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# The Effect of Ethical Leadership on Employee Creativity

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#### **Abstract**

This research aims to find the relationship between ethical leadership and employee creativity. Data collected from Saudi Telecom Company (STC), Dammam branch. The study was applied to a sample of 62 leaders and 135 employees. The result of the study showed that there a significant relationship between ethical leadership and employee creativity. The study recommended that in order to increase and improve the employee creativity, leaders need to improve ethical leadership dimensions that related to fairness and role clarification.

Keywords: Ethical leadership; Employee creativity

#### Introduction

Ethical leadership is leading in a way that respects the ethical value, right, belief and dignity of others. Brown, Treviño and Harrison defined ethical leadership as "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making" (p. 120). Integrity, caring, honesty, openness, trustworthiness, altruism, justice, and collective motivation are some traits that characterize ethical leadership [1].

Employee creativity refers to the promotion, generation, and implementation of novel and useful ideas about services, products, procedures, or practices. Creativity is an important part for the survival and the competency of the organization. To initiate organizational innovation, the firm needs a creative employee. The creativity of employee is recognized as key factors in generating competitive advantage. In addition, creativity is important to increase the organizational effectiveness by enhancing team performance. Individual creativity consists of expertise, creative thinking skills, and intrinsic motivation as suggested by componential theory. When these components are presented, individual creativity should be reinforced [2-4].

In today's business community, ethical leadership becomes necessary for fostering employee creativity. Ethical leadership has an important influence on promoting the enhancement of employee behaviors and attitudes [5,6].

The componential theory of creativity of Amabile stated that the leadership is one important aspect of the perceived work environment, which is conducive to both the level and the frequency of employee creativity. Many companies rely more on employee creativity for survival, adaptation, and competitive advantage. According to Shin and Zhou the management practices that may promote employee creativity have received little attention [7].

Many researchers have examined the different types of leadership and its impact on creativity such as transformational leadership, abusive supervision and empowering leadership. Leadership style can have an impact on employee creativity because the emphasis in ethical leadership is on morality, fairness, autonomy, and people orientation. However, it is still unclear exactly if ethical leadership influences employee creativity in Arab world. Most leadership studies are based on Western culture. Researchers have recognized the impact of national culture on influencing leadership attributes and effectiveness,

yet no research has explicitly investigated the relationships between ethical leadership and employee creativity that are specific in the Saudi Arabic context. Therefore the research question of this study is: Does ethical leadership enhance employee creativity in Saudi Arabian context? [8-10].

This research investigates the relationship between ethical leadership and employee creativity. It is important to researchers who desire a better understanding of the origin of characteristics that ethical leaders possess and the impact ethical leadership has on creativity [11].

The research is also important to business firms that seek to develop effective ethical leaders, and to improve employee workplace creativity. Within this domain, this research makes contributions from a leader perspective, as it fills a knowledge gap by providing empirical support for ethical leadership. It adds to the leadership literature, a new perspective on ethical leadership studies. Identifying the implications of this research, therefore, will help develop effective ethical leadership knowledge that can be used to encourage employee creativity.

### Literature Review

This section presents the theoretical concepts related to the study of the ethical leadership and employee creativity. This study makes no assumptions that there are good leaders or ethical leaders, but rather focuses on perceptions of ethical leadership and its relationship to employee creativity.

# Ethical leadership

The behaviors of a leader are significant in order to have efficient organizational culture and work conditions. The new leadership style highlights the importance of virtue and morality. According to Brown, many scholars mainly emphasize truthfulness and honesty in the leadership style. In its early developmental history, ethical leadership is included as a part of other leadership theories, which is unlike most of the other leadership styles such as transformational leadership that focus on one unified leadership theory.

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**Definition of ethical leadership:** Heifetz describes the leadership as a process with a strong value orientation in which leaders should be attentive to and help followers confront the conflicting values that exist among organizations, followers and communities. With the aim of bringing about meaningful changes, those value centered overtone helps leaders influence followers in a moral fashion [12].

Zhu defined ethical leaders as "individuals who are impartial and unbiased, exhibit ethical behaviors, take the wishes of people into notice and protect their employees' rights fairly" [13].

Ciulla stated that ethical leadership is the way of leading others in a manner that respects their dignity and rights [14].

Brown et al. defined ethical leadership as "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making" (pp. 120) [1].

The characteristics of ethical leadership: The top priorities of ethical leaders who seek to treat all subordinates equally are fairness and justice. According to Rawls, fair treatment for all people promotes their common interests, and one can only expect fairness in return from others if he or she treats others fairly in the first place. The leaders' relationships with their followers required justice and fairness, especially with the distribution of benefits and burdens [15].

Ethical leaders should become moral persons themselves in order to attract the attention of followers to ethics. Bandura stated that being a person of strong character, possessing right values, and acting with an altruistic motive; ethical leaders can enhance their attractiveness. Ethical leaders must be honest, fair, and trustworthy to be effective and successful. Ethical leaders should turn themselves into moral managers in order to motivate followers to participate in ethical behaviors [16].

According to Ciulla and Joanne, ethics and effectiveness are the characteristics of the good leadership. The leadership studies will be deficient if it ignores values and ethical implications inherent in the process of relationship Ciulla. The leaders who misuse of power, create fear and insecurity among employees and cause corporate scandals [17].

According to Goleman setting ethical norms is one of the implicit tasks of ethical leaders to encourage employees to interact with each other day to day in the right manner [18].

According to Bass and Steidlmeier, a good leader inspires the trust and confidence of the followers by his or her integrity of the leaders, which make followers believe that the leader would be true to his or her words, and will not deal deceitfully with them [19].

According to Trevino et al. ethical leaders should not only act as a person of integrity but also make their principled values and behaviors explicit to followers by including these values in their leadership agendas [20].

