leadership and the outcome variables.

TABLE 4.33: Overview of Hypotheses.

Hypothesis	Statements	Results
Ethical leadership - Direct relationship		
H₁	Ethical leadership is positively and significantly associated with job satisfaction.	Accepted
H_{2a}	People orientation is positively and significantly associated with job satisfaction.	Accepted
H_{2b}	Fairness is positively and significantly associated with job satisfaction.	Accepted
H_{2c}	Power sharing is positively and significantly associated with job satisfaction.	Accepted
H_{2d}	Integrity is positively and significantly associated with job satisfaction.	Accepted
H_{2e}	Ethical guidance is positively and significantly associated with job satisfaction.	Accepted
H_{2f}	Role clarification is positively and significantly associated with job satisfaction.	Accepted

Hypothesis	Statements	Results
H_{2g}	Concern for sustainability is positively and significantly associated with job satisfaction.	Rejected
H₃	Ethical leadership is positively and significantly associated with organization commitment.	Accepted
H_{4a}	People orientation is positively and significantly associated with organization commitment.	Rejected
H_{4b}	Fairness is positively and significantly associated with organization commitment.	Accepted
H_{4c}	Power sharing is positively and significantly associated with organization commitment.	Accepted
H_{4d}	Integrity is positively and significantly associated with organization commitment.	Rejected
H_{4e}	Ethical guidance is positively and significantly associated with organization commitment.	Accepted
H_{4f}	Role clarification is positively and significantly associated with organization commitment.	Rejected
H_{4g}	Concern for sustainability is positively and significantly associated with organization commitment.	Rejected
H₅	Ethical leadership is negatively and significantly associated with cynicism.	Accepted
H_{6a}	People orientation is negatively and significantly associated with cynicism.	Accepted
H_{6b}	Fairness is negatively and significantly associated with cynicism.	Accepted
H_{6c}	Power sharing is negatively and significantly associated with cynicism.	Accepted
H_{6d}	Integrity is negatively and significantly associated with cynicism.	Rejected
H_{6e}	Ethical guidance is negatively and significantly associated with cynicism.	Accepted
H_{6f}	Role clarification is negatively and significantly associated with cynicism.	Rejected
H_{6g}	Concern for sustainability is negatively and significantly associated with cynicism.	Rejected

Hypothesis	Statements	Results
H₇	Ethical leadership is positively and significantly associated with job embeddedness.	Accepted
H_{8a}	People orientation is positively and significantly associated with job embeddedness.	Accepted
H_{8b}	Fairness is positively and significantly associated with job embeddedness.	Accepted
H_{8c}	Power sharing is positively and significantly associated with job embeddedness.	Accepted
H_{8d}	Integrity is positively and significantly associated with job embeddedness.	Rejected
H_{8e}	Ethical guidance is positively and significantly associated with job embeddedness.	Accepted
H_{8f}	Role clarification is positively and significantly associated with job embeddedness.	Accepted
H_{8g}	Concern for sustainability is positively and significantly associated with job embeddedness.	Rejected
Mediation Hypotheses		
H₉	Ethical leadership is positively and significantly associated with psychological empowerment.	Accepted
H₁₀	Psychological empowerment is positively and significantly associated with job satisfaction.	Rejected
H_{10a}	Psychological empowerment mediates the relationship between ethical leadership and job satisfaction.	Rejected
H₁₁₁	Psychological empowerment is positively and significantly associated with organization commitment.	Rejected
H_{11a}	Psychological empowerment mediates the relationship between ethical leadership and organization commitment.	Rejected
H₁₂	Psychological empowerment is negatively associated with cynicism.	Rejected
H_{12a}	Psychological empowerment mediates the relationship between ethical leadership and cynicism.	Rejected

Hypothesis	Statements	Results
H₁₃	Psychological empowerment is positively and significantly associated with job embeddedness.	Accepted
H_{13a}	Psychological empowerment mediates the relationship between ethical leadership and job embeddedness.	Accepted
Moderation Hypotheses		
H₁₄	Ethical climate moderates the relationship between ethical leadership and Psychological empowerment such that the positive relationship between ethical leadership and psychological empowerment will be stronger in case of high ethical climate.	Accepted
H₁₅	Power distance orientation moderates the relationship between ethical leadership and psychological empowerment such that the positive relationship between ethical leadership and psychological empowerment will be stronger for subordinates' low on power distance orientation.	Rejected
H₁₆	Leaders' social distance moderates the relationship between ethical leadership and psychological empowerment such that the positive relationship between ethical leadership and psychological empowerment will be weaker in the case of high social distance.	Rejected
Moderated Mediation Hypotheses		
H_{17a}	Ethical climate moderates the mediation through psychological empowerment between ethical leadership and job satisfaction in such a way that the relationship will be stronger if the ethical climate is high.	Rejected
H_{17b}	Ethical climate moderates the mediation through psychological empowerment between ethical leadership and organization commitment in such a way that the relationship will be stronger if the ethical climate is high.	Rejected

Hypothesis	Statements	Results
H_{17c}	Ethical climate moderates the mediation through psychological empowerment between ethical leadership and cynicism in such a way that the relationship will be stronger if the ethical climate is high.	Rejected
H_{17d}	Ethical climate moderates the mediation through psychological empowerment between ethical leadership and job embeddedness in such a way that the relationship will be stronger if the ethical climate is high.	Accepted
H_{18a}	Power distance orientation moderates the mediation through psychological empowerment between ethical leadership and job satisfaction in such a way that the relationship will be weaker if power distance orientation is high.	Rejected
H_{18b}	Power distance orientation moderates the mediation through psychological empowerment between ethical leadership and organization commitment in such a way that the relationship will be weaker if power distance orientation is high.	Rejected
H_{18c}	Power distance orientation moderates the mediation through psychological empowerment between ethical leadership and cynicism in such a way that the relationship will be weaker if power distance orientation is high.	Rejected
H_{18d}	Power distance orientation moderates the mediation through psychological empowerment between ethical leadership and job embeddedness in such a way that the relationship will be weaker if power distance orientation is high.	Rejected
H_{19a}	Leaders social distance moderates the mediation through psychological empowerment between ethical leadership and job satisfaction in such a way that the relationship will be weaker if leaders distance is high.	Rejected

Hypothesis	Statements	Results
H _{19b}	Leaders social distance moderates the mediation through psychological empowerment between ethical leadership and organization commitment in such a way that the relationship will be weaker if leaders distance is high.	Rejected
H _{19c}	Leaders social distance moderates the mediation through psychological empowerment between ethical leadership and cynicism in such a way that the relationship will be weaker if leaders distance is high.	Rejected
H _{19d}	Leaders social distance moderates the mediation through psychological empowerment between ethical leadership and job embeddedness in such a way that the relationship will be weaker if leaders distance is high.	Rejected

Total number of hypotheses: 56

Accepted: 27

Rejected: 29

4.5 Chapter Summary

In this chapter a detailed discussion upon the analytical approaches used to examine the proposed relationships on the data collected through SPSS, AMOS and PROCESS has been presented. Before proceeding to hypothesis testing, this chapter outlines the details of analysis conducted to establish statistical significance of the data collected through EFA, CFA to authenticate structure of the collected data. Further, collected data was examined for normal distribution, skewness and kurtosis analysis and multicollinearity using the test of tolerance and VIF. Upon successful outcomes of aforementioned tests, this research study conducted correlation coefficient analysis for the proposed Model A and Model B. In addition, this chapter also examined the analysis of control variables and their association

with outcome variables, i.e. job satisfaction, organization commitment, cynicism and job embeddedness.

Followed by the aforementioned statistical analysis, this study proceeded the evaluation of the proposed relationships by testing the direct relationship of predictor-criterion, moderation, mediation and moderated mediation, i.e. direct relationship of the composite and multidimensional form of ethical leadership with outcome variables (job satisfaction, organization commitment, cynicism and job embeddedness). Results of the direct relationships of the composite form of ethical leadership and outcome variables were significantly correlated. While testing the seven dimensions of ethical leadership two of the dimensions (people orientation and fairness) were found significantly associated, and two dimensions (integrity and concern for sustainability) indicated a limited association with all the four outcome variables. Further, this chapter also examines the mediating relationship of psychological empowerment in the relationship of ethical leadership and the aforementioned outcome variables. Results of the tests indicated that psychological empowerment mediates the relationship between ethical leadership and job embeddedness. While, the mediating role of psychological empowerment was insignificant in the relationship of ethical leadership and other outcome variables i.e. organization commitment, cynicism and job embeddedness.

In addition, this chapter also examines the three contextual moderators (power distance orientation, leaders social distance and ethical climate) and their influence in the relationship of ethical leadership and psychological empowerment. Results of the moderators indicate that high power distance orientation and increased leaders social distance did not moderate the relationship of ethical leadership and psychological empowerment. While increased ethical climate significantly and positively moderated the association of ethical leadership and psychological empowerment. Lastly, this study also examines the moderated mediation of ethical climate, power distance orientation, leaders social distance and psychological empowerment in the relationship of ethical leadership and the outcome variables (job satisfaction, organization commitment, cynicism and job embeddedness). Statistical analysis results

indicated that the moderated mediations of ethical climate and psychological empowerment were found significant in the relationship between ethical leadership and job embeddedness. While all other moderated mediation relationships were found insignificant.

All these relationships were tested using AMOS and PROCESS macro and represent the emerging results in the form of tables and figures. This chapter also presented a summary of all the hypotheses tested and their subsequent results. Overall the results supported approximately half the proposed hypotheses.

Chapter 5

Discussion, Conclusion and Recommendations

5.1 Chapter Introduction

This chapter interprets and discusses the findings of this research investigation in the light of existing literature, and provides a South Asian view and insights about the problem under investigation. This chapter is divided into several sections. The first six sections of this chapter discuss each research question and its results separately in the light of previous literature and earlier findings. Each research question and related hypotheses are discussed independently to explain how findings of this study are related to the previous findings. Each section also discusses the related hypothesis, whether it is accepted or rejected, using social exchange theory and leader-member exchange theory. Initial research questions discuss direct relationships; later sections discuss the mediated relationships, the moderated relationships followed by moderated mediation relationships. This is followed by separate sections for implication and conclusion, limitations, and future research directions. Summary of total hypotheses accepted or rejected is presented in the Table 4.19 of Chapter 4. Further, this chapter of research study also unveiled new insights in the literature of ethical leadership style, employee attitude and behavior in a South Asian setting, which adds to future prospects.

In addition, this section also presents the limitations and future research directions for the researchers and discusses the conclusion and practical implications.

5.2 Research Question 1

What is the impact of the seven dimensions of ethical leadership, i.e. people orientation, fairness, integrity, power-sharing, concern for sustainability, ethical guidance and role clarification, on employee outcomes, i.e. job satisfaction, organization commitment, cynicism and job embeddedness?

5.2.1 Summary of Results

Hypotheses were formulated in four major groups which were related to the seven dimensions of ethical leadership and the four outcomes (job satisfaction, organization commitment, cynicism and job embeddedness). Thus, a total of twenty-eight (28) hypotheses related to the impact of dimensions of ethical leadership on outcomes were developed. The relationship between seven dimensions of ethical leadership and job satisfaction, organization commitment, cynicism and job embeddedness was expanded through Hypothesis 2a to Hypothesis 2g, Hypothesis 4a to Hypothesis 4g, Hypothesis 6a to Hypothesis 6g and Hypothesis 8a to Hypothesis 8g, respectively. Eighteen hypotheses were accepted, while the following ten hypotheses were rejected: H_{2g}, H_{4a}, H_{4d}, H_{4f}, H_{4g}, H_{6d}, H_{6f}, H_{6g}, H_{8d}, and H_{8g}.

5.2.2 Discussion

This study aimed to examine the association between the seven-dimensional model of ethical leadership developed by Kalshoven et al., (2011) and employee outcomes, i.e. job satisfaction, organization commitment, cynicism and job embeddedness. Literature suggests that ethical leadership is associated positively with positive employee outcomes and negatively associated with dysfunctional outcomes (Brown et al., 2005; Mete, 2013). Furthermore, this study meaningfully extends the previous

findings and confirms the multi-dimensions of ethical leadership, which contributes differently towards employee outcomes. Findings suggest that the dimensions of people orientation and fairness were the most influential and significantly impact job outcomes. While, some of the dimensions, i.e. integrity and concern for sustainability, indicate limited influence due to their generic nature, abstract meaning and less visibility in routine tasks (Kalshoven et al., 2011), the invisibility of leaders' actions remains uninfluential to impact employee behavior. Lastly, all other dimensions appear to be much visible and have a clear correlation with job outcome variables. Overall, ethical leadership dimensions of people orientation, fairness, power-sharing, ethical guidance and role clarification have significant relationships with employee outcomes in the hypothesized direction. However, people orientation and fairness were found to be significantly related to job satisfaction (Ng & Feldman, 2015) and other outcome variables.

