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EFFECT OF ETHICAL LEADERSHIP ON EMPLOYEES' PERFORMANCE IN SAUDI ARABIA

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ABSTRACT

The work performance of an employee is influence based on several factor such as work environment, leadership style, leadership quality and job satisfaction. Therefore, this work was done to analyze the effect of ethical leadership on employee's performance in Jeddah, Saudi Arabia. This work was carried out based on quantitative research method. The sample population for this work was 100 employees from both public and private sectors in Jeddah, Saudi Arabia. The primary data was collected using survey questionnaire. In terms of ethical leadership, the findings have shown that that majority respondents agree that their supervisor conducts their personal life in an ethical manner, defines success not just by results, but also the way and the effort used to obtained the results, listen to what employees have to say, disciplines employees who violate ethical standards, makes fair and balanced decisions, can be trusted, discusses business ethics and values with their employee, sets an example on how things should be done in the right way, and has best interest of employees in mind. In terms of job performances, the majority of the respondents have agreed that they adequately complete assigned duties, fulfilled responsibilities specified in job description, perform the task that is expected and meet the formal performance requirements. Overall, ethical leadership has a positive influence on employee's job performance.

INTRODUCTION

Leaders are passionate coaches that tend to develop people in an organization. Leadership is the ability to guide others in direction or decision without force [1]. Leadership also has different values and opinions that consider the reasons for their work and their lives [2]. Being a leader is difficult, as they have to be a pacemaker for the people under their organization. Leadership includes visioning, optimizing values, demanding perceptions, mentorships and developing an organization [3].

There are some concepts that every leader has the most, such as trust, honesty, consideration and fairness [4]. Efficient leader most have characteristics that distinguish them from others like emotional stability and decision-making rationality [4]. Good leaders must be able to tolerate between various emotional changes such as enthusiasm, frustration and stress [4]. Leaders are often governed by a sense of obligation and conscience-confidence. Furthermore, self-confidence and resilience are prominent features of leadership [3,4].

There is a huge difference of personalities from one leader to another that results in different styles of leadership in the workplaces. Leaders who apply ethics most of them have specific characteristics that distinguish them from others [5]. According to Hoch et al. [6], these leaders have two kinds of characteristics, which are personal characteristics and professional characteristics [6]. The first type has different features committed to the set of principles, focusing on a common good, predictable and trustful, and open listener [6]. The second type also has different features, such as leading with ethical agenda, persistently talking about ethics, and communicating decision-making processes and long-term impacts [6].

Ethical leadership has certain characteristics that deal with respect for one's beliefs and values and the dignity and rights of others [7]. Bedi et al. [8] stated that ethical leadership is a method of shaping individuals through concepts, beliefs and values that is described as moral behavior. Shin et al. [9] found that ethical leadership also continually upholds a number of ethical principles and creates perceptions in others that ethics and values are essential to organizational activities. Additionally, ethical leaders have positive attitudes that prevent them from acting immorally. Furthermore, Walumbwa et al. [10] found that ethical leadership helps prevent individuals from doing the wrong thing and allowing individuals to do the correct thing in an organization. Freeman [11] stated that an ethical leader must conform to a more widespread norm of personal conduct. Ethical leadership must create a productivity-enhancing environment without distracting controversies and mismanagement [11]. Ethical leadership demonstrates a particular character, such as being honest under any circumstances. These leaders have no favoritism and handle each of them similarly in their organization [11]. In fact, they show consideration for all employees of the organization by responding to them closely. Furthermore, the work of Chughtai et al. [12] has confirmed that the best way to understand the significance of ethical leadership is through social learning. The most significant ethical guidance for staff is to have a leader with ethical principles and characters.

The achievement of an organization depends on the leader's capacity to optimize human resources. A strong ethical leader recognizes the significance of staff in attaining the objectives of the organization and that motivating such staff is of primary significance towards achieving the goal [13]. Ethical leadership has a huge impact on the performance of employees, which leads employees to make an effort to achieve their organizational objectives. Hence, this study was done to analyze the effect of ethical leadership on employee's performance in Jeddah, Saudi Arabia.