Moberg asserts that role modeling should be a principal vehicle for acquiring moral virtues [21].

Trevino et al. stated that by showing employees how to do the right things in the workplace, reward employees if they engage in ethical behaviors, and draw the line when they do not, ethical leaders can serve as role models.

It is suggested by the social learning perspective that ethical

leadership should be a two-pillar concept composed of a moral leader dimension and a moral person dimension.

Schumann stated that an integral part of ethical leadership is honest or telling the truth, which always moral obligations [22].

Brown et al. stated that the leadership integrity is the component that indicates the morality level and the leader ethical standard, and his or her adherence to strong principle asset including truth- telling and the ability to take responsibility for personal actions or mistakes [1].

According to Brown and Trevino the effectiveness of ethical leadership is a function of observational learning. Brown and his colleagues believe that dyadic exchanges between ethical leaders and their followers is the one of the important sources of learning information [5].

Researchers mostly emphasized ethical leadership on integrity and honesty, and ethical leaders were seen as fair and principled decision-makers [23,24].

According to Jen-Wei et al., a leader with ethical values treats employees fairly and considers their needs [25].

Lawton and Paez pointed out that ethical leader reflects both the moral person in terms of individual virtues such as honesty and integrity, and the moral manager such as setting an example and communicating ethical standards [26].

Okan and Akyuz stated that ethical leaders distinguish themselves by exhibiting traits that are consistent with normative ethical principles such as honesty, fairness, and trustworthiness, make fair and balanced decisions [27].

The importance of ethical leadership: Most of the ethical leadership theories are emphasized on a caring leader-follower relationship. The transformational theory of Burn emphasized the role of leader in attending to the personal motivations and the moral development of the followers [28].

Many researchers focused on the importance of ethical leadership. Morgan stated that a component of leadership is the ethical behavior, and ethical development is essential to the success of individual as a leader to become more innovative, effective, efficient, and successful in an organization [29].

Heifetz perspective of ethical leadership indicated that leaders provide a trusting, nurturing, and empathetic environment in which the followers feel supported enough to confront life's challenges and conflicts, and still be able to arrive at rational decisions that foster personal growths [12].

The essence of ethical leadership is serving others. Greenleaf offers a unique approach to ethical leadership. He emphasizes by his servant leadership model that leader should care for his/her followers, nature them, and empathize with them to be a servant leader [30].

Kanungo pointed out "without ethical leadership, organizations lose their long-term effectiveness and become soulless structures because all forms of leadership behavior gain their legitimacy and credibility from the leader's moral standing and integrity" (p. 258) [31].

Dickson et al. stated that leaders demonstrate what is appropriate through their behavior by ethical climate [32].

Trevino et al. stated that by emphasizing the importance of adherence to high ethical principles, ethical leadership behavior

reduces the anxiety of people about the uncertainty of the jobs or behaviors in the organizations by being open, trustworthy, considerate, and honest [33].

Therefore, Brown and Trevino stated that organizations want to know how to select, develop and retain ethical leaders [5]. According to Brown and Trevino leaders provide justice and trust by modeling appropriate behavior [5].

Many researchers are focused on ethical leadership. Yukl suggested that a tremendous demand among employees for ethical leadership is contributing to the immorality and uncertainty of the current business environment [34].

The study of ethical leadership becomes timely and worthwhile because of such demand. Brown and Trevino stated that a unique and important form of leadership is the ethical leadership [5].

According to Piccolo et al. ethical leaders actively consider the relevance of balanced decisions regarding their ethical consequences [35].

The authors linked ethical leadership to the improvement of leader-follower relationship [36-38].

According to Kacmar et al. work environments with strong ethical leaders are more likely to possess norms and policies that value and reward ethical conduct [39]. Organizations characterized by strong ethical leaders are more likely to hold followers accountable and use discipline and punishments accordingly [39].

Engelbrecht et al. stated that business organizations are increasingly recognizing the importance of ethical leadership in order to meet the challenges encountered in today's unstable and changing environment. They add that ethical leadership is highly valued in organizations worldwide [40,41].

#### **Employee creativity**

In today's world of globalization and technological advances, many researchers have suggested the importance of creativity. Increasing organizational effectiveness is one of major reasons for the growing interest in research on creativity [42-51].

The major challenge confronting managers in the 21st century is how to use the potential capabilities of employees to enhance and accelerate organizational innovation [52,53].

**Definitions of employee creativity:** In general, creativity in the workplace is defined as "the production of novel and useful ideas or solutions" [54].

Pirola-Merlo and Mann defined creativity as "a judgment of the novelty and usefulness (or value) of something" [55].

According to Forgionne and Newman creativity defined as "the ability to discern new relationships, examine subjects from new perspectives, and form new concepts from existing information" [56].

The creativity-relevant skills as "the ability to think creatively, engage in divergent thinking, generate alternatives, and/or suspend judgment".

The nature of creative work: With such a definition of creativity, Mumford et al. provided a detailed description about the nature of creative work [57]. They stated that creative work is (1) first person centered, which depends on individuals' knowledge and expertise

for ideas/solutions generation; (2) requiring collaborative efforts. Leadership and the partnership between teams or groups are critical to help facilitate creative work; (3) demanding and time consuming. Problems involved in creative work are always difficult, ill-defined and novel-reasoning problems take the time to solve. Long-term motivation and attention are therefore needed for creative work; (4) resource intensive, requiring an integrated variety of resources. Human, financial, time, and utility resources are all needed for creative work; (5) risky and uncertain. Since creative ideas are often derived from the novel rather than conventional thinking, they are not failsafe and risk-free, instead, failure and risk are essential parts of creative work. The probability of financial, career, and time loss, attached to the experiment failure with unproven approaches, increases the uncertainty and unpredictability of creative work [57].