Results of this study suggest that every dimension of ethical leadership is related to outcome variables in a unique way; though concern for sustainability and integrity indicate a limited association. Whereas, collectively, ethical leadership positively affects job satisfaction, organization commitment, job embeddedness and negative association with cynicism. Thus, each dimension of ethical leadership, with the support of other dimensions, either enhances or decreases the impact on employee outcomes. Therefore, it is significant to establish a blend of dimensions that helps to attain desired outcomes. Hence, it is critical maintaining a sensible combination of all the seven dimensions of ethical leadership. These findings are discussed in details in the following section.

Ethical leadership dimension of concern for sustainability is a broad concept that shields employee socially, economically, and environmentally, and its scope goes beyond the workplace (Kanungo & Mendonca, 1998; Kalshoven et al., 2011). Thus, employees may find it difficult to relate this concept with the workplace unless cascaded down from the top management. Concern for sustainability stimulates leaders' concern and care for the environment and focuses on recycling to protect the overall society. Ethical leaders are constructive, concerned for employee, and benevolent (Hargreaves & Fink, 2004, 2012; Kalshoven et al., 2011), that triggers

the sense of inner obligation in employees to reciprocate positive actions of the leaders and produce mutual support while aiming to attain aggregate objectives (Cropanzano & Mitchell, 2005). Though concern for sustainability is somewhat disguised and is unable to get visibility in routine office work (Kalshoven et al., 2011). Therefore, we argue that concern for sustainability was unable to get visibility in the Pakistani context. In addition, leaders' actions were also invisible, which may impact employees' behavior, and employees focus more on immediate outcomes instead of long-term results (Hofstede & Minkov, 2010; Nadeem & Sully de Luque, 2018). According to the GLOBE study, China, an Eastern country, follows a long-term and future-focused culture which may produce differing results concerning the concept of concern for sustainability. While, GLOBE study shows that Pakistan, a South Asian country, is medium-low on future orientation and lacks long-term future thinking. As per its description, concern for sustainability is a long-term focused concept; therefore, employees find it hard to relate it to the ethical leadership practices in Pakistan. Thus, cultures with long-term approach may support the concept of concern for sustainability. Further, other attributes of ethical leadership style, such as fairness, people orientation and power-sharing, are more proximate and visibly related to ethical leadership, whereas the employee finds it difficult to narrate the concept of concern for sustainability with ethical leadership. Thus, this finding is consistent with the results of Kalshoven et al., (2011) indicating a low correlation with the outcome as compared to other dimensions. Hence, no correlation is found between concern for sustainability, job satisfaction, cynicism and job embeddedness.

Ethical leadership dimension of integrity is an imperative character of the leaders exhibited through keeping their promises (Brown et al., 2005; Brown & Trevino, 2006; Den Hartog & De Hoogh, 2009; Simons, Friedman, Liu & McLean Parks, 2007). Ethical leaders are perceived to have a high degree of integrity (Yukl, 2006), leading to positive actions of employees (Palanski & Yammarino, 2009; Parry & Proctor-Thomson, 2002). Despite its significance, findings of this study reveal no correlation of integrity with organization commitment, cynicism and job embeddedness. This may be because integrity is an internal value manifested

through fairness, power sharing, and ethical guidance; even then integrity is not seen to contribute to increasing organization commitment and job embeddedness or decreasing cynicism. Though this dimension positively impacts employee behavior (Avolio et al., 2004a; Den Hartog & De Hoogh, 2009; Kalshoven et al., 2011). Another possible explanation of this finding could be that integrity has been misunderstood by the employees in the Pakistani context with visible ethical interaction with employees. This finding is consistent with results of Cheng, Jiang, Cheng, Riley and Jen, (2015), who examined the perceived supervisor integrity in America and China and articulated different psychological mechanism in both cultures.

The dimension of ethical leadership, people orientation, is fostered as a strong predictor of job satisfaction, cynicism and job embeddedness as a result of leaders' prosocial behavior and social interaction (Cropanzano & Mitchell, 2005; Fehr et al., 2015; Ko, Ma, Bartnik, Haney & Kang, 2018; O'Keefe et al., 2018). Thus, employees feel satisfied to work for the leader who is genuinely concerned for the people (Brown & Trevino, 2006; Ng & Feldman, 2015). While, any deviation or reduced employee involvement may escalate cynicism (Andersson, 1996; Andersson & Bateman, 1997; Dean et al., 1998; Davis & Gardner, 2004), which is reduced by paying attention to the employees and by being people-oriented (Metz, 2013). Further, ethical leaders remove communication barriers (Kalshoven et al., 2011) and establish strong social attachment which contributes to added leaders' concern for employees (Holtom et al., 2008; Mitchell et al., 2001); this results in job embeddedness (Ferreira, 2017; Mitchell et al., 2001). Furthermore, positive exchange relationship is fostered by leaders' care and concern, which is translated into enhanced job satisfaction, job embeddedness and reduced cynicism.

Ethical leadership dimension of fairness results in increased job satisfaction and commitment, as supported by past studies (Den Hartog & De Hoogh 2009; Eisenbeiss, 2012; Fehr et al., 2015; Kalshoven et al., 2011; Kim & Brymer, 2011; Ko et al., 2018; Neubert et al., 2009; Ng & Feldman, 2015). Whereas, perception of being an unfair leader increases cynicism and results in a distorted leader-member relationship (Davis & Gardner, 2004; Metz, 2013). Similarly, unjust behavior of

leader reduces positive affectivity and nourishes negative emotions. Overall, the positive perception of ethical leaders promotes fairness and justice, which helps in reducing employee negativity (Brown & Trevino, 2006; Mete, 2013; Ng & Feldman, 2015). Thus, ethical leaders are a strong predictor of cynicism (Mete, 2013). While, leaders' personal characteristics, fairness, and ethical rules become leaders' identity (Brown & Mitchell, 2010; Mayer et al., 2012); this establishes a strong social relationship that results in job embeddedness. In lieu of social exchange theory, leaders' fair and ethical practices encourage employees to reciprocate through improved job satisfaction, organization commitment, job embeddedness and reduced cynical behavior (Mete, 2013).

Conversely, ethical leadership dimension of power-sharing enhances employee's self-efficacy, involvement and autonomy, which contributes to job satisfaction and organization commitment (Brown et al., 2005; Den Hartog & De Hoogh, 2009; Mayer et al., 2009; Neubert et al., 2009; Ng & Feldman, 2015; Kalshoven et al., 2011; Ko et al., 2018). Power-sharing promotes prosocial employee behavior, trust in the leader, and sensible power use that reduces cynicism (Mete, 2013). Furthermore, affirmative nature of ethical leaders makes them exemplary leaders (De Hoogh & Den Hartog, 2008; Mayer et al., 2012), which supports to decrease cynicism, improve mutual social relationship, and positively affect employee's behavioral conduct (Brown et al., 2005; Kalshoven et al., 2011). This enhances job embeddedness (Karatepe, 2014; Ferreira, 2017). Drawing on the social exchange theory, power-sharing serves as a positive initiating action from the leader, which is responded by job satisfaction, organization commitment, job embeddedness and reduced cynicism by the employees.

Ethical leadership dimension of ethical guidance provides clarity on ethical issues, challenges and inquiries raised by the employees. Further, ethical leaders are altruistic, and their guidance is an imperative element of social exchange (Cropanzano & Mitchell, 2005; Ko et al., 2018). Thus, ethical guidance deepens the mutual exchange relationship of leader-member (Brown et al., 2005; Brown & Trevino, 2006; Fehr et al., 2015). Thus, employees feel satisfied to work for an ethical leader who interprets, guides followers (Eisenbeiss, 2012; Fehr et al., 2015; Ko et

al., 2018; Neubert et al., 2009; Ng & Feldman, 2015), and supports in the time of need (Kalshoven et al., 2011). Further, the benevolent behavior of leaders enhances employee commitment (Wang & Xu, 2019). In contrast, inability to provide ethical guidance produces compromised and fragile leader-member relationship (Chuang & Chiu, 2018; Erkutlu & Chafra, 2015; Hom et al., 2009; Matthijs Bal et al., 2010; Van Dyne & Pierce, 2004); this generates negative affectivity resulting in cynicism. Lastly, ethical guidance becomes a source of mutual interdependence that enhances cooperation and collaboration, thus resulting in job embeddedness. According to social exchange theory, leaders' support extended towards employees' motives produces affirmative behavior and reduces negative behavior.

Lastly, ethical leadership dimension of role clarification establishes role clarity and role expectations. Ethical leaders work closely with their followers and keep on clarifying employee roles that establish a strong social connection (Kalshoven et al., 2011). Role clarification allows employees to focus and meaningfully contribute towards the organization and its performance; this adds employee job satisfaction (De Hoogh & Den Hartog, 2008). Furthermore, through role clarification, leaders remove ambiguity and interpret what is expected from employees; this keeps employees away from negative effect (Mayer et al., 2012; Seidman, 2004; Trevino et al., 2003). In thwart, inability to clarify role nurtures the development of cynicism. In addition, ethical leaders are moral and principled individuals who establish strong social relationship with followers (Erkutlu & Chafra, 2015; Hom et al., 2009; Van Dyne & Pierce, 2004) and mutual understanding that results in low turnover (Erkutlu & Chafra, 2015; Hassan et al., 2013; Hom et al., 2009) and enhances employees' emotional attachment which aids in job embeddedness (Ferreira, 2017).

Drawing on the social exchange theory, norms of reciprocity ignite through leaders' role clarification that encourages employees to exhibit favorable employee outcomes and refrain from negative outcomes.

5.3 Research Question 2

What is the relationship of seven dimensions of ethical leadership with job satisfaction, organization commitment, cynicism and job embeddedness, and which dimensions of ethical leadership work strongly in Asian settings?

5.3.1 Summary of Results

As discussed under section 5.2.1, Hypotheses were devised into four groups with regards to the seven dimensions of ethical leadership and the four outcomes (job satisfaction, organization commitment, cynicism and job embeddedness). This produces total twenty-eight (28) hypotheses, which examines the influence of these dimensions on outcomes variables. Results indicate that out of twenty-eight hypotheses, eighteen were accepted and ten hypotheses were rejected.

5.3.2 Discussion

This study examines the concept of ethical leadership, which is developed and established in the Western setting (Eisenbeiss, 2012; Ng & Feldman, 2015) with limited insights in the South Asian culture. This study fills this gap by investigating the influence of dimensions of ethical leadership style on employee outcomes. Results of this study confirmed that ethical leadership is a multidimensional construct across the cultural setting, thus finding support for the results of Kalshoven et al. (2011). In addition, out of seven dimensions, the results indicate that in the South Asian setting, the dimensions of people orientation, fairness, and power-sharing significantly influence the employee outcomes, as suggested by social exchange theory (Ko et al., 2018). Whereas, the dimensions of ethical guidance and role clarification considerably influence employee outcomes. Lastly, the dimensions of integrity and concern for sustainability have limited influence on the outcome variables. One of the possible reasons is that integrity is an internal trait which is perceived differently in South Asia and may manifest itself in other behaviors, such as fairness, power-sharing and ethical guidance. Therefore, respondents observed

integrity as a part of other traits. Consistent with the findings of Kalshoven et al. (2011), the dimension of concern for sustainability stimulates a limited impact on employee outcomes. Concern for sustainability is a broad concept comprising of social, economic and environmental aspects. While individuals in South Asia are short-term-orientated, and the benefits of sustainable leadership are reaped over a long period of time (Hargreaves & Fink, 2004). In addition, inconsistency in leadership behavior and trust also contributes to producing limited association of integrity and concern for sustainability.

This finding is imperative as this was not possible using a unidimensional scale of ethical leadership developed by Brown et al. (2005). Thus, this study provides deep insights into the concepts of ethical leadership.

5.4 Research Question 3

What is the impact of the composite form of ethical leadership on psychological empowerment and employee outcomes, i.e. job satisfaction, organization commitment, cynicism and job embeddedness?

5.4.1 Summary of Results

This empirical study contributes to the body of knowledge by examining the relationship between ethical leadership and its influence on significant job outcomes (Kalshoven et al., 2011). The result indicates a significant association between ethical leadership and job outcomes, i.e. job satisfaction, organization commitment, cynicism and job embeddedness.

To find out the response to aforementioned research question, five hypotheses were formulated which examine the relationship of the composite form of ethical leadership with four employee outcomes (job satisfaction, organization commitment, cynicism and job embeddedness) and psychological empowerment through H₁, H₃, H₅, H₇, and H₉. All the hypotheses were significantly associated with the outcome variable.

5.4.2 Discussion

This study examines the association of ethical leadership with employee outcomes, i.e. job satisfaction, organization commitment, cynicism, job embeddedness, and psychological empowerment (H₉). Statistical analysis of the study reveals that ethical leadership is positively associated with job satisfaction (H₁), organization commitment (H₃), job embeddedness (H₇), and psychological empowerment (H₉), while the negative association is found with cynicism (H₅).

