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***Impact of Ethical Leadership on Employees' Work Engagement in Software Companies  
of Twin Cities; Mediating Role of Organizational Trust***



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## **ABSTRACT**

This study attempts to explore the concept of employees' work engagement in relation with ethical leadership and organizational trust. The study aimed to understand the mediating role of organizational trust in the relationship between ethical leadership and employee engagement. For this purpose, employees from various organizations in the twin cities of Pakistan was chosen to participate in the study. A quantitative survey was conducted on a study sample of 205. All the survey responses were taken on Likert-point scale and responses were carefully recorded and analyzed using SPSS. The study findings indicated that there exists a positive correlation among all the study variables as was proposed by the hypothesis. Moreover, findings also revealed that in line with the proposed hypothesis, organizational trust mediates the positive relationship between ethical leadership and employee engagement. The study findings tend to have numerous practical and managerial implications. For instance, the study results can help organizations design policies that encourage ethical leadership style. Similarly, as the study highlights the significance of organizational trust, an organizational culture that fosters the values of trust can help increase productivity and performance.

**Keywords:** Organization Trust, Employee Engagement, Ethical Leadership.

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# Chapter 1

## INTRODUCTION

### 1.1 Background:

Ethical leadership is a leadership performed in an ethical way and must be accepted by everyone in general for a common good. Ethics, in general are the moral values that defines a person's personality. Ethics are the set of beliefs, principles and values that are involved in making decisions for an organization. The basics ethics involved in a society generally are respect, honesty, integrity, fairness, transparency and most importantly trust. In today's world, ethics play major role in society as well as in organizations.

This research originates that Ethical leadership plays a vital role in inculcating ethical conduct in working environment. Ethical values can enhance employees' commitment towards organizations when properly instill in organizations rules and regulations (Brown M. E.-1.). Today, the topic of leadership is in emerging state (Waldman et al., 2017). In order to form ethical norms, it is assumed that ethical leadership is highly recommended. Increasing number of studies are in support of ethical leadership and how behavioral outcomes are affected by it (Ahmed Iqbal et al., 2020). Successful leadership does not generally apply by the leader, it is a two-way connection between employees and leaders. But how do these two variables are connected with each other, is the core matter to identify. Both variables are linked together by the mediating element of *trust*. Trust is defined as "a willingness to rely on an exchange partner in whom one has confidence" (Moorman et al., 1993).

Hence, the development of this research is in accordance with the evidence regarding importance of how ethical leadership influences employees' behaviors in work place along with the conceptual framework to illustrate the rationale between ethical leadership, trust and employees' behavioral engagement. Furthermore, it investigates how ethical leadership supports behaviors of employees and examining the underlying role of trust.



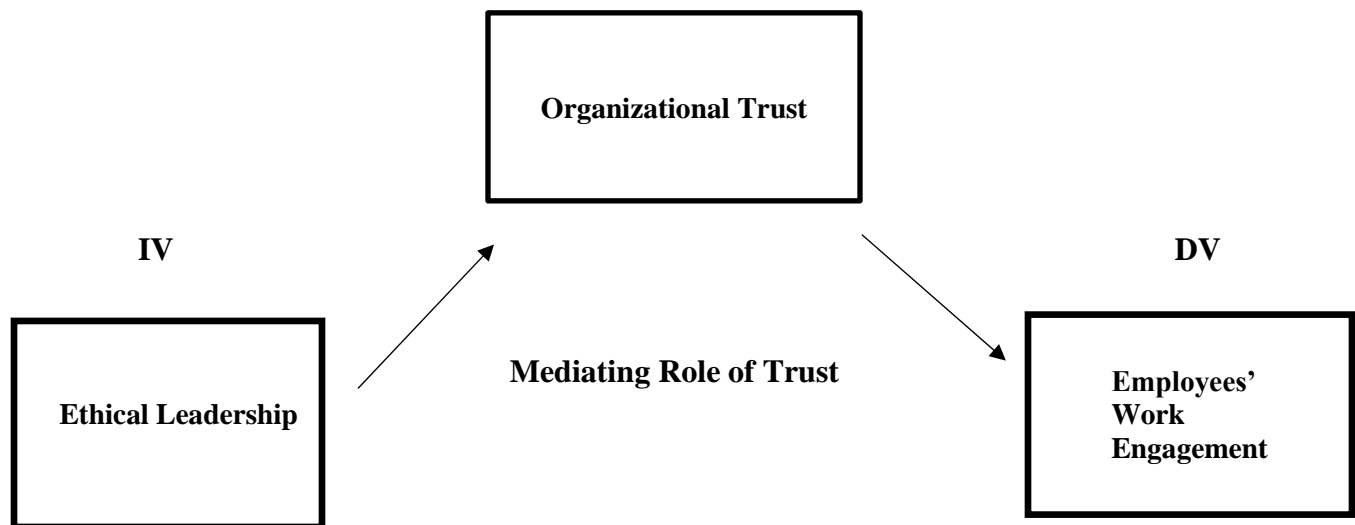
**1.2. Research Gap:** the gaps that were identified from the mentioned articles are:

1. The previous research was performed on the employees' engagement in terms of self-efficacy while it was suggested that future research can be performed on employees' engagement in terms of cognitive, emotional and behavioral engagement.
2. It was also suggested to examine how trust on organization can affect work engagement among employees.

### 1.3 Problem Statement

Human Resource of an organization plays vital role in its success and failure, therefore, factors that can enhance the overall success and failure of organizations depend on how well employees are engaged towards their work. The engagement of employees is highly related to the leadership style that is applied on them. Also, trust plays vital role between leaders and employees that can increase or decrease employees' morale. Today, leadership tactics are missing, employees are demotivated and trust factor is almost absent. Therefore, this study will focus on how employees work engagement is affected through ethical leadership and to which extent trust plays role in between.

### 1.4 Framework:



### **1.5. Underpinning Theory**

The theoretical explanation of the study framework is based on the "social exchange theory" (SET) (Blau, 2017), which is regarded as effective for describing the reciprocal interaction between leaders and employees (Ng & Feldman, 2015). The basis of this theory is the reciprocity rule (Gouldner, 1960), which states that players enter into and sustain exchange relationships with others with the hope of receiving returns. While further elaborating the concept Blau (1968) highlighted the difference between social and economic exchange. The former focuses on the interchange of social and emotional assets (Shore et al., 2006), implying a higher level of commitment to the connection. The latter is primarily concerned with the interchange of financial resources and available capital, which is primarily instrumental. So, the conduct displayed by an ethical leader that reflects a social exchange may illustrate why employees show favorable behaviors and attitudes in return. Based on the paradigm of SET, the current study proposes, that when employees are treated ethically by their leaders, they will try their best to return the favour (Hansen et al., 2013). Because ethical leadership is always viewed as a vehicle of ethical employers (Piccolo, 2010), their employees will establish positive views of the corporation as a whole (which is organizational trust).

