Does ethical leadership stimulate employees to be innovative at work? Moderating role of perceived organizational support

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Abstract

This study goal was to examine the association present between EL and employee IWB in the presence of POS as moderator. Sample size of this study was 260 RSM's of OPPO, VIVO and Realme. Response size was 88% as 229 people filled questionnaire. Smart-PLS 4 was used to test moderation hypothesis by bootstrapping and SPSS was used to test hypothesis 1by correlation analyses. Results showed that EL is positively related to employee IWB and has a significant relationship between them. POS positively moderate the positive relationship present between EL and POS. This study will help organizations understand the significance of ethical leadership in encouraging innovative work behavior as workers follow their superiors, so leaders behaving ethically helps organizations become successful.

Keywords: Ethical Leadership (EL), Perceived Organizational Support (POS), Innovative Work Behavior (IWB), Social Exchange Theory (SET), Contingency leadership (CL), Heterotrait-Monotrait (HTMT).

Introduction

Researchers have focused a lot of emphasis on business leaders in latest years due to their participation in frequent business scandals and moral dilemmas. In the same way, leaders' ethical behavior in organizations is important because they try to keep scandals at bay and promote ethical behavior (Waldman et al., 2017). Studies on EL have shown that it is beneficial to companies in ways that go outside ethical results (Walumbwa et al., 2017). Furthermore, other studies (Bouckenooghe et al., 2015; Neves and Story, 2015; Taylor and Pattie, 2015; Tu and Lu, 2013) have shown that ethical leadership can enhance favourable outcomes for workers, such as organizational spontaneity, performance, obligation, and inventiveness.

The importance of business ethics is increasing, and leaders are under more pressure than ever to act morally. Because of this, professionals and scholars developed an interest in EL during the last ten years (e.g., Walumbwa and Schaubroeck 2009; Kalshoven et al. 2011). Numerous researchers have examined the influence of EL on workers' outlooks and behaviors in the literature that is currently available. They have discovered that EL is a strong analyst of moral identity, organizational spontaneity, work satisfaction, and organization obligation (Brown et al., 2005). Leaders that uphold ethics cultivate honest and sincere relations with their staff. Because of this, followers look up to their leaders when they make ethical choices, and they try to work more creatively to ensure the organization succeeds. Evidence suggests that EL improves employee work performance, lowers the likelihood of employee turnover, and raises job satisfaction and involvement (I. Shafique, M.N. Kalyar, B. Ahmad, 2018, and S. Ilyas, G. Abid, and F. Ashfaq, 2020).

Businesses must constantly innovate, evolve, and improve in order to be competitive in the constantly evolving world of technology. In order to adjust to environmental changes, innovation is essential. Employee IWB typically determines how innovative a company is. However, there hasn't been much discussion of employees' innovative work behavior (IWB) in the literature on ethical leadership. IWB is a crucial employee outcome and a factor in organizational survival, efficiency, and sustainability (Curran and Walsworth, 2014; Ren and Zhang, 2015). Employees may encounter numerous risks, challenges, conflicts, and even ethical quandaries when developing, promoting, and putting into practice new ideas, procedures, or methods. This suggests that EL that prioritizes ethical conduct, social accountability, power, and amiable (Brown and Treviño 2006) may be an indication of innovative behavior. Thus, the goal was to examine the association between EL and IWB among employees.

Additionally, whereas EL is generally acknowledged to assist IWBs (Bin Saeed et al., 2019; Javed et al., 2020), this body of knowledge misses the significance of POS in promoting innovations within organizations (Sulaiman et al., 2019). This

study contends, in accordance with the SET (Blau, 1964), that high-quality workplace relationships are produced by social exchange relationships that arise as an outcome of POS (Blau, 1964; Karatepe & Mehmet, 2016). Employees sense obligated to bounce back to the business through trust, dedication, and IWBs when they are supported and appreciated (POS), according to the SET perspective. Additionally, research (Asgari et al., 2020; Cooper et al., 2018) has looked at and proven the beneficial impact of leadership styles on POS. In accordance with this theoretical framework, studies contend that EL behaviors give followers a sense of value and support because they show concern, justice, and consideration for their workers' well-being (Kurtessis et al., 2017). On the basis of these theoretical understandings, one could argue that social factors like EL behaviors affect employee capacity for innovation via POS, a mechanism that serves as a motivator (Amabile and Pratt, 2016; Kurtessis et al., 2017).

