NEAR EAST UNIVERSITY

INSTITUTE OF GRADUATE STUDIES

DEPARTMENT OF BUSINESS ADMINISTRATION

IMPACT OF ETHICAL LEADERSHIP ON

EMPLOYEE PERFORMANCE:

THE CASE OF AN IT COMPANY

MASTERS THESIS

RAIF USAL

Nicosia

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Approval

We certify that we have read the thesis submitted by Raif USAL titled " **IMPACT OF ETHICAL LEADERSHIP ON EMPLOYEE PERFORMANCE: THE CASE OF AN IT COMPANY**" and that in our combined opinion it is fully adequate, in scope and in quality, as thesis for the degree of MBA.

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Declaration

I hereby declare that all information, documents, analysis and results in this thesis have been collected and presented according to the academic rules and ethical guidelines of Institute of Graduate Studies, Near East University. I also declare that as required by these rules and conduct, I have fully cited and referenced information and data that are not original to this study.

Raif USAL

11/02/2024

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Raif USAL

Abstract

Impact of Ethical Leadership on Employee Performance:
The case of an IT Company

Usal, Raif
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The main objective of this research was to provide experimental argument in order to increase the understanding of how ethical leadership affect employee performance in IT sector. The respondents of this study were IT employees who engaged in IT sector in North Cyprus. The results of this study were analyzed by two theories such as collective effort model and group engagement model. The final sample included the response of 150 employees. The statistical findings verify that ethical leaders motivated employees to get more performance and satisfaction in their workplace. Results showed that being ethical leader lead success in positive way by increasing trust between employees and their managers and also increase job satisfaction with higher performance. This study completes the positive effect of ethical leadership giving employees better understanding of ethics and better understanding of work behaviour in the workplace.

Keywords: Ethical Leadership, Work Behavior, Employee Performance, Job Satisfaction

Öz

Etik Liderliğin
Çalışan Performansına Etkisi:
Bir BT Şirketi Vakası

Usal, Raif
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Bu araştırmanın temel amacı, BT sektöründe etik liderliğin çalışan performansını nasıl etkilediğinin anlaşılmasını artırmak için deneysel bir argüman sunmaktı. Bu çalışmanın katılımcıları Kuzey Kıbrıs'ta bilişim sektöründe faaliyet gösteren bilişim çalışanlarıdır. Bu çalışmanın sonuçları kolektif çaba modeli ve grup katılım modeli olmak üzere iki teori ile analiz edilmiştir. Son örnek 150 çalışanın yanıtını içeriyormektedir. İstatistiksel bulgular, etik liderlerin çalışanları işyerlerinde daha fazla performans ve memnuniyet elde etmeye motive ettiğini doğrulamaktadır. Sonuçlar, etik lider olmanın, çalışanlar ile yöneticileri arasındaki güveni artırarak başarıya olumlu yönde yol açtığını ve daha yüksek performansla iş tatminini artırdığını gösterdi. Bu çalışma, etik liderliğin çalışanlara etik konusunu daha iyi anlamalarını ve işyerindeki iş davranışlarını daha iyi anlamalarını sağlayan olumlu etkisini tamamlamaktadır.

Anahtar Kelimeler: Etik Liderlik, İş Davranışı, Çalışan Performansı, İş Tatmini

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CHAPTER I

Introduction

Ethical leadership is a crucial component of organizational success, particularly in information technology (IT) industry. Ethical behavior of leaders within organizations can significantly influence the ethical culture of the company, in which, it can impact employee and organizational performance and also can impact job satisfaction. Despite its importance, limited research has been guided on the impact of ethical leadership in the IT industry. This research aims to examine the impact of ethical leadership on employee performance and job satisfaction in an IT company.

Introduction

The IT industry has faced various ethical challenges, such as data breaches, security threats, and privacy concerns. As a result, the ethical behavior of leaders within IT companies has become increasingly important to promote a culture of ethical conduct and responsible decision-making. Ethical leadership plays a key role in developing the ethical environment of an organization and positively influencing employee attitudes and behaviors.

Employee performance and job satisfaction are also critical factors in the companies' achievements. Engaged employees are more productive and have more job satisfaction because they are dedicated to their work and also to the company's objectives. Job satisfaction is linked to lower turnover rates, higher levels of employee retention, and organizational commitment. Ethical leadership can influence employee performance and job satisfaction by promoting a culture of fairness, transparency, and accountability, which can positively impact employee perceptions of the organization.

Therefore, it is essential to understand the impact of ethical leadership on employee performance and job satisfaction in IT companies. This research proposal aims to investigate this relationship by examining the current ethical leadership practices in an IT company and evaluating their impact on employee performance and job satisfaction.
The outcomes of this study can shed insight into the importance of ethical leadership behavior in the IT sector and offer suggestions for strengthening ethical leadership behavior to raise employee efficiency and job satisfaction.

Statement of the Problem

Despite the growing significance of ethical leadership in the IT industry, there is limited studies on its impact on employee performance and job satisfaction. Ethical leadership can influence employee behaviors and attitudes, shaping the ethical culture of the organization. However, there hasn't been enough research done in the IT industry on the relation between ethical leadership, employee performance and job satisfaction. Thus, the issue concerned in this research tried to be solved is the knowledge regarding how ethical leadership affects employee performance and job satisfaction in IT companies.

Purpose of the Study

The purpose of this study is to investigate the impact of ethical leadership on employee performance and job satisfaction in Near East Technology. Specifically, the goal of this study is to examine the current ethical leadership practices in the company and evaluate their impact on employee performance and job satisfaction. The study will identify any challenges or barriers to implementing ethical leadership practices in the company and provide recommendations for enhancing ethical leadership practices and improving employee performance and job satisfaction. This research results can provide insights into the importance of ethical leadership practices in IT industry and assist to the development of effective ethical leadership practices in IT companies.

Research Questions / Hypotheses

Direct relationship between ethical leadership and employee performance, effect of ethical leadership on employee performance and job satisfaction in positive and negative way were the selected research hypotheses.

The following research questions are intended to be answered by the research:

1. What are the current ethical leadership practices in Near East Technology under study?
2. What is the relationship between ethical leadership and employee performance and relationship between ethical leadership and job satisfaction in Near East Technology under study?

Hypotheses

H1: There is a positive relationship between ethical leadership and employee performance under study.

H2: There is a positive relationship between ethical leadership and job satisfaction under study.

Significance of the Study

The proposed study on the influence of ethical leadership on employee performance and job satisfaction in Near East Technology has significant theoretical and practical significance.

Theoretical Significance

This study will help for the existing body of literature on ethical leadership and its influence on employee performance and job satisfaction. It will provide a greater awareness of the relationship between ethical leadership and employee attitudes and behaviors in the IT industry. The study will also identify the factors that promote or hinder the implementation of ethical leadership practices in IT companies. The findings of this study can be used to develop new theoretical models on ethical leadership and its impact on employee performance and job satisfaction.

Practical Significance

The proposed study has practical significance for IT companies, as it can help them to develop effective ethical leadership practices that promote a culture of ethical conduct and responsible decision-making. Ethical leadership practices can enhance employee performance and job satisfaction, leading to increased productivity, reduced turnover rates, and improved organizational performance. The findings of this study can provide valuable insights to IT companies on the factors that contribute to the success or failure of ethical leadership practices and recommendations for enhancing ethical leadership practices.

Moreover, the study's practical significance extends beyond IT companies and can benefit other industries that face ethical challenges, such as the finance and healthcare industries. The study's recommendations can be applied to other industries to develop effective ethical leadership practices that promote ethical conduct and responsible decision-making.

In conclusion, this study's theoretical and practical significance can contribute to the development of ethical leadership practices that promote a culture of ethical conduct and responsible decision-making in the IT industry and beyond.

Definition of Key Terms

1. Ethical Leadership: The demonstration of ethical behaviors, values, and decision-making by organizational leaders to create a culture of responsible behavior and decision-making among employees.
2. Employee performance: The emotional connection and commitment that employees have towards their work and organization, which drives their motivation and productivity.
3. Job Satisfaction: The level of contentment and fulfillment an employee derives from their work and job-related experiences.
4. Near East Technology: A company that specializes in providing information technology products, services, and solutions.
5. Ethical Conduct: The adherence to ethical principles, values, and codes of behavior in decision-making and actions.
6. Responsible Decision-Making: The process of making decisions that consider the potential impact on stakeholders and the wider society and environment, and align with ethical principles and values.

Chapter II
Literature Review

Theoretical Framework

This chapter's main objective is to express the research questions by introducing research hypotheses by combining presented theoretical context with research findings and make both operational. This has led to the development of research hypotheses and the introduction of the theoretical model at the chapter's conclusion.

The hypotheses were first developed by creating both indirect and direct connections between the variables, and then the data were combined in order to examine the mediating effect of employee performance on the independent and dependent variables of the research.