The importance of employee creativity: Creativity might increase the organizational effectiveness by different factors. According to Burns and Stalker, creativity may help the organization to strengthen its innovation ability to cope better with environmental changes and competitions [48]. Other researchers agree with them [58].

Damanpour et al. added that creativity enables organizations to develop innovative products, services, and other business practices [43]. Woodman et al. and Amabile et al. aggress with their findings [44,45].

Shalley et al. and Stokols et al. stated that creativity may increase employees' job satisfaction and reduce their job stress [3,48].

Gilson specified that by enhancing team performance, creativity might increase organizational effectiveness.

Beheshtifar and Zare stated that creativity is important to organizations because creative contributions can not only help organizations become more efficient and more responsive to opportunities, but also help organizations adapt to change, grow and compete in the global market [53].

According to Beheshtifar and Kamani-Fard many researchers believe that creativity is very important for the long-term survival of organizations because it enables organizations to remain competitive in a rapidly changing environment and to achieve a competitive advantage [52].

JenaAbadi and Rakani stated that one of the key sources of sustainable competitive advantage and survival, and employee creativity is the creativity of staff to survive as an organization which helps the employees to be creative in their work, will enable new and useful ideas concerning products, operations, services, or practices of the organization and apply [59].

Characteristics of employee creativity: Researchers have noted that creative employees often characterize by certain personality traits [60-65].

Csikszentmihalyi and Getzels stated that creative employees tend to have a discovery orientation that leads them to view situations from multiple perspectives, to find problems, and to ask novel questions [66].

According to Amabile individual creativity is a function of three components which suggested by the componential theory. The functions include creative thinking skills, expertise, and intrinsic motivation, which capture both the ability and motivational aspects of the creativity experience. When all the three components are present, individual creativity should be reinforced [67].

Researchers such as Ford, Simonton found that creative employees tend to be self-confident, independent, achievement-oriented, unconventional, and more risk-taking, and to have a greater openness to experiences and wide interests [68,69].

The authors provided a detailed description of the nature of creative work [70].

Creativity work depends on knowledge and expertise of individual for ideas and/or solutions generation [71-74].

Mumford have suggested that creativity is resource intensive and resources such as sufficient time, adequate funds, necessary materials, relevant information, and available training opportunities are all required for creativity [71].

The skills of employee creativity: According to Amabile a set of creativity relevant skills required by a creative performance. Some level of passion or internal forces required by creativity to push employees to persevere in the face of challenges inherent to creative work [4].

A creativity of employee increases with intelligence is one of the widely held beliefs about creativity. Perkins noted that intelligence may enable creativity to some degree [71].

Amabile et al. stated that these skills are necessary because creativity requires a cognitive-perceptual style that involves the collection and application of diverse information, an accurate memory, use of effective heuristics, and the ability to concentrate for long periods of time [45].

Creative employees have depth and breadth of knowledge. Gardner stated that domain-specific knowledge reflects an individual's education level, training, knowledge, and experience within a particular context. Employee creativity can affect directly and indirectly by learning and development [72].

Weisberg stated that because an individual needs some familiarity level to perform creative work, experience in a field is a necessary employee creativity component [73].

The importance of intrinsic motivation for creativity has focused on a number of studies on individual creativity [4,47].

In addition, researchers stated that many skills are important for creativity, such as problem finding, problem construction, combination, and idea evaluation [74].

Nickerson added that only modest correlations have been reported between general intelligence and creativity [75].

Simonton stated that creative individuals have several features that distinguish them from their less creative peers, that is, they have a rich body of domain-relevant knowledge and well-developed skills; they find their work intrinsically motivating; they tend to be independent, unconventional, and greater risk takers; and they have wide interests and a greater openness to new experiences Simonton [76].

Some experience about what has historically been constituted as routine or the status quo helps employees to be more creative Shalley and Gibson. They added that task familiarity provided the opportunity to creativity preparation through the deliberate practice of task domain skills and activities. Shalley and Gibson added that training can provide guidance for employees on how to generate novel ideas as a part of what they do and enhance the individual problem-solving ability and creative thinking skills [77,78].

#### Theories of employee creativity

**Interactionist theory:** Many researchers such as Amabile et al. suggest a variety of specified leader behaviors (for example; consulting, recognizing, and supporting) that may influence intrinsic motivation and ultimately stimulate employee creativity [45].

According to Woodman interactionist theory focuses on an interactionist process in which the creative product, person, and situation are integrated at three different levels, i.e., individual, group, and organizational. The past experiences of the person affected creativity, whereas cognitive styles, personality factors, motivation, relevant knowledge, social influences, and contextual influences are affected creativity at the individual level.

At the team level or group level, creativity is shaped by the input of individual team member, team interaction, characteristics, processes, and situational influences. Finally, creativity at the organizational level is reinforced by the contributions of its subunit teams and environmental influences. Fully understand creativity is the essence of this theory. One needs to look at a variety of personal, social, and contextual factors to see how these factors interact with each other at different levels.

*The multiple social domains theory:* The theory stated, "Creativity is a domain-specific, subjective judgment of the novelty and value of an outcome of a particular action "Ford, (1996, p. 1115). The theory points out how situations or contexts may affect the choice between inherent competition of creative action and routine action.

The theory suggested that individuals may tend to prefer routine actions to creativity based on past experience, relative ease, and certainty even when the environment is favorable for creativity. Creativity is likely to occur with more positive associates (i.e., rewards, image, and status) are attached to creativity than to the routine action.

Investment theory: According to an investment theory perspective, creativity is a "buy low, sell high" behavior Sternberg. Buying low means that, for individuals, creativity is a process, wherein ideas with growth potential, but unknown or disfavored by others, are pursued. Selling high means that individuals with creative ideas eventually make others buy into these ideas and put the ideas into the experimenting stage [79].