The present relationship between ethical leadership and job satisfaction (H₁), which is supported by this study, is a widely accepted relationship in earlier studies (Avey et al., 2012; Brown et al., 2005; Ferreira, 2017; Ko et al., 2018; Ng & Feldman, 2015). Various aspects of ethical leader's behavior signify employees' job satisfaction; for example, moral conduct of ethical leaders makes them an ethical role model (Brown & Trevino, 2014), which results in a high degree of trust, mutual respect and association which adds to employee job satisfaction (Bass & Riggio, 2006; Holtom et al., 2008). Further, ethical and positive behavior of the leaders establishes a positive employee perception about the leader, which enables the employee to demonstrate prosocial job outcomes (Brown et al., 2005; Brown & Trevino, 2006), i.e. job satisfaction. Furthermore, positive perception of ethical leader motivates employees to reciprocate through increased work involvement, which generates improved job satisfaction (Ren & Chadee, 2017; Wang & Xu, 2019). In addition, ethical leaders follow moral dictates (Avey et al., 2012; Brown et al., 2005; Den Hartog & De Hoogh, 2009; Eisenbeiss, 2012; Kalshoven et al., 2011); this supports in establishing a conducive environment (Eisenbeiss, 2012; Kalshoven et al., 2011; Nubert et al., 2009) and develops congruent leader-member values. This makes the employee feel satisfied to work for an ethical leader and improves the overall employee job satisfaction (Dirks & Ferrin, 2002; Eisenbeiss, 2012; Khuntia & Suar, 2004; Wang & Xu, 2019). Contending on a positive exchange relationship (Cropanzano et al., 2017), when the relationship of leader-member is perceived as high quality, it generates an emotional bond, shared values and maintains one's own identity. Similarly, ethical leaders' effectiveness is

enhanced when they have a strong relationship with followers. Thus, ethical leaders' moral conduct is translated into improved employee job satisfaction. Lastly, the findings of this study are consistent with the earlier results (Ferreira, 2017; Ko et al., 2018; Wang & Xu, 2019), irrespective of the measuring scale (Qing et al., 2019).

This study examines the relationship between ethical leadership and organization commitment (H₃). Earlier studies advocate the existence of an affirmative relationship between leadership and organization commitment and is also supported by various earlier studies (Avolio et al., 2004b; Dvir et al., 2002; Walumbwa & Lawler, 2003). As explained by social exchange theory, the relationship of ethical leadership and organization commitment is positive and imperative (Avey et al., 2012; Chughtai et al., 2014; Li, Wu, Johnson, & Avey, 2017; Tu & Lu, 2016; Walumbwa et al., 2011; Wang & Xu, 2019, H₃). Out of many traits, significant characteristics of ethical leaders are people orientation, fairness and power-sharing, which contribute to improving overall employee morale and enhanced organization commitment (Ferreira, 2017). Further, when ethical leader exhibits concern for its people, promotes fairness and justice and delegates power to the employees, this positively affects employees who, in turn, respond with increased organization commitment (Ferreira, 2017; Kalshoven et al., 2017; Xu et al., 2016; Wang & Xu, 2019). In addition, ethical leaders are social individuals and focus on constructing a strong social relationship with the employees (Cropanzano & Mitchell, 2005), which increases employees' emotional attachment with the organization (Aronson, 2001; Brown, 2007; Martin & Cullen, 2006; Mendonca, 2001; Trevino et al., 1998). This also motivates employees to exhibit positive behavior towards the job and manifest in improved organization commitment (Neubert et al., 2009; Ko et al., 2018; Wang & Xu, 2019). The ethical leader works closely with the employee; this adds to an improved mutual understanding of leader-member. Furthermore, ethical leaders' honesty, fairness and ethical demonstration (Bono & Judge, 2003; Brown & Trevino, 2006; Koh et al., 1995; Shamir et al., 1993; Trevino et al., 1998) generate positivity which triggers employees' organization commitment (Brown & Trevino, 2006; Kim & Brymer, 2011; Mize et al., 2000; Neubert et al., 2009;

Ponnu & Tennakoon, 2009; Upadhyay & Singh, 2010; Wang & Xu, 2019). Further, current study extends the research findings of Qing and colleagues (2019) examining the relationship of ethical leadership and organization commitment through the commonly used scale of Brown et al. (2005). Thus, according to social exchange theory, positive actions of leaders (i.e. people orientation, fairness, and power-sharing) manifest positive reciprocal employee response of organization commitment (Cropanzano et al., 2017; Ko et al., 2018).

This study examines the relationship of ethical leadership with cynicism (H_5), which is supported in this study and is recognized as one of the important determinants of leadership behavior (Bommer et al., 2005; Brandes et al., 1999; Chiaburu et al., 2013; Mete, 2013). Various earlier studies encourage to examine ethical leadership with deviant workplace behavior (Avey et al., 2010; Mayer et al., 2009; Mayer et al., 2011; Stouten et al., 2010); though these studies indicate different results, such as no relationship between ethical leadership and negative behavior (Detert et al., 2007; Goodenough, 2008), and others suggest significant influence of ethical leadership on deviant behavior (Avey, Palanski, Walumbwa, 2010; Borchet, 2011; Erkutlu & Chafra, 2014). Consistent with the findings of earlier studies, results of this study also advocate that ethical leadership style significantly influences cynicism (Mete, 2013). This is because ethical leaders are altruistic and encourage employee participation by delegating power and authority (Kalshoven et al., 2011), producing confident employees. Thus, the feelings of self-efficacy fill employees with positive affect and are manifested through a decrease in unethical practices (Andersson & Bateman, 1997; Dean et al., 1998; Davis & Gardner, 2004; Mete, 2013). In addition, ethical leaders are fair and make ethics as their social identity which generates a positive perception of ethical leaders (Kalshoven et al., 2011; Mete, 2013) and reduces employee negative behavior (Brown & Trevino, 2006; Ng & Feldman, 2015). Whereas, leaders' inability to be perceived as ethical leaders may trigger negative behavior (i.e. cynicism) and compromised leader-member relationship (Mete, 2013). Further, ethical leaders are a strong predictor of positivity and ethics, which has a trickle-down effect on the employees (Mayer et al., 2009). Hence, employees are more inclined towards

positive behavior and refrain from cynical responses. In addition, ethical leaders are people-focused, emphasize on employee development, and guide employees ethically in the time of need which brings leaders close to the employees and helps in reducing employee negative behavior (Boyatzis & McKee, 2013; Ciulla et al., 2005; Demirtas, 2015; Mete, 2013; Ng & Feldman, 2015). Thus, the exemplary ethical conduct of leaders motivates employees to exhibit similar positive behavior (De Hoogh & Den Hartoog, 2008) and reduce the negative affectivity. Drawing on the social exchange theory, ethical leaders' positive actions motivate employees and reduce employee negative behavior (Mete, 2013; Kalshoven et al., 2011). Thus, employees' reactions are strongly influenced by leaders' actions.

The present study examines the relationship of ethical leadership with job embeddedness (H₅). Ethical leadership advocates various affirmative employee outcomes (Brown et al., 2005; Kalshoven et al., 2011; Ko et al., 2018); the result of this study is no exception and accepts the relationship of ethical leadership and job embeddedness (H₅). Majority of job embeddedness studies have been conducted in the West; for example, Tanova and Holtom (2008) carried out a detailed examination of job embeddedness in four European countries (Denmark, Italy, Spain and Finland); the findings of the study indicate that employees' decision to stay is influenced by several on- and off-job factors. Similarly, findings of Crossley et al. (2007) also suggest that highly embedded employees are less involved in the job search. Further, the study of Lee et al. (2014) also suggests that various national, cultural and family influences impact the degree of job embeddedness and employee turnover decision. Results of this study are also consistent with the earlier findings, and ethical leadership style positively influences the job embeddedness of the employees. Ethical leaders are socially connected with followers and are generally perceived as a moral leader (Kalshoven et al., 2011). Thus, a strong leader-member relationship knits a firm social web around the employees, which nourishes employees' job embeddedness (Erkutlu & Chafra, 2015; Ferreira, 2017). In addition, ethical leaders' positive actions of employee support and empowerment also bring leader-member in a close and trusted relationship which establishes a strong social strand (Brown et al., 2005; Cable & Judge, 2003; De Hoogh & Den

Hartog, 2008; Den Hartog & De Hoogh, 2009; Demirtas, 2015; Stouten et al., 2012; Tziner et al., 2011) and improves employee job embeddedness. Ethical and moral actions of a leader produce a positive leaders' perception which motivates employees and makes them obliged (Frisch & Huppenbauer, 2014; Mitchell et al., 2001) towards the leader and the organization, which results in the positive reaction of the employee, i.e. job embeddedness. According to social exchange theory, ethical leaders' concern for morality and added support produce mutual interdependence and emotional attachment of leader-member, which results in long-term employee association, i.e. job embeddedness (Ferreira, 2017).

This study examines the influence of ethical leadership on employee psychological empowerment (H_9), as suggested by various earlier leadership studies (Avolio et al., 2004b; Barroso Castro et al., 2008; Kirkman & Rosen 1999; Zhu et al., 2004). Past studies suggest that psychological empowerment motivates employees by enhancing task significance (Huang et al., 2010; Kim & Kim, 2013; Konczak et al., 2000; Liden et al., 2000; Seibert et al., 2011; Spreitzer et al., 1997; Walumbwa et al., 2011; Yukl & Becker, 2006) and overall employee effectiveness (Bandura, 1989; Kanter, 1977). When leaders psychologically empower employees, it significantly influences employee outcomes through a causal effect (Avolio et al., 2004b; Barroso Castro et al., 2008; Kirkman & Rosen 1999; Liden et al. 2000; Ozaralli, 2003; Wong & Laschinger, 2013; Zhu et al., 2004). In the presence of limited empirical evidence, further investigation is required on psychological empowerment (Avolio et al., 2004b; Barroso Castro et al., 2008; Dvir et al., 2002; Fulford & Enz 1995; Jung, Chow & Wu, 2003; Kark et al., 2003; Liden et al. 2000; Ozaralli, 2003; Wong & Laschinger, 2013). This study fills this gap, and results of this study are consistent with the earlier findings (Avolio et al., 2004b; Zhu et al., 2004), i.e. ethical leadership is significantly associated with employee psychological empowerment. It is because ethical leaders build a strong and affirmative social relationship with the followers (Den Hartog, & De Hoogh, 2009; Gomez & Rosen, 2001; Kark et al., 2003; Liden et al., 2000; Liden et al., 1997; Seibert et al., 2011); this allows employees' vicarious learning and results in self-efficient, participative and psychologically empowered employees (Yukl & Becker, 2006). Further,

leaders involve employees to determine the ethical boundaries and transparency which contributes to improving employees' ownership of actions and trust (Avey et al., 2012; Brown & Trevino, 2006; Davidovitz et al., 2007; Dickson et al., 2001; Neubert et al., 2009; Zhu et al., 2004). Prior to power delegation, leaders interpret clear role expectations to the employees (Den Hartog & De Hoogh, 2009; Khuntia & Suar, 2004; Resick et al., 2006; Zhu et al., 2004) and make employees accountable for their actions (Podsakoff et al., 1984; Liang et al., 2011). This enhances the overall employee development experience (Arnold et al., 2000; Den Hartog & De Hoogh, 2009; Huang et al., 2010; Konczak et al., 2000; Liden et al., 1997; Seibert et al., 2011) resulting in empowered employees. Furthermore, ethical leaders listen to employees' ideas, inculcate sensible power use and demonstrate their concern for employee development by providing employees with an opportunity to perform (Brown & Trevino, 2006; Den Hartog & De Hoogh, 2009; De Hoogh & Den Hartog, 2008; Kalshoven et al., 2011; Neubert et al., 2009; Spreitzer, 1996); this increases the leader-member trust and strengthens the leader-member association (Gomez & Rosen, 2001; Kark et al., 2003; Liden et al., 2000; Liden et al., 1997; Seibert et al., 2011). Thus, findings of this study are in line with the earlier results of Qing and colleagues (2019), confirming a positive association of ethical leadership and psychological empowerment. Drawing on social exchange theory, leaders psychologically empower employees who, in turn, respond through autonomy, power-sharing, mutual trust and communication (Gomez & Rosen, 2001; Kirkman & Rosen, 1999; Liden et al., 2000; Story et al., 2013).

The mediator of the study is psychological empowerment, and its mediating role is discussed under research question 4.

5.5 Research Question 4

Does psychological empowerment mediate between ethical leadership and job satisfaction, organization commitment, cynicism and job embeddedness?

5.5.1 Summary of Results

This study empirically examines the mediating role of psychological empowerment in the relationship of ethical leadership and job satisfaction, organization commitment, cynicism and job embeddedness. To find out the result of these proposed relationships, various hypotheses were established which empirically tested the mediating mechanism of psychological empowerment in the relationship of ethical leadership and the four employee outcomes, i.e. job satisfaction, organization commitment, cynicism and job embeddedness through Hypothesis 10 to Hypothesis 13. The result indicates that H_{10a} , H_{11a} , H_{12} , and H_{12a} were rejected, and Hypothesis H_{13} and H_{13a} were accepted.