METHODOLOGY

For this work, quantitative research method was used to analyze the effect of ethical leadership on employee's performance and satisfaction. The sample population of this work was 100 employees from different companies in Jeddah, Saudi Arabia. The primary data of this work was collected through survey questionnaire. This work was carried out careful ethical consideration. Survey monkey application was used to construct the questionnaire and it was distributed online to the sample population. The data were analyzed in terms of basic statistics and presented in graphical form.

RESULT AND DISCUSSION

Demographic Analysis

Based on Figure 1, 71% of the respondents were females and 21 % of the respondents were males.

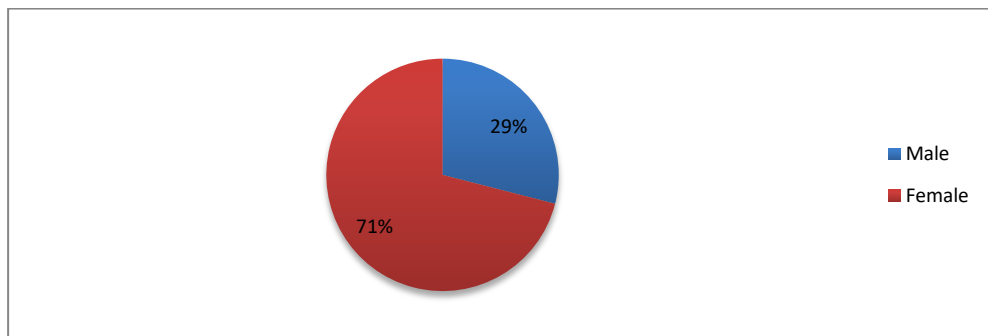


Figure 1. Gender

Based on Figure 2, 14% of the respondents were in the age group between 18 to 24 years old, 46 % of the respondents were in the age group between 25 to 44 years old, 28% were between 35 to 44 years, 10 % were between 45 to 54 years old and 2 % were between 55 to 64 years old.

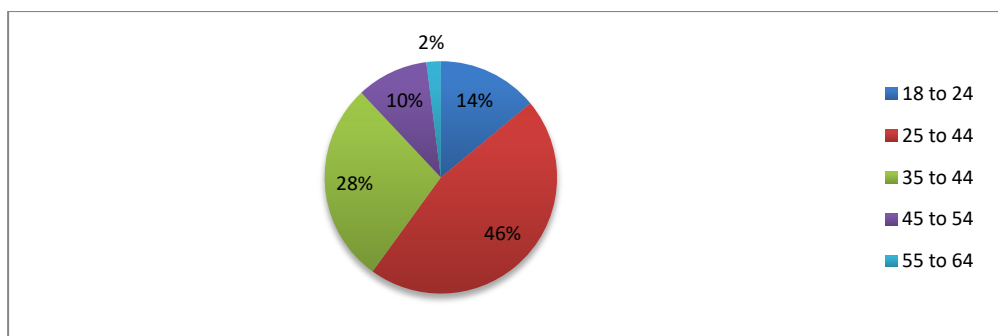


Figure 2. Age

Based on Figure 3, 93% of the respondents were Saudi nationals and 7 % of the respondents were expatriate.