Ethical Leadership and Employee Performance

Decision making processes, reinforcement and two-way communication increase strength of behaviors and attitudes of employees. Ethical leaders are the motivation factor of employees within ethical values by rewarding expected behavior and by punishing unethical (Brown M. T., 2005). According to some research, it has been proved that ethical leadership have a powerful effect on employee performance and job satisfaction (Men, 2020). Also, ethical leaders increase employees' psychology in positive way by performing ethical behaviors. Ethical leadership shows the importance of treating people equally at work environment. Facing with the problems, trying to find right way to solve them, discussing the problems with the employees, are some of the parts that leaders have to do in order to keep their employee's performances at high and make them feel more self-confident in their work. Having discussions with the employee about their work in projects make them feel more responsible in their duties and improve their motivation as well. Thus, the following is the hypothesis of this research:

H1: There is a positive relationship between ethical leadership and employee performance in Near East Technology under study.

Ethical Leadership and Job Satisfaction

Using different management strategies such as giving more responsibilities to employees in their work to make them feel they are trustable and also give them the comfort zone to be able to make decisions on moving to their next step. On the other hand, managers or leaders

have to keep morale levels high by showing them support in their work or by giving them prizes or rewards for their good effort and success. By keeping this as a routine in the work environment, tracking work performances and employee morality becomes easier and more practical in a way that, leaders stay on track and be able to make decisions quicker. Also, this gives employees more satisfaction on their work and make them feel more comfortable at work. Not only giving employees regular raise or promotion also giving them more responsible makes them satisfied even more. Thus, this research hypothesizes the following: H2: There is a positive relationship between ethical leadership and job satisfaction in Near East Technology under study.

In every workplace, there are some barriers or challenges that affect work environment. This affection creates employee performance and job satisfaction in good or bad ways. Mostly, barriers can be made of strategic decisions made by management on wages or rules. For instance, if management decides not to increase the rates of wages as expected and also if this decision made without concerning any issues related to the employees then this decreases job satisfaction and employee performance within time. On the other hand, if management doesn't do a cross-check for the employee performances or doesn't have a good communication with the employees on certain times then this affects decrease in employee performance that leads to lose employee trust and job satisfaction as well. Thus, this research hypothesizes the following:

Getting feedback after every main decision or every move that have been taken is helpful to shape the future of a company to become better in its own sector. For Near East Technology, even though ethical values are important to serve in the real work environment, there are some missing parts that needs to be fulfill in real time. For instance, every manager, leader or employees that become potential candidate for these positions need to get courses about ethics and how to use ethics while working. This will give them an advantage to increase their relationship with their employees and also increase job satisfaction in both ways. Also, there should be a part or a unit that can follow the improvements of the leaders whether they take the specific courses or not and also if they reflect what they learned or not to their employees that will show level of satisfaction whether it is changed or not.

Related Research

Ethics and Morality: Foundations and Perspectives

Shared values and culture serve as the foundation for ethical reasoning (e.g., ethical values, ethics, or collaboration based in tradition). Different conceptions of morality, ethical behavior, and business ethics are thus a result of global social conventions and philosophical systems of belief (Liden, 2012). Following (Göbel, 2010). Therefore, several normative perspectives that are, for instance, understood through the lens of a Western or Asian cultural perspective, comprise business ethics, as follows: Only when employees are informed of these cultural differences on ethical behavior and morale can cross-cultural business succeed (Hofstede, 2012). All of these researchers agree that in an increasingly worldwide business environment, economic pressure, short-term thinking, and value for shareholders thinking tend to override values and, consequently, moral agency. According to (Singer, 2010), a variety of researchers have varying philosophical stances and aspirations, and their conclusions are often accompanied by implicit ethical judgments.

An analysis of 185 empirical research on managers' ethical decision-making is conducted by (Sparks, 2010). In agreement with Singer, they discover several dependencies and an ambiguous definition, with moral cognition serving as a single source of direction for leadersMoral agency is necessary for ethical leadership, which is predicated on moral awareness, norms, and cultural impact. In terms of virtues, ethical leaders are characterized in the literature as excessively flawless executives who exhibit a servant mindset, justice, fairness, integrity, honesty, humility, and a host of other characteristics (Northouse, 2013).

Rather than "managing," that is, focusing on directing action or hitting goals, leadership is more and more evolving into a normative source of influence. (Palmer, 2009) states that study on the side of leadership standards is still in its early stages and was prompted by the increased enthusiasm for ethics that followed the numerous controversies involving ethics— which are not only pragmatic failures but also ethical failures. Practice of 'Good' leadership practice is no longer considered to be 'successful' or 'effective' without having accountable, normative and ethical characteristics.

Cultural components just appear in many research investigations; the reality that these factors are truly created by human behaviors and leadership is often underestimated. There aren't many studies that concentrate on everyday leadership challenges, team leaders, middle

management, and their behaviors, as well as how they would establish such a "ethical" culture. In working environment, every employee can make right or wrong decisions about other employees' lives with knowing or without knowing. This affects co-workers future in that workplace in good or in bad way. According to the research, ethics wasn't properly in use for the leadership (Trevino, 2003).

Ethical leadership have been studied for this research in order to see effects on employee performance. There are some multiple effects on employees by ethical leadership. Several mediating variables may exist in relation to the influence of ethical leadership. In some researches, trust makes positive relationship between ethical leadership and employee performance. In a research, they provided an ethical leadership strategy based on social learning in a way to offer a descriptive perspective focusing on describing and characterizing ethical leadership in the workplace (Brown M. T., 2005). They defined ethical leadership as a tool to make good communication and conduct through personal actions and relationships while making decisions and working in the same area with more than two people (Brown M. T., 2005).

In some research, it has been stated that ethical leadership is crucial in any organization in a way that affects performance and behavior that gives businees costs reduction (Thomas & Dienhart, 2004). Going beyond dominating personal characteristics such as trustworth, honesty and integrity, by a set of behaviors ethical leaders can be characterized including high performance expectations, responsibility, self-discipline and good communicating. This leads leaders to be fair and honest with respect (Brown M. T., 2005).

In addition to the affect of ethical leadership in organization performance, it also affects innovation at work as well. Since, in most of the sectors, competition is continous and market is changing quickly, companies have to follow ethical rules to keep up with the competitors and adjust ethical behavior that helps to businesses to perform better (Madrid, 2014).

Ethical Leadership and Deviant Behaviors

Managers or leaders in an organization can be an example of having significant impact on the ethical structure of the organization to learn from (Bian, 2021). To encourage employees to act in ethical way, leaders has to behave in ethical way too. This leads people to communicate in positive way and act each other positively.

In one of the researches, theory of social exchange stated that employees expect their leaders to be ethical and this gives positive impact on employee peformance by reducing deviant behaviors (Walumba, 2012). According to (Crane, 2010), business ethics begin and end where the law does. While ethics and the law can coexist and give rise to normative ethical concerns that are partially codified in legal frameworks, morality and ethics are frequently informal and uncodified. Social norms of behavior are shaped by morale. While socialization, peer pressure, and culture have an external influence on moral cognition, there is also an interior perspective that is typically based on personal attitudes toward morality, such as acting on moral convictions, exercising self-control, and having a "bad conscience" when moral standards are broken (Göbel, 2010).

Based on these standards and principles, morality is concerned with the social processes that establish what is good and bad. These social ethics comprise a body of ethical theorems that provide possible answers to questions of right and wrong in business contexts (Crane, 2010). An ethical decision-making process is usually necessary in complicated business scenarios, but moral agency is often undermined by competing goals, goal attainment, and performance pressure (Stenmark, 2011). While a society's definition of what is good and desirable—or bad and forbidden—forms the basis of prevailing morality, an individual's ethos is the morality they considers necessary for their behavior and activities (inner morale). Ethics is based on ethos, but it also requires thinking and a crucial divergence from the dominant norms (Göbel, 2010).

The significance of ethical leadership in promoting a culture of ethical conduct and responsible decision-making has been widely recognized in the organizational literature. Ethical leaders are those who display ethical behaviors, communicate ethical values, and encourage ethical decision-making in their organizations. Ethical leadership can positively influence employee behaviors and attitudes, leading to increased employee performance and job satisfaction (Brown M. T., 2005). Employee performance refers to the emotional attachment and dedication that employees have to their work and their company. Ethical leadership can enhance employee performance by creating a sense of purpose and meaningful work, promoting transparency and fairness, and fostering a positive work environment (Mayer, 2012). Ethical leadership has been valued and demanded concern in the corporate world due to some problems arise related to business ethics and through their actions,

behaviors, decisions and attitudes, they have contributed to the growth of ethical standards, which may have an effect on the behavior and the performance of their team (Dey, 2022).

In general, being happy at work, commitment to the work and good communication with the co-workers are several of the job satisfaction measurements that affect the job satisfaction of an individual. Ethical leadership can positively influence job satisfaction by promoting trust, respect, and fairness, supplying opportunities for growth and development as well as an encouraging work environment (Purvanova & Muros, 2010).