Ethical leaders build positive relationships with their employees by communicating openly with them. Employees' perceptions of their leaders as ethical, according to Walumbwa et al. (2011), are intimately connected to their organizational identification. By acting as moral managers, ethical leaders develop trust in the organization by adopting fair and equitable behavior. Employees working under ethical leaders have an increased likelihood of being satisfied and believe the organization is reliable and will be successful (Johnson et al., 2012). Ethical leaders, in particular, may foster a culture of justice, integrity, and trustworthiness among their employees while also maintaining positive interpersonal ties (Brown et al., 2005). According to Zeffane (2010), trustworthy attributes such as compassion, friendliness, and acceptance describe ethical leadership (Zeffane, 2010). Ethical leaders, according to Brown and Mitchell (2010), are crucial in fostering ethical behaviour in organizational settings since it tends to generate trust in workplace environments while reflecting the organization's ethical values. According to this viewpoint, the exchange hypothesis implies that a high degree of trust in leaders is based on a fair evaluation of leader-employee interactions (Aryee et al., 2002). This trust in leaders eventually leads to trust in the organization (Johnson et al., 2012; Tan & Tan, 2000). The idea of equitable practices prevailing in the organization is thought to increase trust in the firm (Schaufeli & Bakker, 2004). Moreover, Jung and Avolio (2000) claimed that organizational trust is related to employees' interactions with the leadership and their employment

experience (Jung & Avolio, 2000).

One type of vertical trust is organizational trust, which relates to an employee's level of trust in the organization as a whole (Nyhan, 1997). Furthermore, trust is a key indicator of whether or not a social exchange connection exists (Chen et al., 2014). Employees are more likely to engage in their job and fulfil the work requirements when they have a greater degree of trust in the corporation (Ugwu et al., 2014). Therefore, the trust may be a factor in how ethical leadership impacts the engagement of employees. From the standpoint of social exchange, we can form a cohesive picture of the positive effects of ethical leadership on employee behaviour.

### **1.6 Research Questions:**

Based on the above-mentioned problem statement, this particular study intends to find answers for the questions given below:

***Q1: What is the relationship between “Ethical Leadership” (EL) and “Employees’ Work Engagement” (EE)?***

***Q2: Does “Organizational Trust” (OT) mediate the relationship between Ethical Leadership and Employees’ Work Engagement?***

### **1.7 Research Objective:**

The specific objectives of the study are as below:

1. To find out the relationship between “Ethical Leadership” (EL) and “Employee Work Engagement” (EE).
2. To find out the mediating relationship between Ethical Leadership and Employees’ Work Engagement.

### **1.8 Significance of Study:**

Leadership plays a vital role in organizations. It has been observed from the past few years that leadership is more beneficial than conventional management. Leadership helps employees get engaged in their jobs and boost their morale while improving overall productivity of an organization.

Numerous research findings have demonstrated the connection between employee engagement and a number of beneficial work behaviors, including job performance and satisfaction (Gruman & Saks, 2011), effective coping style (Storm & Rothmann, 2003), and innovation (Bakker et al., 2006). In spite of the fact that increased employee engagement brings great benefit to organization, numerous predictors of employee engagement failed to receive enough research attention (Burke et al., 2009). These antecedents include, authentic leadership (Roux 2010), need for accomplishment (Burke & El-Kot 2010), perceived competence (Llorens et al., 2007), organisational commitment (Inoue et al. 2010), and organizational tenure. Similarly, despite the significance of organizational trust and autonomy regarding numerous job attitudes, few researches have concentrated on the contributory roles of organisational factors, like environment for trust, and individual characteristics, like psychological capital, on employee engagement (Fedor & Werther, 1996; Ellis, & Cesaria, 1999). The demands-resources model of the job has been used to explain work engagement the most (Demerouti et al., 2001; Xanthopoulou et al., 2007). As a result, factors other than job resources (including personality, mental, and environmental variables) have gotten minimal academic attention over time. Nevertheless, relying just on the JD-R model to understand the causes of employee engagement undoubtedly results in a narrow understanding of the concept. Other possible determinants of employee engagement should be empirically taken into account in order to get a broader and deeper picture of the concept. Thus, the current study's aims align with the call made by Wright and Goodstein (2007) that there is a pressing need to investigate organizational trust. Wright and Goodstein (2007) claim that this is the result of the growing financial implosion and the high degree of mistrust among different members of an organization, which has prompted organizations to start re-strategizing in order to earn the trust of both clients as well as employees. Rego and colleagues (2010) also claimed that financial and ethical issues that are surfacing around the world have given the impetus for revisiting the vital nature of morality in organisational context and that morality can be a critical component in fostering trust in organizations. Similarly, the link between employee engagement and organizational trust has also been examined in a small number of empirical studies (Katou, 2013), hence this research will fill the existing gaps in literature and will significantly advance both theory and practical implications for firms.

This study aims to find out to which extent ethical leadership influences employees' behaviors. This relationship will be analyzed through the mediating factor of trust. Trust is equally important in any

relationship whether personal or professional. This research will be performed in IT sector of Pakistan and more precisely in Islamabad region to help this sector become more successful as today's era is highly advanced and employees' behaviors are totally dependent on environment in which they are working and what type of supervision they are receiving.

## CHAPTER 2

### LITERATURE REVIEW

#### **2.1 Ethical Leadership:**

Ethical leadership is defined 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” (Brown & Mitchell, 2010). This definition covers aspects such as leader and manager, both are the persons who influenced their followers by possessing the morals values and attributes like trustworthiness, fairness, integrity, honesty, and motivation (Brown ., 2006). On the basis of previous researches, it is argued that (Weichun Zhu et al., 2004), ethical leadership behaviors involve: (1) the reflection of leaders’ moral beliefs and values in their conduct, especially in decision making (Francis, 1997);

(2) clearly defined performance standards and punishment and rewards to help build ethics in organizations (Treviño et al., 2003); (3) 2-sided interaction marked by trust, loyalty and openness about ethics and reward systems (Brown, Trevino, & Harrison, 2005); (4) loving nature in organizations and people orientation (Weichun Zhu et al., 2004) along with all kind of encouragement for growth (Mayer et al., 2009) and (5) rectifying the characteristics of job objectives by employees by enhancing the significance of job (Piccolo et al., 2010). Leadership must be performed in an authentic way and authentic leadership comprises of the traits of how leaders behave and are being perceived by others, how much they are aware of their own as well as others’ morals and values (Johnsen, 2015). A leader's reputation and ability to have a significant impact depend on ethical leadership (Den Hartog & Belschak, 2012). Trust between a leaders and subordinates is likely to be significantly influenced by how credible ethical leaders are (Eisenbeiss & Giessber, 2012). Authentic leadership refers to the approach to leadership which includes altruistic actions (Michie & Gooty, 2005) and behavioral consistency (Eagly, 2005). Leaders are viewed as morally neutral when subordinates believe they are neither unethical nor ethical. This perception negatively affects the followers in a way that it puts constraints on followers’ moral behaviors (Treviño et al., 2000), therefore, to be an ethical leader only possessing moral quality of being moral person is insufficient. To be a moral manager is equally important.