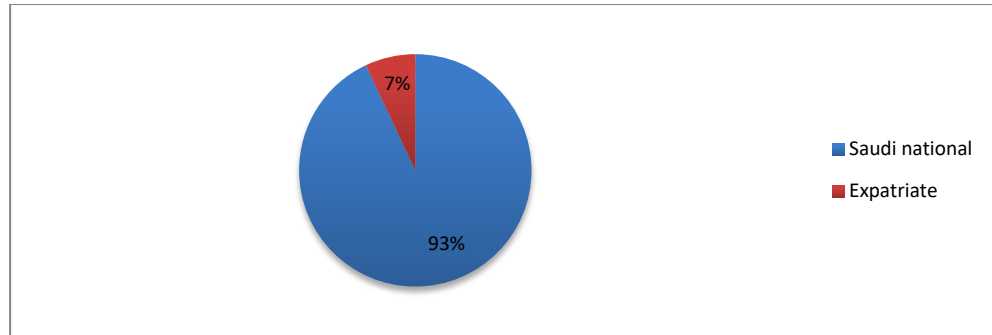


Figure 3. Nationality

Based on Figure 4, 15% respondents have completed high school, 11 % have completed diploma, 62% respondents have completed bachelor degree, 9% have completed master's degree and 3 % have completed PhD.

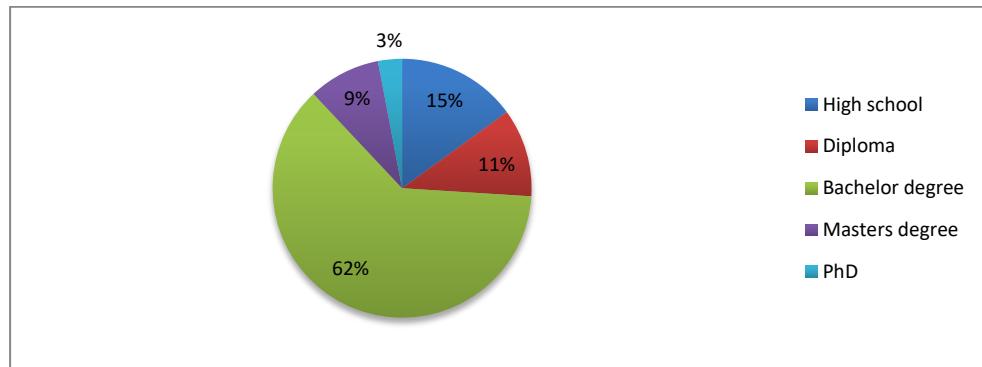


Figure 3. Education Level

Based on Figure 5, 35.05% respondents have work in the public sector and 64.95% work in the private sector.

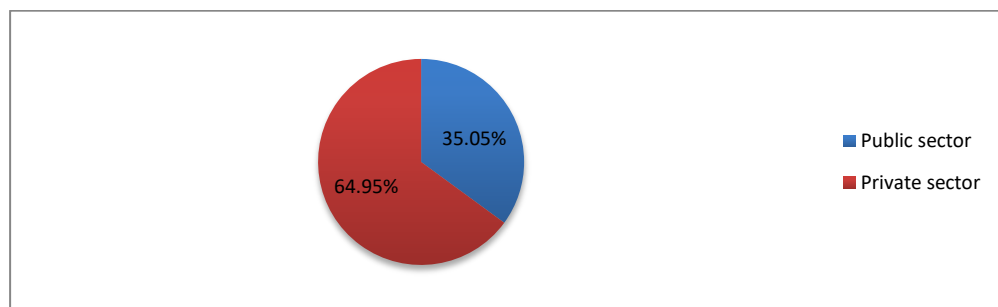


Figure 4. Company nature

Questionnaire Analysis for Ethical Leadership

In this section, the feedback of the respondents to the questions related to ethical leadership in their company is presented. The respondents were asked 'Supervisor conducts employee personal life in an ethical manner'. Based on Figure 5, 44 % strongly agree, 19% agree, 7% were neutral, 21 % disagree and 9 % strongly disagree.

