

## Ethical Leadership and Employee Dynamics: A Study of Creativity and Turnover Intentions in the Manufacturing Industry Pakistan

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<b>Article History:</b>	<b>ABSTRACT</b>
<b>Received:</b> 26 <sup>th</sup> Feb, 2024	<b>Purpose:</b> This study examined Ethical Leadership from the perspective of its two important aspects: creativity and Turnover Intention. This research provides one of the fundamental main truths in creating and maintaining a culture of creativity and reducing the increasing trend of Turnover Intention for every type of organization.
<b>Revised:</b> 01 <sup>st</sup> April, 2024	<b>Design and Methodology:</b> This current study population frame include the manufacturing firms operating in Rahim Yar Khan. The study population are 1000 respondents from the manufacturing firms operating in the Rahim Yar Khan district. According to the Sekaran table, the sample was 440. A cross-sectional approach was used to collect data about ELEL, employee behavior (creativity & TOI), employee feelings (PCPC & voice), and leader moral conviction. SPSS was used for analysis.
<b>Accepted:</b> 24 <sup>th</sup> June, 2024	<b>Findings:</b> The findings showed that moral Leadership encourages employee creativity and revealed a significant link between employee innovation and moral Leadership. This study has also adequately shown how ethical Leadership affects employee innovation and found that ethical Leadership had a substantial impact on employees' intentions to quit their jobs.
	<b>Implications:</b> Ethical Leadership is essential to fostering a sense of dedication and involvement among workers at the workplace. The study contributes to our understanding of the factors influencing employee turnover intentions in Pakistan's manufacturing sector.
	<b>Keywords:</b> Ethical Leadership, Employee Creativity, and Turnover Intention,

### 1. Introduction

The rising emphasis on organizational ethics has heightened the demand for ethical Leadership (ELEL) (Legood, van der Werff, Lee, & Den Hartog, 2021). Existing research bespeak that enhanced concerns in elevating ELEL is guaranteed because ELEL enhances workers' capacity to handle ambiguities (Schwepker Jr & Dimitriou, 2021). Its belongings on followers' morally focused noises and conduct, ascent findings indicate that there is a broad range collection of

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connotations of ELEL for worker's sentiments and conducts (Al Halbusi, Tang, Williams, & Ramayah, 2022).

Ethical Leadership (ELEL) can be defined as exemplifying morally sound behavior through one's actions and interactions with others while encouraging these behaviors in followers through bidirectional communication, positive reinforcement, and decision-making processes (Guo, Xue, He, & Yasmin, 2023). Through ELEL, the follower can generate reliance on the leaders.

Leaders have a magnetic and believable role in an organization. The leader's conduct indicates to workers what attitude and actions are wanted, anticipated and honoured in a work environment (Kish-Gephart, Treviño, Chen, & Tilton, 2019). As ethical leaders visually communicate and elevate moral behavior, there is a risk that they will become hard within their ethical standards. Nascent findings propose that employees' moral values will sometimes be damaged by the high level of moral conviction passed on by the ELEL (Vitanova, 2021). Due to that, employees react negatively to ethical leaders.

The literature on moral conviction (Skitka, 2012) and the group engagement model (Tyler & Blader, 2003) provide examples of how ethical leaders alter their ability to influence employee behavior. According to the group employee engagement strategy, employees' discretionary behavior can be shaped (Blader & Tyler, 2013) if they are allowed to express their opinions and control how they handle situations at work. Because reinforcement and decision-making are the two modes of communication of ELEL (Ayilara, Olanrewaju, Babalola, & Odeyemi, 2020), we conclude that moral conviction is essential in determining whether employees feel how work is completed in a workplace. (Kuenzi, Brown, Mayer, & Priesemuth, 2019). Leaders gave the impression to their followers that there was no room for change in how things should be done because of their strong moral convictions.

According to the ethical leadership definition, an ethical leader displays morally appropriate behavior in their actions and interactions with others and fosters this behavior in their followers through two-way communication, support, and decision-making (Al Halbusi, Williams, Ramayah, Aldieri, & Vinci, 2021; D. K. Brown et al., 2017). Moral leaders are driven to act morally by virtues, including integrity, compassion, openness, honesty, altruism, trustworthiness, fairness, and group motivation (Li et al., 2023). Additionally, ethical leaders encourage and stimulate the innovative thinking of their team members, according to (Lu et al., 2023).