As leadership always requires a relationship between followers and leaders, it is evident for a leader to focus on being a ‘moral manager’. Ethical culture of an organization has an important feature of

Leadership involved (Treviño et al., 1999) and, it is the leader who involves ethics on the agenda of organization (Treviño et al., 2000; Treviño et al., 2003). The presumption regarding moral manager is based on three concepts; role modeling through visible action, use of rewards and punishments, and communication about ethics and values (Treviño et al., 2000).

### **2.1.1. Ethical Role Modeling:**

In moral managers, ethical behavior can be actively seen and they show these examples of ethical behaviors at both private and professional level (Brown, 2006). People always look for someone for ethical guidance (Brown, 2006) and in organizations, leaders are those people to whom followers come for guidance. Leaders guide their followers and function as an ethical role model to them (Bass & Steidlmeier, 1999; Treviño & Brown, 2004; Ciulla, 1999; WEAVER et al., 2005). It is therefore crucial for leaders to hold themselves as moral persons and clearly show ethical behavior towards their followers. Followers always do what a leader does by keenly observe their behaviors and try emulate them, whether the doings of a leader are good or bad (Soutar et al., 1994). Therefore, leaders must be consistent and well aware in whatever action they perform as it can significantly influence the behaviors of followers.

### **2.1.2. Reward and Punishment:**

It is in the nature of moral managers to morally reward and punish their followers in order to maintain the moral conduct of organization and make their followers learn the difference between moral and immoral actions (Brown, Trevino, & Harrison, 2005). Hence good moral behaviors should be appreciated publicly in order to spread message that moral standard and ethical values are required by followers. Contrarily, when a follower is punished due to performing an unethical action, it can be prevented in future and shows that unethical practices will not be tolerated inside organization.

### **2.1.3. Communicating about values and ethics:**

A third way for leaders to have a beneficial impact on people' moral conduct is by discussing ethical standards with them. This falls under the category of regularly disseminating knowledge and information about moral principles and codes that might shape organizational behavior and decision-making (Trevio et al., 2000) and openly debating the fundamental role of ethics in decision-making mechanisms (Brown et al., 2005).

Moreover, followers should rely on leaders and can talk freely about the situations and problem they face (WEAVER et al., 2005). Having a trait of openness can encourage employees to share bad news with leaders as well. Being able to listen to employees' dilemmas and problem and giving them confidence to willingly share any sort of problem is an essential element of ethical leadership (Brown,



M. E., Trevino, L. K., & Harrison, D. A. (2005). ). Ethical leaders “encourage openness and treat bad news as a problem to be addressed rather than punished” (Treviño et al., 2000).

## **2.2 Trust:**

Assuming how do we know about trust? To date, there is no universally accepted definition of trust present (Rousseau et al., 1998). However, there is an agreement that trust is important in following ways; it allows cooperation and encourages network relations (Lanzalaco, 1989); reduces damaging conflicts; assists rapid formulation of work groups and decreases crisis situations (Rousseau et al., 1998). Trust sometimes considered problematic, for instance in early research line of trust was cooperation between groups. However, cooperation could be a result of other factors such as coercion. This contrast between trust and cooperation has taken to the construction of trust. As trust is the basic element of successful working relationships between employees and leaders, it helps in promoting cooperation, tolerance and increases mutual acceptance (Love, 2004). Reviewing the ongoing consensus among trust researchers (Rousseau et al., 1998; Weibel, 2003) trust can be defined as psychological state encompassing positive expectation that other parties will perform specific actions that are important to oneself, combining with willingly accepting vulnerability which can be aroused by the actions of other parties.

Nyhan and Marlowe (1997) defined organizational trust as having faith in one's organization and its leadership by establishing a vertical and horizontal intra-organizational value chain for achieving organizational goals. The basis for building trust is the idea that there will be meaningful interaction. Our concept about organizational trust for this research is based mostly on considering trust as a systems form rather than an interpersonal one and is founded on the extraction from the system and procedures of organizational values and system. In this line, Katou's (2013) observational research, which examined the impact of HRM systems on employee engagement using samples from Greek public and private enterprises, also support this proposition.

The organizational research gives scant emphasis to the moral and ethical aspects of trust. Nevertheless, it is widely acknowledged that a person's integrity is a crucial component of their trustworthiness (Mayer et al., 1995; Brower et al., 2000). Integrity is the trustee's commitment to a set of pertinent values, standards, and standards that the trustor finds acceptable (Mayer et al., 1995).

Competence and kindness make up the other two characteristics of a trustworthiness (Mayer et al., 1995). Ability is described as the trustee's capacity to carry out the tasks required, while kindness is the extent to which the trustee "wants to do good" to the trustor apart from egocentric motive of profit" (Mayer et al., 1995). Another definition of trust proposed by Hosmer (1995) states that "trust is the expectation by one person, group, or firm of ethically justifiable behavior, that is morally correct decision and action based upon ethical principles of analysis, on the part of the other person, group, or firm in a joint endeavor or economic exchange". Although it is not frequently used, this definition captures morally acceptable conduct.

How ethical and moral aspects of leadership can affect trust has not been the subject of a lot of investigation. However, Podsakoff and colleagues (1990) concluded that the "transformational leadership style" has direct impact on followers to trust their leaders, which has an indirect relation between ethical leadership and trust. However, instead of concentrating primarily on the ethical components of various leadership styles, academics have started to view ethical leadership as a distinct style of leadership in itself (just like authentic, servant, and transformational styles) (Kalshoven et al., 2011; Yukl et al., 2011).

Owing to all the above mentioned reasons, the current study based on investigating the link between ethical leadership, employee engagement and trust. When followers find their leaders and eventually organization to be trustworthy, what kind of changes can be seen in employees' behaviors along with the mediating factor of trust. Therefore, it is hypothesized that trust mediates the relationship between leaders and followers.

### **2.3 Employee Work Engagement:**

The concept of employee engagement is often promoted by human resource consulting firms and is now being accepted by academic community (Macey & Schneider, 2008). Research on engagement by (Kahn, 1990) depicts engagement as personal engagement which refers to state in which employees feel an emotional association with their job and have leaps and falls in their work experiences.

Along with activities that can be seen, such as going above and beyond the to fulfil the job requirements, being proactive, adaptable, and expanding one's work position, employee engagement also alludes to a psychological state like job commitment and involvement (Macey & Schneider, 2008). Another form of engagement is state engagement which has been defined as inclusion of dedication, absorption and

energy put in one's work (Schaufeli et al., 2006), while active engagement is high levels of activity, initiative and responsibility (Dvir et al., 2002).