According to (Gini, 1997), ethical foundation is required for bi-directional trust, leadership approaches, the leader's personality, and job requirements, especially on the shop floor. For ethical judgment to be based on this, moral awareness is necessary (Loviscky, 2007). (Turner, 2002) make the case that ethics and ethical thinking have a favorable influence on leadership; (Schminke, 2005) add that a leader's evolution of ethical thought can influence the ethical environment.

According to (Hannah, 2011), a "moral person" is someone who possesses both ethical cognition and ethical "maturity," which is founded on social learning and the ability to intend to act morally. As noted by (Rozuel, 2010), self-reflection is the foundation of a "moral person" and is "a significant part of moral leadership." Disregarding context, (Reis, 2010) asserts that if autonomy is granted to a "moral" individual, then moral and ethical action should be anticipated from the leader.

Operating organization environments are unlikely to offer developed, social learning environment or the leisure time for such introspection. Rather, as (Kish-Gephart, 2010) note, a multitude of individual moral failings lead to numerous company scandals. Why moral people aren't always moral managers is a question raised by (Treviño L. K., 2000). According to them, the assumption that the leader is an ethical individual and ethical manager are the two foundations that support their reputation as an ethical leader. If an executive wishes to project a ethical image, they must ensure that their colleagues would describe them as honest and ethical. The authors explain why a large number of managers are thought to be unethical. Many employees would see it as a simulation if a poor ethical individual took on a high ethical role as a manager. Although there are neutral factors such outside events that might not be related to the employee or manager, word-deed alignment is more likely to deteriorate in the workplace the more decisions that must be taken. As will be discussed below, morality is the foundation of ethical leadership.

It takes certain characteristics, behaviors, and related guiding principles for someone to be ethical. An ethical individual exhibits consistent qualities (integrity, honesty, dependability) and actions (personal morality, concern for others), and they base their objective and just decisions on ethical principles, ethical standards, and values (Treviño L. K., 2000).

But the question still stands: Why do ethical people not necessarily make for ethical managers and, by extension, ethical leaders? Potential problems in this case include context and the climate of leadership, which will be discussed in the literature review. According to (Treviño L. K., 1990), moral cognition has a significant impact on ethical judgment. According to (Mayer, 2012), the emergence of an ethical climate might be aided by the activation of an ethical identity. Their research indicates that the development of an ethical atmosphere that is founded on ethical principles and an ethical leadership culture appears to be beneficial to improved governance.

In the IT industry, ethical challenges such as data privacy, cybersecurity, and intellectual property protection are prevalent. Ethical leadership is essential in addressing these challenges and promoting ethical conduct in IT companies. However, the literature on the impact of ethical leadership on employee performance and job satisfaction in the IT industry is limited. Some studies have found a positive relationship between ethical leadership and employee performance and job satisfaction in the IT industry (Wang & Gursoy, 2017). Other studies have identified barriers to implementing ethical leadership practices in the IT industry, such as a lack of ethical leadership training and a culture of focusing on short-term profits rather than ethical values (Khan, 2017).

In some studies, ethical leadership brings leader's importance of effectiveness, job satisfaction of employees that brings willingness of employees to push more into their work. This increases the performance of the job and the quality of the work that has been done. On the other study, it showed that increased employees' performance, high motivation, employees' response on reporting problems are related to the influence of ethical leadership in the company. (Resick & Mitchelson, 2006). On another study, having strong communication with employees and having strong ethical commitments as a leader, can make an impact on the significance of the task and autonomy of the job characteristic model.

Some other study, it has mentioned that unethical leadership brings failure of the leader to follow rules and also brings failure to take responsibility for unethical behaviors (O'Connell

W., 2009). Improving job performance of the employee, commitment to work and trust to the management are the two important variables that are crucial to the issue of ethical leadership researchers (Hosmer, 1994). Having good ethics will bring better business that brings positive effects of trust, commitment to all stakeholders that will assure long term performance of firms.

Altruistic, egoistic, autonomous, legalist, and communitarian are the five paradigms. These paradigms are different than the other but they are not options for each other. Therefore, each paradigm has its own environment and examples to be used. For instance, altruistic motivation is the leader who acts out of selfless motives with ethical leadership. Egoistic is when the leader does selfish motives. Autonomous is the one that allows his/her followers to decide their own ethical directions. Legalist is the one that follows set of rules or regulations given. On the other hand, communitarian is the one that places emphasis on making society and community better in which organization resides (Martinez-Saenz, 2009). Brown and Treviño suggest that the unique characteristic of an ethical leader is their proactive care for the moral conduct of their followers. Establishing ethical standards and holding people accountable for upholding them are important topics that ethical leaders discuss and emphasize (Brown M. T., 2005). Employers should exercise caution when appointing managers who behave morally, with integrity, and who are neither self-serving or demeaning to others (De Hoogh & Den Hartog, 2008). The study concludes that when higher level management is viewed as more successful and ethical, subordinates are more optimistic about the organization's future prospects. Managers should give guidance, personal development programs and training to their employees from time to time in order to show them ethics and make them use tricks in their daily lives. This can happen by using ethical codes of conduct and policies in a periodical basis. This leads employees to show positive behaviors to their work and to people around them. (Reave, 2005) found that honesty is the most important "spiritual" behavior for leaders to succeed after reviewing 150 studies. Reave's study is refuted by (Brown M. T., 2005), who argue that subordinates place a higher value on integrity than do superiors on ability. Nonetheless, integrity appears to be the most crucial quality of morally sound leadership, according to (Poff, 2010), (Yukl, Leadership in Organizations. (7th ed.), 2010), (Ingenhoff, 2010), and others. (Parry, 2002) observe that there is a lack of clarity in research on what constitutes integrity; (Palanski, 2007) highlight that there are too many definitions of integrity in research, and there aren't enough empirical studies available from the field.

According to (Bauman, 2013), there is still ambiguity surrounding the attributions that make up integrity.

Originally, honesty, reliability, and consistent, morally-based behavior were considered "good" leadership qualities (Bass, 1999). These characteristics led to the understanding of integrity (Piccolo, 2010); (Treviño L. K., 2000); (Brown M. a., 2006). Although "integrity" seems to be a phrase that is frequently used in leadership study, researchers surprisingly frequently leave the concept out and those who do use it tend to use it quite loosely. (Northouse, 2013) provides half a page on integrity, here interpreted as a "trait" with the characteristic of honesty and trustworthiness; however, this paragraph is written totally without any references. (Yukl, Leadership in Organizations. (7th ed.), 2010), (Crane, 2010), or (Göbel, 2010) do not discuss.

According to (Mihelic, 2010), integrity is a "trait" that successful leaders must possess, although other scholars (Ingenhoff, 2010) consider integrity as a primary "quality" for moral leadership. Despite the numerous studies defining integrity as a primary source of trust (Wang & Gursoy, 2017), studying appreciative, competent, and ethical leadership as a basis for employees' trust, does not discuss integrity (not even its exclusion).

"Integrity" is not even included in (Yukl, Leadership in Organizations (8th ed.), 2013) subject index. According to study by (Brown M. T., 2005), ethical leaders use organizational structure to examine employee outcomes and create success routes. They said ethical leaders are more concerned with the journey to success than with the destination for their team members. As a result, workers learn about justice and morality in the workplace and develop into productive team members within the company.

Ethical leadership can be defining as moral managers who always use ethics in their professional life to mentor ethical behavior and motivate their employees by giving them rewards and this helps to keep their employees in line with discipline and ethical directives (Brown M. a., 2006). This way of managing can also be used in performance management for employees. In one of the researches by (De Hoogh & Den Hartog, 2008), it was stated that beneficial connection between ethical management and employees would build trust and motivation within that. Understanding the complete procedure whereby the influence assists in common benefit is essential to comprehending how ethical leadership affects employee performance. According to (Resick & Mitchelson, 2006), the theoretical framework of ethical

leadership clarifies how trait theory and event theory came to be used to place leadership roles.

In consideration of this, it is clear that a leader's attributes are crucial in achieving the transformative aim of leadership, which is to articulate the company's mission and establish the framework around which policies, strategies, and practices for leadership must be built. By implementing strategies and techniques, leaders can better empower their followers and greatly increase the self-efficiency of their workforce. In some research, this approach makes an effort to take an advantage of the required changes in values, attitudes and standards to support the leader's vision. According to research, an ethical leader responds to the interpersonal relationships and personal behaviors within the organization in a normative way. In an effort to empower them to contribute to the effective accomplishment of corporate goals, this aims to enhance the overall working circumstances of the employee.

Individualized consideration, inspiration, and behavioral motivation are the foundations of ethical leadership's impact on employee performance. According to the research, the idealized impact permits a more dependable and integrated business practice process founded on moral characterization, strong self- and other-care, and an ethical values display. Given this, draw attention to a fundamental principle that is deeply interconnected throughout the process of creating and realizing a vision. In considering this, it is reasonable to observe that ethical leadership affects a wide range of employees by effectively utilizing incentives, formal authority, and sanctions to shape workers' compliance-related behavior. This strategy assumes a transactional design, wherein employees' sense of loyalty and altruism toward the organization's aims is increased by their drive to perform.