Another study assert that creativity plays a vital role in bolstering a company's ability to function effectively in complex and ever-changing circumstances (Amabile & Conti, 1999). (Tang, 2017). Bunch imagination is defined as "the development of books and beneficial thoughts about items, administrations, cycles, and methodology by a group of representatives working" in writing (Goswami, Agrawal, & Goswami, 2021). Individual creativity is "individual struggle in developing

new ideas" (Amabile, 1996; Zhang et al., 2019). According to Amabile (1996), every member of a creative group should constantly generate novel ideas and, more fundamentally, process those ideas to eliminate any that appear pointless and guarantee their execution. As such, bunch inventiveness is developed through beneficial collaboration (Rollwage, 2022). For instance, by exchanging ideas and points of view, examining the tendency toward similarity, going for it, and challenging supervisors (Zhang, Li, Gong, & Xu, 2019) According to (Neamtu & Bejinaru, 2019), scholars identified the crucial and distinguishable variables that support innovative communication practices and thus comprehend the group's creative capacity (V. Kumar & Dhiman, 2021; Wegge et al., 2011).

Employee turnover intention (TOI) is a problem for businesses and management (Jones et al., 2017). The organization's work environment and performance suffer as a result of the rising rate of TOI (Chang et al., 2013; 2009; Zimmerman & Darnold et al., 2012). The organization's profit, creativity, productivity, and efficiency will all suffer, especially when employees leave (Larkin, 1995; Roth and Roth, 1995). According to (Erdirençelebi, Ertürk, & Çini, 2020), TOI refers to the possibility that a worker will leave an organization shortly. According to (Jung, Namkung, & Yoon, 2010), workers' perceptions of workplace ethics directly impact their TOI. Even though TOI is viewed as a warning sign, businesses are typically content to deal with their internal client (i.e., employees).

Prior studies indicate that ethical leadership (ELEL) and corporate social responsibility (CSR) serve as essential foundations for businesses to establish more robust connections with their stakeholders (Arrigo, 2013; Hsu, 2006). Additionally, they improve an organization's employees' levels of commitment and contentment (Dirks & Ferrin, 2002; D. et al., 2004). In the long run, TOI is influenced by corporate social responsibility (CSR) and environmental responsibility (ELEL).

In this research, employing the following methodologies, we investigate the connection between an employee's intention to leave their position and the presence of ethical Leadership. First, using ethical Leadership, the most significant management error that demonstrates poor leadership skills is evaluated (Saleh, Mehmood, Khan, & Jan, 2022). This study applies the social trade hypothesis (Davlembayeva & Alamanos) to show what moral administration means for worker withdrawal conduct. The study also delves into the implications of ethical Leadership on subordinate behaviors, aiming to provide a broader perspective on turnover intention. For a more comprehensive understanding, this analysis also considers individual-type ethical climate characteristics, aligning with the principles of social exchange theory (Cook, Cheshire, Rice, & Nakagawa, 2013). This assessment can assess how an individual-focused ethical environment influences employees (Kidd, Fairbridge, O'Keefe, & Farrell, 2023). Thirdly, this research contributes to our understanding by shedding light on the influence of ethical factors on an employee's choice to leave their position. To address the gaps in existing research, the primary aim of this study is to examine the moderating

role of emotional exhaustion within the work unit concerning the relationship between ethical Leadership and turnover intention.

## **2. Literature Review**

### **2.1 Social Exchange and Social Learning Theory**

Based on the research conducted by Albert Bandura in the 1960s, the social learning theory elucidates the process by which individuals acquire new behaviors, values, and attitudes." Social learning theory states that "people learn by observing others." Recent ethical scandals (Fariha, 2023) have raised significant concerns regarding Leadership's role in shaping moral behavior. According to (Botes & Niekerk, 2023), many employees look to others for important direction. 1986 Trevino). Why should authorities become the primary foundation of this direction in the workplace? Leadership exerts influence (Qanay & Frost, 2023). The ELEL says that "leaders influence the ethical behavior of individuals through modelling" through the social learning aspect. Modelling; "includes a wide range of psychological matching techniques like copying, identifying, and observational learning." What a person can learn from his own experience can also be learned from another person's experience by observing him. This procedure is particularly significant if the organization's moral conduct is the goal of the action. Workers learn from the behaviors expected, respected, and punished by the act.