5.5.2 Discussion

This research study examines the mediating role of psychological empowerment in the relationship of ethical leadership with job satisfaction, organization commitment, cynicism and job embeddedness. Statistical analyses of the study reveal that psychological empowerment successfully mediates the relationship between ethical leadership and job embeddedness (H_{13a}) while no other mediated relationship was observed with job satisfaction, organization commitment and cynicism.

The relationship of ethical leadership and psychological empowerment is discussed under section 5.4, i.e. Research question 3.

5.5.2.1 Psychological Empowerment–Job satisfaction

The present research study analyzes the influence of psychological empowerment on job satisfaction (H_{10} , path b). Literature suggests psychological empowerment as a significant motivational construct which works through the cognitive ability of the employee (Spreitzer, 1995). It is associated with significant and compassionate employee outcomes (Ahmad & Oranye, 2010). Thus, empowerment provides freedom of action to the employees, enabling the employee to craft jobs resulting in enhanced job control and involvement by the employees. According to ethical

leadership literature, ethical leaders are characterized to be altruistic and selfless individuals (De Hoogh & Den Hartog, 2008; Kalshoven et al., 2011). Ethical leaders are people-oriented, ensure transparency, and guide employees in the time of need, which makes employees perceive leader positively. Thus, ethical leaders' support indicates a deep concern for employee development (Kalshoven et al., 2011) through sharing power and delegating authority. Ethical leaders infuse moral values in employees by translating organizational guidelines in an understandable way to be implemented by the employees. Furthermore, ethical leaders' concern for the development of employees also indicates a positive action of the ethical leader, which supports to establish mutual trust and understanding. The enhanced degree of understanding and sense of empowerment are believed to result in leader-member value congruence escorting in improved job satisfaction (Liu et al., 2006). According to social exchange theory, the leader-member relationship is deeply embedded in the exchange reciprocity, e.g. positive actions of leaders, i.e. people orientation, fairness, and power-sharing are usually responded by positive actions by the employees, i.e. job satisfaction (Ahmad & Oranye, 2010).

Previous findings have mixed results while analyzing the relationship of psychological empowerment with job satisfaction (Chang et al., 2010; Qing et al., 2019; Zhu et al., 2004). Contending on this, finding of this study indicates no association of psychological empowerment with job satisfaction. The possible reason for this finding could be that psychological empowerment is perceived as an added responsibility with an aim to make employees accountable. Therefore, psychological empowerment is unable to generate improved job satisfaction by the employees. In addition, employees may perceive that leaders are shifting their responsibilities to employees and in return, employees are not receiving any advantage. This viewpoint of employees makes empowerment an unwanted benefit and restricts to reap affirmative response of job satisfaction as a result of disrupted exchange relationship of leader-member (Newman et al., 2015).

5.5.2.2 Mediating Role of Psychological Empowerment–Ethical Leadership and Job Satisfaction

The present study analyzes the mediating role of psychological empowerment in the relationship between ethical leadership and employee outcome of job satisfaction (H_{10a}). Literature suggests that psychological empowerment mediates the relationship of leader and affirmative outcomes (Avolio et al., 2004b; Avey et al., 2012). Similarly, this study argues that ethical leadership style is an antecedent of numerous affirmative employee outcomes (Brown et al., 2005; Ng & Feldman, 2015). Therefore, leaders' delegation of power is reciprocated by high employee job satisfaction (Avolio et al., 2004b; Avey et al., 2012; Barroso Castro et al., 2008). It contends on the social exchange theory; positive initiating actions of leaders improve employee competency and trust, which is reciprocated by employee job satisfaction (Hackman, 1980). Theoretically, it is argued that ethical dictates of the leaders produce the positive perception that inspires employees (Kiel & Lennick, 2005; Riggio, 2002; Zhu et al., 2004) and generates a trusted relationship (Brown et al., 2005; Brown & Trevino, 2006). Further, ethical leaders' morality inspires employees to follow their footprints (Kiel & Lennick, 2005; Riggio, 2002; Zhu et al., 2004), and enhances mutual trust (Brown et al., 2005; Brown & Trevino, 2006) which serves as the foundation for a leader-member relationship. Leaders' power-sharing with the employees (Bowen & Lawler III, 2006; Chang et al., 2010; Laschinger et al., 2004; Laschinger et al., 2001; Menon, 2001; Seibert et al., 2011) produces more cooperative and empowered employees (Ahmad & Gao, 2018; Ahmad & Oranye, 2010; Wang & Lee, 2009) who experience enhanced job control (Fulford & Enz, 1995; Spreitzer et al., 1997) and take ownership of actions. Conversely, the results of this study indicate that psychological empowerment fails to mediate the relationship between ethical leadership and job satisfaction (H_{10a}), which is directly in contrast to the study of Qing and colleagues, (2019) as a result of cultural complexity of South Asian culture. It is because in Pakistan, employees have limited interaction opportunity with leaders, which ceases leader-member from developing a strong social association and mutual trust. Another possible explanation for the unsuccessful mediating role of psychological empowerment could

be that employees are not delegated all the rights and privileges that make up employee empowerment. Thus, limited psychological empowerment remains unable to result in employee job satisfaction. Though various earlier studies affirm the mediating role of psychological empowerment (Avolio et al., 2004b; Avey et al., 2012; Barroso Castro et al., 2008), but the findings of this study are contrary to the earlier findings which may be because of difference in culture and the prevailing organizational factors. Therefore, the findings of this study are consistent with the results of Ahmad & Oranye (2010) and Chang et al. (2010). Hence, no mediating relationship is found between ethical leadership and job satisfaction in an Asian setting (Chang et al., 2010).

5.5.2.3 Psychological Empowerment–Organization Commitment

This research investigation examines how psychological empowerment is associated with organization commitment (H_{11} , path b). According to the literature, psychological empowerment triggers individuals' cognitive processes, eventually resulting in affirmative employee outcome of organization commitment (Ahmad & Oranye, 2010; Ugboro & Obeng, 2000). Further, better job control, autonomy and increased job involvement intrinsically motivate employees (Spreitzer, 1995; Walumbwa & Lawler, 2003; Yukl & Becker, 2006), and improve employee attachment with the organization (Eisenberger, et al., 1990; Kraimer et al., 1999) and organization commitment (Ng & Feldman, 2015; Qing et al., 2019). Similarly, the literature recommends that ethical leaders empower employees through regular support and communication, which develops a firm association with followers (Brown et al., 2005). In addition, ethical leaders are people-focused and pay attention to the development of the employees (Ahmad & Gao, 2018; Kalshoven et al., 2011) through power-sharing and authority (De Hoogh & Den Hartog, 2008; Kalshoven et al., 2011). Furthermore, ethical leader inculcates ethical conduct in employees resulting in value congruence between leader and member, which nourishes prosocial employee behavior, i.e. organization commitment (Liu et al., 2006; Manojlovich & Laschinger, 2002; Spreitzer, 1995; Qing et al., 2019; Wang & Xu, 2019). Positive social exchange relationship enables empowered employees

to reciprocate through enhanced organization commitment (Avolio et al., 2004b; Kraimer et al., 1999; Spreitzer, 1995; Zhu et al., 2004). Thus, leaders who empower their employees are in receipt of enhanced organization commitment (Ahmad & Oranye, 2010; Ng & Feldman, 2015; Spreitzer, 1995; Wayne et al., 1997; Wang & Xu, 2019; Zhu et al., 2004).

Findings of this study indicate no association of psychological empowerment with organization commitment, which is in contrast to earlier results (Avolio et al., 2004b; Qing et al., 2019; Zhu et al., 2004). One of the possible explanations for this finding could be that in Pakistan, the concept of psychological empowerment is perceived differently than Western society (Ahmad & Oranye, 2010; Ng & Feldman, 2015). For example, in Pakistan, empowerment may be accorded as added work resulting in workload, or it may be accorded as a trick to lay off unwanted individuals who fail to comply with added responsibility. This also indicates the distorted social exchange relationship between leader and member, i.e. when leader empowers employees, empowerment is perceived negatively by the employees and shatters the positive exchange reciprocity.

5.5.2.4 Mediating Role of Psychological Empowerment–Ethical Leadership and Organization Commitment

The present study examines the mediating role of psychological empowerment in the relationship between ethical leadership and organization commitment (H_{11a}, path ϵ). Various earlier studies have examined the mediating role of psychological empowerment in the relationship of leadership and employee outcomes (Avolio et al., 2004b; Avey et al., 2012; Avey et al., 2008; Barroso Castro et al., 2008; Chang et al., 2010; Zhu et al., 2004). Literature suggests that empowered employee takes ownership of actions, exhibits less reliance on leaders (De Zilva, 2014) and avails the opportunity to perform; this makes employees self-efficient and motivates them, which eventually improves organization commitment (Eisenberger et al., 1990; Kraimer et al., 1999; Liden et al., 2000; Mowday et al., 1982). Further, leaders' decision to empower employees is determined by the quality of the relationship between leader and member (Liden et al., 2000). As per earlier studies,

the ethical leader keeps themselves socially connected with the employees (Ahmad & Gao, 2018; Brown et al., 2005; Zhu et al., 2008), which boosts positive employee outcome of organization commitment (Bono & Judge, 2003; Walumbwa & Lawler, 2003; Wang & Xu, 2019). In addition, ethical leaders set high moral values, proliferate ethics, empower employees (Ahmad & Gao, 2018; Den Hartog & De Hoogh, 2009; Kalshoven et al., 2011) and demonstrate to be an ethical role model (Brown & Trevino, 2014). This aids in achieving employee loyalty and attachment (Den Hartog & De Hoogh, 2009; Liden et al., 2000; Bass, 1999) with the organization. Thus, empowered employees experience enhanced concentration, initiative and resilience, which results in enhanced organization commitment (Thomas & Velthouse, 1990).

Results of this study are in contrast to the earlier finding of the mediating role of psychological empowerment (Avolio et al., 2004b; Qing et al., 2019). It can be explained as Pakistan being a high power distance orientation country where power and status are given due weightage and are usually concentrated in fewer hands, i.e. top management. Therefore, limited authority is delegated to the employees, resulting in pseudo empowerment initiatives by the leader. Further, as a result of limited empowerment, employees are unable to utilize the authority and their maximum potential. Thus, employees are unable to exhibit affirmative outcome, i.e. organization commitment. Furthermore, in Asia, management style is different than the one prevailing in the West. Therefore, in Asia, leaders are hesitant to share power with employees adequately and subsequently unable to trigger the organization commitment of the employees. Another possible explanation could be the leaders who have a limited degree of trust in the employees and are reluctant to empower employees; hence, organization commitment remains at a shallow level. Results of this study support the findings of Chang et al. (2010). Further, in the light of social exchange theory, when leaders indicate limited trust and empowerment towards the employees, a positive response from the employees is not generated. Hence, a positive social exchange relationship is extinct.

5.5.2.5 Psychological Empowerment–Cynicism

This research investigation examines as to how psychological empowerment restricts employees to demonstrate the negative outcome of cynicism (H_{12} , path b). According to the literature, psychological empowerment influences employees' cognitive abilities (Barroso Castro et al., 2008) and is associated with task significance, self-efficacy, and regulate actions which significantly influence employee outcomes (Spreitzer, 1995). In addition, empowerment signifies delegation of responsibility and enriches employees' experience by allowing independence of actions and exhibition of prudent employee behavior (Dvir & Shamir 2003). Thus, leaders' action of psychological empowerment results in strong coordination and association between leader and member. Similarly, ethical leaders empower followers, provide them with clear role expectations, share power and guide employees ethically (Kalshoven et al., 2011); this infuses congruent values in employees to achieve a worthy goal. Further, ethical leaders are people-oriented and protect basic human rights by working selflessly towards employee development (Kalshoven et al., 2011; Zhu et al., 2004). This inculcates confidence in employees and produces enhanced feelings of empowerment. Negative employee behavior is an outcome of imbalanced reward system, broken promises, value incongruence and unfavorable work condition (Boudrias et al., 2012; Houkes et al., 2003), landing into negative employee reactions (Greco et al., 2006; Houkes et al., 2003; Leiter & Maslach, 2004; Melamed et al., 2006; Qian & Jian, 2020). Literature suggests that ethical leader promotes employee involvement and participation through power-sharing that helps in reducing negative employee outcomes (Ahmad & Gao, 2018; Mete, 2013; Qian & Jian, 2020). Empowered employees take ownership of actions which produce a positive perception of the leader that helps to reduce employee negative affectivity (Qian & Jian, 2020; Seibert et al., 2011). Further, the empowerment initiative increases employees' intrinsic motivation (Chang et al., 2010).

