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### IMPACT OF ETHICAL LEADERSHIP TOWARD EMPLOYEE PERFORMANCE IN SAUDI ARABIA

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#### **ABSTRACT**

The study aimed to analyse the impact of ethical leadership on the employee's performance. In this study, internet survey was used and disseminated to the respondent through social media and email links. The population sample was both gender and included cohort of workers and expatriates from various countries such as India, Pakistan, Philippines and Sri Lanka. The respondents were working for private sector organizations in Saudi Arabia. The sample was convenient sampling method and consisted 45 respondents from various organizations. The survey was divided into two parts included ethical leadership and employee performance. The ethical leadership was included leadership way in decision making for ethics and morals consideration. The result showed there was correlation between unethical leadership practices and employees' performance. Therefore, HR professional should act as good role models and lead by example practicing good ethical behaviour.

#### **INTRODUCTION**

Leadership is important role which influence success or failure of an organization (Semuel et al., 2017). Generally, leadership is considered as personal power, authority, power system role, capacity to create and change a structure of informal power in the organization (Stankiewicz- Mróz, 2015). Leadership is considered most important aspects of any company that still in operation. The leadership had significant impact on the employee performance and behaviour. Most leaders did not empower and boost employee's morale which their actions and words may did opposite in the expectation and prove a challenge to the companies (Zhang et al., 2013).

Ethical leadership is defined as demonstration of normatively appropriate conduct through personal actions and interpersonal relationships and

promotion of such conduct to followers via two-way communication, reinforcement and decision making (Madanchian et al., 2018). Ethical leadership contained two important dimension included moral person dimension and moral manager dimension (Özbag, 2016). Blasovics, 2014 mentioned that organization developed well id ethical leaders had great characters which put the employees first (Blaskovics, 2014).

Immoral and deceptive management practices always had an impact on productivity and employee behavior (Tu et al, 2012 and Yidong et al., 2012). The study had focused on Saudi Arabian landscape, various newspapers and publication had exposed organizations that have made their employees work and hard hours outside the stipulated contract hours. The study aimed to analyse the impact of ethical leadership on the employee's performance.

## **METHODOLOGY**

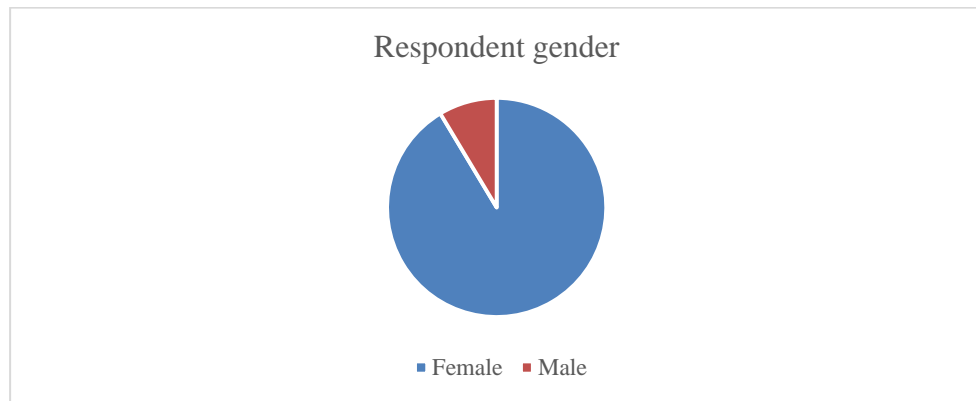
The study design referred to overall strategy that integrated various components of their study in a coherent and logical way to address the study problem. In this study, internet survey was used and disseminated to the respondent through social media and email links. The population sample was both gender and included cohort of workers and expatriates from various countries such as India, Pakistan, Philippines and Sri Lanka. The respondents were working for private sector organizations in Saudi Arabia. The sample was convenient sampling method and consisted 45 respondents from various organizations.

The survey was divided into two parts included ethical leadership and employee performance. The ethical leadership was included leadership way in decision making for ethics and morals consideration. Most Saudi institutions forbid women from working due to cultural and religious implications due to fact that the researcher was unable to enter many work places and did physical survey. The data was collected by online survey. The survey was divided into two parts included ethical leadership and performance. The ethical leadership was mentioned on leadership way in decision making for ethics and morals consideration.