Another way to look at it, according to Blau (1964), social exchange theory is "when an exchange party gives benefits to the next. According to Gouldner (1960), "he/she causes a feeling of commitment to respond these benefits during future communication." Workers will become duty-bound and compelled to respond to their leaders' moral and transparent treatment by giving extra performance at their jobs and avoiding deviance when they see their leaders as transparent and ethically good (Mayer et al., 2009; Newman and others, 2014). Despite the fact that moral administration has been questioned in thought for more than 2,000 years (Ciulla et al, 2003), common sense investigations on morals in the initiative and the board have not been found in writing for a very long time, and such examinations have only been conducted in the past few years (Ferrucci & Amaral, 2023). "The demonstration of behavior that aligns with established norms through personal actions and interpersonal relationships, and the conveyance of these standards to followers through interactive communication and guidance. (M. E. Brown, Treviño, & Harrison, 2005) defined moral authority. The literature on profound quality and trustworthiness significantly emphasizes ethical management (Kuntz et al., 2013), and pioneers of morality have been regarded as moral. According to (Demirtas & Akdogan, 2015), the analysts portrayed these characteristics as the moral components of moral administration. A review indicates that moral initiative is connected

not only to a leader's traits (such as sincerity, veracity, and dependability) and moral behaviors (such as equity, right direction, care, and transparency) but also to executives in light of standards (such as establishing moral benchmarks through correspondence and compensations). As a result, supporters and admirers view a moral leader as a truly upright and principled individual and an ethical manager who inspires employees (Fuchs et al., 2018). As a result, moral pioneers uphold ethical principles and practice them in their own lives. Despite these character qualities, moral pioneers use ethical and just administration and successfully persuade and inspire their representatives and devotees to be more moral.

## **2.2 Ethical Leadership (ELEL)**

Ethical Leadership (ELEL) is "demonstrating behavior that conforms to accepted norms through personal actions and interpersonal relationships while promoting such conduct to followers through two-way communication, encouragement, and guidance." (Hoang, Yang, & Luu, 2023). According to (Uluturk, Yilmaz Altuntas, & Isik, 2023), this definition delineates two dimensions of ethical leaders: the first one is the ethical person, characterized by qualities such as integrity, honesty, generosity, dependability, overall inspiration, and fairness. (Brown et al., 2005). On the other hand, the second is the moral manager, who is procured to influence his supporter's dispositions and directed by the ELEL lead (Trevino & Brown, 2004). Based on previous findings, it is argued that ELEL behavior (Park, Zhu, Kwon, & Bang, 2023) includes (a) the significance of the ethical conviction and vision of the leaders in their actions, particularly when making decisions (Cornock, 2023);

(b) fostering morality within a company through established standards and associated rewards or punishments (Lenka & Kumar Behura, 2023); c) the two methods of correspondence which portrayed dependence, tremendousness, and unwaveringness about moral estimation (Verne, 2023) compensate structure (Elegunde, Omolara, & Owolabi, 2023) expected behavior; d) people's introductions (Elegunde et al., 2023) and admirable behavior in the workplace, including respect for the subordinate's inherent human qualities (Patzler & Voegtlin, 2023), name recognition (Uluturk et al., 2023) a wide range of assistance for employee advancement (Mayer et al., 2009; Trevio and others, 2003); ( e) enhancing employees' work objectives through increased importance and empowerment (Muchiri, Pham, Nkhoma, & McMurray, 2023). According to (Halvorsen, Bartram, Kia, & Cavanagh, 2023), ethical leaders try to influence their followers' behavior by establishing ethical conduct models, setting moral standards, and encouraging them to act morally. (Halvorsen et al., 2023).

### **2.3 Employee Creativity**

According to George and Zhou et al. (2007), Group creativity is "the collaborative generation of innovative and valuable ideas related to products, services, and processes by a team of employees working collectively." This definition appears in the literature on creativity (Qian et al., 2023). However, according to (Amabile & Pratt, 2016), "individual creativity alludes to the individual struggle in generating new ideas". Therefore, an organization's creative environment must be created and nurtured with focus (George & Zhou, 2001). ELEL plays a crucial role in both creating and maintaining a creative environment. As a result, groups, communities, and individuals worldwide are attempting to acquire the vast concept of ELEL (Gu et al., 2015). With EL's commitment to advancing creative, innovative, and clever ideas, researchers today have established significant thought. While numerous research studies have indicated that ethical Leadership (ELEL) plays a vital role in nurturing employees' creativity, it is evident that there is an adverse relationship between genuine, supportive Leadership and employees' creativity. In contrast, a favorable association exists between ELEL and employees' creativity (Hoang et al., 2023).

### **2.4 Turnover intention (TOI)**

Employee turnover can be defined as "the termination of an individual's affiliation with an organization after receiving financial compensation from that organization." (Mobley, 1982). An alternate definition is: "Turnover intention (TOI) pertains to an employee's intention to resign from their current position. It is a close predictor of organizational turnover and often marks the final stage before an employee leaves their job." (Griffeth, Hom, & Gaertner, 2000). The reason for worker turnover in organizations is by and large a direct result of the outside variables (accessibility about employment and jobless level), internal factors (i.e. workplace, initiative style, and pay framework), and employee components (disappointment about a job, performing behaviors of another individual), (Mobley, 1982; Vandenberg & Nelson, 1999).