Recognizing dependable and consistent behavior among employees leads to improvements via decision-making, two-way communication, and reinforcement. According to this idea, an ethical leader could emphasize moral principles and strong character within the company to help it overcome its obstacles (Chi, Lan, & Dorjgotov, 2012). Real ethical leadership is a blend of moral rectitude and moral strength, giving it a greater opportunity to lead by example and encourage other staff members to take an active role in the company. This serves as the foundation around which the organization's mission, core values, and stakeholders' visions are based, reflecting ethical values. Within this framework, the executives link the objectives of the company with those of key personnel and external

stakeholders. It is reasonable to assume that moral leaders need to have a thorough understanding of the significance of having positive relationships with all parties involved in the organization.

Although this serves as the benchmark for all organizational endeavors, it is evident that the foundation of a successful partnership is trust and respect. (Resick & Mitchelson, 2006) discuss how ethical leaders are crucial in helping people realize how these relationships naturally develop in settings that value justice, equity, fairness, honesty, and respect.

Therefore, it is crucial to take into consideration the opinions of (Nelson, 2012), who contend that living in harmony with these kind of guiding principles develops the effectiveness of human enterprise that can grow and be sustained.

Chapter III

Methodology

The study will use a qualitative approach, involving quantitative data collection and analysis methods.

Research Design

Designing the data collection method is important in a way that for this type of study collecting the right data from right sources will give the right result. Each design type relates to the aim of the research, timing of data collection and the importance of the data collected. In this research, quantitative design will be used in order to analyze quantitative data at the same time to get the exact result expected.

Quantitative research aims to describe the cause and effect relationship among variables by calculating both positive and negative parts of the hypotheses that is proposed. On the same side, two main categories which are descriptive and experimental are being covered by this research type (Watson, 2015). Aim of this research is to reach the right data of the relationship between the study variables that are collected from the statistical data.

Sampling & Sample

For this research, non-probability sampling will be used. Since Near East Technology has 270 employees, all of the employees as participants will be asked to participate in the survey. Population that is selected for this research are full-time employees at Near East Technology which is the biggest IT company in North Cyprus.

Near East Technology is in IT industry since 2017 and having the biggest share with giving all IT services in North Cyprus. Company has various departments such as software development, network & security, hardware sale and support, digital marketing and IT operations. Near East Technology With its robust corporate structure and high level of service understanding, it offers technological services and creates high-quality products and systems that enable businesses to use their full potential and make a difference in their respective industries by providing appropriate solutions that meet their needs.

With the support of our innovative perspective, experienced staff in the field of technology, and partnerships with international technology firms, we are able to maintain our commitment to quality and corporate values while producing the products and systems that will give our clients the fastest possible delivery time and the greatest possible return on their investment. Near East Technology focuses on enriching the client experience and service quality and reducing costs with automation and optimization technologies in its solutions and services. Every department has its own management structure and different working style. Therefore, for every unit has its own team leader or manager. Every manager or leader use ethical rules to manage in right way.

The primary goal of choosing employees as the research sample was to create a strategic map and expand on the literature on ethical leadership by examining behaviors that result from ethical leaders and determining the micro-level impact of ethical leaders in Near East technology.

IT company managements have the ability to establish the role of ethics to enforce the organizational values and behavioral expectations from employees. Also, this brings a chance to employees to fulfil their duties and behave related to ethical and professional standards to inform customers with the related practical work that is combined with the IT projects. Related to a scientific study, employees who are managed by ethical leaders are more motivated to do their job in high quality manner (Kalshoven, 2011)

For the scope of this research, all employees were selected to get accurate results from different departments to get better understanding. Total population strategy was selected in order to analyze total population point of view, needs and interests. Furthermore, gathering data and generating statistics from a whole group results in a more widespread understanding of that particular population (such as IT workers). A complete population sampling approach consists of three basic steps: selecting the primary population of interest, compiling a list of the population, and distributing the questionnaire to all employees.

The Human Resources Department provided the entire number of Near East Technology personnel who are currently on full time employment for this plan of action.
 Before starting to collect data, permission from the university ethics committee (NEU/SS/2023/1712) as received. Link for questionnaire was sent to the employees by email.

The email had a general introduction about the concept, aim of the research and both English and Turkish questionnaire versions, information about the study, shall abide by ethical principles and regulations, such as discretion, anonymity, informed consent, and voluntary involvement. Questionnaire was managed over a one-month period. Out of 270 employees, 150 employees responded by completing fully with no mistakes (55,6 % response rate).

Measurement

There were two sections in the survey questionnaire. The questions in Section A are related to the respondents' demographic profile, including age, gender, years of work experience in the IT sector, and years of work experience in their current company; the items in Section B measure the study variables, "Ethical Leadership" (10 items) and "Employee Performance" (6 items). In Section B of the survey, participants will be asked to rate each item on a 5-point Likert scale, with 1 representing strongly disagree and 5 representing strongly agree. The initial scales for the questionnaire came from open-access research publications that had already undergone testing. (Tufan, Namal, Arpat, Yesil, & Mert, 2023) ; (Hongdao, Bibi, Khan, Ardito, & Nurunnabi, 2019). Original language of the scales was English and was translated by the author into Turkish as well (official language of North Cyprus). For Ethical Leadership scale, "In this company, managers discuss business ethics or values with employees" is one of the questions that is being used in the questionnaire. For Employee Performance scale, *"I always meet my manager's expectations"* is one of the questions that is being used in the questionnaire.

Data Collection Tools/Materials

Ethical Leadership Scale

A ten-item scale designed to measure ethical leadership was used by (Tufan, Namal, Arpat, Yesil, & Mert, 2023). The primary goal was to evaluate how well employees understood the ethical and unethical behaviors of their managers and supervisors. A list of questions arranged in a flow was presented to survey respondents, who were asked to show how much they agreed or disagreed. Calculated average response of the employees estimate their overall feeling of an ethical leader.

Employee Performance Scale

Employee performance was measured with 6-item scale developed by (Hongdao, Bibi, Khan, Ardito, & Nurunnabi, 2019). The main reason was to assess how employees find their work performances. A list of questions prepared in a flow was presented to survey respondents, who were asked to show how much they agreed or disagreed. Calculated average response of the employees estimate their overall feeling of their work performance.

Research Questions and Hypotheses

Direct relationship between ethical leadership and employee performance, effect of ethical leadership on employee performance and job satisfaction in positive and negative way were the selected research hypotheses.

The following research questions are intended to be answered by the research:
1. What are the current ethical leadership practices in Near East Technology under study?
2. What is the relationship between ethical leadership and employee performance and the relationship between ethical leadership and job satisfaction in Near East Technology under study?

Based on the research questions listed above the following hypotheses have been intended to be explained:

Table 1 Hypotheses

Hypotheses	
Hypothesis 1	There is a positive relationship between ethical leadership and employee performance under study.
Hypothesis 2	There is a positive relationship between ethical leadership and job satisfaction under study.

Chapter IV

Findings and Discussion

The analysis' findings are presented in this chapter. The research used an analytical technique that was executed using SPSS. Correlation and Regression analyses were used to cross-check paths between dependent and independent variables to evaluate the relation between each other. Main steps that are followed stated below:

1. Descriptive Statistics
2. Hypotheses Testing

(Idek, 2014) standards was applied to the scale analysis in order to verify that the 5-point Likert Scale style responds for every question were valid and reliable and at an acceptable level. The interpretation of mean scores varied from 1 to 1.79 for "Strongly Disagree," 1.8 to 2.50 for "Disagree," 2.6 to 3.39 for "Neutral," 3.4 to 4.19 for "Agree," and 4.2 to 5 for "Strongly Agree."

Descriptive Statistics

Demographic Variables

The specific descriptive statistics for each of the chosen demographic factors are shown in Table 2. As a result, the respondents' demographic profile consisted of %37,5 females and %62,5 males.

Age of the respondents was 2,9 % aged between 18-24, %37,1 aged between 25-30, another %37,1 aged between 31-39, 20% aged between 40-49 and 2,9% aged between 50-59. In terms of education level, 5,7% has Associate Diploma, 57,1% has Bachelor's Degree, 31,4% has Master's Degree and 5,7% has PhD. In terms of position of the respondents in Near East Technology, 20% are Junior Developers, 40% are Senior Developers, 10% are Team Leaders, 20% are Business Analysts, 6% are Assistant Managers and %4 are Managers.

In terms of the total number of years work experience in Near East Technology, 11,4% had less than 1, 62,9% had 1 to 4 and 25,7% had 5 to 10 years of experience in Near East Technology. In terms of work experience in IT sector, 5,7% had less than 1, 28,6% had 1 to 4, 22,9% had 5 to 10, 22,9% had 11 to 15, 5,7% had 16 to 20 and 14,2% had more than 20 and above years of experience.