This study is empirical and quantitative using a deductive approach. The research philosophy is positivism. To the best of my knowledge, only a few studies are present that study this model by taking data from mobile companies. This study will help organizations understand the significance of ethical leadership in encouraging innovative work behavior as employees follow their superiors, so leaders behaving ethically helps organizations become successful.

Literature Review and hypotheses development

Ethical leadership

Diverse leadership philosophies exist, but many emphasize the assistance that leaders make available to their followers. For example, transformational leaders encourage followers to forgo personal objectives in favor of collective aims by offering them intellectual stimulation and individualized support (Burns, 1978). Careful leaders foster a welcoming and encouraging atmosphere by taking into account the opinions and worries of staff members when allocating vital resources, reaching decisions, and working together with subordinates (Rafferty and Griffin, 2006). Servant leaders place the requirements of their followers earlier their own in order to guarantee their growth and success (Greenleaf, 1977). While ethical leadership is recognized as a unique leadership style in and of itself, it can coexist alongside several leadership ideologies (Brown and Trevino, 2006; Den Hartog and Belschak, 2012). For instance, effective role modeling, compelling communication, and benevolence are characteristics of ethical and servant leaders (Brown and Trevino, 2006). Servant leaders, as opposed to ethical leaders, put the success of all parties involved in the company first and lower pride by reflection (Graham, 1991). Spiritual, genuine, transformative, and moral leaders are all honorable, considerate of others, and include setting an example for others. But while transformational leaders focus on vision, values, and intellectual stimulation, spiritual leaders prioritize hope,

faith, and visioning (Brown and Trevino, 2006). Ethical leaders, on the other hand, are moral managers who uphold moral norms. Finally, thoughtful leaders are trustworthy and receptive to staff concerns, just as moral leaders (House, 1971). According to Brown et al. (2005), EL involves "promoting normatively appropriate conduct to followers through two-way communication, reinforcement, and decision-making, as well as demonstrating normatively appropriate conduct through personal actions and interpersonal relationships" (p. 120). According to Brown and Trevino (2006), ethical leaders act as role models for their followers, who see them as just, moral, righteous, and reliable people who care about both themselves and the greater good of society. They are devoid of bias and prejudice, uphold their moral standards without fail, and prioritize the requirements of others above all else (Brown and Mitchell, 2010). After emphasizing the value of moral behavior, they hold followers accountable by rewarding and punishing misbehavior (Brown and Trevino, 2006).

Ethical leadership and IWB

According to Hansen and Pihl-Thingvad (2019); Prabowo et al. (2018), an employee's deliberate introduction or implementation of new plans, methods, offerings, and practises to his or her work agency, duty function, and organisation is referred to as IWB. According to Stoffers et al. (2014), Information sharing stimulates the reinvention and amplification of knowledge, which drives IWBs.

Establishing and improving active employee authorization policies that support ongoing knowledge and the growth of biped resources personnel is essential for organisations looking to intensify employee IWBs (Stoffers et al., 2020). The four basic stages of plan development, plan struggle, plan implementation, and plan exploring are incorporated into higher order structures known as plan work breakdowns (Faraz et al., 2018). EL has the ability to stimulate staff innovation using a range of approaches based on preexisting theoretical understandings. To feel inspired while completing their creative work, employees in organisations need a moral leader who is receptive to fresh perspectives (Amabile and Pratt, 2016; zsungur, 2019; Ahmad et al., 2021 Javed et al., 2020). Ethical leaders authorize staff members to take accountability for their choices and exercise independent judgment. They also encourage their followers to be more flexible and innovative at work, which progresses their performance. Ethical leaders offer their followers' roles within their organizations meaning and assist them in making their job more meaningful. The results of employees are thought to improve under ethical leadership. On these basis, following hypothesis is proposed.

H1: There is a positive relationship present between Ethical Leadership and Innovative Work Behavior.

Moderation role of Perceived organization support

POS is explain as the worker's observation of in what way the company acknowledge their role and upkeeps about their good fortune, according to Eisenberger et al. (1986, p. 501). Based on OST, POS highlights how vital it is to view workers as valuable business resources (Islam et al., 2017; Luksyte, 2016). Latest studies have shown that employees' motivation to contribute to the success of the company is greatly influenced by organizational support (Kurtessis et al., 2017).Organizations can use EL standards as a foundational institutional element to build a work climate that is more conducive to innovation (Chen et al., 2016; Zahra and Ajmal, 2017). However, an academic comprehension of the procedure linking Ethical leadership to workers' innovative practices is still necessary.