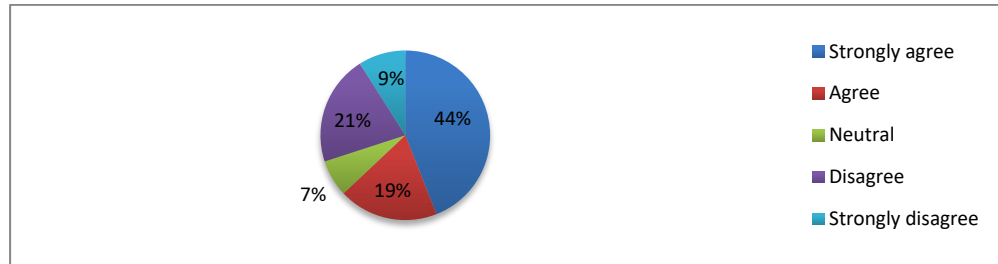


Figure 5. Supervisor conducts employee's personal life in an ethical manner

The respondents were asked 'Supervisor defines success not just by results but also the way that they are obtained'. Based on Figure 6, 36 % strongly agree, 21% agree, 5% were neutral, 28 % disagree and 10 % strongly disagree.

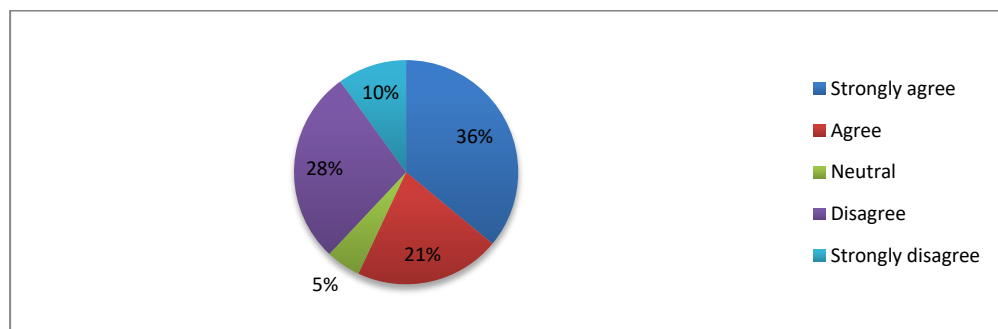


Figure 6. Supervisor defines success not only in terms of results, but also in terms of how they are achieved.

The respondents were asked 'Supervisor listen to what employees have to say'. Based on Figure 7, 38 % strongly agree, 27% agree, 3% were neutral, 24 % disagree and 8 % strongly disagree.

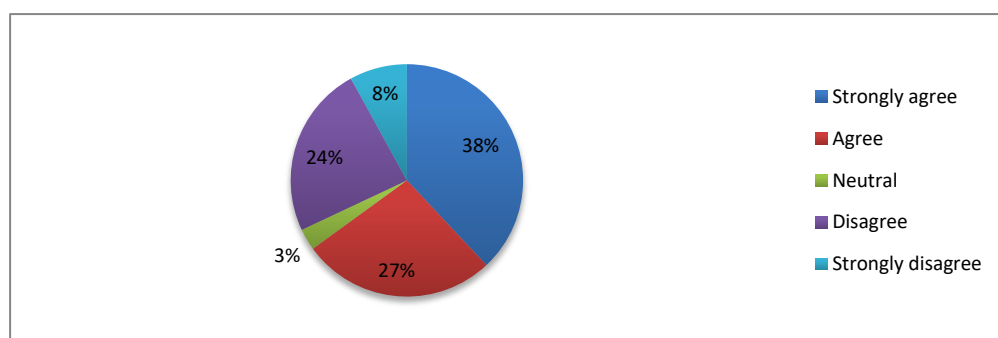


Figure 7. Supervisor listen to what employees have to say

The respondents were asked 'Supervisor disciplines employees who violate ethical standards. Based on Figure 8, 36 % strongly agree, 29% agree, 5% were neutral, 24 % disagree and 6 % strongly disagree.

The respondents were asked 'Supervisor makes fair and balanced decisions. Based on Figure 9, 30 % strongly agree, 28% agree, 4% were neutral, 26 % disagree and 12 % strongly disagree.