According to (Macey & Schneider, 2008), employees' engagement is a preferable condition along with some organizational purpose and suggests commitment, enthusiasm, engagement, and passion. Therefore, it has behavioral as well as attitudinal components. They believe that employees' behavioral engagement is different from their state of engagement which is a critical distinction because psychological outcomes are personally relevant and might not contribute to performance and career success. The state of employee's engagement is different from behavior engagement observed by others which can be used to direct future actions, such as reinforcement and encouragement. If employee engagement can be constructed in multiple ways or has different dimensions of same construct, then to overcome the high inter dimension co variation, measures are needed as found in previous studies by (CHRISTIAN et al., 2011).

Another affair regarding reviews of engagement raised by (Macey & Schneider, 2008) is in the pursuance to employee engagement is stable or consistent attribute of a person or something that can be varied through work experience. (De Lange et al., 2008) using 2 – wave, time lag panel examination conducted few studies, after 16 months, out of 871 Belgian employees' participants, 69 percent were stayed in the same job, 14 percent had been promoted and 17 percent had different jobs under new employer. "Work engagement" (WE) was measured with -shorter version of "Utrecht Work Engagement Scale" (UWES) (Schaufeli & Bakker, 2004) which analyzed employee dedication and robustness. The degree of WE increased for those who were moved or promoted but not for those who stayed. These findings suggest that over time, engagement changes either by difference in their work role and can contribute career changes. Behavioral engagement comprises of performance that is adaptive, atypical and innovative. It is also useful to have grip on the antecedents of affective behaviors. There are two types of behavioral engagement being discussed in this chapter i.e., proactive behavior and knowledge sharing.

Proactive behavior can be defined as “taking initiatives in improving current circumstances or creating new ones; it involves challenging the status quo rather than passively adapting to present conditions” (Crant, 2000). Proactive behaviors have been discussed as the behaviors that can benefit the organization has possessed qualities of being goal-directed, future oriented and also self-starting (Parker, 2000). It is said that proactive behaviors are somehow critical towards organizations because they influence the organization or the environment positively. They are the prospective actions taken by employees (Bateman & Crant, 1993). That shows, proactive behavior actually causes change to occur and it is not simply adaptive or reactive. Researchers’ belief is that organization’s competitive advantage and success are dependent upon the proactive behavior and personal initiative (Fuller et al., 2006). Collaborative and reactive behaviors like helping, collaborating and compliance can help firms to enhance interpersonal connections, and may lead to success. Yet, at this stage of immense competition and rivalry in global business environment, only these behaviors are insufficient (Choi, 2007). Rather, for organizations to survive in this immense competition, employees need to be more adaptive, vigilant, and creative in dealing with constantly evolving and dynamic environment (BETTENCOURT, 2004). The second form of behavioral engagement is knowledge sharing. The concept of knowledge sharing is equally important. By knowledge sharing, we mean a process through which people exchange general ideas, task related ideas, information and suggestions with each other. It can also be described as organizational capability (Srivastava et al., 2006). Knowledge sharing is also known as behavioral engagement because, it is a self-initiated behavior of an individual which enhance the intellectual level of employees and their groups, which also improves the overall performance. The action of sharing knowledge is voluntary behavior in a way that possessor of knowledge typically decides whether to share new information with others or not (Staples & Webster, 2008). Generally, knowledge sharing involves risks such as opportunistic behavior and it also has uncertain rewards because, the effort of an individual to share knowledge cannot be measured and sanctioned (Lam & Lambermont-Ford, 2010). Hence, it is crucial to study that why individuals share knowledge in organization and what actually makes them sharing their knowledge. It can be related to the perspective of leadership that to which extent leadership plays role in developing a relationship with others to share knowledge and information and how much ethical leadership positively effects the proactive behaviors and knowledge sharing.

## **2.4 Relationship between Study Variables**

### **2.4.1 Relationship between Ethical leadership and Trust**

Ethical leadership refers to appropriate interpersonal relations and personal conduct (Brown et al., 2005). The concept of ethical leadership originates from social interactions with a team member. This concept comprises a leader's ethical traits and moral conduct (Treviño et al., 2003). Leadership is a linking feature between the leader and the whole team, the organization's ethical culture is based on ethical leadership. Ethical leadership includes three components: role modelling, communicating about values and discipline and reward policy (Treviño et al., 2000). It is a leader who maintains employees' trust in the organization through his conduct. Trust is the essential part of a successful work relationship between the leader and the team individuals in the organization. It is important for increasing mutual acceptance, managing differences and encouraging information sharing (Argyris, 1970). Previous studies have defined trust as a state that enables one party to positively expect from another. However, organizational literature does not explicitly focus on the ethical aspect of trust other than the popular idea that a leader's integrity is the key component of his trustworthiness (Mayer et al., 1995).

Many factors show different aspects of organizational trust are tied to ethical leadership. By acting as the role models these leaders establish two-way communication and positive connections. Employees view such leaders as approachable and effective listeners who inform the team about vital organizational values and decisions. Such behavior is strongly associated with the reliability, concern and honesty of the organization. Ethical leadership enables employees to identify with the organization. A study proposed that ethical leadership style has a direct impact on a team's trust in an organization, thus suggesting an implicit relation between trust and ethical leadership (Podsakoff et al., 1990). In another study, a strong relationship between trust in the organization and perceived leadership integrity was found (Den Hartog, 2009). Trust in the organization is fostered by the leader's desirable behaviour, reinforcement of moral behaviour and equitable policies. Consistent behaviour strengthens the feeling of reliability and honesty and fosters the idea that commitments will be honored by the organization. Equitable policies and consistently punishing ethical misbehavior imply that the organization is reliable and will not take undue advantage. These strategies also increase trust in organizational justice. Fair treatment leads employees to respond with trust in the organization. (Aryhee et al., 2002). When involved sides consistently uphold the same moral or/and societal norms and laws, trust develops (Jones & George, 1998). The moral behavior of leaders and their

consistency in upholding values in organizational procedures can show their followers that the organization as a whole is trustworthy because it was founded on moral principles (Gillepie & Mann, 2004). Therefore, individuals are inspired to reciprocate ethical behavior toward their leader and fellow employees and foster a trusting mindset toward them if they believe that their organization is ethical.

A person who has trust in someone believes that he/she will act in accordance with expectations (Mayer et al., 1995). The term "trust in the organization" (or "organizational trust") refers to an employee's confidence in his or her supervisor, their ability to rely on them for support, and their conviction that the boss will be trustworthy and true to his promise (Gilbert & Tang, 1998). As mentors, leaders with ethical values encourage employees who exhibit ethical conduct while penalizing those who do not (Lee et al., 2017). Since they take ethics into account when making decisions, the organization develops a just and moral structure (Trevino, Brown, & Hartman, 2003) and an ethical organizational culture (Ullah et al., 2017). Building a strong moral culture within the company fosters a sense of trust among the employees (Sagnak, 2017). So, it's conceivable that as employees see ethical leadership, their degree of trust on the organization may rise. Pucetaite (2014) also found in his study based on study sample of public officials that ethical leadership had a favorable impact on organizational trust in. According to research by Xu et al (2017) on bank employees and Yanik and Naktiyok (2017) on employees in the automotive industry, ethical leadership is significantly correlated with organizational trust.