Findings of this study indicate that psychological empowerment is unable to influence employee cynicism (H_{12} , path b). This finding could be because the employee may perceive an ethical leader as not an ethical individual, which generates a negative perception of an ethical leader and nurtures cynicism. Furthermore, the

deviation of ethical leader from positive behavior may result in enhanced cynical employee behavior. In addition, Pakistan is a culturally different country which may experience that leaders are unlikely to form a strong social relationship with the employees. In such an environment, employees perceive empowerment as a burden delegated or as a punishment instead of an employee development initiative by the leader. Similarly, when employees are not empowered sufficiently or when employees do not perceive themselves as empowered, they may choose to respond negatively. Thus, if no responsibility is delegated, employees may not support the leader. In addition, the word 'empowerment' is interpreted differently in South Asia as compared to the West (Chang et al., 2010). Therefore, the employee may perceive empowerment differently. According to social exchange theory, leaders' positive initiating actions of the leader are generally translated and reciprocated positively by the employee (Cropanzano et al., 2017), which is determined by the history of interaction and the past exchange relationship. Therefore, when leaders inadequately empower employees, they choose to respond in a non-positive way.

5.5.2.6 Mediating Role of Psychological Empowerment–Ethical Leadership and Cynicism

This study examines the mediating role of psychological empowerment in the relationship between ethical leadership and cynicism (H_{12a} , path \acute{c}). Literature unveils that psychological empowerment is associated with various affirmative employee behavior (Avolio et al., 2004b; Avey et al., 2012; Avey et al., 2008; Barroso Castro et al., 2008; Zhu et al., 2004) and causes to reduce the propensity of negative employee behavior. Empowerment is the result of leader-member mutual trust and the quality of leader-member relationship which determines employee outcomes (Cummings et al., 2010). Strong social interaction of leader-member helps in identifying any deviation in the employee behavior at an early stage. Ethical leaders significantly influence employees, foster positive employee behavior (Brown et al., 2005; Kalshoven et al., 2011), and provide candid feedback to the employees that keeps them in the right direction. In addition, characteristics of ethical leaders, such as fairness, people orientation, ethical guidance and role clarity, produce

positive perception of the leader and generate affirmative emotions in employees (Den Hartog & De Hoogh, 2009; Kalshoven et al., 2011). Through promoting ethics and morality, ethical leaders form a trusted relationship with the employees (Brown & Trevino, 2006; De Hoogh & Den Hartoog, 2008). Leaders' positive actions have a diminishing effect on the negative employee emotions and cynical responses (Halbesleben et al., 2003; Greco et al., 2006; Mete, 2013; Qian & Jian, 2020). In contrast, when an employee perceives a leader as unethical and distrusted, leaders are unable to reduce cynical employee behavior. The study of Qian and Jian (2020) finds that leader's violation of ethical norms and values ceases leader-member relationship and produces cynical employee attitude towards the employer organization. The study further examines the mediating role of LMX and organizational identification that connects ethical leadership with cynicism directly and indirectly, extending the previous findings where researchers only analyzed the direct relationship between ethical leadership and cynicism (Brown et al., 2005; Kalshoven et al., 2011). Thus, finding of the study conducted by Qian and Jian (2020) advocates that enacted moral behavior of the ethical leaders passes social cues to the employees, which impacts the employee cynical behavior. Thus, immoral or unethical leaders are unable to recognize any behavioral changes in the employees, which results in cynical behavior, indicating a spillover effect on other employees and business units.

Findings of this study indicate that psychological empowerment fails to mediate the relationship between ethical leadership and cynicism (H_{12a}). This may be explained in a way that leaders' psychological empowerment was in a word, and the real spirit of empowerment was missing. For example, apparently, leaders empower employees, but only in words and in reality, employees are not independent of the leader to make a decision. Therefore, despite being psychologically empowered, employees were not experiencing a reduction in cynicism. Another possible explanation of this finding could be that empowerment initiative by the leader was not properly assessed, and employees were not ready to accept additional responsibility, hence resulting in no influence on employee cynicism. Furthermore, due to

the prevailing level of unemployment in Pakistan, employees may feel job insecurity, and the impact of psychological empowerment is invisible to cynical employee behavior. According to social exchange theory, when employees perceive leaders' actions are based on truth and reality, they may choose to respond positively. While, absence of sincerity and real concern by the leader may enable employees to reciprocate negatively, i.e. cynicism (Mete, 2013; Qian & Jian, 2020).

5.5.2.7 Psychological Empowerment-Job Embeddedness

The present study examines the association of psychological empowerment with employee job embeddedness (H₁₃, path b). Literature suggests that psychologically empowered employees are more motivated; it brings employees close to the leader, resulting in a strong leader-member relationship (Spreitzer, 1995) which determines the degree of support by the leader ((Li et al., 2012). Further, psychological empowerment improves employees' cognitive capabilities to think out of the box and generate creative ideas (Barroso et al., 2008; Spreitzer, 1995); this enables employees to perform the job effectively (Ahmad & Gao, 2018; Spreitzer, 1995). Psychological empowerment satisfies the need of self-determination (Ahmad & Oranye, 2010); this makes employees feel more powerful and confident to cope with emerging situations and events resulting in self-efficacy (Ahmad & Oranye, 2010; Gecas, 1989). Thus, empowered employees experience more control, autonomy and increased job performance (Ahmad & Gao, 2018; Ashforth, 1990). People orientation and fairness exhibited by ethical leader result in increased job embeddedness, as advocated by the study of Ferreira (2017). Ethical leaders demonstrate care and concern for the employees and guide followers ethically, which stimulates employees to utilize their full potential (Zhu et al., 2004). Further, ethical leaders treat employees respectfully, support to attain their personal goals, and address employees' development needs through providing them with opportunities to perform; this further contributes to enhancing employee competence (Ahmad & Gao, 2018; Kim & Kim, 2013). Ethical leader eliminates communication barriers and allows employees to craft job according to their own working style and methodology which forms self-efficient employees (Kim & Kim

2013); this also forms a strong social association with the followers (Kalshoven et al., 2011). In addition, ethical leaders share power with the employees who earn the confidence and support of the leader, and these employees are willing to accept added responsibility and accountability of actions (Ahmad & Gao, 2018; Kalshoven et al., 2011). Thus, ethical leaders successfully establish effective social interaction with employees, which keeps employees embedded as a result of the positive social exchange relationship. This social relationship encompasses the organization and the community (Mitchell et al., 2001), which adds to social complexity (Allen, 2006). Thus, job embeddedness is a collection of a social relationship woven around an individual (Lee et al., 2014; Holtom et al., 2006) by work and non-work factors. According to social exchange theory, the empowered employee acts as a moral agent and perceives the job as more meaningful, which they reciprocate through the affirmative reaction of job embeddedness.

Results of this study support the earlier findings (Ahmad & Gao, 2018; Erkutlu & Chafra, 2015; Ferreira, 2017), where psychological empowerment is significantly associated with job embeddedness (H_{13}). This may be because positive and altruistic nature of ethical leaders ignites an affirmative social exchange relationship which is translated into a positive outcome of job embeddedness. Furthermore, the actions of an ethical leader are in the heart of followers, who internalize the traits of ethical leaders. Hence, congruent values develop a strong connection between leader and member. This makes it difficult for the employees to quit the organization, resulting in a high degree of job embeddedness (Ahmad & Gao, 2018; Ferreira, 2017). In addition, ethical leaders support employees in the time of need, which increases mutual interdependence of leader-member and is reflected through trust and social binding, leading to job embeddedness (Ahmad & Gao, 2018; Erkutlu & Chafra, 2015). Another possible explanation could be that leaders' trust supports power-sharing with the employees, resulting in psychologically empowered employees, whereby being a high power distance country (Nadeem & Sully de Luque, 2018), employees prefer to have power and control on the job. This enables the employees to maintain a better social relationship which they are not willing to trade off by switching job, i.e. high job embeddedness. This

relationship can be better explained with the help of social exchange theory, where affirmative actions of the leaders are likely to be responded by the similar kind gesture of the other party of exchange (Cropanzano et al., 2017). Thus, the initiating actions of one party to exchange is reciprocated by engaging in positive reciprocating response by the other party to exchange. Thus, ethical leader's initiating action is the employee's psychological empowerment, and when employees choose to respond with the positive reaction of job embeddedness (Ferreira, 2017), this is the result of the positive social exchange relationship.

5.5.2.8 Mediating Role of Psychological Empowerment–Ethical Leadership - Job Embeddedness

The present study investigates the mediating role of psychological empowerment in the relationship of ethical leadership with job embeddedness (H_{13a}, path \acute{c}). Literature suggests that psychological empowerment is an imperative construct (Ahmad & Gao, 2018; Avolio et al., 2004b; Zhu et al., 2004) and has been examined with different leadership styles and employee outcomes as an intervening mechanism (Ahmad & Gao, 2018; Avolio et al., 2004b; Erkutlu & Chafra, 2015; Ferreira, 2017; Zhu et al., 2004). In addition to enhanced job control, psychological empowerment also makes employees responsible and holds them accountable for their actions (Kim & Kim, 2013). As advocated by earlier studies, empowerment impacts the cognitive ability of the employee, which triggers affirmative employee behavior (Kraimer et al., 1999; Liden et al., 2000) and enhances emotional attachment.

Empowerment is an outcome of leader-member trust (Ahmad & Gao, 2018; Kalshoven et al., 2011) and brings employees close to the leader, which enhances collaboration and coordination. Power-sharing initiative of the ethical leaders enables empowered employees to cope with the emerging situations and challenges effectively. This improves employees' confidence and stimulates emotional stability (Den Hartog & De Hoogh, 2009; Seibert et al., 2011); this job enrichment action of ethical leaders obliges employees and intrinsically motivates and makes them completely engaged with the organization. Similarly, ethical leaders respect employees and,

out of human dignity, emphasize concern for people, transparency and focus on employee development (Ahmad & Gao, 2018; Zhu, 2008). Conduct of ethical leaders becomes their social identity which produces congruent leader-member values (Erkutlu & Chafra, 2015; Lee et al., 2004); this strengthens mutual trust, develops grounds for generating similar values and increases the acceptability of additional responsibilities in employees (Kalshoven et al., 2011). In addition, ethical leaders provide a conducive environment for employees to perform tasks, which adds to employee experience and confidence in their skills (Ahmad & Gao, 2018; Zhu, 2008) with increased participation in decision-making (Kalshoven et al., 2011; Den Hartog & De Hoogh, 2009). This enhances employee capability, competence (Bandura, 1989), better job fit, and social relationship. Furthermore, ethical leaders are social individuals who manage mutual interaction through effective communication and interpretation of organizational policies. Thus, these gestures of ethical leaders make employees obliged (De Hoogh & Den Hartoog, 2008), which improves job meaning for the followers (Ahmad & Gao, 2018; Li et al., 2012). Thus, ethical leaders establish a strong social association with employees that enhances the job embeddedness of the employee (Ahmad & Gao, 2018; Ferreira, 2017).

Results of this study support the findings of Ferreira (2017) and Ahmad and Gao (2018), where ethical leadership predicts job embeddedness. It is because empowered employees perform more compassionately and influence their jobs more meaningfully, which adds to employee job embeddedness (Ferreira, 2017). Further, empowered employees experience a greater degree of trust by the leader; this enables employees to fully expose their potential at a job without any fear. Further, leaders' power-sharing encourages employee participation in decision-making and boosts employee confidence to take risks. This results in an improved social relationship of leader-member, which results in the firm social web of job embeddedness. In addition, leaders' empowerment motivates employees to take extra responsibility, which adds on-the-job factors of job embeddedness of the employees. Further, Pakistan is a collectivist country, and the social relationships outside organizations are given a high value, which makes it difficult for the employee to quit; this is supported by the study of Williamson & Holmes (2015) who found

that cultural aspects influence job embeddedness. Further, another significant attribute in Pakistani organization is the prevailing degree of in-group collectivism, scoring medium-low, under which employees feel pride to be associated with their immediate social network. Whereas, Pakistan scores high on societal-level collectivism (House et al., 2004), which brings people close, increases cohesiveness and prioritizes groups' interest over self. In a collective society, people share common values and goals while indicating strong relationship within the group. Hence, a high degree of in-group collectivism articulates low turnover and high job embeddedness. Furthermore, an employee who experiences empowerment decides to stay within their social network. Hence, various off-the-job factors also contribute to a high degree of job embeddedness. According to social exchange theory, leaders' care, concern and power-sharing make employees empowered (Li et al., 2012) and obliged (Gouldner, 1960; Seibert et al., 2011), which is reciprocated by the employees with enhanced job embeddedness (Karavardar, 2014). Thus, the positive actions of the leader are positively responded by the employee (Cropanzano et al., 2017).

5.6 Research Question 5

Do ethical climate, power distance orientation and leaders' social distance moderate the relationship between ethical leadership and psychological empowerment?

5.6.1 Summary of Results

A number of hypotheses were formulated to find out the answer to the aforementioned research question. The results of the hypothesis reveal that H₁₄, which hypothesized the moderating role of ethical climate, was accepted and H₁₅ and H₁₆ were rejected.