Table 2 Ethical Leadership Scale Items

Gender				
	Frequency	%	Vld. %	Cumul. %
Female	56	37,5	37,5	38,5
Male	94	62,5	62,5	100
Total	150	100	100	
Age				
18-24	4	2,9	2,9	2,9
25-30	56	37,1	37,1	40
31-39	56	37,1	37,1	77,1
40-49	30	20	20	97,1
50-59	4	2,9	2,9	100
60 or more	0	0	0	
Total	150	100	100	
Education Level				
High School	0	0	0	0
Associate Diploma	8	5,7	5,7	5,7
Bachelor's Diploma	86	57,1	57,1	62,8
Master's Degree	47	31,4	31,4	94,3
PhD	9	5,7	5,7	100
Total	150	100	100	
Position at Organization				
Junior Developer	30	20	20	20
Senior Developer	60	40	40	60
Team Leader	15	10	10	70
Business Analyst	30	20	20	90
Assistant Manager	9	6	6	96
Manager	6	4	4	100
Total	150	100	100	
Years of experience in NET				
Up to 1 year	17	11,4	11,4	11,4
1-4 years	94	62,9	62,9	74,3
5-10 years	39	25,7	25,7	100
11-15 years	0	0	0	
16-20 years	0	0	0	
More than 20 years	0	0	0	
Total	150	100	100	
Years of experience in IT sector				
Up to 1 year	9	5,7	5,7	5,7
1-4 years	43	28,6	28,6	34,3
5-10 years	34	22,9	22,9	57,2
11-15 years	34	22,9	22,9	80,1
16-20 years	9	5,7	5,7	85,8
More than 20 years	21	14,2	14,2	100
Total	150	100	100	

Ethical Leadership

The mean scores for the items on the ethical leadership scale are shown in Table 2. According to statistics, ethical leadership is present among employees across all questions; the mean value is higher than the 3,4 boundary (Idek, 2014). According to this, workers thought their supervisors were ethical role models. The respondents' average mean scores, as shown in the table, varied from 3.8 to 4.3. This indicates that every scale item was within the range of its corresponding standard deviation. The respondents attested to the fact that they viewed their managers as role models who upheld ethical standards and applied them in the workplace.

When we look at Ethical Leadership statistics, second question which is *"In this company, managers discipline employees who violate ethical standards"* has the lowest mean value. This explains that even though ethical values are important in Near East Technology, when it comes to punish who violates these, managers take step down and don't execute punishment in full manner. Therefore, most respondents choose neutral and disagree for this item.

Highest mean value came up with the result of third question in the same scale. Third question was "In this company, managers conduct their personal life in an ethical manner". This explains that managers know how to put their personal life away with their professional life in ethical way. This earns employee performance, trust and satisfaction in the company.

Table 3 Descriptive Statistics of Ethical Leadership

Items	N	Mean	Standard Deviation
In this company, managers listen to what employees have to say	150	3,71	1.092
In this company, managers discipline employees who violate ethical standards	150	3,14	1.182
In this company, managers conduct their personal life in an ethical manner	150	4.08	0.830
In this company, managers have the best interests of employees in mind	150	3.291	1.294
In this company, managers make fair and balanced decisions	150	3.351	1.212
In this company, managers can be trusted	150	3.92	1.033
In this company, managers discuss business ethics or values with employees	150	3.556	1.123
In this company, managers set an example of how to do things the right way in terms of ethics	150	3.556	1.123
In this company, managers define success not just by results but also the way that they are obtained	150	3.627	1.140
In this company, managers when making decisions, ask "what is the right thing to do?"	150	3.62	1.185
Valid N	150		

Descriptive Statistics: Ethical Leadership Items

The comprehensive descriptive statistical analysis of each item on the ethical leadership scale is shown in Table 3. The first question looked into whether the management pays attention to the concerns raised by employees. Based on the provided statistics, the majority of employees (63,9%, Table 4) stated that their manager provided them with an ethical means of expressing their opinions. In contrast, 16.7% disagreed with this case and 19,4% remained indifferent.

The second question investigated whether managers disciplined employees who violate ethical standards. Following the statistics, 33.3% agreed with this, however, 33,4% disagreed and the rest 33% stayed neutral on this case. By looking at the answers chosen related to the experience levels of employees, 33.4% of them are less experienced and don't know exactly

how this process works in terms of ethical standards. They are more over into working on their tasks and don't get involved in other areas within the company. Therefore, for this item, the results aren't as effective as expected.

The third question investigated whether managers conduct their personal life in an ethical manner. Following the statistics, 80.5% of the employees agreed on and only 5,6% disagreed on this case. This result clearly shows that most of the employees can see this difference at the company no matter how experienced in their areas and how much they are get used to the working style in the company.

The fourth question investigated whether managers have the best interests of employees in mind. Following the statistics, 50% agreed on, whereas 33.3% disagreed and 16.7% stayed neutral. This clearly shows that employee can feel that their managers always support them and try their best to improve their work quality that gives them a way to move higher in their careers.

The fifth question investigated whether managers make fair and balanced decisions. Following the statistics, 50% agreed on, whereas 25% disagreed and the rest of 25% stayed neutral. This shows that managers cared about their employees while making decisions and shows the importance of their positions in the company.

The sixth question investigated whether managers can be trusted. Following the statistics, 66.6% agreed on, whereas 8.4% disagreed and 25% stayed neutral. This shows that managers are in the right when performing their duties.

The seventh question investigated whether managers discuss business ethics or values with employees. Following the statistics, 55.6% agreed on, whereas 25% disagreed and 19.4% stayed neutral. This shows that managers and employees are not at that level to be able to discuss ethics yet. This means employees have to earn more experience in their fields in order to get into more about business side of their jobs to become more professional and be able to discuss business related issues or improvements that need to be done or solved.

The eighth question examined whether managers provide a good ethical example for others to follow. According to the data, 61.1% of respondents agreed, 13.9% disagreed, and 25% were

neutral. This shows that managers show ethical leadership by encouraging employees as a role-model. This leads company to grow better by following ethical standards.

The ninth question investigated whether managers define success not just by results but also the way that they are obtained. Following the statistics, 55.6% agreed on, whereas 19.4% disagreed and 25% stayed neutral. This shows that managers in the company are a real professional and know what to do and how to do their duties by using their experiences in right way. This results in increasing employee performance in a way that employees learn how to become successful by following right tools or by following right paths to catch the expectations from their managers.

The tenth question investigated whether managers when making decisions, ask "what is the right thing to do?". Following the statistics, 58.4% agreed on, whereas 19.5% disagreed and 36% stayed neutral. This question refers to application of ethical codes fairness and showing how good management is in the performance functioning. Also, this shows that managers always give the opportunity to their employees to express their feelings or decisions on specific areas/topics that will lead team-play and incorporation between managers and employees in equal way. This way job satisfaction and loyalty increase that leads to success and higher work quality.

Table 4 Detailed Descriptive Statistics of Ethical Leadership Scale Items

	Frequency	%	Vld. %	Cumul. %
In this company, managers listen to what employees have to say				
Strongly Disagree	4	2,8	2,8	2,8
Disagree	21	13,9	13,9	16,7
Neutral	29	19,4	19,4	36,1
Agree	54	36,1	36,1	72,2
Strongly Agree	42	27,8	27,8	100
Total	150			
In this company, managers discipline employees who violate ethical standards				
Strongly Disagree	8	5,6	5,6	5,6
Disagree	42	27,8	27,8	33,4
Neutral	50	33,3	33,3	66,7
Agree	21	13,9	13,9	80,6
Strongly Agree	29	19,4	19,4	100
Total	150			
In this company, managers conduct their personal life in an ethical manner				
Strongly Disagree	0	0	0	0
Disagree	8	5,6	5,6	5,6
Neutral	21	13,9	13,9	19,5
Agree	71	47,2	47,2	66,7
Strongly Agree	50	33,3	33,3	100
Total	150			
In this company, managers have the best interests of employees in mind				
Strongly Disagree	13	8,3	8,3	8,3
Disagree	38	25	25	33,3
Neutral	25	16,7	16,7	50
Agree	42	27,8	27,8	77,8
Strongly Agree	33	22,2	22,2	100
Total	150			
In this company, managers make fair and balanced decisions				
Strongly Disagree	13	8,3	8,3	8,3
Disagree	25	16,7	16,7	25
Neutral	38	25	25	50
Agree	46	30,6	30,6	80,6
Strongly Agree	29	19,4	19,4	100
Total	150			
In this company, managers can be trusted				
Strongly Disagree	4	2,8	2,8	2,8
Disagree	8	5,6	5,6	8,4
Neutral	38	25	25	33,4
Agree	46	30,6	30,6	64
Strongly Agree	54	36	36	100
Total	150			
In this company, managers discuss business ethics or values with employees				
Strongly Disagree	0	0	0	0
Disagree	38	25	25	25
Neutral	29	19,4	19,4	44,4
Agree	46	30,6	30,6	75
Strongly Agree	38	25	25	100
Total	150			