### **2.5 Ethical Leadership and Employee Creativity**

According to empirical research, moral Leadership is likely to improve a person's performance and attitudes toward their jobs (Guo et al., 2023), organizational citizenship behavior (OCB) (Muchiri et al., 2023), and job attitudes (Legood et al., 2021; Muchiri et al., 2023). Even though academics have concentrated on the potential link between moral Leadership and representative growth, they have yet to agree on the benefits of that association (Fariha, 2023). This review challenges the idea that ethical Leadership boosts employees' creative thinking. Initially, servant leaders can support and inspire their followers by empowering them, prioritizing their well-

being, and motivating them to pursue their objectives. Consequently, they increase employees' innate motivation and involvement in creative endeavors (Muchiri et al., 2023).

Furthermore, ethical leaders prioritize the needs and concerns of their subordinates over their own. This approach fosters a sense of psychological security and trust within the workplace (Hoang et al., 2023; Saleh et al., 2022). Not to mention, Liden et al. (2014) found that when leaders use ethical leadership techniques, employees are more willing to give support and care to others in return, boosting their psychological safety (Amabile & Pratt, 2016). As a result, there would be less risk involved in coming up with solutions for problems, which would help foster supporters' creativity (Liden et al., 2014). Therefore, it is asserted that followers' inventiveness and ethical Leadership are favorably associated. However, servant Leadership may not impact staff members' originality. For instance, (Verne, 2023) suggested that promotion focus and ethical Leadership were tightly related, fostering employee innovation.

According to research by (Muchiri et al., 2023), ethical Leadership exhibited a positive association with a service-oriented culture and employee identity, thereby potentially enhancing employee creativity. These findings underscore the importance of considering mediating factors in examining the link between ethical Leadership and employee innovation.

***H1: Ethical Leadership has a significant affect on employees' creative behavior.***

## **2.6 Ethical leadership and Turnover intention**

Ample research was conducted on the turnover processes of employees to understand the consequences of turnover, which pioneered an extensive clarification of the psychological process of essential withdrawals. As indicated by his detailed turnover choice process, the individual at their 1st level assesses their current job and experiences fulfilment or disappointment in the light of their jobs. If disappointment is experienced, that point enhances the thought about quitting. There are also many steps between thoughts of quitting and quitting. The first result of this disappointment is the thought of quitting. This contemplation stimulates the thought of another alternative and the costs of quitting the current job. The subsequent stage gives him a purpose to look for an option. A factual finding for a job trails the intent to see. If there is a chance that option is accessible, the appraisal procedure for choices will start at that point. The appraisal procedure for options is followed by examining the current job and options. If the examination supports the options, at that point, it will lead to leaving the place of job, which is trailed to natural quit (Mobley, 1977).

Previous research suggests that corporate social responsibility and ELEL are two central pillars of the organization (Dirks & Ferrin, 2002; D. et al., 2004). Both corporate social responsibility and ELEL represent the organization's values and related attributes that, in the long

run, influence TOI. As indicated by (Al Halbusi et al., 2022), representative turnover expectation is characterized as a worker's removed lead (i.e., they are currently working but are not effectively connected with or submitted). Worker turnover expectation is a precursor to turnover itself. Worker turnover expectation is characterized as an individual's craving to leave their present employment or association and effectively search out new possibilities or vocations. Many investigations from different disciplines and across conduct, attitudinal, and authoritative components have investigated the aim of worker turnover (Legood et al., 2021).

Representatives show great mentalities and practices toward their work when pioneers exhibit moral authority, as per (Fuchs et al., 2018), which decreases the probability of stopping and moving to another association. Moral initiative is essential for evoking ideal representative practices while relieving and redirecting negative perspectives and activities, such as the aim to leave (Lin & Liu, 2017). As per (Davlembayeva & Alamanos), moral administration contrarily affects turnover aim, and occupation somewhat intercedes the connection between the two builds (Li et al., 2023) found in her examination that moral authority contrarily affects the aim of sales reps to leave (Park et al., 2023) researched the effect of trust and moral environment in interceding the connection between moral authority, hierarchical equity, and turnover goal in Turkish private and public banks. Their discoveries also validated the negative relationship between moral authority and turnover expectation through trust and a moral environment.

On the other hand, assuming that workers accept that their CEO is corrupt, egotistical, and unscrupulous, they are bound to leave the organization and pursue another position (Brown & Mitchell, 2010). Thus, it is essential for pioneers to reliably build up moral authority insights. This can be achieved by accentuating the moral authority part of moral administration (Palanski et al., 2014).