Unlike other creativity theories with a focus on how resources such as knowledge, intellectual abilities, styles of thinking, motivation, personality, and environment may interact with each other, investment theory suggests that it is not these resources, but an individual's decision, that plays a more critical role in promoting creativity. People may have resources for creativity, but they may not decide to apply these resources to creativity given the odds of failure. This theory posits that creativity is a decision that anyone can make, whereas, people may not, given the chance, make the choice and take the creative route.

#### **Hypothesis Development**

Amabile et al. stated that employees will have greater self-efficacy, as a result of the respect shown by the leaders, which is evidence of their heightened intrinsic motivation and more likely to behave creatively [45].

According to Amabile leaders may create a facilitative or debilitative work environment for creativity, by providing or not providing supervisory supports, the prominence of leadership has been emphasized in the componential theory of creativity.

According to Zhu et al. employees enabled to acquire work-related knowledge and to learn new skills by the motivational mechanism, which related to the respect that ethical leaders have for the dignity, human nature, and developmental needs of their followers [13].

According to Brown et al. on promoting the enhancement of employee attitudes and behaviour, ethical leadership has a significant impact [1].

Piccolo et al. stated that a high level of autonomy in the work situation heightened the intrinsic motivation of employees, which provides them with enhanced independence, freedom, and discretion to schedule work [35]. Tu and Lu agrees with their finding and added that intrinsically motivated employees are more likely to expend a high level of effort on their work, with less constraint, leading to greater creativity [80].

Brown stated that through two-way communication, ethical leaders encourage their employees to express their opinions and concerns, which leads to engendering greater trust.

According to Brown et al. being an ethical work model, ethical leaders have the best interest of employees in mind [1].

Brown and Trevino stated that leadership style could have an impact on employee creativity because the emphasis in ethical leadership is of fairness, morality, people orientation, and autonomy [5].

Many researchers linked ethical leadership to some employee behaviour [81], Neubert et al. linked ethical leadership to enhance affective commitment and job satisfaction [82].

According to Tu and Lu ethical leadership is positively related to employee creativity through two mechanisms: cognition and motivation [80].

The result of Ma and Cheng agrees with them as it showed that ethical leadership increased employee creativity through cognitive and motivational mechanisms [11].

According to Li ethical leadership have a direct positive effect on employee creativity [83].

Research to date has yielded little in the way that explained how ethical leadership could influence employee creativity although ethical leadership has been documented to be associated with a number of employee outcomes.

This research proposes the following hypothesis based on these previous researches

H1: There is a positive relationship between ethical and employee creativity.

# **Research Methodology**

This section presents the methodology of the research by presenting the population and sample of the research, the way of collecting data, and methods for analyze the data.

# Population and sample

The data of the research was collected from one of the Saudi company that locates in Dammam. In Saudi Telecom Company (STC), leadership and creativity are the most critical strategies for the company for its sustainable growth and competitiveness. The participants of this study are leaders and employees. They were choosing depending on their involvement in leadership positions or in jobs that

required creativity in firms. Therefore, this sample provided a unique opportunity to study the relationship between ethical leadership and employee creativity. The researcher selects the sample by using simple random sampling (Table 1).

The company has 17 functional units. It includes consumer, enterprise business, technology and operation, finance, marketing, wholesale, information technology, procurement and support services, projects sector, sales, network, field operation and technical customer care, business operations in business unit, government and corporate sales, customer care and experience, sales enterprise accounts, business development, investment, and human resource. It has more than 20000 employees around Saudi Arabia. Around 3000 employees in Dammam branch (Table 1).

Printed survey forms are translated and distributed to leaders and employees. The leaders evaluated the creativity of their employees. The employees reported their perceptions of their leaders in terms of ethical leadership. The researcher distributed 100 leaders' survey forms and 300 employee's survey forms. The researcher received 197 matched and usable forms.

#### **Data collection**

A survey has been given to the leaders to evaluate the employees' creativity, and another survey has been given to the employees to evaluate the ethical leadership of their leaders. A Likert scale used to measure the responses, which use 5-point responses scale ranging from 1 (strongly disagree) to 5 (strongly agree).

The 38-item Ethical Leadership Scale developed by Kalshoven et al. was used to measure ethical leadership. It tests seven ethical leader dimensions (fairness, integrity, ethical guidance, people orientation, power sharing, role clarification and concern for sustainability). Sample items include "[My leader] is interested in how I feel and how I am doing" and "[My leader] takes time for personal contact". The Cronbach's alpha for these dimensions between 0.75 and 0.90 [84].

Employee creativity will be measured using the 13-item scale of Zhou & George. This scale is commonly used to measure creativity. Leaders were asked to assess the extent to which each of the 13 behaviors characterizes the work behavior of their subordinates. Sample items include "[My employee] suggests new ways to achieve goals or objectives","[My employee] comes up with new and practical ideas to improve performance", and "[My employee] searches out new technologies, processes, techniques, and/or product ideas". The Cronbach alpha for these dimensions between 0.97.

### Data analysis

To analyze the collected data, two statistical methods were used: (1) Pearson correlation to measure the strength of association between the two variable of this study (ethical leadership and employee creativity) and the direction of the association; (2) Bivariate regression analysis called also simple regression analysis to test whether the ethical leadership predicts the dependent variable (employee creativity).

Senior management	18 managers
Number of division managers	1282 managers
Number of employees	18700 employees
Total number of employees	20000 employees

Source: The website of the company.

 Table 1: Number of employees in Saudi telecom company (Dammam branch).

## Descriptive analysis

The researcher conducted a descriptive analysis of the data variables of the study. The statistical program (SPSS), was used to compute the main concepts for the Ethical Leader Questionnaire, which was filled by the employees, and the Creativity Rating Questionnaire, which was completed by the 85 leaders.