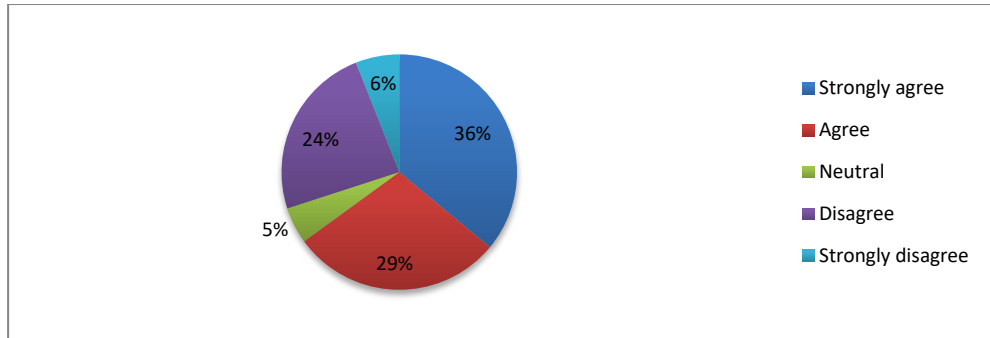


Figure 8. Supervisor disciplines employees who violate ethical standards

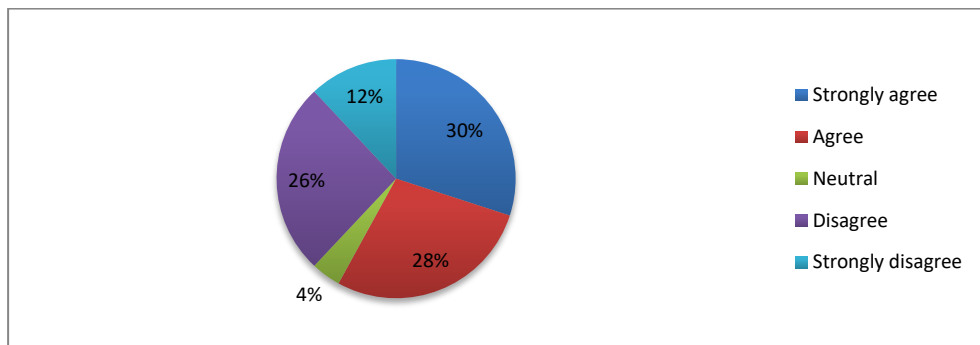


Figure 9. Supervisor makes fair and balanced decisions

The respondents were asked ‘Supervisor can be trust’. Based on Figure 10, 36 % strongly agree, 27% agree, 4% were neutral, 22 % disagree and 11 % strongly disagree.

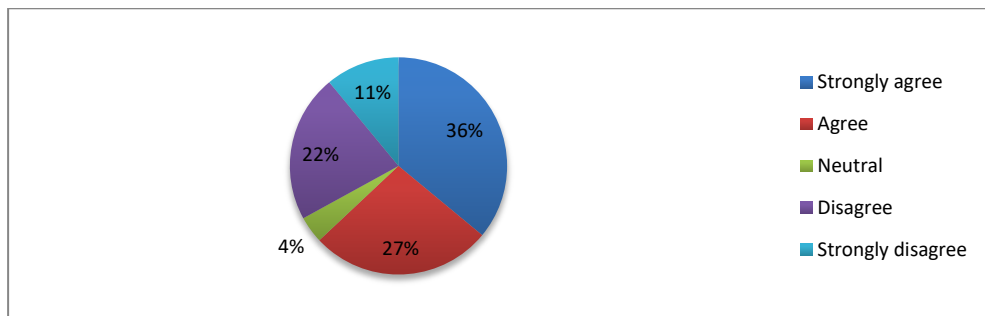


Figure 10. Supervisor can be trusted

The respondents were asked ‘supervisor discusses business ethics or values with employees. Based on Figure 11, 33 % strongly agree, 26% agree, 7% were neutral, 20 % disagree and 14 % strongly disagree. The respondents were asked ‘supervisor sets an example of how to do things the right way in terms of ethics. Based on Figure 12, 36 % strongly agree, 17% agree, 5% were neutral, 29 % disagree and 13 % strongly disagree.