5.6.2 Discussion

The purpose of this study was to examine the moderating association of ethical climate, power distance orientation, and leaders' social distance in the relationship between ethical leadership and psychological empowerment. Results from the statistical analysis reveal that the ethical climate has to enhance the moderation effect on psychological empowerment. While power distance orientation and leaders' social distance had no moderation influence on psychological empowerment.

5.6.2.1 Ethical Climate

This study examines the moderating role of ethical climate in the relationship between ethical leadership and psychological empowerment (H₁₄). Psychological empowerment is a cognitive state and enhances self-efficacy of the employees (Menon, 2001), which contributes to an increased perception of control and power with a belief to perform competently (Thomas & Velthouse, 1990). Empowered employees experience enhanced self-belief that they can handle events and situations (Conger & Kanungo, 1988) adequately. Empowerment is supported in a conducive environment. Ethical climate is an environment which promotes a culture of respect, care, equality and ethics (Carson, 2003; Cullen et al., 1989) and shapes employee behavior by encouraging ethical practices (Carr et al., 2003; Chye Koh & Boo, 2004; De Hoogh & Den Hartoog, 2008; Schneider, 1975; Schwepker, 2001; Victor & Cullen, 1987; 1988). In an ethical climate, leader-member enjoy shared ethical norms, procedures, and perception (Demirtas & Akdogan, 2015; Dickson et al., 2001; Schein, 1985; Nuebert et al., 2009; Schminke et al., 2005; Tenbrunsel et al., 2003; Trevino & Brown, 2004; Weaver et al., 1999b), which strengthens the leader-member association. Earlier studies support that ethical climate nurtures ethical leadership style (Demirtas & Akdogan, 2015; Elci et al., 2013; Lu & Lin, 2014; Mayer et al., 2010; Shin, 2012). Literature suggests that leaders who are engaged in exemplary activities are perceived as altruistic individuals, and share vision with employees, successfully establish trust, receive strong attachment of the employees (Conger & Kanungo, 2000) and share mutual goals

that keep employees energized and motivated to internalize these goals (Conger & Kanungo, 2000; Menon, 2001). Similarly, an ethical leader demonstrates exemplary ethical conduct (Brown & Trevino, 2006), practises fairness and promotes positive work environment (Brown et al., 2005; Davidovitz et al., 2007; Dickson et al., 2001; Kalshoven et al., 2011; Trevino et al., 1998). Further, ethical leaders infuse ethics in the employees, which produces congruent leader-member values and mutual trust (Mulki et al., 2006; Neubert et al., 2009); this facilitates ethical leaders to share power with the employees (Den Hartog, & De Hoogh, 2009; Kalshoven et al., 2011) resulting in self-efficient employees. Thus, the influence of the leader is greater in the presence of an environment which supports ethical principles and practices (Demirtas & Akdogan, 2015; Martin & Cullen, 2006).

Results of this study support the earlier findings of Elci et al. (2003) and Demirtas and Akdogan (2015), where ethical climate influences ethical leadership style. The findings of this study indicate that in an ethical climate, ethical leaders empower employees. This can be understood by examining that ethical leaders promote ethics, which is nurtured in an ethical climate, and enable leaders to delegate responsibility to the employees. In addition, ethical climate also encourages to develop congruent ethical values in leader-member (Demirtas & Akdogan, 2015), which helps employees internalize goals and take responsibility and ownership of actions, which increases the understanding and trust between leader and member eventually leading to empowered employees. Another possible explanation could be that ethical climate nurtures positivity in the environment which generates affirmative action of power-sharing by the leader. In ethical climate, positive perception of leaders is generated, which results in a high-quality exchange relationship. Therefore, leaders' empowerment is demonstrated through sensible power use by the employees, influences the employees' perception and allows employees to exhibit positive behavior. This could be explained with the help of the LMX theory, where a positive exchange relationship produces trust and support for each other (Liden et al., 2000) and is reciprocated by affirmative reactions.

5.6.2.2 Power Distance Orientation

The present study examines the moderating role of power distance orientation in the relationship between ethical leadership and psychological empowerment (H_{15}). Results of this study indicate that power distance orientation does not moderate the proposed relationship between ethical leadership and psychological empowerment. Power distance orientation at the individual level adheres to the individual attitude towards acceptance of unequal power distribution (Kirkman et al., 2009) as compared to power distance at societal level, which analyzes the power distance at macro level (House et al., 2004; Hofstede & Hofstede, 2005). Pakistan is high in societal-level power distance; thereby, unequal distribution of power is not only accepted, but it is expected by the members of the society, by both the leaders and the employees. Power distance orientation may show inconsistencies at individual level, but the high power distance at societal level is so strong that the ethical leadership relationship with psychological empowerment is not influenced by power distance orientation. Pakistan is high power distance culture where leaders are reluctant to share responsibility as leaders may perceive the employee as a threat where leaders may empower employee at basic level only. In addition, leaders in high power distance cultures may not completely empower employees and keep main tasks with themselves; this results in a fragile leader-member relationship (Fock et al., 2013; Farh et al., 2007; Francesco & Chen, 2000; Rafiei & Pourreza, 2013). Though findings of this study are different from the study of Ahmad and Gao, (2018), it may be because this study uses the ethical leadership scale of Kalshoven et al. (2011) in contrast to a former study which uses the scale of Brown & Colleagues (2005). Furthermore, the study of Ahmad and Gao (2018) collects data from banking sector organizations situated in Islamabad and Peshawar, whereas this study collects data from a wide range of banking and non-banking industry organizations, including private and public sector organizations. One of the explanations of these results may be because Pakistan is high in power distance, and employee attitude may not settle well as compared to Western findings (Farh et al., 2007; Francesco & Chen, 2000). This could be because the leadership system is still unethical, and employees have

a low voice (Botero & Van Dyne, 2009; Fein et al., 2013); a limited delegation of authority and power delegation in fewer hands (Nadeem & Sully de Luque, 2018) remain unable to effectively initiate leader-member exchange relationship. Further, the moderating influence of power distance orientation may stimulate the relationship as per the degree of power distance orientation in the culture. Another possible explanation could be that leaders may use the informal method of power delegation which may not be welcomed pleasantly by the employees due to high reliance on the leader and employees' inability to handle power. Furthermore, leaders may not be effectively delegating authority to the employees, and employees are not truly empowered. Thus, the influence of power distance orientation varies as per its prevailing degree (Ahmad & Gao, 2018; Francesco & Chen, 2000; Rafiei & Pourreza, 2013).

5.6.2.3 Leaders' Social Distance

This study analyzes the moderating role of leaders' social distance in the relationship between ethical leadership and psychological empowerment (H_{16}). Finding of this study suggests that leaders' social distance fails to moderate (Liang et al., 2011) the proposed relationship of ethical leadership and psychological empowerment, which is in contrast to the moderating role of leaders' distance in the earlier studies (Avolio et al., 2004b; Howell & Hall-Merenda, 1999). This may be because most of the studies on leader's social distance have been conducted in the West (Howell et al., 2005; Liang et al., 2011) which has entirely different culture and management style than the ones prevailing in South Asia. Unlike power distance orientation, leaders' social distance refers to the status, rank, authority, and other social differences between leader and the follower (Antonakis & Atwater, 2002). Due to these differences, leader-follower have infrequent interaction that paves path for high social distance in this relationship; however, seldom research studies have empirically tested the construct of social distance (Cole et al., 2009; Liang et al., 2011; Shamir, 1995). Similarly, the concept of leaders' social distance is different than the omnipresent global pandemic of COVID-19, which refers to

maintaining physical distance between the individuals to control the spread of disease. In contrast, leaders' social distance refers to managing team with limited face-to-face and social interaction.

Research study of Gelfand et al. (2011) shows that some societies have stronger norms than others and are known as tight cultures. While, the societies with weaker norms are referred to as loose cultures. All cultures have areas with tight and loose cultures which they emphasize with norms and compliance with them. Tight culture follows strongly enforced rules and little tolerance to nonconformity, whereas, in loose culture, few strongly enforced rules are observed with greater tolerance for nonconformity. Pakistan is ranked highest on the tight culture, and this, combined with a high degree of societal power distance, keeps the leader and the member aloof and separated. Leaders have their own social network with whom they share, interact and contact, while these leaders have a reserved and reticent relationship with followers. The relationship between leader and follower follows the strict norms and rules of the tight cultural environment limiting the leader-member relationship to strict official matters only with limited employee empowerment. In contrast, low leaders' social distance can be more challenging to Pakistan's tight cultural environment – such as employees taking undue advantage of leaders' social proximity. Tight cultural environment and high power distance prevailing in Pakistan indicate that leaders are not willing to pass part of their power and status to the employee. Therefore, leaders keep themselves at a distance from the employees practising limited social interaction. Thus, in high leaders' social distance, ethical leaders are unable to empower employees. Additionally, when leaders are conscious to possess power and control, they intentionally keep employees distant, which tends to limit trust and understanding between the leader and the member. Similarly, the employees also keep themselves at a distance from the leader to avoid accountability of the actions taken. Thus, in the presence of high leaders' social distance, ethical leaders fail to psychologically empower employees. In Pakistan, which is a higher power distance country, people accept the unequal distribution of power (Nadeem & Sully de Luque, 2018) and may have more respect for the distance between leaders and employees. Thus, when

employees have ethical leaders who care about them, the social distance may not matter as much as employees from a low power distance society, where the unequal power distribution is not as accepted; thus, possibly more is expected of the social distance relationship in low power distance societies. According to LMX theory, a positive leader-member exchange relationship subsequently results in increased power and control to the employees (Gerstner & Day, 1997; Liden et al., 2000). Similarly, in high leaders' social distance, ethical leaders find it difficult to produce a positive perception that further restricts trust and employee empowerment.

5.7 Research Question 6

Is the mediating role of psychological empowerment, between ethical leadership and outcome variables, influenced by power distance orientation, ethical climate and Leaders' social distance?

5.7.1 Summary of Results

A number of hypotheses were formulated to find out the answer to the above-mentioned research question. To examine the role of moderated mediation, hypotheses were formulated in four groups leading to four outcome variables of job satisfaction, organization commitment, cynicism and job embeddedness. Thus, total twelve (12) hypotheses were developed to examine the moderated mediation of ethical climate, power distance orientation, leaders' social distance through psychological empowerment on job satisfaction, organization commitment, cynicism and job embeddedness were expanded through Hypothesis 17a to Hypothesis 17d, Hypothesis 18a to 18d, Hypothesis 19a to Hypothesis 19d respectively. All the hypotheses were insignificant except H_{17d}, which relates to the moderating role of ethical climate in the relationship between ethical leadership and job embeddedness with psychological empowerment as a mediator.

5.7.2 Discussion

The research investigation analyzed the mediating role of psychological empowerment between ethical leadership and job outcomes, i.e. job satisfaction, organization commitment, cynicism and job embeddedness, while examining the moderating role of ethical climate, power distance orientation, and leaders' social distance. Statistical analyses and findings of the study indicate that moderated mediation works in the presence of high ethical climate leading to job embeddedness, and all other moderated mediation relationships were found insignificant.

Ethical climate nourishes moral and ethical conduct (Schwepker, 2001; Schminke et al., 2005), while ethical leaders promote compassionate employee behavior (Brown et al., 2005; Kalshoven et al., 2011). Ethical leaders establish an ethical climate and empower employees, which intrinsically motivates employees and supports to build a social connection that refrains employees from leaving the job and results in job embeddedness. Further, in an ethical climate, ethical leaders establish a trusted relationship with employees which appreciates empowerment initiatives. As discussed in the previous section, the ethical climate positively moderates in the relationship between ethical leadership and psychological empowerment. However, further investigation suggested that moderated mediation impacts job embeddedness, which is a long-term behavior. Hence, no moderated mediation impact on short-term outcomes (i.e. job satisfaction, organization commitment and cynicism) was observed.

In addition, contextual factors of power distance orientation and leaders' social distance were examined for moderating mediation influence on the relationship of ethical leadership and outcome variables when employees are psychologically empowered. Results of the moderation analysis, as discussed under section 5.6, indicate that power distance orientation and leaders' social distance have no moderation influence on the relationship of ethical leadership and psychological empowerment. Continuing with no moderation influence, the results of moderated mediation were not much surprising; the moderated mediation of power distance orientation and leaders' social distance was not witnessed. This may be because the leadership system is still in development, and leaders, despite being ethical,

find it difficult to forgo part of their power which is part of their prestige and status. Leaders' inability to adequately empower employees produces a feeling of unrest among employees which shatters the positive perception of ethical leaders and hinders the demonstration of compassionate employee behavior. Further, leaders may feel a threat from the empowered employees as a result of the delegation of power. Lastly, one of the possible reasons could be that employee may not be willing to accept power as empowerment is accompanied by the accountability of actions, and employees want to avoid it. Similarly, leaders' social distance remains unable to moderate the relationship between ethical leadership and psychological empowerment. Following this, moderated mediation of leaders' social distance also fails to produce any impact on employee outcomes. One of the possible explanations could be that in a high power distance culture, i.e. Pakistan, leaders intentionally keep followers at a distance to maintain leadership charisma. In addition, due to high leaders' social distance, leader-member mutual trust is not established, which restricts ethical leaders from empowering employees psychologically.