In this company, managers set an example of how to do things the right way in terms of ethics			
Strongly Disagree	0	0	0	0
Disagree	21	13,9	13,9	13,9
Neutral	38	25	25	38,9
Agree	54	36,1	36,1	75
Strongly Agree	38	25	25	100
Total	150			
In this company, managers define success not just by results but also the way that they are obtained			
Strongly Disagree	4	2,7	2,7	2,7
Disagree	25	16,7	16,7	19,5
Neutral	38	25	25	44,5
Agree	46	30,6	30,6	75
Strongly Agree	38	25	25	100
Total	150			
In this company, managers when making decisions, ask "what is the right thing to do?"			
Strongly Disagree	8	5,6	5,6	5,6
Disagree	21	13,9	13,9	19,5
Neutral	33	22,1	22,1	41,6
Agree	46	30,6	30,6	72,3
Strongly Agree	42	27,8	27,8	100
Total	150			

Employee Performance

The mean ratings for the items on the employee performance scale are shown in Table 5. According to statistics, employee performance is present across all questions; the mean value is higher than the 3,4 border (Idek, 2014). According to this, employees must perform well in order to succeed at their jobs. The respondents' average mean scores are shown in the table below at 4.5. This indicates that every scale item was within the range of its corresponding standard deviation. The respondents attested to the fact that they worked hard to accomplish their goals and took their jobs seriously.

Employee Performance scale has higher mean values than Ethical Leadership scale as we can see. Most of the mean values are close. Fourth question has the highest mean value that is "I do my best to achieve my organizational goals". This basically shows that most respondents are very self-motivated and confident and know what they are doing and what they are capable of. On the other hand, second question that was "I always meet my manager's expectations" has the lowest mean value. This shows that even though company uses ethical values on management, there are some leaks in communication between managers and employees that creates work not be shown as expected. This may cause dropping the quality of work if there will be no action taken to improve this negativity.

Table 5 Descriptive Statistics of Employee Performance

Items	N	Mean	Standard Deviation
I work hard to fulfill my duties	150	4,567	0,497
I always meet my manager's expectations	150	4,38	0,631
I do my best to achieve my organizational goals	150	4,567	0,595
I always strive to fulfill my job performance	150	4,647	0,533
I perform well in team activities	150	4,327	0,773
I like challenging tasks	150	4,513	0,501
Valid N	150		

Descriptive Statistics: Employee Performance Items

The comprehensive descriptive statistical analysis of each item on the employee performance scale is shown in Table 6. The first item looked into whether employees put forth a lot of effort to complete their assigned tasks. Following the statistics, all of them agreed on working hard to reach this goal. This leads to increase in expectations from the company in other ways such as wages, rights, etc.

The second item investigated whether employees meet their manager's expectations. Following the statistics, majority of them think that they meet their manager's expectations. For this case, performance management system is important to be used to get instant feedbacks whether to support this or not. If the company provides that structure to examine performances instantly then catching the employee performances would be easier and quicker to show or prove that employees are thinking right or wrong. Otherwise, this case stays alone and never gets proven right or wrong that leads positive or negative effect in loyalty and job satisfaction.

The third item investigated whether employees do their best to achieve their organizational goals. Following the statistics, majority of them think that they do their best to achieve their organizational goals. Again, like the second item, if the company has a right performance management system, then checking employee performances will help to see if the company gets right amount of productivity been taken or not. Achieving organizational goals is directly related to productivity of the employees.

The fourth item investigated whether employees strive to fulfill their job performance. Following the statistics, majority of them agreed on this. This can be seen by checking employee work all the time in order to make sure that they are doing the right thing or not. At Near East Technology, employee performance management system that is been implemented helps to check whether employee is working hard to fulfill their job performance. They keep

getting reports periodically to see how they are doing and whether if they meet the requirements that are asked. This is important for a company to check instantly for improving their work quality and been able to reach their goals as planned.

The fifth item investigated whether employees perform well in team activities. Following the statistics, majority of them agreed on however 18,9 % of them stayed neutral and this is the result of those being a new employee in the company. Most of the projects are team related projects. Therefore, all of the employees have to take part in team activities in order to work and be successful. At this point, it is easy for a company to decide if an employee is suitable to work in a team or not. If the company's goal is to develop projects in teams then this can help them to pick their employees following this case. Near East Technology is one of the companies around the world that takes team work very seriously. Therefore, there would less problems facing and less risk of having a project to fail because of an employee. When doing team work projects, since they are not related to one person then there are other ways to keep working and reaching the goals.

The sixth item investigated whether employees like challenging tasks. Following the statistics, majority of them like challenging tasks and this shows that employees are keen to achieve success and improve themselves accordingly. This gives company an advantage of becoming successful in its field of business. Near East Technology has this type of employees that will lead more successful projects to be done and get more projects to develop more. It is also important that while giving challenges to employees, company should give prizes to its employees to encourage them work harder. For this case Near East Technology management try to give prizes to its employees after each project that has been completed as expected by checking the timing, content and quality.

Table 6 Detailed Descriptive Statistics of Employee Performance Scale Items

	Frequency	%	Vld. %	Cumul. %
I work hard to fulfill my duties				
Strongly Disagree	0	0	0	0
Disagree	0	0	0	0
Neutral	0	0	0	0
Agree	65	43,2	43,2	43,2
Strongly Agree	85	56,8	56,8	100
Total	150			
I always meet my manager's expectations				
Strongly Disagree	0	0	0	0
Disagree	0	0	0	0
Neutral	12	8,1	8,1	8,1
Agree	69	45,9	45,9	54
Strongly Agree	69	46	46	100
Total	150			
I do my best to achieve my organizational goals				
Strongly Disagree	0	0	0	0
Disagree	0	0	0	0
Neutral	8	5,4	5,4	5,4
Agree	49	32,4	32,4	37,8
Strongly Agree	93	62,2	62,2	100
Total	150			
I always strive to fulfill my job performance				
Strongly Disagree	0	0	0	0
Disagree	0	0	0	0
Neutral	4	2,7	2,7	2,7
Agree	45	29,7	29,7	32,4
Strongly Agree	101	67,6	67,6	100
Total	150			
I perform well in team activities				
Strongly Disagree	0	0	0	0
Disagree	0	0	0	0
Neutral	28	18,9	18,9	18,9
Agree	45	29,7	29,7	48,6
Strongly Agree	77	51,4	51,4	100
Total	150			
I like challenging tasks				
Strongly Disagree	0	0	0	0
Disagree	0	0	0	0
Neutral	0	0	0	0
Agree	73	48,6	48,6	48,6
Strongly Agree	77	51,4	51,4	100
Total	150			

Hypotheses Testing

There are two key hypotheses in this research, which are based on the theoretical framework section.

Ethical Leadership and Employee Performance

H1: There is a positive relationship between ethical leadership and employee performance under study.

H2: There is a positive relationship between ethical leadership and job satisfaction under study.

Hypothesis 1 predicted the direct effect of ethical leadership and employee performance in positive manner. Depending on how ethic the leader is, performance of an employee increases by earning job satisfaction on the parallel. Controlling an employee and directing them to follow right paths is important to get expected output of the work done. Employees need to feel that power from their leaders / managers to perform better in each work.

Hypothesis 2 expected positive relationship between ethical leadership and job satisfaction. The findings support very important positive effect on job satisfaction in a way that employees became very satisfied with their work. Employees gets motivated by getting positive effect from their leaders whom shows ethical standards in their work relationships. This way, job satisfaction and also loyalty increases positively.

On the other hand, with positive effects that are mentioned about ethical leadership there are some barriers or challenges affect negatively employee performance and job satisfaction. The findings support that being ethical also needs to break barriers between managers and employees to have better communication. Also, ethical leaders should decide to challenge their employees in good manner in their work to be able to keep positive work environment. By mentioning this, leaders / managers have tough times discussing issues with the management about their employees' future related to finance that affects positively or negatively their incomes. This challenge affects managers to be able to put up with their employees' needs and also make sure that business is running smoothly and duties are getting done with less timing and quality issues. In both ways, leaders / managers have to stay ethical and follow ethics to make sure work is going smooth and employees are happy and motivated. Main challenge is not to show negative sides to the employees that may result in losing motivation and satisfaction.

Correlation Analysis

Table 7 Correlation between Ethical Leadership and Employee Performance

		Ethical Leadership	Employee Performance
Ethical Leadership	Pearson Correlation	1	.913
	N	150	150
Employee Performance	Pearson Correlation	.913	1
	N	150	150

A correlation analysis has been done to determine the relation between Ethical Leadership and Employee Performance as represented in Table 7. A correlation was handled between dependent and independent variable where employee performance is dependent variable and ethical leadership is independent variable. For this case, Pearson's correlation method was used to show the relation between ethical leadership and employee performance as dependent and independent variables. In Table 7, value of r is 0,913 (r=0,913) and this value is positive showing that there is a moderate positive correlation between ethical leadership and employee performance.