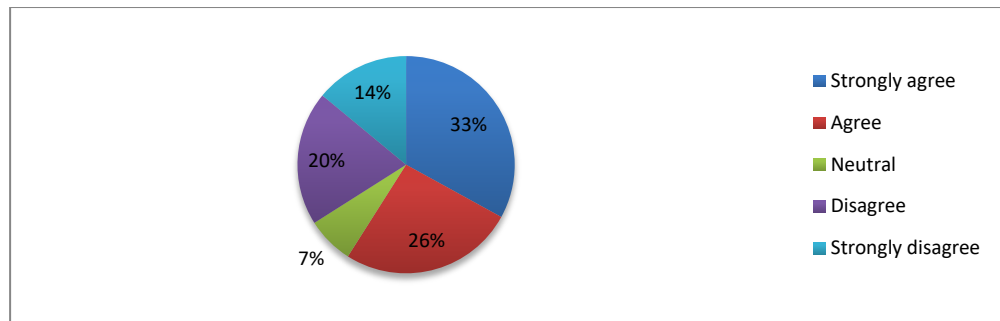


Figure 11. Supervisor discusses business ethics or values with employees.

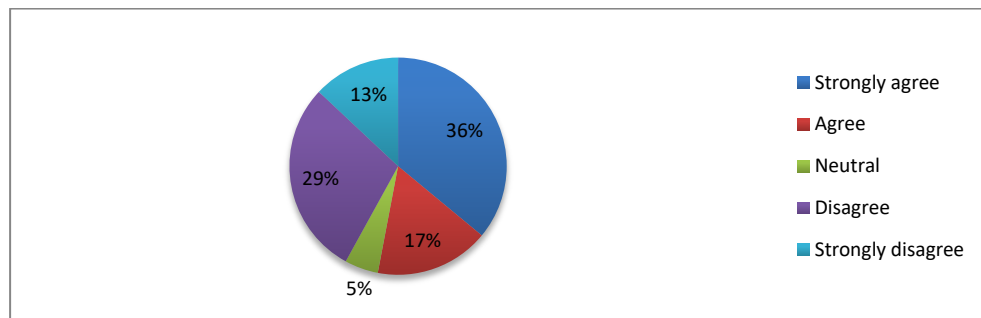


Figure 12. Supervisor sets an example of how to do things the right way in terms of ethics.

The respondents were asked 'supervisor has the best interest of employees in mind'. Based on Figure 13, 31 % strongly agree, 26% agree, 3% were neutral, 24 % disagree and 16 % strongly disagree.

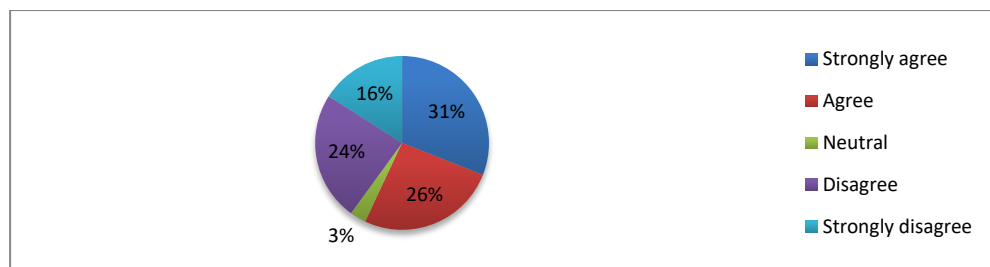


Figure 13. Supervisor has best interest of employees in mind

Questionnaire Analysis for Performance

In this section, the feedbacks of the respondents to the questions related to job performance are presented. The respondents were asked 'Do you adequately complete assigned duties?'. Based on Figure 14, 69 % strongly agree, 15% agree, 1 % were neutral, 11 % disagree and 4 % strongly disagree.