5.8 Implications and Conclusion

The purpose of this study was to examine the extended dimensional version of ethical leadership in the Pakistani context with significant employee outcomes, i.e. job satisfaction, organization commitment, cynicism and job embeddedness. Furthermore, results of this study are more representative and generalizable as it collects data from broader industry segments, i.e. public and private sector organizations, as compared to the study of Ahmad & Gao (2018). Consistent with earlier findings (Brown et al., 2005; Kalshoven et al., 2011; Ko et al., 2018), we found support for the proposed relationship of the composite form of ethical leadership, multi-dimensional construct of ethical leadership, the moderating role of ethical climate and the mediation of psychological empowerment. Findings of this study revalidate the ethical leadership as a multidimensional concept in the Asian setting as identified by Kalshoven and colleagues (2011) as well as a strong association with employee outcomes. Results of this study open up new avenues for future

researchers to explore the seven-dimensional model of ethical leadership across different cultural settings. This study concludes that out of seven dimensions, people orientation, fairness, power-sharing and ethical guidance were stronger predictors of employee outcomes. While other dimensions, i.e. role clarification, concern for sustainability and integrity, had limited/long-term impact on the outcomes. Thus, this study emphasizes the significance of ethics and morality in the organizations and how leaders can influence follower's ethical conduct. Further, this study identifies the ethical areas which need attention from the leaders to sway employee behavior. In addition to ethical leadership dimensions, this study also found a composite form of ethical leadership as a strong influencer, that is, positive association with job satisfaction, organization commitment and job embeddedness and negative association with cynicism. This study offers practical implications for the managers to adopt a particular dimension(s) to produce desired outcomes. In addition, this study examines the moderating influence of three internal and external contextual moderators, i.e. ethical climate, power distance orientation and leaders' social distance. Out of these moderators, this study suggests that the establishment of an ethical climate enables leaders to empower employees effectively. Thus, ethical climate encourages how ethical leadership produces compassionate employee behavior by way of psychological empowerment. Therefore, the characteristics of ethical leaders allow creating an ethical climate that enhances the empowerment of the employees. Results of this study also suggest that power distance orientation and leaders' social distance fail to moderate the relationship of ethical leadership and psychological empowerment. Ethical leaders help in eliminating unethical employee behavior and produce positive leaders' perception among employees. Nonetheless, ethical leaders establish congruent ethical values and produce an ethical climate (Sigler & Pearson, 2000), which encourages employee idea-sharing and makes a leader effective (Zehir & Erdogan, 2011). Thus, by exhibiting ethical behavior, managers become more influential and successfully infuse similar values in employees who strengthen leader-member positive social exchange relationship.

This study indicates various implications for the managers, such as by adopting

the moral environment, leaders can change employees' perception and motivate employees to exhibit prosocial behaviors. Further, ethics and morality manage individuals, while incongruent leader-member values and low social exchange relationship result in decreased desired behaviors. Managers can take benefit of these findings by adopting the aforementioned ethical leadership dimensions to shape employee behavior to foster outcomes, such as job satisfaction, organization commitment, and job embeddedness, and reduce the negative emotion of cynicism. Nonetheless, exploring these dimensions in another cultural setting may generate varying results (Ko et al., 2018). However, an in-depth analysis can establish a better understanding of ethical leadership dimensions. Thus, the inference of this study is that ethical leadership is a seven-dimensional construct, and each of its dimensions contributes to producing favorable employee outcomes. We conclude that ethical leadership style is a multi-dimensional concept in a non-western setting, how dimensions of ethical leadership are associated with employee outcomes and which dimensions should be emphasized. However, the existing literature is insufficient and requires additional research to gain the advantages of ethical leadership.

5.9 Limitations of the Study

This study has some methodological strengths that enhance the overall confidence on the results, such as time-lagged data collection (Time 1 and Time 2 with a time lag of 4 weeks to establish a causal relationship) to reduce the effects of single source bias. Despite these precautions, this study is not without limitations. First, though the data collection was time-lagged, yet, it only records the response of the individual employee without collecting the leader's opinion. Thus, the data is self-reported, and opinion of leaders may bring different results and perception of ethical leadership style and its conduct. Therefore, this study has limitation that it only considers the opinions of employees about the ethical leadership practices. Employee response may produce over-evaluated, influenced by self-praise and self-enhanced bias in demonstrating positive behavior. This further enhances

the possibility of common source variance for the tested relationship (Kalshoven et al., 2011).

Second, this study collected data at different points in time with a time lag of one month, which may not adequately reflect the causal effects of ethical leadership. Therefore, it is recommended to adopt a research study design that probes into before, during and after practising ethical leadership style. Further, the data were collected through pen and paper survey questionnaire; other data collection techniques, e.g. an interview or a combined data collection approach (qualitative and quantitative), may bring in more views on the ethical leadership.

Third, the commonly used scale of ethical leadership is that of Brown et al. (2005). However, the scope of this study was to focus, explore and provide a more complex understanding of ethical leadership style and its influence on outcomes. Therefore, this study measures the concept of ethical leadership with the scale of Kalshoven et al. (2011). Thus, we suggest that future researchers may use both scales, that is, Brown et al. (2005) and Kalshoven et al. (2011), to assess and compare the similarity of the results.

Fourth, employee attitude and behaviors are deep-rooted in employees and require a deep-rooted investigation approach that rightly probes in the employees' behavior. Therefore, an in-depth longitudinal analysis is required to answer the association of dimensions of ethical leadership with employee outcomes.

Lastly, the data collected was from four major cities in Pakistan from private and public sector organizations. Therefore, the generalizability of the results across industries may require additional investigation. Furthermore, the sample size was only limited to private and public sector organizations from banking and call center, i.e. service industry, at two different points in time; other industries may experience a different demonstration of ethical behavior by the leaders where the positive association of ethical leadership with outcome variables should indicate no difference.

5.10 Future Research Directions

This study provides various insights for future exploration. The hypothesized model was examined by self-reported data collection, which gives rise to common method bias. Therefore, it is suggested that the future researcher may examine leader-member relationship by collecting data from the dyads of leader-follower. Furthermore, researchers are encouraged to use additional sources for data collection in addition to the survey questionnaire. Apart from the banking sector and public sector organizations, future researchers are recommended to collect data from the multi-national companies established in Pakistan. Multi-national companies operate with somewhat different management style, and leader-member dyads may give some enhanced understanding of ethical leadership practices. This study focuses on the influence of ethical leadership on the individual outcome; however, future studies may wish to examine the ethical behavior with group or organization-level outcomes. Further, gender was found to significantly correlate with ethical leadership dimension of integrity; future researchers are recommended to examine the relational association of gender with the dimension of integrity.

This study also suggests that future researchers may conduct a comparison of ethical leadership style in South Asia and the West in a different cultural setting. This will enable researchers to recommend the beneficial practices in each cultural setting (Ko et al., 2018). In addition, data collection from other industries, such as care and hospitality, may bring different employee perception of ethical leaders and empowerment followed by different employee outcomes. Further, future researchers are recommended to separately assess sector-wise (private or public) and industry-wise research findings; this may help the researchers to analyze the results in a better way and draw concrete conclusions.

In addition to existing moderators of this study, the future researchers are recommended to examine other different moderators and their influence on the nature of the relationship with different favorable and unfavorable employee outcomes. For example, the moderating role of pro-organizational behavior, person-organization

fit, person-environment fit and emotions to be examined with the ethical leadership to examine whether these benefit organizations and the employees simultaneously. Furthermore, we examined the role of the contextual variable of power distance orientation. However, we did not analyze the impact of individualism and collectivism on the perception of empowerment and the ethical leaders-member relationship. Nonetheless, future researchers are also recommended to further examine the impact of social distance and its unique influence on the relationship of leader-member. Though theoretically social distance has different meanings than the social distance under pandemic of COVID-19, still this may offer different influence in different contexts. Thus, as social distance provides vivid meaning and scope, it is recommended to be explored theoretically and practically in future studies as the emergence of this global pandemic has completely changed the characteristics and style of leadership.

Future researchers are recommended to examine the role of ethical leader's vision, its implementation strategies, and how it influences employees' perception and outcomes. Further, it is important for the future researchers to examine ethical leaders' influence in two ways closely; firstly, when employees are dependent on the ethical leaders, which employee outcomes emerge. Secondly, when ethical leaders empower employees, which outcomes emerge. Generally, research studies investigate the influence of employee empowerment and its outcome. However, this study suggests examining the impact of ethical leadership where employees exhibit deference to the leader.

This study also recommends that future researchers should examine the ethical leadership style on various organizational tiers for an in-depth analysis and to further authenticate the ethical leadership concept and practices in the organization. Different organizational tiers will enable the researchers to examine how ethical leadership style cascades down from top management to middle and lower management tiers infusing the congruent ethical values. Therefore, a multi-level model is recommended to examine the resultant employee outcomes. In addition, the type of organization sector was significantly related to concern for sustainability, job satisfaction and cynicism; future research may develop comparisons

between factors affecting concern for sustainability, job satisfaction and cynicism of employees working in public and private sectors.

Lastly, we highly recommend future researchers to use advanced statistical techniques, such as Mplus, for multi-level modelling and R language.

5.11 Chapter Summary

This chapter focuses on the discussion based upon the analysis and results of the data collected in the light of the findings. Further, this chapter also discusses the results of the study in light of previous findings concerning the relationship examined in this research study. The last section of this study concludes the dissertation by discussing the findings of the study and limitations of this research investigation faced by the researcher. This chapter also discusses implications and conclusion and limitations of the study. This chapter also suggests future directions for future researchers to be considered while conducting studies on ethical leadership and employee behaviors.

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Appendix I

Questionnaire (Time 1)

Dear Respondents,

I am a doctoral candidate at Capital University of Science & Technology, Islamabad. I am collecting data for my PhD dissertation. Please fill in the following questionnaire which is about leadership and its effects on employee level outcomes in Pakistan. Your response will be of great value for completion of this research study.

This study is designed to collect data at three different points in times. Your participation at all times is highly encouraged. Please complete the attached questionnaire; we will be approaching you again after one month for the second round of the survey, and subsequently for the third round of data collection. Let me assure you that, following the research ethics, **your replies will be kept strictly confidential and the data acquired will only be used for academic research purposes.** Moreover, your identity will not be disclosed to anyone and the data will be summarized on a general basis only. Please note that your participation in this study is completely voluntary. Please feel free to decline if you do not want to participate for any reason.

Please read the instructions carefully and answer all the questions. There are no “trick” questions, so please answer each item as frankly and as honestly as possible. It is important that all the questions be answered. I once again thank you for your assistance and cooperation in this noble cause.

Sincerely,

Samina Karim

PhD. Candidate

Capital University of Science & Technology, Islamabad

Email: samina.k2009@gmail.com

²Variable names were not included at the time of questionnaire distribution, but are added to the thesis version for help of the reader.

Section I: Leadership Survey

The following statements concern your perception about leaders and their conduct in your organization. Please encircle the appropriate box against each statement to indicate the extent to which you agree or disagree with that statement by using the following scale.