Mean Scores and Standard Deviations for each the main concepts are shown in Table 2. As can be noted from the table the 135 employees had an overall mean rating on creativity that is good, with an overall creativity of 3.9 out of maximum five points, denoting the employee creativity was high on average (=3.9/5=78%).

Conversely, their rating for their respective leaders on people orientation concept was found to be 3.62 out of five (i.e.,=3.62/5=72.4%). Noteworthy, the leaders on average were rated high on role clarifying and integrity concepts, by their subordinates and the least rated trait was the fairness, which was found to be 2.97 out of five (i.e.,=2.97/5=59.4%). To sum up, the employees, in general, were sought as creative, and the top leader traits were role clarification and the integrity, and the worst leader ratings, on average, was the fairness. In general, the leaders have a good ethical leadership. The mean for the ethical leadership is 3.42 (=3.42/5=68%).

#### Correlation analysis

The researcher used Pearson Correlation Analysis to measure the strength and direction of the correlation relationship between the variables of the study.

As can be seen in the above correlation matrix (Table 3), there were several significant but weak relationships between the leader's ethical component ratings by their employees (namely people orientation, power sharing, integrity, and concern for sustainability, ethical guidance, and fairness) [85-89].

Variables	Mean	Median	Std. deviation
Employee creativity	3.9271	3.9231	0.69785
Ethical leadership	3.4189	3.4408	0.61454
People orientation	3.6235	3.7143	0.82264
Fairness	2.9653	3	0.93281
Power sharing	3.1458	3.1667	0.65259
Sustainability	3.3194	3.3333	1.04172
Ethical guidance	3.5818	3.6429	0.91303
Role clarification	3.6354	3.8	0.91352
Integrity	3.6699	3.9375	1.15944

Table 2: Mean, Median, Standard deviation.

A Pearson correlation coefficient was computed to determine whether there is a correlation between employee creativity and people orientation (first dimension of ethical leadership). The correlation between employee creativity and people orientation was weak but significant, r=0.415, N=96, p<0.01.

The correlation between employee creativity and fairness (second dimension of ethical leadership) was very weak but significant, r=0.246, N=96, p<0.05.

The correlation between employee creativity and power sharing (third dimension of ethical leadership) was weak but significant,  $r=0.370,\,N=96,\,p<0.01.$ 

The correlation between employee creativity and concern for suitability (fourth dimension of ethical leadership) was weak but significant, r=0.424, N=96, p<0.01.

The correlation between employee creativity and ethical guidance (fifth dimension of ethical leadership) was weak but significant, r=0.377, N=96, p<0.01.

The correlation between employee creativity and role clarification (sixth dimension of ethical leadership) was very weak but significant, r=0.299, N=96, p<0.01.

The correlation between employee creativity and integrity (seventh dimension of ethical leadership) was weak but significant, r=0.399, N=96, p<0.01.

The correlations also indicated that the two main concepts (Employee Creativity Vs. Ethical Leadership) are both related to each other, with a Pearson's r test showing the relationship between them was weak and positive, r=0.449, N=96, P<0.01.

## Multiple regression analysis

The researcher used multiple regression analysis to test the statistical implications of the study hypotheses, and to measure the relationship between the variables of the study.

The ethical leadership components were computed via the summation of all items that fell under the adapted questionnaire making them seven main constructs/concepts namely (fairness, ethical guidance, and concern for sustainability, power sharing, people orientation, role clarification, ethical guidance, and integrity) [90-93].

Creativity was also computed from a scale that contained 13-items on a Likert-like 5-point scale. The model suggested that a significant relationship between one of these ethical components and the employee creativity.

	Employee	People.	Fairness	Power	Concern for	Ethical	Role	Integrity	Ethical
	creativity	Orientation		sharing	sustainability	guidance	clarification		leadership
Employee Creativity	1								
People Orientation	0.415**	1							
Fairness	0.246*	0.261*	1						
Power sharing	0.370**	0.435**	0.533**	1					
Concern for sustainability	0.424**	0.831**	0.212*	0.430**	1				
Ethical guidance	0.377**	0.744**	0.277**	0.417**	0.799**	1			
Role clarification	0.299**	0.614**	0.344**	0.433**	0.550**	0.642**	1		
Integrity	0.399**	0.718**	0.155	0.337**	0.688**	0.708**	0.725**	1	
Ethical leadership	0.449**	0.881**	.302**	0.539**	0.825**	0.850**	0.682**	0.776**	1
**Correlation is signific	ant at the 0.01 I	evel (2-tailed).							
*Correlation is significa	ant at the 0.05 le	evel (2-tailed).							

 Table 3: Correlations between the employee creativity and the seven dimensions of ethical leadership.

Table 4 shows the regression analysis for the employee creativity (as dependent variables) and people orientation (as independent variables). R=0.415 means that there is a weak relationship between employee creativity and people orientation. The coefficient of determination R square=0.172, which mean that the employee creativity describes 17.2% of the strength of the effect of the independent variable (people ordination) on the dependent variable (employee creativity).

From Table 5, Beta coefficient=0.415, the t=4.426, which is a significant value at the level of significant ( $\alpha$ =0.0001). The result means that there is a significant impact between people orientation and employee creativity.

This result agrees with the result of Brown and Trevino which stated that leadership style could have an impact on employee creativity because the emphasis in ethical leadership is of morality, people orientation, and autonomy [5]. It also agree with the result of Zhu et al. which stated that employees enabled to acquire work-related knowledge and to learn new skills by the motivational mechanism, which related to the respect that ethical leaders have for the dignity, human nature, and developmental needs of their followers [13]. Also it agrees with the result of Beheshtifar and Zare [53], which stated that there is a positive relationship between support from supervisors and employee creativity [94-98].