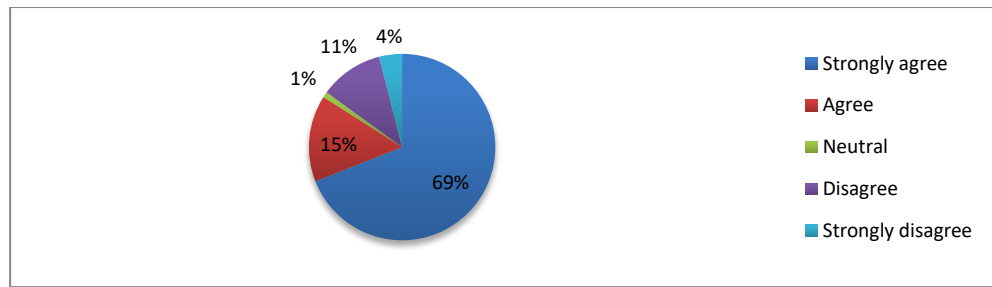


Figure 14. Adequately complete assigned duties

The respondents were asked 'Do you fulfill responsibilities specified in the job description?' Based on Figure 15, 71 % strongly agree, 15% agree, 0 % were neutral, 9 % disagree and 5 % strongly disagree.

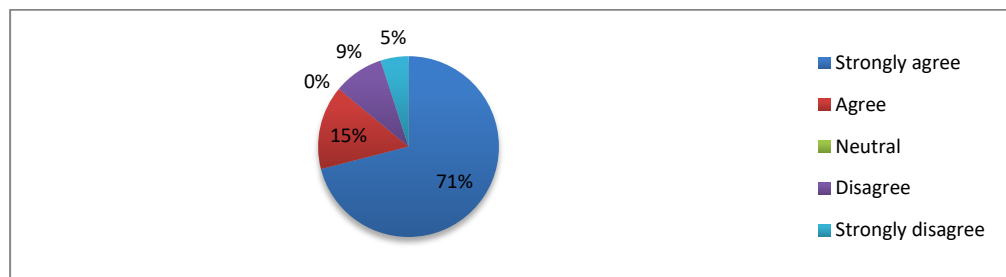


Figure 15. Fulfill responsibilities specified in the job description

The respondents were asked 'Do you perform the task that are expected from you?'. Based on Figure 16, 77 % strongly agree, 15% agree, 0 % were neutral, 4 % disagree and 4 % strongly disagree.

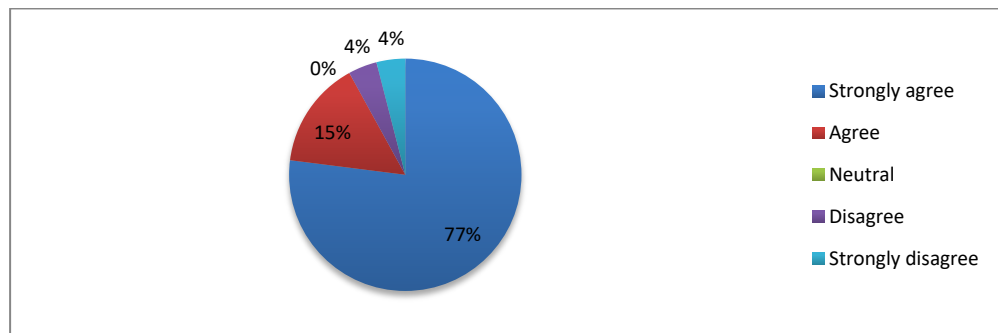


Figure 16. Perform the task that are expected

The respondents were asked 'Do you meet the formal performance requirements of the job?' Based on Figure 17, 71 % strongly agree, 20% agree, 0 % were neutral, 5 % disagree and 4 % strongly disagree.