Thus, I suggest POS as a structural and situational element that could moderating the success of moral bosses in creating strong IWBs among workers. In order to inspire employee innovation inside businesses, it is crucial to investigate organizational elements that may interact with leadership behaviors (Jung et al., 2003). The leadership and innovation literature has made POS a hot issue due to its significant motivational value (Mokhber et al., 2018).

Evaluation of the prior knowledge exposed little evidence for moderating influence of POS in the innovation investigations done by leaders (Mokhber et al., 2018). Pieterse et al. (2010) further contend that moderator-using studies are required as they align with the tenets of the theory of CL, which gives strong indication that the effect of leadership on organizational and employee performance (IWBs) is dependent on various situation based factors, POS. (Kurtessis et al., 2017; Amabile and Pratt, 2016; Nohria and Khurana, 2010), so following hypothesis is proposed:

H2: POS moderates EL and IWB.
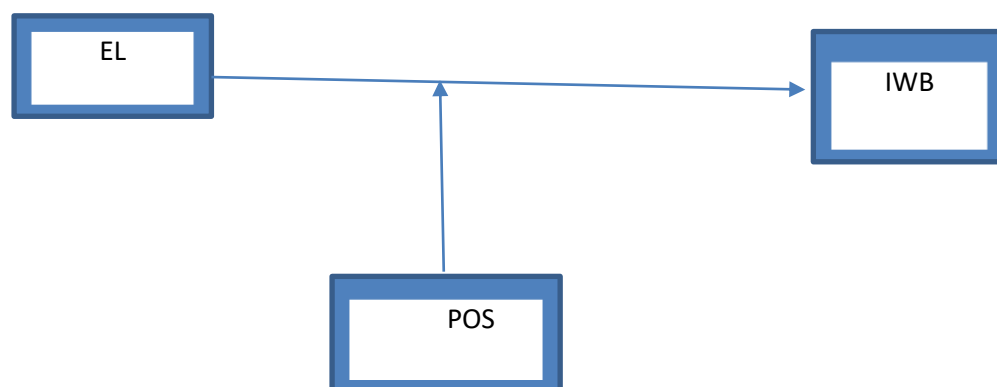
Methodology

Sample and procedure

Our study is quantitative in nature. Unit of analysis is individual. Sample size of the study is calculated using the item-to-ratio technique. 26 items were included in the questionnaire, so the sample size of this study was 260 RSM's of mobile companies, as mobile companies are novelty hubs in today's world. Grounded on quantitative research, Google Form questionnaire were secondhand to gather data. 229 people filled this questionnaire and response rate is 88%.

Measures

To measure RSM's insight of EL, I used 10-item scale (Brown et al., 2005). According to Ko et al. (2018), scale is widely accepted and frequently adopted to evaluate EL. I utilized a condensed six-item Eisenberger et al. (1986) scale to evaluate POS. This measure has been applied widely and has produced strong findings in a variety of scenarios due to its excellent reliability and validity (Edwards, 2015).I utilized a ten-item scale to measure IWB's.

Demographic Analysis

Out of the 229 participants, 86% were men, 78% had a bachelor's degree as a minimum qualification, the participants' average age was 31 years, and 68% had more than five years of cumulative job experience.

Analysis and results

For data analysis, SPSS and Smart-PLS 4 is used. The correlation for hypothesis 1 was checked through SPSS software, and the moderation hypothesis was tested through PLS-SEM. First, the reliability of constructs and items was checked both by SPSS and Smart-PLS 4. Reliability checked by SPSS gives these results, respectively: EL Cronbach's alpha value was .787, IWB was .754, and POS was .768.

The latent constructs were evaluated by using Smart-PLS 4 for discriminant validity using the HTMT ratios. Findings shows, the relationships between POS and IWB (0.816), IWB and EL (0.854), and POS and EL (0.841), all have HTMT ratios that are less than the suggested threshold of 0.90, demonstrating acceptable discriminant validity between these constructs.

The following construct reliability and validity overview is given, which was tested by Smart-PLS 4. Thresholds were met for both rho-a and rho-c.

Constructs reliability and Validity-Overview

| Particulars	Cronbach's alpha	rho_a	rho_C
EL	.787	.846	.837
IWB	.754	.823	.747
POS	.768	.879	.852

Rho_a

It is basically an extent of internal consistency for a scale with multiple indicators. It is measured by Smart-PLS 4. What constitutes an acceptable level of reliability may vary slightly throughout fields. Nonetheless, it is frequently considered sufficient when the composite reliability is larger than 0.70 or 0.80. rho_a for EL is 0.846, for IWB is 0.823 and for POS is 0.879. It is widely agreed upon that these composite reliabilities are fairly good. With regard to the indicators employed to gauge the latent construct, these values show a high degree of internal consistency.