Table 6 shows the regression analysis for the employee creativity (as dependent variables) and fairness (as independent variables). R=0.246 means that there is a very weak relationship between

employee creativity and fairness. The coefficient of determination R square=0.060, which mean that the employee creativity describes 6% of the strength of the effect of the independent variable (fairness) on the dependent variable (employee creativity).

From Table 7, Beta coefficient=0.246, the t=2.456, which is a significant value at the level of significant ( $\alpha$ =0.0001). The result means that there is a significant impact between fairness and employee creativity.

This result agrees with the result of Brown and Trevino, which stated that leadership style could have an impact on employee creativity because the emphasis in ethical leadership is of fairness [5].

Table 8 shows the regression analysis for the employee creativity (as dependent variables) and power sharing (as independent variables). R=0.370 means that there is a weak relationship between employee creativity and power sharing. The coefficient of determination R square=0.137, which mean that the employee creativity describes 13.7% of the strength of the effect of the independent variable (power sharing) on the dependent variable (employee creativity).

From Table 9, Beta coefficient=0.246, the t=2.456, which is a significant value at the level of significant ( $\alpha$ =0.0001). The result means that there is a significant impact between fairness and employee creativity.

This result agrees with the result of Brown and Trevino, which stated that leadership style could have an impact on employee creativity because the emphasis in ethical leadership is of fairness [5].

Model	R	R square	Adjusted R	Std. error of	Change statistics				
			square	the estimate	R Square change	F change	df1	df2	Sig. F change
1	0.415	0.172	0.164	1.24695	0.172	19.594	1	94	0

 Table 4: Multiple linear regression: Employee creativity and people orientation.

Mo	odel	Unstandardized coefficients		Standardized coefficients	t	Sig.
		В	Std. error	Beta		
1	(Constant)	1.415	0.264		5.365	0
	People Orientation	0.419	0.095	0.415	4.426	0

Table 5: The result of regression analysis for the impact of people orientation on employee creativity.

Model	R	R square	Adjusted R	Std. error of	Change statistics				
			square	the estimate	R Square change	F change	df1	df2	Sig. F change
1	0.246	0.06	0.05	1.328798	0.06	6.031	1	94	0.016

 Table 6: Multiple linear regression: employee creativity and fairness.

Mo	odel	Unstandardize	Unstandardized coefficients		t	Sig.
		В	Std. error	Beta		
1	(Constant)	1.825	0.284		6.428	0
	People Orientation	0.251	0.102	0.246	2.456	0.016

 Table 7: The result of regression analysis for the impact of fairness on employee creativity.

Model	R	R square	Adjusted R	Std. error of		Change stat	istics		
			square	the estimate	R Square change	F change	df1	df2	Sig. F change
1	0.37	0.137	0.127	1.273717	0.137	14.869	1	94	0

Table 8: Multiple linear regression: Employee creativity and power sharing.

	Model	Unstandardiz	ed coefficients	Standardized coefficients	t	Sig.	
		В	Std. error	Beta			
1	(Constant)	1.528	0.269		5.67	0	
	People Orientation	0.373	0.097	0.37	3.856	0	

Table 9: The result of regression analysis for the impact of power sharing on employee creativity.

Table 10 shows the regression analysis for the employee creativity (as dependent variables) and concern for sustainability (as independent variables). R=0.424 means that there is a weak relationship between employee creativity and concern for sustainability. The coefficient of determination R square=0.180, which mean that the employee creativity describes 18% of the strength of the effect of the independent variable (concern for sustainability) on the dependent variable (employee creativity).

From Table 11, Beta coefficient=0.424 the t=4.541, which is a significant value at the level of significant ( $\alpha$ =0.0001). The result means that there is a significant impact between concern for sustainability and employee creativity.

Table 12 shows the regression analysis for the employee creativity (as dependent variables) and ethical guidance (as independent variables). R=0.377 means that there is a weak relationship between employee creativity and ethical guidance. The coefficient of determination R square=0.142, which mean that the employee creativity describes 14.2% of the strength of the effect of the independent variable (ethical guidance) on the dependent variable (employee creativity).

From Table 13, Beta coefficient=0.377 the t=3.951, which is a significant value at the level of significant ( $\alpha$ =0.0001). The result means that there is a significant impact between ethical guidance and employee creativity.

This result agrees with the result of Brown and Trevino, which

stated that leadership style could have an impact on employee creativity because the emphasis in ethical leadership is morality and autonomy [5].

Table 14 shows the regression analysis for the employee creativity (as dependent variables) and the role of clarification (as independent variables). R=0.299 means that there is a very weak relationship between employee creativity and the role of clarification. The coefficient of determination R square=0.089, which mean that the employee creativity describes 8.9% of the strength of the effect of the independent variable (role of clarification) on the dependent variable (employee creativity).

From Table 15, Beta coefficient=0.299 the t=3.034, which is a significant value at the level of significant ( $\alpha$ =0.0001). The result means that there is a significant impact between role clarification and employee creativity.

This result agrees with the result of Amabile, which stated that leaders may create a facilitative or debilitative work environment for creativity, by providing or not providing supervisory supports, the prominence of leadership has been emphasized in the componential theory of creativity.

Table 16 shows the regression analysis for the employee creativity (as dependent variables) and integrity (as independent variables). R=0.399 means that there is a weak relationship between employee creativity and integrity. The coefficient of determination R square=0.159, which

Model	R	R square	Adjusted R	Std. error of		Change stat	istics	Change statistics			
			square	the estimate	R Square change	F change	df1	df2	Sig. F change		
1	0.424	0.18	0.171	1.241344	0.18	20.622	1	94	0		

Table 10: Multiple linear regression: employee creativity and concern for sustainability.