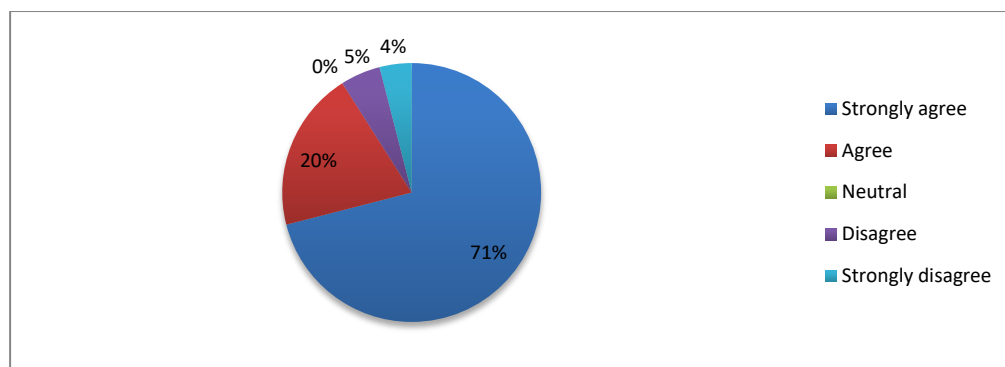


Figure 17. Meet the formal performance requirements

Overall Discussion

The findings of this work have shown that majority, 63 % of the respondents agree that their supervisor conducts their personal life in an ethical manner. 57 % of the respondents have agreed that their supervisor defines success not just by results, but also the way and the effort used to obtain the results. Furthermore, the result has shown that 65 % of the respondents have agreed that supervisor listen to what employees have to say. Moreover, the result has shown that 65 % of the respondents agree that their supervisor disciplines employees who violate ethical standards. Likewise, the result has shown that 58 % of the respondents agree that their supervisor makes fair and balanced decisions. Furthermore, 63% of the respondents have agreed that their supervisor can be trusted. In addition, 59 % of the respondents have agreed that their supervisor discusses business ethics and values with their employee. Besides, 53 % of the respondents have agreed that their supervisor sets an example on how things should be done in the right way, in terms of ethics. Also, 57 % of the respondents have agreed that their supervisor has best interest of employees in mind. Thus overall, the outcome of this work has shown that supervisors have demonstrated high ethical leadership.

In terms of employees' performance, the finding of this work has shown that 84 % of the respondents have agreed that they adequately complete assigned duties. Moreover, 86 % of the respondents have agreed that they fulfilled responsibilities specified in job description. In addition, 92% of the respondents have agreed that they perform the task that is expected from them. Likewise, 91% of the respondents have agreed that they meet the formal performance requirements set by their organization. Thus, overall, the outcomes of this work have shown that the employees have high performance delivery. Therefore, it is deduced that good ethical leadership has positive influence on the employee's performances in Jeddah, Saudi Arabia. The outcome of this work is in line with the findings of Bouckenoghe et al. [14] where it was demonstrated that ethical leadership has a significant influence on employees' job performance, and it has assisted to enhance and shape the performance of the employees. Likewise, the work of Ahn et al. [15] have found that with ethical leadership, the overall standard and the performance of an organization has improved. Furthermore, the work of Zhu et al. [16] has stated that ethical leadership is vital as it has a positive impact on employees'

job performance and satisfaction, in which is most benefitted by an organization.

CONCLUSION

In this work, the effect of ethical leadership on employee's performance in Jeddah, Saudi Arabia was analyzed. This work focused more on employee performance and assessed the relationship between ethical leadership and employee performance. The key findings of this work have shown that ethical leadership has a huge effectiveness over the performance of the employees. For future work, the authors would like to recommend analyzing the effect of ethical leadership on employees with low performances.

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