## **RESULT AND DISCUSSION**

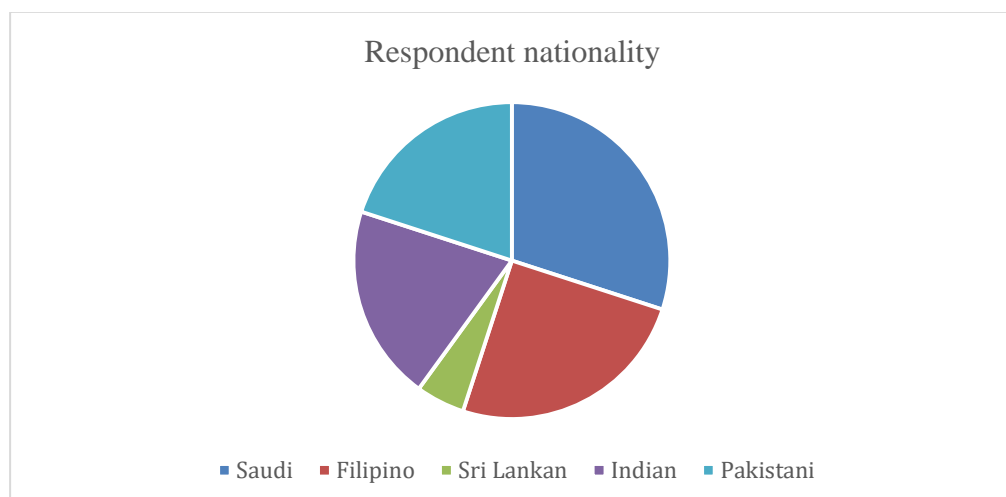
### ***Result***

In this study, there were 76% male's respondent and 34% female respondent as shown in Fig. 1.



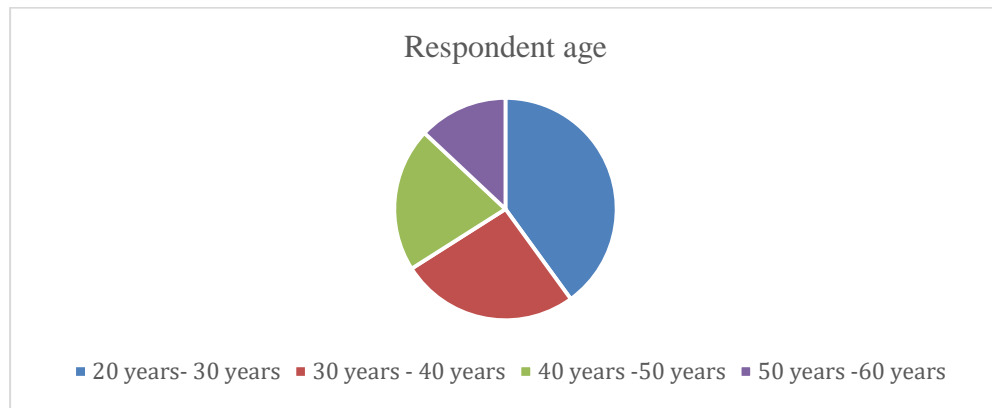
**Fig. 1.** Respondent gender.

The respondents were 30% of Saudi, 25% Filipino, 5% of Sri Lankans, 20% Indians and 20% of Pakistanis as shown in Fig.2. The nationality factor was an important indicator as some expatriates can be subjected to unethical leadership practices more than others. For example, a Saudi manager may act unethically towards expatriates and gave more works than handle due saying no as factor to safeguard their job.



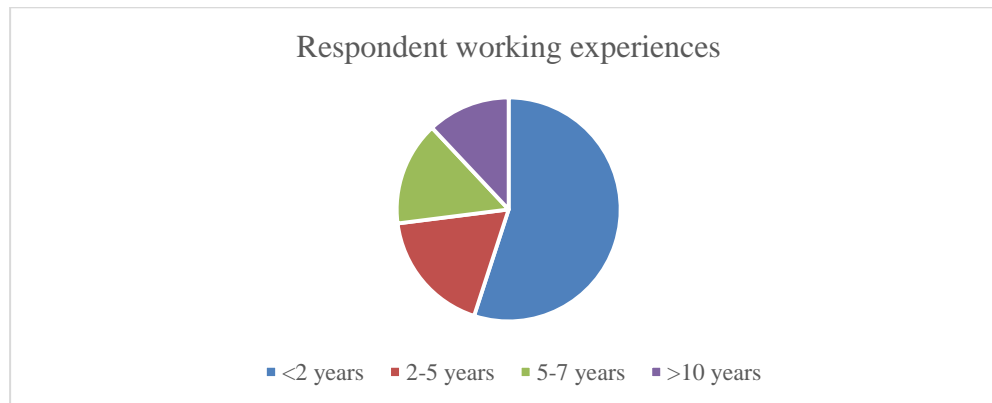
**Fig. 2.** Respondent nationality.