Mo	odel	Unstandardize	ed coefficients	Standardized coefficients	t	Sig.
		В	Std. error	Beta		
1	(Constant)	1.375	0.266		5.165	0
	People Orientation	0.436	0.096	0.424	4.541	0

Table 11: The result of regression analysis for the impact of concern for sustainability on employee creativity.

Model	R	R square	Adjusted R	Std. error of	Change statistics				
			square	the estimate	R Square change	F change	df1	df2	Sig. F change
1	0.377	0.142	0.133	1.269394	0.142	15.612	1	94	0

Table 12: Multiple linear regression: employee creativity and ethical guidance.

Mo	odel	Unstandardiz	ed coefficients	Standardized coefficients	t	Sig.
		В	Std. error	Beta		
1	(Constant)	1.514	0.267		5.663	0
	People Orientation	0.379	0.096	0.377	3.951	0

 Table 13: The result of regression analysis for the impact of ethical guidance on employee creativity.

Model	R	R square	Adjusted R	Std. error of		Change stat	istics		
			square	the estimate	R Square change	F change	df1	df2	Sig. F change
1	0.299	0.089	0.08	1.308203	0.089	9.205	1	94	0.003

Table 14: Multiple linear regression: employee creativity and role of clarification.

Mo	odel	Unstandardize	ed coefficients	Standardized coefficients	t	Sig.
		В	Std. error	Beta		
1	(Constant)	1.704	0.276		6.173	0
	People Orientation	0.301	0.099	0.299	3.034	0.003

Table 15: The result of regression analysis for the impact of role clarification on employee creativity.

mean that the employee creativity describes 15.9% of the strength of the effect of the independent variable (integrity) on the dependent variable (employee creativity).

From Table 17, Beta coefficient=0.399 the t=4.213, which is a significant value at the level of significant ( $\alpha$ =0.0001). The result means that there is a significant impact between integrity and employee creativity.

Table 18 shows the regression analysis for the employee creativity (as dependent variables) and ethical leadership (as independent variables). R=0.449 means that there is a weak relationship between employee creativity and integrity. The coefficient of determination R square=0.202, which mean that the employee creativity describes 20.2% of the strength of the effect of the independent variable (ethical leadership) on the dependent variable (employee creativity).

From Table 19, Beta coefficient=0.449 the t=4.871, which is a significant value at the level of significant ( $\alpha$ =0.0001). The result means that there is a significant impact between ethical leadership and employee creativity. Hypothesis 2 predicted that there is no significant impact between ethical leadership and employee creativity. When testing Hypothesis 2, by using Multiple Linear Regression Analysis, the researcher finds that there is significant impact between ethical leadership and employee creativity. Therefore, the hypothesis 2 is rejected.

This result agrees with the result of Li, which stated that ethical

leadership to have a direct positive effect on employee creativity. Amabile et al. stated that employees will have greater self-efficacy, as a result of the respect shown by the leaders, which is evidence of their heightened intrinsic motivation and more likely to behave creatively [45]. It also agrees with Tu and Lu, as they stated that ethical leadership is positively related to employee creativity through two mechanisms: cognition and motivation [80].

In addition, it agrees with the result of Ma and Cheng which agrees with them as it showed that ethical leadership increased employee creativity through cognitive and motivational mechanisms. In addition, it agrees with Li as he stated that ethical leadership to have a direct positive effect on employee creativity [11].

From Table 20, Beta coefficient=0.449 the t=4.871, which is a significant value at the level of significant ( $\alpha$ =0.0001). The result means that there is a significant effect of the ethical leadership on employee creativity. Therefore, the hypothesis 1 is not rejected.

This result agrees with the result of Li which stated that ethical leadership have a direct positive effect on employee creativity. Amabile et al. stated that employees will have greater self-efficacy, as a result of the respect shown by the leaders, which is evidence of their heightened intrinsic motivation and more likely to behave creatively [45].

In addition, it agrees with the result of Tu and Lu, Ma and Cheng as

Model	R	R square	Adjusted R	Std. error of		Change stat	istics		
			square	the estimate	R Square change	F change	df1	df2	Sig. F change
1	0.399	0.159	0.15	1.257218	0.159	17.746	1	94	0

Table 16: Multiple linear regression: employee creativity and integrity.

Mo	odel	Unstandardize	ed coefficients	Standardized coefficients	t	Sig.
		В	Std. error	Beta		
1	(Constant)	1.445	0.268		5.385	0
	People Orientation	0.407	0.097	0.399	4.213	0

Table 17: The result of regression analysis for the impact of integrity on employee creativity.

Model	R	R square	Adjusted R	Std. error of		Change stat	istics		
			square	the estimate	R Square change	F change	df1	df2	Sig. F change
1	0.449	0.202	0.193	1.22488	0.202	23.724	1	94	0

Table 18: Multiple linear regression: employee creativity and ethical leadership.

Mo	odel	Unstandardize	ed coefficients	Standardized coefficients	t	Sig.
		В	Std. error	Beta		
1	(Constant)	1.348	0.256		5.26	0
	People Orientation	0.447	0.092	0.449	4.871	0

Table 19: The result of regression analysis for the impact of ethical leadership on employee creativity.

	Model	Unstanda	rdized coefficients	Standardized coefficients	t	Sig.
		В	Std. error	Beta		
1	(Constant)	1.348	0.256		5.26	0
	Ethical leadership	0.447	0.092	0.449	4.871	0
	People orientation	0.419	0.095	0.415	4.426	0
	Fairness	0.251	0.102	0.246	2.456	0.016
	Power sharing	0.373	0.097	0.37	3.856	0
	Sustainability	0.436	0.096	0.424	4.541	0
	Ethical guidance	0.379	0.096	0.377	3.951	0
	Role clarification	0.301	0.099	0.299	3.034	0.003
	Integrity	0.407	0.097	0.399	4.213	0

Table 20: The summary of the result of regression analysis for the impact of ethical leadership on employee creativity.

it showed that ethical leadership increases employee creativity through cognitive and motivational mechanisms. In addition, it agrees with Li as he stated that ethical leadership to have a direct positive effect on employee creativity [11,80].