Put another way, the construct's components have a close relationship with one another, indicating that they are accurately measuring the same underlying idea.

Rho_c

These are the values for rho-c of EL, IWB, and POS, respectively: 0.837, 0.747, and 0.852. These values are good and satisfactory, meeting the threshold and making researchers confident about scale.

Bar charts for rho_a and rho_c is given below:

Composite reliability (rho_c)
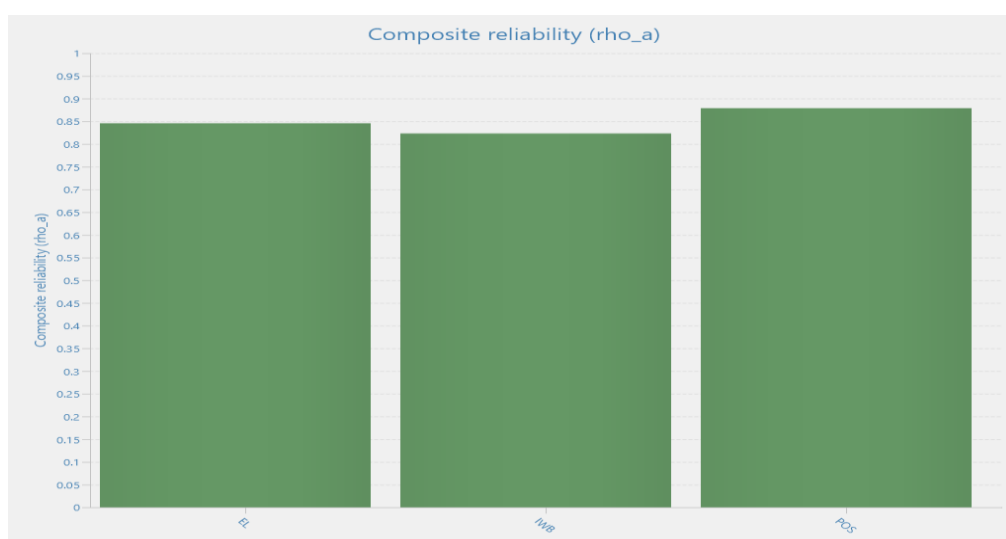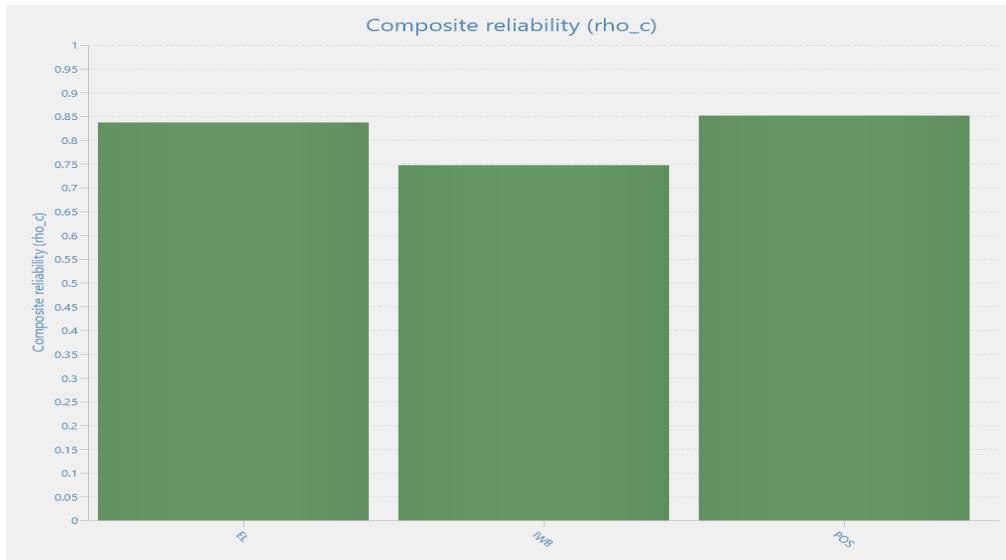
And then, for the analysis of hypothesis 1, whether there was an association between EL and IWB, the normality of the data was checked by conducting a normality test in SPSS. The results were insignificant, and the data is not normally distributed, as the asymptotically significant (2-tailed) values were.071 for EL and.086 for IWB. Spearman's rho correlation test was used in SPSS. Following table shows SPSS results:

Correlation table			EL	IWB
			EL	IWB
Spearman's rho	EL	Correlation Coefficient	1.000	.572**
		Sig. (2-tailed)	.	.000
		N	229	229
	IWB	Correlation Coefficient	.572**	1.000
		Sig. (2-tailed)	.000	.
		N	229	229
**. Correlation is significant at the 0.01 level (2-tailed).				