Table 8 Correlation between Ethical Leadership and Job Satisfaction

		Ethical Leadership	Job Satisfaction
Ethical Leadership	Pearson Correlation	1	.887
	N	150	150
Job Satisfaction	Pearson Correlation	.887	1
	N	150	150

A correlation analysis has been done to determine the relation between Ethical Leadership and Job Satisfaction as represented in Table 8. A correlation was handled between dependent and independent variable where job satisfaction is dependent variable and ethical leadership is independent variable. For this case, Pearson's correlation method was used to show the relation between ethical leadership and job satisfaction as dependent and independent variables. In Table 8, value of r is 0,887 (r=0,887) and this value is positive showing that there is a moderate positive correlation between ethical leadership and job satisfaction.

Regression Analysis

Regression analysis is used to test suggested hypothesis mentioned in the theoretical framework. The hypothesis determines that ethical leadership has positive influence on employee performance and job satisfaction. In the previous analysis, correlational analysis, correlation of three variables was tested and concluded that they are all positively associated to each other.

Table 9 Regression Analysis on Ethical Leadership and Employee Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.914	.835	.780	5.074

Predictors: managers listen to what employees have to say, managers discipline employees who violate ethical standards, managers conduct their personal life in an ethical manner, managers have

the best interests of employees in mind, managers make fair and balanced decisions, managers can be trusted, managers discuss business ethics or values with employees, managers set an example of how to do things the right way in terms of ethics, managers define success not just by results but also the way that they are obtained, ask employees what is the right way to do.

In table 9, dependent variable is employee performance as it is influenced by multiple predictors which are things that affect ethical standards, ethical behavior at workplace, can be trusted, ask employees what is the right way to do and so on as mentioned. In regression analysis for this hypothesis, the value of R-square is 0,835, this confirms that 83,5 percent variation in the dependent variable (Employee Performance) is explained by independent variable (Ethical Leadership) this means the presence of ethical leadership in a company increase the employee performance.

Table 9 Anova Table (Analysis of Variance)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	55.255	5	5.255	458,15	.030
	Residual	70.258	20	3.512		
	Total	125.513	25			

a. Dependent variable: Employee Performance
b. Predictors: managers listen to what employees have to say, managers discipline employees who violate ethical standards, managers conduct their personal life in an ethical manner, managers have the best interests of employees in mind, managers make fair and balanced decisions, managers can be trusted, managers discuss business ethics or values with employees, managers set an example of how to do things the right way in terms of ethics, managers define success not just by results but also the way that they are obtained, ask employees what is the right way to do.

In Table 10, total varicance has N-1 degree of freedom denoted by df is 5 and the error degree of freedom is degree of freedom total (df total) minus degree of freedom (df) mathematically which is equal to 20. The p value denoted by significance as 0,30. This shows that p is less than 0,5, therefore this proves that ethical leadership and employee performance associate between each other.

Table 11 Summary of Coefficients

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95,0%
Intercept	-2,41	34,31428274	-0,70233145	0,455207447	-171,742442	123,5424423	-171,742442
1	1,76	5,0743200	1,884536818	0,300165238	-22,5831831	57,78318311	-22,5831831

In table 11, beta coefficient value is 1,76 showing slope of regression line on employee performance (independent) and ethical leadership (dependent) that proves the positive significant relation between ethical leadership and employee performance.

Regression analysis was done by computing one variable at a time. For instance, sample was tested by computing employee performance as dependent variable and managers can be trusted as a predictor resulting two predictors that are most and least influence on employee performance.

Table 10 Regression Analysis on Ethical Leadership and Job Satisfaction

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.604	.565	.453	10.601

Predictors: managers listen to what employees have to say, managers discipline employees who violate ethical standards, managers conduct their personal life in an ethical manner, managers have the best interests of employees in mind, managers make fair and balanced decisions, managers can be trusted, managers discuss business ethics or values with employees, managers set an example of how to do things the right way in terms of ethics, managers define success not just by results but also the way that they are obtained, ask employees what is the right way to do

In table 11, dependent variable is job satisfaction as it is influenced by multiple predictors which are things that affect ethical standards, ask employees what is the right way to do and so on as mentioned. In regression analysis for this hypothesis, the value of R-square is 0,604, this confirms that 60,4 percent variation in the dependent variable (Job Satisfaction) is explained by independent variable (Ethical Leadership) this means the presence of ethical leadership in a company increase the job satisfaction.

Table 11 Anova Table (Analysis of Variance)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.360	6	2.336	272,41	.028
	Residual	40.646	18	4.064		
	Total	64.006	24			

a. Dependent variable: Job Satisfaction
b. Predictors: managers listen to what employees have to say, managers have the best interests of employees in mind, managers make fair and balanced decisions, managers discuss business ethics or values with employees, managers set an example of how to do things the right way in terms of ethics,

managers define success not just by results but also the way that they are obtained, ask employees what is the right way to do.

In Table 12, total varicance has N-1 degree of freedom denoted by df is 6 and the error degree of freedom is degree of freedom total (df total) minus degree of freedom (df) mathematically which is equal to 18. The p value denoted by significance as 0,28. This shows that p is less than 0,5, therefore this proves that ethical leadership and employee performance associate between each other.

Table 14 Summary of Coefficients

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95,0%
Intercept	-8,29	30,74524353	-2,696352036	0,114416811	-215,186106	49,38610602	-215,186106
1	3,44	10,60129541	4,110999172	0,028388212	-1,603717757	70,40371776	-1,603717757

In table 14, beta coefficient value is 3,44 showing slope of regression line on job satisfaction (independent) and ethical leadership (dependent) that proves the positive significant relation between ethical leadership and job satisfaction.

Regression analysis was done by computing one variable at a time. For instance, sample was tested by computing job satisfaction as dependent variable.

CHAPTER V
DISCUSSION

Ethical leadership plays a pivotal role in contemporary organizations, particularly within industries like IT where decisions wield considerable influence. Leaders must devise performance-driven frameworks to clarify roles and metrics, guiding employees toward success while delineating ethical boundaries. This approach fosters a culture where staff comprehends expectations and can align their actions with the organization's values, ultimately benefiting the company holistically.

Investing in ethical organizational environments has been demonstrated to enhance employee experiences, resulting in heightened performance and dedication. Studies affirm that ethical leadership correlates positively with employee conduct, yielding higher quality work and augmented profitability. Hence, management should prioritize and endorse ethical leadership endeavors to ensure organizational prosperity.

Ethical leadership transcends mere rule enforcement; it entails nurturing an ethical culture, addressing ethical dilemmas transparently, and exemplifying ethical behavior. Leaders must exhibit genuine concern for all stakeholders and actively endeavor to establish an environment conducive to ethical conduct.

Numerous recommendations can aid corporate leaders in adeptly navigating ethical challenges, such as appointing the CEO as the chief ethics officer, fostering a robust ethical culture, emphasizing the recruitment of individuals with strong ethical principles, implementing comprehensive ethics training initiatives, and instituting mechanisms to commend ethical behavior while disciplining unethical conduct.

In the realm of the IT industry, ethical leadership can significantly boost employee performance. By establishing clear performance metrics and ethical boundaries, leaders provide IT professionals with guidance and direction, enabling them to focus on their tasks effectively. Furthermore, fostering an ethical culture within IT organizations promotes trust and collaboration among team members, enhancing overall productivity and innovation. Employees are more likely to be passionate and committed to their work when they feel appreciated and supported in making ethical choices, which improves performance and eventually helps the bottom line of the business.

Ethical leadership also helps mitigate risks associated with unethical behavior, such as breaches of data privacy or security, thereby safeguarding the organization's reputation and financial stability. All things considered, ethical leadership in the IT sector benefits the organization's long-term viability and success in addition to improving employee performance.

The results of the correlation analysis show that employee performance and ethical leadership have a somewhat favorable association (r=0.913). This suggests that employee performance rises in tandem with ethical leadership.

Regression analysis supports this association by showing that ethical leadership accounts for 83.5% of the variance in employee performance. Additionally, this analysis identifies the specific components of ethical leadership that have the most effects on employee performance. For example, ethical behavior on the part of managers in their personal lives accounts for 86.5% of the variation in employee performance; listening to employees and providing ethical role models are important additional elements.

The significance of ethical leadership in the IT sector is shown by these findings. By fostering an environment where ethical principles are prioritized and exemplified by leadership, organizations can enhance employee experiences, performance, and dedication. This not only gives positive aspects to individual employees but also helps to the overall success and sustainability of the organization.

In addition to the affect of ethical leadership in organization performance, it also affects innovation at work as well. Since, in most of the sectors, competition is continous and market is changing quickly, companies have to follow ethical rules to keep up with the competitors and adjust ethical behavior that helps to businesses to perform better (Madrid, 2014). Regarding to the outcome of this research, it can be seen that ethical leadership affects company's performance by developing new projects continously which gives company chance to become bigger and more competitor in the market and bring more profit.