Thus, the above discussion supports the following hypothesis:

***Hypothesis 1 (H1): "Ethical leadership is positively correlated with organizational trust".***

#### **2.4.2 Relationship between Work Engagement and Trust**

Work engagement is defined as efficacy, energy and involvement in the work (Maslach & Leiter, 1997). It is the commitment of any employee towards an organizational role. A study showed that when people can express themselves emotionally, intellectually and physically at their workplace they have better work engagement (Kahn, 1990). However, engagement is not concentrated upon the particular event, behavioural or personal incidence rather it's a state depending upon psychological condition (Saks, 2006). It is a fulfilling condition referring to absorption, vigour and dedication. Previous studies show that organizational trust is a vital predictor of job engagement (Schaufeli & Bakker, 2004). When employees know that organization is reliable and skilful and the leader has role modelling behaviour, it assures them of a profitable future in the firm (Spreitzer & Mishra, 2002). As a result, focusing on the job leads to work

engagement. Conversely, if leadership is perceived as unreliable and ineffectual, employees will not be hopeful regarding their future in the company. This will lead to a sense of apprehension and uncertainty among employees which results in work disengagement. The reliability dimension of trust implies that an organization will fulfil its promises. However, if leadership will not fulfil its promise it will result in a loss of trust (Robinson, 1996). The psychological contract is infringed when one party feels that another has not fulfilled promised commitments. When the contract is violated, employees' trust in the organization and sense of dedication to work is diminished. Employees find it increasingly difficult to feel encouraged to perform well if promised incentives are not delivered (Robinson & Rousseau, 1994). Such circumstances lead to work disengagement. Therefore, for developing and cultivating work engagement organizations must fulfil commitments and try to establish a psychological contract that shows an "optimal fit" between organizations and employees regarding common expectations. The organization should be honest and open to allow free communication with employees, which can be achieved by not concealing any information that is important for mutual trust-building. When employees realize that leadership and organization are open and honest, their uncertainty and insecurity are reduced. Such practice enables employees to organizational goals rather than worrying about their future in the organization. Total focus on work ultimately results in increased work engagement (Kahn, 1990). When employees feel motivated to work because they identify with organizational policies work engagement is enhanced. An organization's concern for its workers is depicted by its policies. It originates from the norm of reciprocity, when organizations design policies for the well being of employees, they repay with enhanced work engagement (Saks, 2006). An insightful way of responding to resources provided by an organisation is to immerse oneself in a job role and dedicate more cognitive resources. Thus, the above discussion supports the following hypothesis:

***Hypothesis (H2): Trust is positively correlated with employee work engagement***

### **2.4.3 Trust as a mediator**

Although the theoretical framework discussed above helps evaluate the benefits of ethical leaders on employee productivity and behaviour, more research on the underlying process is needed. Employees under ethical leaders are more likely to acquire positive impressions of their workplace (Piccolo et al., 2010). Ethical leadership is always considered representative of ethical owners and moral decision-making. Thus, ethical leadership is thought to be able to predict a variety of organizational outputs (Xuet al., 2016), including work engagement and commitment to the organization (Neubert, 2013) and organizational

identity (Walumbwa, 2011). Ng and Feldman (2015) conducted a systematic review of the subject and claimed that trust is the cornerstone, which can illustrate why ethical leaders have a favourable impact on their employees. Employees working under ethical leaders will respond with greater psychological engagement (develop trust) and, as a result, exhibit more favourable working behaviours and attitudes. So, we believe that trust in organization is a significant link.

Workers' trust in employers is a prerequisite for establishing a solid employee–company relationship (Cook & Wall, 1980). This approach echoes “social exchange theory” (Blau, 1968), which signifies the need for trust in long-lasting work relationships. When workers have exchange networks within the firm, they are more likely to trust it. Employees would continually monitor the workplace culture before choosing if or not to trust the corporation as a whole (Carnevale, 1988). Leadership, in particular, has a significant impact on employees' perceptions of the organization's trustworthiness (Dirks & Ferrin, 2002). Employees' faith in the organization, according to Tan and Tan (2000), is substantially determined by their interactions with their leaders. Employees' trust in their superiors is also highly linked to organizational trust, according to Wong et al. (2003). Employees will naturally perceive ethical leaders' practices as entrenched in the organization because ethical leaders have the duty of handling employment relationships, which will increase their trust in the firm as a whole.

The traits of an ethical leader include showing compassion and care for employees on behalf of the company (Treviño et al., 2003). They tend to take conscientious and fair decisions that include the interests of their employees (Brown & Treviño, 2006). Employees who work for ethical leaders are also motivated to engage in the company's decision-making (Kalshoven et al., 2013). Previous research has also found that ethical leadership practices are substantially linked to employee confidence in management (Avolio et al., 2004) and the creation of an organizational culture that is trust worthy (Den Hartog & De Hoogh, 2009). Organizational trust represents an employee's positive anticipation of his/her organization, whereas work engagement refers to their eventual commitment to their work, meaning that organizational trust may have an impact on employees' engagement in work (Lin, 2010). Individuals will devote themselves to their tasks if they have complete trust in the firm (Gill, 2008). Organizational trust is a core value that can help employees preserve their vitality and inventiveness, and they will be engaged in whatever the organization does (Zeng & Xu, 2020). Furthermore, trust in the organization will boost employees' sense of commitment to the company, which will encourage them to work hard. Previous research (Chughtai & Buckley, 2008; Gülbahar, 2017) has found that organizational trust has a positive correlation with employee engagement. The current study asserts that ethical leadership generates organizational trust among employees, which in



turn promotes their work engagement. So, the proposed hypothesis is:

***Hypothesis 3 (H3): “Organizational trust mediates the positive effect of ethical leadership on employee work engagement”***

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

The main aim of this study is to find the association between all the variable used with regard to private organizations (IT Sector & Software Companies) of Islamabad and Rawalpindi. This part also includes the details of methods used to evaluate the results as well as the acceptance and rejection of prospective hypotheses generated.

#### **3.1 Research Design:**

Research design refers to the strategy applied by a researcher to assimilate the different parts of research coherently, that verifies the effective addressing of the research problem. It comprises the outline for data collection process, its measurement and analysis.

#### **3.2 Research Approach:**

The research approach has an important role in the validation of research study. There are two different types of research approaches being used; one is quantitative research and the other one is qualitative research. Qualitative approach is widely used in exploratory researches and in social sciences where objects, items and events are explained by the researcher. Moreover, this research helps in acquiring deep knowledge and understanding of central reasons and opinions and also provides a foundation for spotting the root cause which helps in developing hypothesis and testing afterwards.

As qualitative research is useful in many ways, it also has some chances to include biasness during data collection and analysis which can affect the results; results turned out to be biased.