Meanwhile, there were 40% respondents aged between 20 years and 30 years old and 26% respondents were aged between 30 years and 40 years old as shown in Fig.3. Besides, 21% respondents were aged between 40 years and 50 years old and 13% respondents aged between 50 years and 65 years old. Based on this result showed most respondents were subjected more unethical leadership practices than older workers because of old aged workers considered much wiser with more work experience.



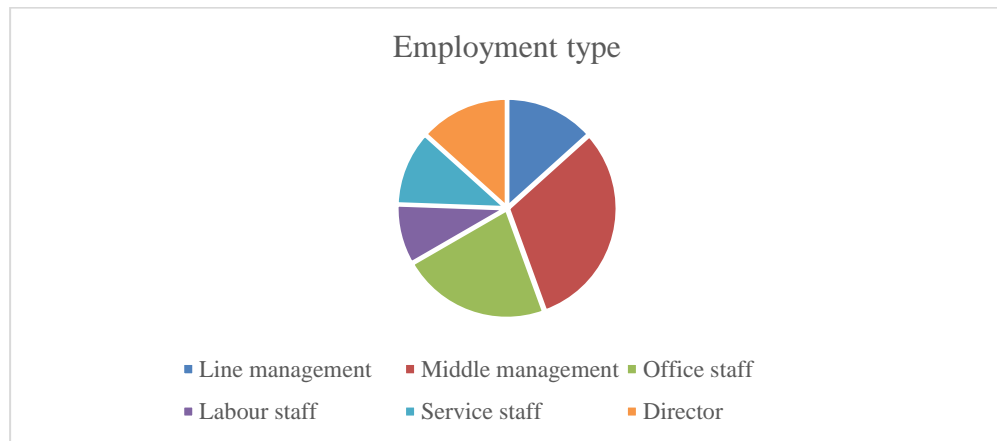
**Fig. 3.** Respondent age.

Besides, working experiences in Saudi Arabia was another important factor. The less working experience indicated more subjected to unethical leadership practices which considered novices in the country. In additions, employees had long working experiences were not completely safe from unethical leadership practices. There were 55% respondents had less 2 years working experiences. Based on Fig.4, 18% respondents had working experiences between 2 years and 5 years. There were 15% had working experiences between 5 years and 7 years while 12% respondents had working experiences more than 10 years.

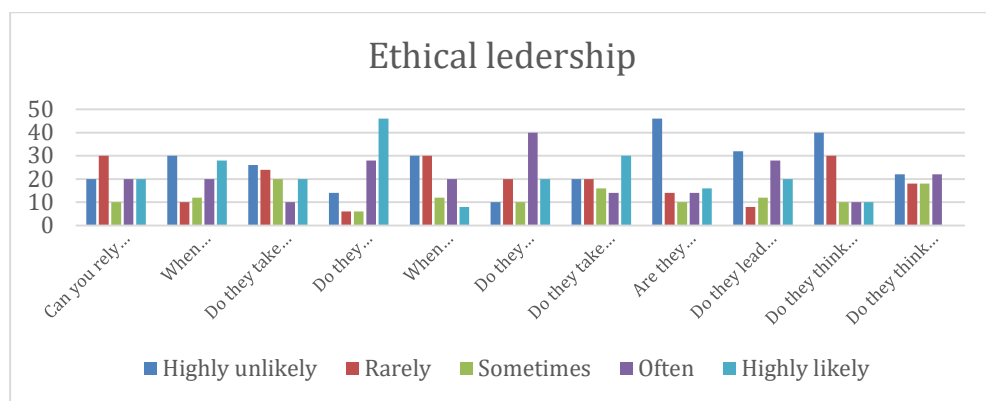


**Fig. 4.** Respondent working experiences.

In Fig.5, most respondents related to line managers and middle management which followed by Labour crew and service staff included office support and directorial staffs. The Labour and service crews had high tendency to be subjected to unethical work practices as these staffs had worked for long hours without day off. Meanwhile, office staff may also be subjected to unethical work practices as the staffs asked to stay for longer hours and did filling, report and sorting. Management and directional staff were less people to be subjected to unethical practices as the workers made decisions whether to blow the whistle on such practices or address the issue at their hand.



**Fig. 5.** Employment type.



**Fig. 6.** Ethical leadership result.

In Fig.6, there were 10 respondents answered highly likely and 15 respondents were rarely put their trust in the leader. This result showed the distrust between management and employees. Meanwhile, 15 respondents claimed sometimes considered employee skill and interest. There were 23 respondents claimed highly likely expected the employees to work more than working hours. Besides, 23 respondents also highly likely said available to solve their problem and issues.

In additions, 26% respondents answered highly unlikely and 20% respondents answered highly likely if the respondents took in the employees input in decision making. There were 46% respondents answered most leaders and management expected worked extra hours outside the contract. The result showed clear breach of employment contract and count as unethical behaviour.