The p-value of 0.00 is less than the conventional significance level of 0.05. The correlation coefficient of 0.572 indicates a moderately positive, monotonic connection between EL and IWB. The p-value is less than 0.05, which means that this association cannot be the product of chance. Therefore, hypothesis 1 is validated.

The second hypothesis was tested using Smart-PLS 4. The boost strapping method was used. Smart PLS is one of the best-known software programs for PLS-SEM. Following diagram was made in Smart-PLS 4 boxes showing p-values.
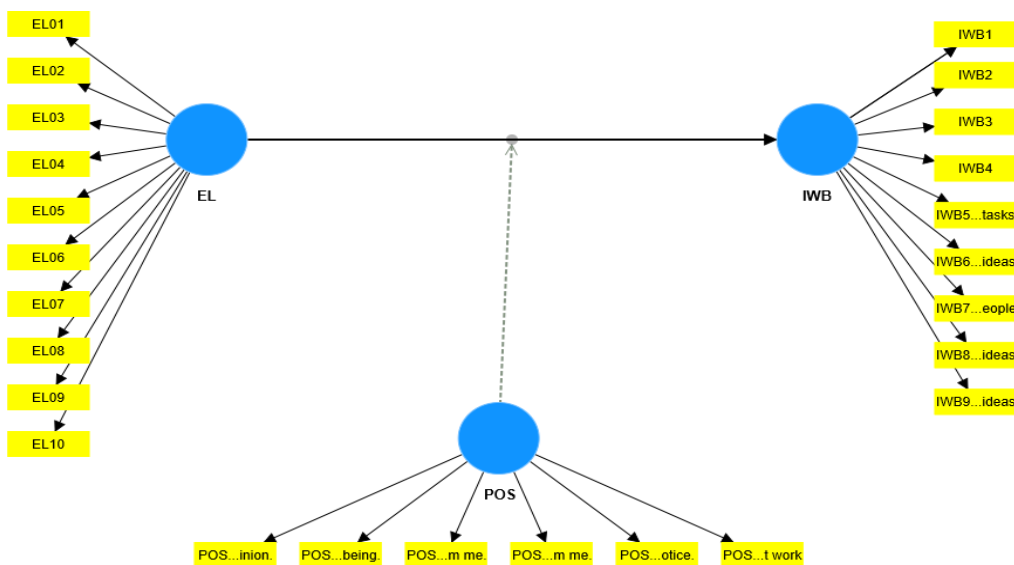
In the figure, the dotted line shows moderation; POS is moderating the association present between EL and IWB. The path coefficient of bootstrapping is the following:

	Path Coefficient	SE	T statistics	P value
EL -> IWB	0.555	0.074	7.522**	0.00
POS -> IWB	0.414	0.074	5.593**	0.00
POS x EL -> IWB	0.057	0.022	2.864**	0.04

Given the statistical significance of the T statistic and the p-value (0.004), it appears unlikely that the interaction effect is the result of chance. This demonstrates that the interaction term significantly affects the model's dependent variable. The interaction effect is statistically significant based on the p-value of 0.004. This indicates that the combined impact of POS and EL on IWB deviates from the scenario in which their effects would be cumulative. The statistical significance of the interaction term (POS * EL) suggests that the relationship between EL and IWB is not continuous, but rather varies based on the various levels of perceived organizational support. The interaction term's positive sign implies that the degree of

perceived organizational support influences how strong or weaker the link is between EL and IWB.

After all the above we are on below result regarding our hypotheses.

H1: There is a positive relationship present between EL and IWB.   **Supported**

H2: POS moderates EL and IWB.   **Supported**

Discussion, practical implication and Limitations

This study looked into the relationship between EL and IWBs and tested the hypothesis that POS moderates EL and POS. This investigation provided support for both ideas. Future researchers can gather data from many industries, assess the degree of moderation, and illustrate moderation using PLS simple slopes. A time series of data can be gathered.

A culture that values and encourages ethical leadership is something that organizations should try to create. In order to do this, policies, communication, and role modelling must be used to reinforce ethical behavior as a fundamental component of leadership in addition to training. In order to promote EL and encourage innovative behavior from employees, the practical consequences entail a combination of leadership development, cultural efforts, policy changes, and regular assessments, with POS serving as a critical moderator.

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