**H2:** *Ethical Leadership has a significant effect on employee turnover intention.*

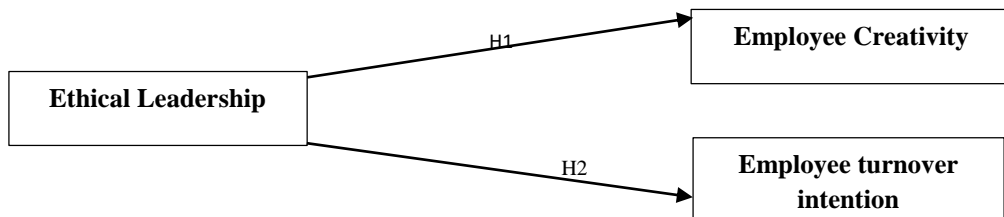


Figure 2.1. Research Model



### **3. Methodology**

#### **3.1 Population and Sampling**

In the current research, a cross-sectional approach was used to collect information regarding ELEL, employees' behavior (creativity & TOI), employees' feelings (PCPC & voice), and leader's moral convictions. We used the cross-sectional design because of its advantages. The first advantage is that this approach is beneficial for the current study because it helps analyze the samples from the population within a reasonable time. The second advantage of using this cross-sectional design is that it is inexpensive. The third advantage is that a cross-sectional study helps compare the data easily. There is no effect of data that will be changed over time (Baily, 1978).

According to Sekaran and Bougie (2003), "population frame" refers to the list of all population components used in the sample selection process. Researchers spend time and effort collecting data from the current population because a suitable sampling frame includes all sample units in the population. However, it may not be completely accessible. The manufacturing firms in Rahim Yar Khan will be included in the current study's population frame.

Probability sampling, stratified random sampling, and simple random sampling are only a few of the various sampling methods available. However, the current study employs simple random sampling. The primary advantage of this sampling is the availability of data. We can collect data easily from anywhere or everywhere. Moreover, it is a time-saving technique, although this method is less expensive. We were collected data in March 2023 and finished it in August 2023. Six months had allotted for the data collection.

The sample size was appropriate so that the result can be generalized to the whole population. The number of respondents was chosen from the method given in the Sekaran table of sampling. If the study population consists of 1000 elements, according to the Sekaran table, the sample was 440, representing 95% of the confidence level with a margin of error of 3.5%. We received 290 responses from our target population.

#### **3.2 Research Instruments**

A questionnaire was serve as the primary research tool in the current study. We were draw upon scales found in various articles pertaining to different variables. To guarantee the reliability and validity of the scales, we select the most appropriate items from these sources. All items will be measured on a 5-point Likert scale (1= = strongly disagree, 5= = strongly agree).

**Table 1.: Distribution of Instrument Variables**

S. No	Variables	Items	Sources
1.	Ethical Leadership	10	(Van Den Hooff & De Ridder, 2004)
2.	Employee Creativity	13	(Kuegler, Smolnik, & Kane, 2015)
3.	Employee turnover intention	05	(Kankanhalli, Tan, & Wei, 2005)

#### **4. Data Analysis**

##### **4.1 Statistical Analysis**

The current study was employ various analytical techniques, including descriptive statistics, reliability tests, and correlation analysis in SPSS, to address the research questions posed.

The initial phase of data analysis involved using the Statistical Package for the Social Sciences (SPSS) to conduct preliminary univariate statistical analysis. Data screening was attempted. Data screening is the process of determining whether the data are normally distributed, free of outliers, and ready for use.

A measurable Bundle for the Sociologies (SPSS) was chosen strategically. The Statistical Package for the Social Sciences (SPSS), as described by Karp (1995), offers several advantages. First, it allows users to import or export data sets that can be displayed in rows and columns. Second, the result output windows come with editing options. Third, the windows displaying charts and graphs can be customized.

SPSS is widely used and taught in many academic institutions, making it a familiar choice for researchers and analysts in the social sciences. SPSS offers a broad range of statistical techniques, including descriptive statistics, reliability tests, and correlation analysis, commonly used in social science research(Shao, Xu, & Li, 2019). SPSS provides convenient features for data management, such as importing and exporting datasets, which are essential for handling and organizing large amounts of data in research projects (Field, 2013). SPSS includes tools for data screening, allowing researchers to assess data quality, identify outliers, and check for normal distribution, which are critical steps in ensuring the validity of statistical analysis (Wang et al., 2023). SPSS typically utilizes covariance-based methods for structural equation modelling (SEM), which are more suitable for large-scale data sets and when the underlying assumptions of normality and linearity are met. SmartPLS, on the other hand, employs a variance-based approach, specifically Partial Least Squares (PLS), which is particularly useful for handling small sample sizes, non-normal data, and complex models with latent variables and multiple indicators (Wong, 2013).