Quantitative research approach uses quantification of items. Quantification involves evaluation process of different procedures used in research due to which, it is considered to be more reliable approach in research studies. There is high generalizability and less chances of any kind of biasness from the side of a researcher. Also, the results that come out using this approach are more accurate and unbiased in contrast to qualitative approach.

In the present study, quantitative approach is used. Due to time limitation, large population size and other environmental constraints, it was not possible to perform qualitative approach. Therefore, quantitative approach was more authentic and appreciated to perform.

### **3.3. Sampling**

The sampling technique used for this study was convenient sampling which is a non-probability sampling technique. The technique used in this study for data collection was survey method. This technique is easy as well as helpful in collecting data from number of respondents at the same time as compared to other methods. In researches, this is the most widely used method as it generalizes the result of whole population. As for present study, this method was chosen due to time constraints and limited resources. The survey was conducted through questionnaire which helped in studying the relationship of variables in this study. The survey follows the ethical values of the research and kept the information of respondent secret. This quantitative research examined the relationship of independent, dependent, and mediation variables.

#### **3.3.1. Population and Sample Size:**

A population of a research consisted of group of individuals or items that have similar nature characteristics (Castillo, 2009). Current study has the population of employees working in Software Companies of Islamabad. The sample size was 205. (N=205). The data was gathered from employees working in various firms in Rawalpindi and Islamabad. The sample included both male and well as female employees.

### **3.4. Scales**

#### **3.4.1. Ethical Leadership**

To measure the variable, Zheng et al.'s (2000) measure was used. The measure has 5 questions in total. Example of items include "My supervisor is a decent person who do not seek personal interests" and "My supervisor is a good example of our life and work".

### **3.4.2. Organizational Trust**

To measure this construct, Robinson's (1996) scale was used. The measure is comprised of 7 items. Examples of questions include "My organization is always honest and trustworthy" and "In general, I believe the organization's motives and intentions are good".

### **3.4.3. Work Engagement**

To measure the variable, Kanuage's (1982) measure was used. The scale has 10 items in total. Examples of questions include "The most important things that happen to me involve my present job" and "I am very much involved personally in my job".

## **3.5 Data collection**

A google form having a demographic section along with study instruments was used to collect the data from the participants. They were asked to complete the questionnaire according to their personal experience and true feelings. Before presenting the questionnaire, they were informed of the research and its purpose and instructed that how to complete the questionnaire. The anonymity of the answers and the confidentiality of the data was maintained as the form didn't ask for their names or any such detail. Later, the data was evaluated using SPSS.

## CHAPTER 4

### RESULTS AND FINDINGS

The current study aimed to investigate the relationship between ethical leadership and work engagement with organizational trust as a mediator. To analyze the collected data suitable statistical procedures were employed. This section will attempt to present the summary of all the statistical analysis carried out using SPSS. Reliability coefficients were attained to examine the internal consistency of the all the scales that were used in the current research. The correlation analysis was performed to understand the link between the variables. To find out the mediating role of the organizational trust, mediation analysis was used. The results are tabulated as follows:

#### 4.1 Data Analysis

##### *4.1.1 Descriptive Frequencies*

**Table 1**

*Demographic Profile of Sample (N=205)*

Gender	<i>F</i>	%
Male	83	40.5
Female	122	59.5

Table 1 shows the frequency and percentage of males and females in the study sample. The percentage of males is 40.5% while that of females is 59.5%.

**Table 2**

Working Experience with firm	<i>F</i>	%
1-5 years	100	48.8
6-10 years	61	29.8

More than 10 years

44

21.5

Table 2 shows the frequency and percentage values for working years with the firm. Percentage for 1-5 years of service is 48.8, for 6-10 years of service is 29.5, and for working experience of more than 10 is 21.5%.

#### 4.1.2. Reliability Analysis

**Table 3**

*Descriptive and reliability values of all study variables*

Variables	Cronbach's Alpha
EL	.76
OT	.74
WE	.75

*Note* OT= Organizational Trust; EL= Ethical Leadership; WE = Work Engagement

Table 3 illustrates the values of alpha reliability for all the study variables. Reliability of all the variables ranges from .74 to .76. It is .76, .74, and .75 for ethical leadership, organizational trust, and work engagement respectively.

#### 4.1.3 Correlation Analysis

**Table 4**

*Correlation between all study variables*

Variables	EL	OT	WE
EL	1		
OT	.55**	1	
WE	.17*	.30**	1

*Note* OT= Organizational Trust; EL= Ethical Leadership; WE = Work Engagement \* $p < .05$ , \*\* $p < .01$

The table 4 reveals that there exists positive correlation between all the study variables. It illustrates that

organizational trust is significantly and positively correlated with both ethical leadership (independent variable) and work engagement (dependent variable). This implies that the more the ethical leadership, more will be organizational trust and vice versa. Similarly, higher the values of organizational trust higher will be the work engagement. Moreover, ethical leadership and work engagement are also positively correlated.

#### 4.1.4. Regression Analysis

**Table 5**

*Regression coefficients of ethical leadership on employee engagement (Linear Regression)*

Variable	B	$\beta$	SE
Constant	27.89***		1.94
Ethical Leadership	.27*	.17	.10
$R^2$	.03		

\* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$

Table 5 shows the impact of Ethical leadership on Employee engagement. The  $R^2$  value of .03 revealed that ethical leadership accounts for 3% variance in the outcome variable with  $F(1, 203) = 6.14$ ,  $p < .05$ . the findings reveal that EL positively predicts EE ( $\beta = .17$ ,  $p < .05$ ).

**Table 6**

*Regression coefficients of organizational trust on employee engagement (Linear Regression)*

Variable	B	B	SE
Constant	22.50***		2.27
Organizational Trust	.40***	.30	.09
$R^2$	.09		

\* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$

Table 6 shows the impact of organizational trust on Employee engagement. The  $R^2$  value of .09 revealed that ethical leadership accounts for 9% variance in the outcome variable with  $F(1, 203) = 20.42$ ,  $p < .001$ . the findings reveal that ethical leadership positively predicts employee engagement ( $\beta = .30$ ,  $p < .001$ ).

**Table 7**

*Regression Coefficients of ethical leadership and organizational trust on employee engagement (Multiple*

Linear Regression)

<b>Employee Engagement</b>					
<b>Variables</b>	<b>B</b>	<b>S.E</b>	<b><math>\beta</math></b>	<b>T</b>	<b>p</b>
Constant	22.42	2.39		9.36***	.000
Ethical Leadership	.01	.12	.00	.10	.91
Organizational Trust	.40	.10	.29	3.71***	.000
$R^2$	0.09				
R	.30 <sup>a</sup>				
Adjusted $R^2$	.08				
F	10.17***				

\* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$

Table 7 shows the impact of “ethical leadership” (EL) and “organizational trust” (OT) on “employee engagement” (EE). The  $R^2$  of value .09 indicates that the predictor explain 9% of variance in the outcome variable with  $F(2,202)=10.7$ ,  $p<.001$ . The findings revealed that organization trust positively predict employee engagement ( $\beta=.29$ ,  $p<.001$ ) while ethical leadership has non-significant effect on employee engagement.