1. Strongly Disagree	2. Disagree	3. Neutral	4. Agree	5. Strongly Agree
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Statement						
People Orientation						
My supervisor...						
1.	is interested in how I feel and how I am doing.	1	2	3	4	5
2.	takes time for personal contact.	1	2	3	4	5
3.	pays attention to my personal needs.	1	2	3	4	5
4.	takes time to talk about work-related emotions.	1	2	3	4	5
5.	is genuinely concerned about my personal development.	1	2	3	4	5
6.	sympathizes with me when I have problems.	1	2	3	4	5
7.	cares about his/ her followers.	1	2	3	4	5
Fairness						
My supervisor...						
1.	holds me accountable for problems over which I have no control.	1	2	3	4	5
2.	holds me responsible for work that I gave no control over.	1	2	3	4	5

3.	holds me responsible for things that are not my fault.	1	2	3	4	5
4.	persuades his/her own success at the expense of others.	1	2	3	4	5
5.	is focused mainly on reaching his/her own goals.	1	2	3	4	5
6.	manipulates subordinates.	1	2	3	4	5
Power Sharing						
My supervisor...						
1.	allows subordinates to influence critical decisions.	1	2	3	4	5
2.	does not allow others to participate in decision making.	1	2	3	4	5
3.	seeks advice from subordinates concerning organizational strategy.	1	2	3	4	5
4.	please mark strongly agree	1	2	3	4	5
5.	reconsiders decisions on the basis of recommendations by those who report to him/ her.	1	2	3	4	5
6.	delegates challenging responsibilities to subordinates.	1	2	3	4	5
7.	permits me to play a key role in setting my own performance goals.	1	2	3	4	5
Concern for Sustainability						
My supervisor...						
1.	likes to work in an environmentally friendly manner.	1	2	3	4	5
2.	shows concern for sustainability issues.	1	2	3	4	5
3.	stimulates recycling of items and materials in our department.	1	2	3	4	5
Ethical Guidance						
My supervisor...						
1.	clearly explains integrity related codes of conduct.	1	2	3	4	5
2.	explains what he/she expect from employees in terms of behaving with integrity.	1	2	3	4	5
3.	clarifies integrity guidelines.	1	2	3	4	5
4.	ensures that employees follow codes of integrity.	1	2	3	4	5
5.	clarifies the likely consequences of possible unethical behavior by myself and my colleagues.	1	2	3	4	5

6.	stimulates the discussion of integrity issues among employees.	1	2	3	4	5
7.	compliments employees who behave according to the integrity guidelines.	1	2	3	4	5
Role Clarification						
My supervisor. . .						
1.	indicates what are the performance expectations from each group member.	1	2	3	4	5
2.	explains what is expected of each group member.	1	2	3	4	5
3.	explains what is expected of me and my colleagues.	1	2	3	4	5
4.	clarifies priorities.	1	2	3	4	5
5.	clarifies who is responsible for what.	1	2	3	4	5
Integrity						
My supervisor. . .						
1.	keeps his/ her promises.	1	2	3	4	5
2.	can be trusted to do the things he/ she says.	1	2	3	4	5
3.	can be relied on to honor his/her commitments.	1	2	3	4	5
4.	always keeps his/ her words.	1	2	3	4	5

Following statements concern your opinion and orientation towards power related relationships in the workplace. Please indicate whether you personally agree or disagree with the following statements using the scale given below.

1. Strongly Disagree	2. Disagree	3. Slightly Disagree	4. Neutral	5. Slightly Agree	6. Agree	7. Strongly Agree
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Power Distance Orientation								
In my opinion. . .								
1.	managers, in most situations, should make decisions without consulting their subordinates.	1	2	3	4	5	6	7
2.	managers, in work-related matters, have a right to expect obedience from their subordinates.	1	2	3	4	5	6	7

3.	employees who often question authority sometimes keep their managers from being effective.	1	2	3	4	5	6	7
4.	once a top-level executive makes a decision, people working for the company should not question it.	1	2	3	4	5	6	7
5.	employees should not express disagreements with their managers.	1	2	3	4	5	6	7
6.	managers should be able to make the right decisions without consulting with others.	1	2	3	4	5	6	7
7.	managers who let their employees participate in decisions lose power.	1	2	3	4	5	6	7
8.	a company's rules should not be broken—not even when the employee thinks it is in the company's best interest.	1	2	3	4	5	6	7

Following statements concern your opinion and orientation towards physical proximity (closeness) with your supervisor in the workplace. Please indicate whether you personally agree or disagree with the following statements using the scale given below.

1. Strongly Disagree	2. Disagree	3. Slightly Disagree	4. Neutral	5. Slightly Agree	6. Agree	7. Strongly Agree
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Leaders Social Distance								
1.	I feel like I can talk about non-work related subjects with my supervisor.	1	2	3	4	5	6	7
2.	I feel like I can use humor in my interactions with my supervisor.	1	2	3	4	5	6	7
3.	I feel uncomfortable when my supervisor approaches me.	1	2	3	4	5	6	7
4.	I feel that I can fully express myself when interacting with my supervisor.	1	2	3	4	5	6	7
5.	I feel that I can fully understand my supervisor when we interact.	1	2	3	4	5	6	7

6.	I can communicate effectively when interacting with my supervisor.	1	2	3	4	5	6	7
7.	I usually avoid interacting with my supervisor.	1	2	3	4	5	6	7
8.	The nature of my job is such that my supervisor is seldom around me when I am working.	1	2	3	4	5	6	7
9.	In my job, my most important tasks take place away from where my supervisor is located.	1	2	3	4	5	6	7
10.	Please encircle slightly disagree.	1	2	3	4	5	6	7
11.	My supervisor and I are seldom in direct sight of one another.	1	2	3	4	5	6	7

12.	How frequently do you interact with your supervisor? (Include emails, conversations, phone calls, instant messages, or any other form of direct interaction).	Daily	Multiple times a week	Once a week	Multiple times a month	Once a month	A few times a year	Once a year or less
13.	On average how long does a typical interaction with your supervisor take?	< 5 minutes	5-10 minutes	10-20 minutes	20-40 minutes	40 minutes to an hour	1-2 hours	More than 2 hours
14.	Please circle a number below to indicate your physical proximity to your supervisor.	Same building & same floor	Same building but different floor	Different building but on the same city block	Different city	Same country but different region	Different country	

The following statements concern your perception about the work climate in your organization. Please encircle the appropriate box against each statement to indicate the extent to which you agree or disagree with that statement by using the following scale.

1. Strongly Disagree	2. Disagree	3. Neutral	4. Agree	5. Strongly Agree
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Ethical Climate						
1.	My organization has a formal, written code of ethics.	1	2	3	4	5
2.	My organization strictly enforces a code of ethics.	1	2	3	4	5
3.	My organization has policies with regards to ethical behavior.	1	2	3	4	5
4.	My organization strictly enforces policies regarding ethical behavior.	1	2	3	4	5
5.	Top management in my company has let it be known in no uncertain terms that unethical behaviors will not be tolerated.	1	2	3	4	5
6.	If a person in my company is discovered to have engaged in unethical behavior that results primarily in personal gain (rather than corporate gain), she or he will be promptly reprimanded (Criticize).	1	2	3	4	5
7.	If a person in my company is discovered to have engaged in unethical behavior that results in primarily corporate gain (rather than personal gain), she or he will be promptly reprimanded (Criticize).	1	2	3	4	5

Section II

Please tell us something about yourself.

1. How long you have been employed in this organization _____ years

2. What is your highest qualification?
 Matric Bachelors Masters MS/PhD Any other _____
3. What is your native language?
 Urdu English Punjabi Pashtu Sindhi Any other

4. What is your marital status?
 Married Un married
5. What is your gender? Male Female
6. What is your age? _____ years
7. Which sector do you belong to?
 Public sector Private sector

We are thankful to you for your effort and support in responding to this survey. Collecting this type of information enables us to understand and develop better attitudes and behaviors at workplace that will have an impact on the lives of many workers.

We would like to contact you for the next rounds of data collection (as data will be collected at three different times). In the next stage we will be collecting data with another questionnaire about employee behavior.

Also, upon the completion of this research investigation, we would like to share the summary of results with you.

Your name: _____

Your organization name: _____

Please provide your email ID: _____

My email is: samina.k2009@gmail.com

Appendix II

Questionnaire

Dear Respondents,

I am a doctoral candidate at Capital University of Science & Technology, Islamabad. I am collecting data for my PhD dissertation. Please fill in the following questionnaire which is about leadership and its effects on employee level outcomes in Pakistan. Your response will be of great value for completion of this research study.

This study is designed to collect data at three different points in times. Your participation at all times is highly encouraged. Please complete the attached questionnaire; we will be approaching you again after one month for the second round of the survey, and subsequently for the third round of data collection. Let me assure you that, following the research ethics, **your replies will be kept strictly confidential and the data acquired will only be used for academic research purposes.** Moreover, your identity will not be disclosed to anyone and the data will be summarized on a general basis only. Please note that your participation in this study is completely voluntary. Please feel free to decline if you do not want to participate for any reason.

Please read the instructions carefully and answer all the questions. There are no “trick” questions, so please answer each item as frankly and as honestly as possible. It is important that all the questions be answered. I once again thank you for your assistance and cooperation in this noble cause.

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³Variable names were not included at the time of questionnaire distribution, but are added to the thesis version for help of the reader.

Section I: Employee Survey

Following statements concern your opinion and orientation towards your work and workplace. Please indicate whether you personally agree or disagree with the following statements using the scale given below.

1. Strongly Disagree	2. Disagree	3. Slightly Disagree	4. Neutral	5. Slightly Agree	6. Agree	7. Strongly Agree
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Psychological Empowerment								
1.	The work I do is very important to me.	1	2	3	4	5	6	7
2.	My work activities are personally meaningful to me.	1	2	3	4	5	6	7
3.	The work I do is meaningful to me.	1	2	3	4	5	6	7
1.	I am confident about my ability to do my job.	1	2	3	4	5	6	7
2.	I am self-assured about my capabilities to perform my work activities.	1	2	3	4	5	6	7
3.	Please mark disagree.	1	2	3	4	5	6	7
4.	I have mastered the skills necessary for my job.	1	2	3	4	5	6	7
1.	I have significant autonomy in determining how I do my job.	1	2	3	4	5	6	7

2.	I can decide on my own how to go about doing my work.	1	2	3	4	5	6	7
3.	I have considerable opportunity for independence and freedom in how I do my job.	1	2	3	4	5	6	7
1.	My impact on what happens in my department is large.	1	2	3	4	5	6	7
2.	I have a great deal of control over what happens in my department.	1	2	3	4	5	6	7
3.	I have significant influence over what happens in my department.	1	2	3	4	5	6	7

The following statements concern your feeling about your workplace. Please encircle the appropriate box against each statement to indicate the extent to which you agree or disagree with that statement by using the following scale.

1. Strongly Disagree	2. Disagree	3. Neutral	4. Agree	5. Strongly Agree
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Job Embeddedness								
1.	I feel attached to this organization.	1	2	3	4	5		
2.	It would be difficult for me to leave this organization.	1	2	3	4	5		
3.	I'm too caught up in this organization to leave.	1	2	3	4	5		
4.	I feel tied to this organization.	1	2	3	4	5		
5.	I simply could not leave the organization that I work for.	1	2	3	4	5		
6.	It would be easy for me to leave this organization.	1	2	3	4	5		
7.	I am tightly connected to this organization.	1	2	3	4	5		
Organization Cynicism								
1.	I believe my organization says one thing and does another.	1	2	3	4	5		
2.	My organization's policies, goals, and practices seem to have little in common.	1	2	3	4	5		

3.	When my organization says it's going to do something, I wonder if it will really happen.	1	2	3	4	5
4.	My organization expects one thing of its employees, but rewards another.	1	2	3	4	5
5.	I see little similarity between what my organizations says it will do and what it actually does.	1	2	3	4	5
6.	I often experience irritation when I think about my organization.	1	2	3	4	5
7.	I often experience aggravation (annoying) when I think about my organization.	1	2	3	4	5
8.	I often experience tension when I think about my organization.	1	2	3	4	5
9.	I often experience anxiety when I think about my organization.	1	2	3	4	5
10.	I exchange "knowing" glances with my coworkers.	1	2	3	4	5
11.	I criticize my organization's practices and policies with others.	1	2	3	4	5
12.	I find myself mocking my organization's slogans and initiatives.	1	2	3	4	5

These are some additional statements concerning your feeling about your workplace. Please encircle the appropriate box against each statement to indicate the extent to which you agree or disagree with that statement by using the following scale.

1. Strongly Disagree	2. Disagree	3. Slightly Disagree	4. Neutral	5. Slightly Agree	6. Agree	7. Strongly Agree
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Organization Commitment

1.	I am willing to put in a great deal of effort beyond that normally is expected in order to help this organization to be successful.	1	2	3	4	5	6	7
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2.	I talk up this organization to my friends as a great organization to work for.	1	2	3	4	5	6	7
3.	I find that my values and the organization's values are very similar.	1	2	3	4	5	6	7
4.	I am proud to tell others that I am part of this organization.	1	2	3	4	5	6	7
5.	This organization really inspires the very best in me in the way of job performance.	1	2	3	4	5	6	7
6.	I am extremely glad that I chose this organization to work for over others I was considering at the time I joined.	1	2	3	4	5	6	7
7.	I really care about the fate of this organization.	1	2	3	4	5	6	7
8.	For me, this is the best of all possible organizations for which to work.	1	2	3	4	5	6	7
Job Satisfaction								
1.	I feel fairly satisfied with my present job.	1	2	3	4	5	6	7
2.	Please encircle slightly disagree.	1	2	3	4	5	6	7
3.	Most days I am enthusiastic about my work.	1	2	3	4	5	6	7
4.	Each day at work seems like it will never end. *	1	2	3	4	5	6	7
5.	I find real enjoyment in my work.	1	2	3	4	5	6	7
6.	I consider my job to be rather unpleasant. *	1	2	3	4	5	6	7

We are thankful to you for your effort and support in responding to this survey. Collecting this type of information enables us to understand and develop better attitudes and behaviors at workplace that will have an impact on the lives of many workers.

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Appendix III

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Cynicism						
1.	I believe my organization says one thing and does another.	1	2	3	4	5
2.	My organization's policies, goals, and practices seem to have little in common.	1	2	3	4	5
3.	When my organization says it's going to do something, I wonder if it will really happen.	1	2	3	4	5
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