Regarding ethical leadership dimensions, From Table 20, Beta coefficient=0.415, the t=4.426, which is a significant value at the level of significant ( $\alpha$ =0.0001). The result means that there is a significant impact between people orientation and employee creativity.

This result agrees with the result of Brown and Trevino which stated that leadership style could have an impact on employee creativity because the emphasis in ethical leadership is of morality, people orientation, and autonomy [5]. It also agree with the result of Zhu et al. which stated that employees enabled to acquire work-related knowledge and to learn new skills by the motivational mechanism, which related to the respect that ethical leaders have for the dignity, human nature, and developmental needs of their followers [13]. In addition, it agrees with the result of Beheshtifar and Zare which stated that there is a positive relationship between support from supervisors and employee creativity. Beta coefficient=0.246, the t=2.456, which is a significant value at the level of significant ( $\alpha$ =0.0001). The result means that there is a significant impact between fairness and employee creativity [52].

This result agrees with the result of Brown and Trevino which stated that leadership style could have an impact on employee creativity because the emphasis in ethical leadership is of fairness. Beta coefficient=0.246, the t=2.456, which is a significant value at the level of significant ( $\alpha$ =0.0001). The result means that there is a significant impact between fairness and employee creativity [5].

This result agrees with the result of Brown and Trevino which stated that leadership style could have an impact on employee creativity because the emphasis in ethical leadership is of fairness. Beta coefficient=0.424 the t=4.541, which is a significant value at the level of significant ( $\alpha$ =0.0001). The result means that there is a significant impact between concern for sustainability and employee creativity. Beta coefficient=0.377 the t=3.951, which is a significant value at the level of significant ( $\alpha$ =0.0001). The result means that there is a significant impact between ethical guidance and employee creativity [5].

This result agrees with the result of Brown and Trevino which stated that leadership style could have an impact on employee creativity because the emphasis in ethical leadership is morality and autonomy. Beta coefficient=0.299 the t=3.034, which is a significant value at the level of significant ( $\alpha$ =0.0001). The result means that there is a significant impact between role clarification and employee creativity [5].

This result agrees with the result of Amabile et al. which stated that leaders may create a facilitative or debilitative work environment for creativity, by providing or not providing supervisory supports, the prominence of leadership has been emphasized in the componential theory of creativity. Beta coefficient=0.399 the t=4.213, which is a significant value at the level of significant ( $\alpha$ =0.0001). The result means that there is a significant impact between integrity and employee creativity [45].

#### **Results and Recommendations**

## Results

There is a significant relationship between ethical leadership and

employee creativity. In general, ethical leadership has significant but weak correlation with employee creativity.

Ethical leadership dimensions has a significant correlation with employee creativity some of the dimensions are weak and some is very weak. Fairness has a very weak correlation, the highest, but weak correlation between concern of sustainability and people orientation.

There is significant impact between ethical leadership and employee creativity. The regression analysis for ethical leadership shows that the t is significant value. These results indicate that there is a significant impact between ethical leadership and employee creativity.

Ethical leadership dimensions have a significant impact on employee creativity. The least impact rated for the fairness. Concern for sustainability and People orientation has the highest impact on creativity.

#### Recommendation

The findings of this research have important implications for organizational managers.

When determining how to increase employee creativity, managers should consider devoting more effort to cultivating ethical leadership. That is, they should encourage activities and behaviors that emphasize employee creativity.

Moreover, leaders in organizations should act as moral role models for employees and should design appropriate human resource policies that emphasize high moral standards.

The perception of ethical leadership and group ethical leadership were demonstrated to facilitate the employee creativity work behavior, it is recommended that managers should develop ethical leadership style by emphasizing morality in workplace, respecting their followers' nature and dignity, empowering and enriching the job significance to encourage their followers to come up with new ideas and put them into practice.

When practicing ethical leadership in the group, they should not only pay attention to their influence on the individuals whose perception of their leadership may affect their job performance but also shape whole group's collective congruence of their ethical leadership style that predicts the employees' creativity beyond the individual perception.

Leaders need to focus on improving themselves on the ethical leadership dimensions, which is fairness and role clarification, and integrity as they have a significant impact on employee creativity. Ethical leadership dimensions were positively related to employee creativity, and it facilitated creative work behavior through the intrinsic motivation. As the individual perception of ethical leadership and group ethical leadership, it suggested that to enhance the employees' creativity work behavior, on one hand, ethical leadership should dedicate more to levelling their followers' intrinsic motivation by shifting their attention from the external rewards to the interest, challenge, and the significance of the job. On the other hand, they can set the tune for the whole group to establish group intrinsic motivation where group members are encouraged to focus on the interest of the task and teamwork instead of external rewards.

#### Limitations and future research

There are several limitations in the study.

- Because, apart from employee creativity, the measures were self-reported by the staff members, common method bias may be a concern. Therefore, ideally, future researchers should measure the predictors from different sources.
- The sample size was small. Although the data were sufficient for quantitative analysis, larger data sets may provide more distinct effects and clearer trends.
- The analysis in this study was at an individual level. Future
  researchers could examine these relationships from a team
  perspective, especially given the increasing role of teams in
  the workplace. An example of this is the impact of the ethical
  leadership of a team on the creativity of employees in that team.
- Finally, more attention should be paid to the examination of the mechanisms underlying the relationship between ethical leadership and employee creativity.

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