While SPSS and SmartPLS are both robust tools for statistical analysis, they each have distinct strengths and purposes. SPSS is a versatile software package suitable for various analyses, whereas SmartPLS specializes in structural equation modelling, particularly emphasizing partial least squares analysis. The decision between the two depends on the specific research requirements and the nature of the analysis.

However, SPSS was chosen for its versatility and ease of use; the researchers may also be considering more advanced statistical techniques, such as Structural Equation Modeling (SEM), for hypothesis testing and model validation (Hinton, McMurray, & Brownlow, 2014; Wang et al., 2023).

In summary, SPSS is used for the measurement model, and SmartPLS is used for the structural model. The current study aims to determine how ELEL influences workers' creative and TOI behaviors. The "hypothesis testing" method is used in this study. This study will examine the direct and indirect effects of the relationship between the dependent and independent variables. In this study, there is one independent variable and two dependent variables.

Unit of analysis refers to how "WHO" or "WHAT" you will analyze the data in the study (Gallagher & Leischow, e.g. 2001, 2006). The unit of analysis focuses on who or what in the research design. According to Sekaran, a unit of analysis is categorized as individual/single, group, organization, or culture (Sekaran & Bougie, 2016). However, we will focus on individual design in the current research design. We will examine the relationship between dependent and independent variables and their impact on an individual level. There are many reasons to focus on the individual level instead of the group and organization approach: (1) the individual approach is less expensive, (2) because this approach allows researchers to involve more respondents to produce a more fantastic response, (3) there is no complication of data in the analysis process, (4) and the last strong reason is that most of the researchers focus on this individual approach (Fan & Wang, 1998). Therefore, SPSS was used to measure the study model.

## **4.2 Factor Analysis**

Component research is the essential statistical tool for discovering a smaller collection of reasonably broad variables. It is used to verify if estimates are valid and correct. The fundamental design of the poll is a fantastic factual tool, and this strategy coordinated several aspects in light of their relationships. Things related to one another have comparative characteristics to display composite factors. These composite factors are additionally referred to as elements. Determining whether the example can be used to demonstrate the element of research is crucial. Information from the absence of value, odd characteristics, and anomalies were also separated in this examination. For a factor analysis, the sample must meet specific criteria for measurement adequacy. The analysis revealed that the sample size, excluding 10 multivariate outliers, stands at 290, which surpasses the

minimum threshold of 50 and ideally should be greater than 100. However, the sample size becomes less critical if the loading factor exceeds 0.60.

Items with factor loadings greater than 0.50 were retained in the study. According to (S. Kumar, Gupta, & Nayyar, 2012), factor loadings between 0.50 and 0.70 are considered acceptable, those between 0.70 and 0.80 are termed good, and values falling between 0.80 and 0.90 are characterized as excellent.

**Table 2: Exploratory Factor Analysis:**

**Rotated Component Matrix**

	Component		
	1	2	3
SMEAN(EL5)	.821		
SMEAN(EL1)	.814		
SMEAN(EL4)	.811		
SMEAN(EL3)	.800		
SMEAN(EL2)	.796		
SMEAN(EL7)	.434		
SMEAN(TOI8)		.813	
SMEAN(TOI7)		.792	
SMEAN(TOI6)		.762	
SMEAN(TOI4)		.741	
SMEAN(TOI3)		.721	
SMEAN(TOI5)		.704	
SMEAN(EC2)			.896
SMEAN(EC3)			.875
SMEAN(EC4)			.869
SMEAN(EC1)			.859

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization. <sup>a</sup>

a. Rotation converged in 5 iterations.

**4.2 Reliability Test for the Variables**

Reliability, as defined by (Pallant et al., 2016), pertains to the extent to which all items in the scale gauge a common underlying construct. It is also described as the consistency of outcomes when repeatedly measuring the items within the factors (K. et al., 2004). The values of Cronbach's Alpha for all factors in the study are presented in the table.

**Table. 3 Reliability**

<b>Item-Total Statistics</b>				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
M_EL	7.0338	.948	.628	.774
M_EC	6.6640	1.017	.717	.671
M_TOI	6.0382	1.146	.633	.760

The results in Table 2 depict the values of Cronbach's Alpha for all three variables of the current study: ethical Leadership ( $\alpha = 0.774$ ), Employee turnover intention ( $\alpha = 0.760$ ), and Employee Creativity ( $\alpha = 0.671$ ), representing all the respective items of the variables that meet the standards for further analysis (Hair et al., 2010).