#### 4.1.6. Mediation Analysis

**Table 8**

*Mediation of Organizational trust between ethical leadership and employee engagement*

<b>Variable</b>	<b>B</b>	<b>95%CI</b>	<b>SE B</b>	<b><math>\beta</math></b>	<b>R<sup>2</sup></b>	<b><math>\Delta R^2</math></b>
Step 1					.03	.03*
Constant	27.89***	[24.05,31.73]	1.95			



Ethical Leadership	.27*	[.05,.46]	.11	.17*	
Step 2					.09 .06***
Constant	22.42***	[17.70,27.14]	2.39		
Ethical Leadership	.01	[-.23, 0.23]	.12	.00	
Organizational trust	.40***	[.18,.61]	.10	.29***	

Table 8 shows the impact of EL and OT on employee engagement. In step 1 the  $R^2$  value of .03 revealed that ethical leadership explained 3% variance in the outcome variable with  $F(1, 203) = 6.14, p < .05$ . The findings revealed that ethical leadership predicted employee engagement ( $\beta = .17, p < .05$ ). In Step 2 the  $R^2$  value of .09 revealed that ethical leadership and organizational trust explained 9% variance in employee engagement with  $F(2, 202) = 10.17, p < .001$ . The  $\Delta R^2$  value revealed 6% change in variance of model 1 and model 2 with  $F(1, 202) = 13.81, p < .001$ . The regression weight for ethical leadership reduced from model 1 to model 2 (.17 to .00) and also became non-significant which confirm mediating role of organizational trust.

#### 4.2 Data Findings

Following have been the findings in concern to the research hypotheses:

**Hypothesis 1** which was “*Ethical leadership is positively correlated with organizational trust*” has been accepted in analysis. The hypothesis is accepted based on significance level ( $p < 0.01$ ). In correlation analysis, there exists positive correlation between ethical leadership and organizational trust. The results are in accordance with existing body of literature. An employee who has faith in the company trusts the company's plans and practices, feels that the company will uphold its values and beliefs under all circumstances, and will offer support. (Karasakal & Yucebalkan, 2016). According to Guinot and colleagues (2013), employees who have organizational trust have confidence in their supervisors and coworkers and believe that their employer will treat them better and look out for them in tough circumstances. Similarly, Gucel and colleagues (2012) conducted a research on the teachers and administrators of a university. The authors came to the conclusion that “ethical leadership” is positively correlated with “organizational trust”.

**Hypothesis 2** which was “*Trust is positively correlated with employee work engagement*” has also been

accepted in analysis. The hypothesis is accepted based on significance level ( $p < 0.01$ ), since significance less than 0.01 indicates that a strong significant relationship exists between the variables under study. Existing literature also supports the findings and suggest that trust has a positive correlation with employee engagement. Mondalek (2013) claimed that highly engaged workers are more likely to foster organizational trust. Similar conclusions can be taken from industry surveys, such as Edelman's Trust Barometer survey (Jiang, 2016), which contend that fostering employee trust depends on employee engagement. Additionally, Nelson (2015) has stressed the link between employee engagement and organizational trust as a means of enhancing employees' adaptability and response.

**Hypothesis 3** which was “*Organizational trust mediates the positive effect of ethical leadership on employee work engagement*” has also been accepted. The hypothesis is accepted based on significance level ( $p < 0.001$ ), since significance less than 0.001 indicates that strong statistical significance exists. The findings are in line with the previous researches. According to a study conducted by Zeng and Xu (2020) on young university teacher, organizational trust significantly moderates the relationship between ethical leadership and employees' work engagement. Similarly, Chughtai et al (2015) also found in their study the trust on supervisors mediates the relationship between ethical leadership and employee engagement.

## **CHAPTER 5**

### **DISCUSSION AND CONCLUSION**

#### **5.1 Discussion**

The nature of the present study has been primarily aimed to study the relationship between ethical leadership and employee engagement with the moderating role of organizational trust employees working in different organizations. The target population for the study was thus the employees in all the organizations in the twin cities (Rawalpindi and Islamabad). All of the hypotheses of the study were supported by results. Results from analyses on these variables found that there is a meaningful relationship between these the study variables as was proposed by the hypotheses.

The target population for the study was thus the employees in all software and IT Sector in the twin cities (Rawalpindi and Islamabad). The reason for selecting this study sample was the ease of data collection as well as scarcity of data. Very few studies about employee engagement in relationship with ethical leadership and organizational trust have been conducted in Pakistan overall, let alone the twin cities. Moreover, the majority of study have attempted to explore the concept of employee engagement in the light of JD-R model. But, depending just on the JD-R model to comprehend the factors that affect employee engagement surely leads to a limited comprehension of the idea. To have a more comprehensive and in-depth understanding of the notion, additional potential factors of employee engagement needed to be empirically considered (Ugwu, 2014). Thus, this research aimed to understand the relationship between leadership and employee engagement by adding another variable (organizational trust) in the equation as a mediator. This will help provide insight into the phenomenon. The twin cities incorporate many public and private organizations employing thousands of employees making this study significant as it will represent the sentiments of employees in the organizational setup as a whole.

The major constructs of the study were assessed using three scales. The independent variable (i.e. ethical leadership) was measured using Zheng et al.'s (2000) measure. The scale had 5 items. The dependent variable (i.e. employee engagement) was measured using Kanuage's (1982) work engagement measure. The scale had 10 items in total. While, the mediating variable (i.e. organizational trust) was measured using Robinson's (1996) scale. The measure was comprised of 7 items. The satisfactory alpha coefficient range

of measures is between .60 to .90 (Bland & Altman, 1997), so the alpha coefficient for all the scales was satisfactory. The alpha coefficient for the measure of ethical leadership is .76, for the measure of organizational trust is .74, and for work engagement scale is .75. Overall reliabilities of scales indicate that scales are reliable and acceptable for satisfactory internal consistency.

To gather responses from the respondents (employees in public and private organizations in twin cities of Pakistan) online survey method was opted. Nevertheless, to indicate the rejection or acceptance of the hypotheses of research, significance level was set as  $p < 0.05$ . Based on the significance level, all the hypotheses would be accepted or rejected. So, all the three hypotheses of the study that were formulated on the basis of existing theoretical evidence are being supported by findings. Thus, based on the findings the research questions of the study have been addressed. The first research question “*What is the relationship between Ethical Leadership and Employees’ Engagement?*” findings suggest that the proposed variables of the study (including independent variable and mediator) significantly impact employee engagement. Regarding the second research question, “*Does Trust mediate the relationship between Ethical Leadership and Employees’ Engagement?*” results suggest that our proposed mediator (organizational trust) not only has significant relation with study variables, but also tends to mediate the relationship. This implies that the current study offers a clear insight into the phenomenon.