Once the meeting, only 4% respondents answered highly likely and expected to attend meetings that did not related on their work scope while 58% respondents answered highly unlikely on this question. The employees were usually expected to clock in a few hours more in Saudi Arabia due to labour sourcing issues.

Besides, 30% respondents were answered highly unlikely that management or leaders would care if someone was upset. The corporate way was that most leaders did not have time to care on emotional employees. Meanwhile, 20% respondents answered highly unlikely that the respondents were penalized if something goes wrong by accidents. There were 30% respondents answered highly likely that employees would be disciplined if any unethically behaviour. 46% respondents answered highly unlikely that leaders were not available to solve their problems and 14% respondents answered rarely available in solving their issues and problems when needed.

There were 32% respondents answered highly unlikely that the respondents lead by example, setting standards. Furthermore, 20% respondents answered highly likely and 28% respondents answered often lead by example and set standards. 40% respondents answered highly unlikely that the leaders and management thought about themselves during decision making. This result showed the employees understood that came second and business goals came first and achieved by means necessary. 22% respondents answered highly unlikely that leaders thought of right thing in attaining an objective while 18% respondents answered rarely. Therefore, mixed answers in doing right thing or unnecessary right thing in obtained the objective.

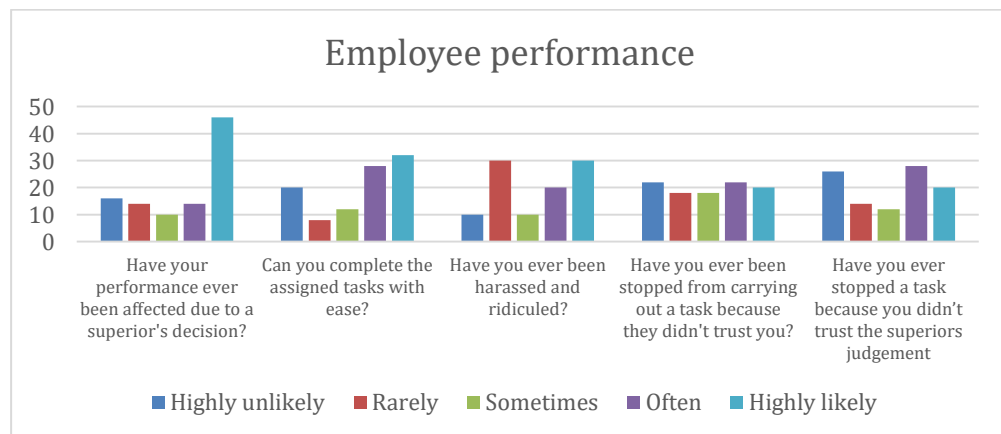


Fig. 7. Employee performance.

In performance section, the respondents clearly identified that their performance had been affected due to superior’s unethical decision. There were 23 respondents answered highly likely and 14 respondents answered often completed the tasks as shown in Fig.7. There were 46% respondents answered that highly affected in their performance due to leader’s decision and 16% respondents answered highly unlikely. Therefore, management and leaders significantly affected employee’s performance. 32% respondents answered highly likely to complete their task assigned and 28% respondents answered often to complete the tasks. Meanwhile, 30% respondents answered highly likely harassed and ridiculed about work related and 20% respondents answered often to compound the fact. 20% respondents answered highly likely faced trust issues and 22% respondents answered highly unlikely and 18% answered rarely happened. Furthermore, 20% respondents answered highly likely stopped task due to non-trust leader’s judgement call.

## DISCUSSION

In the past, Saudi Arabian economy grew with rapid pace. Most organization did not have time to invest in ethics either small or medium organization size. However, global corporations needed to have great track record. The result showed unethical leadership practices happened in Saudi Arabia such as working in extra hours. Most companies were disrupted employees working life balance which some employees were expected to work over weekend as work load was heavy and employees were bombarded with work which need to complete on tight deadlines. Furthermore, meeting attendance also considered as time consuming. Most managers always thought employees need to present as meeting would be good place for learning.

besides, most leaders did not lead by example or set standards and needs to be addressed human resource professional. Meanwhile, trust level was main faction contributed performance. Most employees were not trust unethical leaders and affected their works. The employees did not trust unethical leaders' judgement and preferred do things their way due to many leaders or managers did not follow standards and lead by the example.

## CONCLUSION

In conclusions, there was correlation between unethical leadership practices and employee's performance. Therefore, HR professional should act as good role models and lead by example practicing good ethical behaviour. The HR staffs should challenge unethical behaviour of the management and leadership such as bullying and harassment. "Talk to HR" initiatives need to be put in place, so employees could have counselling sessions.

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