### Descriptive Statistics

The descriptive results in Table 3 show that the mean value of Ethical Leadership is 2.8341, and the standard deviation is 0.63436. Similarly, the mean of Employee turnover intention is 3.204, and the standard deviation is 0.55488. The mean of Employee Creativity is 3.8298, and the standard deviation is 0.52276.

**Table. 4 Descriptive Statistics**

	N	Min.	Max.	Mean	Std. D.	Skewness	Kurtosis		
	Stat.	Stat.	Stat.	Stat.	Stat.	Stat.	Std. Err	Stat.	Std. Err
M_EL	249	1.00	4.40	2.8341	.63436	-.033	.154	-.239	.307
M_TOI	249	1.00	5.00	3.2040	.55488	-.244	.154	1.197	.307
M_EC	249	2.00	5.00	3.8298	.52276	-.432	.154	.951	.307
Valid N (list wise)	249								

### 4.4 Correlation

A Pearson correlation was used to find a significant relationship among variables such as Ethical Leadership, Creativity, and Turnover Intention, as shown in the Table.

**Table. 5 Correlation**

		M_EL	M_EC	M_TOI
M_EL	Pearson Correlation	1	.618**	.514**
	Sig. (2-tailed)		.000	.000
	N	249	249	249
M_EC	Pearson Correlation	.618**	1	.633**
	Sig. (2-tailed)	.000		.000
	N	249	249	249
M_TOI	Pearson Correlation	.514**	.633**	1
	Sig. (2-tailed)	.000	.000	
	N	249	249	249

\*\* . Correlation is significant at the 0.01 level (2-tailed).

#### 4.5 Hypotheses Testing

**Table. 6 Hypotheses Testing**

			Estimate	S.E.S.E.	C.R.C.R.	P	Label
M_TOI	<---	M_EL	.424	.045	9.448	***	Accepted
M_EC	<---	M_EL	.348	.055	7.732	***	Accepted

Ethical Leadership positively impacts Employee turnover Intention (S.E= 0.045, p < .000). Ethical Leadership have a positive significant impact on Employee Creativity (S.E= 0.055, p < .000).

#### 5. Discussion

This research contributes to the existing knowledge by presenting empirical findings regarding the influence of ethical Leadership on the inclination of employees to depart from financial institutions in Pakistan. Two hypotheses were scrutinized to ensure they aligned with the study's aims and objectives. In order to identify the qualities that will enhance ethical behaviour in a company and deepen the bond between leaders and their subordinates, prior research explored the antecedents of employees' ethical behaviour (Mayer et al., 2005). This analysis found two crucial parts of the research model that needed to be included in earlier studies. The inference that has the most significant correctional on the literature on corporate ethics is the link between an individual-type ethical environment and employees' inclination to leave their positions. According to (Decoster et al.,2019), the study goes into further depth on how workers' responses to an ethical leader vary based on how the leader's activities harm or even benefit them.

The results of this study show that managers have a significant correctional on how well an organization performs. The results show that moral Leadership makes a big difference in how organizations are run and whether or not their employees plan to leave. A prior study by (Sija et al., 2021) on financial workers' intentions to leave their positions in Sarawak, Malaysia, revealed that workers would be less inclined to leave if the company offered prospects for promotion. Regarding the review, the ongoing examination uncovered that moral initiative is essential in cultivating a tremendous moral environment, bringing down representatives' close-to-home exhaustion, and diminishing workers' expectations to leave their ongoing positions.

The primary objective of this study was to investigate the significance of ethical Leadership on employee creativity. Our research findings highlight the significance of ethical Leadership as a critical factor influencing employees' creativity. The results suggest that ethical Leadership is crucial for nurturing employee creativity, as it is positively linked to organizational effectiveness. Furthermore, this study underscores the notion that a culture within the organization where employees frequently exchange knowledge and provide mutual assistance should positively correlate with creativity.

This article also sought to explore the significance of ethical leadership practices on employee creativity by employing the social exchange theory. The results of this study provide empirical support for the assertion made by (Liden et al.,2014) that there exist variables in the connection between an ethical leadership style and employee behaviour. As noted by (Eva et al., 2019), servant leaders prioritize the development of their subordinates, which can lead to them being highly respected. Consequently, subordinates may perceive their relationships with these leaders as psychologically fulfilling, motivating them to respond by employing more productive work methods. Another objective of this ongoing investigation was to assess how ethical Leadership impacted employees' creativity. The findings affirmed the strong relationship between employee creativity and an ethical leadership style. Previous research has consistently shown that an ethical leadership style is a robust predictor of success (Nemr & Liu, 2021; Frisch & Huppenbauer, 2018; Yang & Wei, 2016). The study extensively draws on social learning theory and social exchange theory to examine the connections between ethical Leadership.