## **5.2. Conclusion**

Firstly, this research offers a unique viewpoint for comprehending how ethical leadership affects employees’ behavior and their performance outcomes. While earlier research had found a connection between ethical leadership and employee engagement, this study goes further to examine who trust plays a role in this equation. The claim made by Brown and Trevio (2006) that ethical leadership is linked to employee engagement is supported by the study results. Particularly, the findings show that ethical or moral leadership encourages employee's WE by increasing their sense of organizational trust. This means that OT mediates the relation between the two. In other words, employee working under the supervision of an ethical leader often grow to trust the company as whole, which leads to them actively participating in their job.

The current research highlights the necessity of an employee's-organization relationship built on trust. The ethical leader is an organizational agent who represents the organization's values and principles (Xu et al., 2016). Our findings are consistent with Zeng and Xu's (2020) contention that trustworthy management behavior serves as a basis for employees' perceptions of trustworthiness, and they show that "ethical leadership" is a significant source of "organizational trust". Employees tend to have a strong sense of trust in the organization when the leadership practices include ethics and morality.

Moreover, our findings imply that how employees view leaders' behavior (either ethical or immoral) will influence their assessment of how trustworthy the firm is. So, an important point is that leaders should not just be "moral persons" (defined as possessing trust, legitimacy, and integrity) but also "moral managers" (defined as taking honest and fair decisions or instilling ethical standards in the company) who deal with ethical quandaries in normatively right manner in order to foster employees' trust in the organization. Employees will develop reliable connections with bosses who are seen as ethical leaders, this connection in turn will increase their commitment to their work.

### **5.3. Implications of Study**

The research findings have shown that ethical leadership has the tendency to boost employee engagement by developing organization trust. Trust is a psychological variable so one can say that ethical leaderships improve the psychological well-being of employees. Evidence suggests that 62 percent of engaged workers saw improvements in their psychological and physical wellbeing health, emphasizing particularly how their leader's style of working had resulted in a higher level of trustworthiness. This implies that the current research furthers the idea that by understanding the variable of employee engagement from various perspectives can help develop a better understanding.

A key implication of our research is that it can help management highlight the engagement and trust factors in their hiring and selection processes, particularly when selecting potential candidates. This can be done by structuring an organization policy that values ethical morals. Additionally, literature suggests that engaged workers retain positive relationships with coworkers and perform at a high level. Using this knowledge, senior management can employ psychological tests, particularly during the recruitment process, to determine a candidate's willingness to adopt ethical practices and develop trustworthy ties.

It is crucial to be a moral leader, not merely a moral individual, by putting ethical principles into practice and making the organization's ethical vision evident by following it. Therefore, practical guidelines advise

fostering ethical role modeling, creating performance standards that reward moral behavior, facilitating just and moral resolutions of issues and conflicts, keeping an eye out for fraudulent activities via external and internal auditing, and advocating for an ethical code of conduct Training programs should be created with the goal of fostering ethical behaviors and developing leaders' ability to find morally defensible solutions by utilizing interactive learning approaches (for instance role play, case studies, workshops, and coaching) in order to educate leaders for coping with common moral issues and dilemmas.

In addition, the findings of the study can be used to help develop ethical leadership skills in senior management. The organization should stress on ethical leadership styles and should prefer individuals how have the capacity to develop and maintain a healthy working environment for the subordinates. In order to give intangible support and provide career growth opportunities, management must also implement dynamic reward and recognition procedures. This will boost employee confidence and trust. Employees who believe in the organizational principles and leadership are more likely to develop the necessary coping skills. The HR department should also avoid any form of nepotism and practice fairness. The findings suggest that changing organizational culture and implementing innovative HR procedures will promote trust worthy relationships between employees and management which will ultimately lead to increased engagement and productivity.

#### **5.4. Limitations and scope for future investigation**

Despite the fact that the current research has contributed in numerous meaningful ways, there are still certain limits to the current research.

- First, because the variables are based on self-report measurements, they may be susceptible to common method bias. When the method employed to gather the dataset is attributable, the “single-source bias” can cause an illusion that an actual relation is present among study. To decrease survey bias and provide more objective and reliable data collection, future studies should attempt acquiring study data from multiple and externally verifiable sources.
- Second, the cross-sectional structure of research restricts the scope of the study results. This is especially correct when it comes to the causative linkages between the variables in the model. Alternative causal relationships might exist, regardless of the fact that the study is adequately grounded in the hypothesized paradigm. Thus, to understand changes in employee behavior throughout the job engagement process, a longitudinal design is highly recommended.

- Third, while the current study has taken into account organizational trust as a mediating factor between ethical leadership and employee engagement, exploring additional interactional variables in the current relationship will add more clarity to the concept.
- Fourth, the sample size and target population can be expanded to allow for the generalization of the results.
- The sampling technique that was employed is yet another limitation. Thus, it is recommended that future researches avoid using a convenient sample and instead adopt a quota sampling method. This will ensure that data is not skewed and is collected equally from both private and public firms, from different domains, and represent both the cities equally. Future research should also employ a bigger sample size than was selected for the current study. This will ensure that the sample is accurate in reflecting the business community as a whole.

Trust, leadership, and employee engagement go hand in hand because openness and trust empower leaders and followers to collaborate on ideas for resolving organizational problems while enhancing individual mental wellbeing. Trust may be built by giving employees the opportunity to learn and grow and by letting them know that the organization cares about their development. A mentally well employee is content, productive, and fully committed to attaining the organizational goal. So, future studies should concentrate on work demands and other HR elements to have a much better knowledge of this construct given the relation between ethical leadership, organizational trust, and employee engagement. Therefore, there is a lot of room for future research on a number of other variables that have not yet been explored. Last but not least, experimental study across organizations is suggested to look at engagement strategies for fostering organizational trust.

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## Appendix

### ***Ethical Leadership***

1. My supervisor is a decent person who do not seek personal interests
2. My supervisor is impartial to us
3. My supervisor won't "find relationship" out of personal interests
4. My supervisor is a good example of our life and work
5. My supervisor always practice what he preaches

### ***Organizational Trust***

1. I believe my organization has high integrity
2. I can expect my organization treat me in a consistent and predictable fashion
3. My organization is always honest and trustworthy
4. In general, I believe the organization's motives and intentions are good
5. I think my organization treats me fairly
6. My organization is open and upfront with me
7. I am not sure I fully trust my organization

### ***Work Engagement***

1. The most important things that happen to me involve my present job
2. To me, my job is only a small part of who I am
3. I am very much involved personally in my job
4. I live, eat and breathe my job
5. Most of my interests are centered around my job
6. I have very strong ties with my present job which would be very difficult to break
7. Usually I feel detached from my job
8. Most of my personal life goals are job-oriented
9. I consider my job to be very central to my existence
10. I like to be absorbed in my job most of the time

# Thesis

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