The findings of this study highlight a statistically significant correlation between ethical leadership style and behaviour. When employees perceive their managers as fair in task assignments and recognize achievements, they are more inclined to foster a positive work environment. Besides treating all their followers equally, ethical leaders often function as impartial mediators, communicate truthfully, and establish high standards for their team members. This argument gains further support from theoretical work that demonstrates how an ethical leadership style positively

influences the attitudes and behaviours of organizational staff (Li et al., 2022; Kalshoven et al., 2011; Zhu et al., 2004).

The results affirm the presence of a positive relationship between an ethical leadership style and employee creativity, according to prior research (Asif et al., 2019). As per (Brown et al., 2005), ethical leaders promote moral values in the workplace, engage in open communication with their followers, demonstrate respect for them, make equitable decisions, and encourage them to express their opinions, among other things. Consequently, ethical leaders have been demonstrated to affect employee creativity positively.

## **6. Conclusion**

The findings demonstrated that employees are more creative under Ethical Leadership. The results also showed a direct link between creative thinking on the part of employees and moral Leadership. Employee creativity has been demonstrated to benefit from ethical Leadership. This study revealed that ethical Leadership significantly influenced employees' intentions to depart from their positions. Ethical leadership is essential for creating a strong sense of commitment and engagement among employees in the workplace.

The study offers a fresh perspective on the variables affecting workers' aspirations to leave Pakistan's manufacturing sector. Organizational leaders must make sure that workers are treated with respect at work. Additionally, this study enhances our understanding of how ethical Leadership and the cultivation of an ethical work environment can substantially reduce employee turnover intentions. The ethical environment will create a setting where it will be possible to discern between morally acceptable and unacceptable behavior, leading to the development of a perceptual system to deal with ethical issues.

## **Implications of the Study**

This study significantly enhances the existing body of empirical research on moral leadership. First, it demonstrates that employees may perform better in higher education when morally upright executives lead them. These findings emphasize the significance of placing moral leaders in supervisory positions to encourage actions that go above and beyond legal requirements, which add to those from earlier research in other fields. Additionally, this study provides essential information about the tactics employed by ethical bank executives to recruit more employees. For the association to make due and stay serious, it is pivotal to distinguish how supervisors and pioneers can advance moral authority among workers in the financial area. By combining an analysis of employee turnover intention, ethical Leadership, and employee creativity into a single model, this study also advances empirical research. Employee creativity is a significant predictor of ethical



Leadership (Chon & Zoltan, 2019), but no study has examined these two aspects simultaneously. The advancement of monetary establishments relies upon a more noteworthy exact exploration of moral initiative practices and their effect on critical individual results (worker innovativeness and representative turnover goal).

This study has improved our understanding of the connection between personal creativity and leadership style. The workforce of today desires more individualized, moral Leadership. Ethical and Leadership styles priorities meeting employee expectations because of the inherent focus on addressing the requirements of followers. Consequently, managers should be encouraged to use both ethical leadership philosophies. The study underscores the significance of employee trust in leaders regarding innovation outcomes. Following trustworthy role models enhances individuals' chances of success. Therefore, our research makes a meaningful contribution to the existing body of knowledge regarding the diverse impacts of leadership behavior on creativity.

Notably, our study is among the limited research endeavors that explore the influence of different leadership levels on individuals. As indicated by Yoshida et al. (2014), effective, ethical Leadership fosters creativity in individuals and teams by promoting the recognition of individual and group leaders and prototyping group leaders.

### **Limitations and Recommendations**

Like those in other tests, this study contains a number of obstacles that should be evaluated before proceeding. Only one leadership style was investigated in this study to assess its significance in affecting employee creativity and departure intention. Future tests are encouraged to test many forms of reasoning administration, including tyranny and domineering authority.

Second, SPSS was used for data analysis, hypothesis testing, and conclusion drawing. To better understand the potential impact of different authoritative ways of thinking on employee imagination and intention to leave the organization, we recommend that longitudinal research be completed in the future.

Thirdly, this study's demographics were not considered in the analysis. Future exploration should subsequently analyze the directing effects of segment qualities (like age, orientation, and pay) in the connection between specific administration styles, worker imagination, and representative turnover aim. Additionally, the Pakistani Manufacturing Industry provided survey results for this article. To decide if the speculations used to make sense of the multitude of connections analyzed in this study are delicate. Whether the discoveries of this study can be summed up to different settings, more examination in different fields and societies is required.

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