Ethical leadership has been valued and demanded concern in the corporate world due to some problems arise related to business ethics and through their actions, behaviors, decisions and attitudes, they have contributed to the growth of ethical standards, which may have an effect

on the behavior and the performance of their team (Dey, 2022). Applying ethical standards at work shows how effective it is for employee performance and job satisfaction in which company grows parallel to it. This brings positivity to the work environment that help projects to be done in more convenient way. With this case, company is becoming more productive and innovative in its sector.

In general, being happy at work, commitment to the work and good communication with the co-workers are several of the job satisfaction measurements that affect the job satisfaction of an individual. Ethical leadership can positively influence job satisfaction by promoting trust, respect, and fairness, supplying opportunities for growth and development as well as an encouraging work environment (Purvanova & Muros, 2010).

In conclusion, ethical leadership is essential for organizational success, particularly in sectors such as IT where the impact of decisions can be profound. By prioritizing ethics, leaders can foster a culture that enhances employee performance and contributes to long-term success. Establishing ethical cultures, putting performance-based systems into place, and following guidelines for handling ethical issues can all contribute to a productive workplace where employees are inspired to achieve success. In the end, ethical leadership produces better results and long-term growth for the company as a whole, as well as for each employee.

Chapter VI

Conclusion and Recommendations

Ethical leaders bear the responsibility of cultivating performance-based systems to provide their employees with a clear understanding of their responsibilities and performance metrics. By delineating ethical and unethical behaviors within the workplace, these leaders guide their employees towards success, ultimately benefiting the company as a whole. This approach allows leaders to assess their employees' capabilities and deploy them effectively, especially crucial in sectors like IT where every action carries significant consequences.

Prioritizing ethics yields numerous advantages for both leaders and organizations. Investing in ethical organizational environments enhances employee experiences, subsequently boosting their performance. Empirical studies demonstrate the beneficial effects of ethical management on employee dedication and output, resulting in superior output and greater profit. Therefore, management must prioritize and support ethical leadership initiatives to ensure organizational success.

Ethical leadership entails more than just enforcing rules; it involves fostering a culture of ethics, addressing ethical issues openly, serving as ethical role models, and implementing mechanisms to promote responsible behavior. Leaders must demonstrate a genuine concern for all stakeholders, including employees, and actively work towards creating an environment conducive to ethical conduct.

Several recommendations can guide corporate leaders in navigating ethical challenges effectively:

- The CEO should assume the role of the organization's chief ethics officer, personally overseeing ethical risk assessment, providing guidance on ethical matters, and monitoring adherence to ethical codes.
- Cultivating a strong ethical culture within the workplace is essential. Aligning workplace values with ethical principles and systematically managing ethical behavior can help prevent unethical conduct.
- Prioritize recruiting individuals with strong ethical values alongside technical skills. Screening processes should include evaluations of candidates' ethical behavior through resumes, reference checks, and integrity tests.

- Implement comprehensive ethics training programs for all employees to help them understand the impact of ethics on organizational performance.

- Establish a system that rewards ethical conduct and disciplines unethical behavior. Performance evaluation processes should consider employees' ability to foster positive relationships and uphold a reputable image.

By adhering to these recommendations, organizations can foster a culture of ethics that enhances employee performance and contributes to long-term success.

Limitations and Delimitations

Apart from theories that contribute to our discussion on this research, there are some limitations that need to be considered. First, sample size doesn't show entire population of Near East Technology, however there may be some missing or people that left the company before this study is done. This may affect generalizing findings to a limited value.

Second, the survey data may be subject to self-report bias, as participants may not provide accurate or truthful responses. Even though, there is no question that asks to get personal information such as name and surname or contact number, there may still a doubt on providing accurate and honest answers. Unfortunately, this case never changes as much as the company provide ethical values in every part in the work environment.

Third, having limited time to have the survey and get the results may affect less participants to attend. This may lead lesser quality and depth of data collected and analyzed. Having this limitation being known, data is carefully analyzed and results observed in that manner.

For delimitations, there are some that need to be considered in this research. First, this study is focused only on Near East Technology only for IT sector. Therefore, other sectors are not included and only one company has been examined throughout the research.

Second, The study limits its scope to these specific fields by concentrating on the constructs of job satisfaction, employee performance, and ethical leadership. Research consists only of in-depth data regarding those mentioned topics.

Third, a qualitative methodology including focus groups, in-depth interviews, and participant observation is used in this study. However, because it necessitates gathering data through prolonged human interaction, this strategy is frequently time-consuming.

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APPENDICES

Appendix A

Research Questionnaire

Impact of Ethical Leadership on Employee Performance: Case Study of an IT Company

Researchers:

Raif USAL (MBA Candidate)

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Dear Participant,

This study seeks information about the impact of Ethical Leadership on employee performance in an IT company. We are inviting your participation in this study, which will involve a survey. The survey is confidential and is for scientific purposes only. Your participation is voluntary and you may stop taking part at any time. The survey should take about 10 minutes to complete. There are no right or wrong answers. Candid responses based on your personal thoughts are greatly appreciated. If you have any questions concerning the research study, please feel free to contact us using the information stated above.

Section A: DEMOGRAPHICAL INFORMATION

1.Gender:

Male   Female

2.Age:

18-24   25-30   31-39   40-49   50-59   60 or more

3.Educational Level:

High school   Associate Diploma   Bachelor's Diploma   Master's Degree   PhD

4.Position at the organization: …………………………………………………... (please state)

5.Years of Experience in present organization:

Up to 1 year   1-4 years   5-10 years   11-15 years   16-20 years   More than 20 years

6.Years of Experience in sector:

Up to 1 year   1-4 years   5-10 years   11-15 years   16-20 years   More than 20 years

Please give the scale 1-5 on the following titles based on your experience on your workplace.

1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = Agree, 5 = strongly agree

Ethical Leadership (Your foreman/supervisor)	1	2	3	4	5
In this company, managers listen to what employees have to					
In this company, managers discipline employees who violate ethical standards					
In this company, managers have the best interests of employees in mind					
In this company, managers make fair and balanced decisions					
In this company, managers can be trusted					
In this company, managers discuss business ethics or values with employees					
In this company, managers set an example of how to do things the right way in terms of ethics					
In this company, managers define success not just by results but also the way that they are obtained					
In this company, managers when making decisions, ask "what is the right thing to do?"					

Employee performance scale	1	2	3	4	5
I work hard to fulfill my duties					
I always meet my manager's expectations					
I do my best to achieve my organizational goals					
I always strive to fulfill my job performance					
I perform well in team activities					
I like challenging tasks					

TURKISH VERSION OF THE SURVEY QUESTIONNAIRE

Araştırma Anketi

Araştırmacılar:

Raif USAL   Prof. Dr. Şerife EYÜPOĞLU

(MBA Candidate)   (Danışman)

Department of Business   Department of Business

Administration   Administration

Near East University   Near East University

Lefkosa, North Cyprus   Lefkosa, North Cyprus

Email: email:

20214856@std.neu.edu.tr   serife.eyupoglu@neu.edu.tr

Sevgili katılımcı,

Aşağıdaki anket, bir BT şirketinde etik liderliğin çalışan performansı üzerindeki etkisini anlamayı amaçlamaktadır. Anket içerikli bu çalışmaya katılımınızı bekliyoruz. Anket gizlidir ve yalnızca bilimsel amaçlıdır. Katılımınız isteğe bağlıdır ve istediğiniz zaman katılmaktan vazgeçebilirsiniz. Anketin tamamlanması yaklaşık olarak 10 dakika sürecektir. Doğru ya da yanlış cevap yoktur. Kişisel düşüncelerinize dayanan samimi yanıtlar takdirle kabul edilecektir. Araştırma çalışmasıyla ilgili herhangi bir sorunuz varsa, lütfen yukarıda belirtilen bilgileri kullanarak bizimle iletişime geçmekten çekinmeyin.

BÖLÜM A: DEMOGRAFİK BİLGİLER

1.Cinsiyet:

Erkek   Kadın

2.Yaş:

18-24   25-30   31-39   40-49   50-59   60 ve üstü

3.Öğrenim seviyeniz:

High school   Associate Diploma   Bachelor's Diploma   Master's Degree   PhD

4.Şirketteki pozisyonunuz: …………………………………………….. (lütfen belirtiniz)

5.Şirketteki toplam iş tecrübeniz:

1 - altı   1-4 yıl 5-10 yıl   11-15 yıl   16-20 yıl   20 – üzeri

6.IT sektöründe toplam iş deneyiminiz:

1 - altı   1-4 yıl 5-10 yıl   11-15 yıl   16-20 yıl   20 – üzeri

BÖLÜM B: "Uygun gördüğünüz şekilde işaretleyiniz (x)"

Lütfen iş yerinizdeki deneyiminize göre aşağıdaki başlıklara 1-5 arasındaki ölçeği veriniz.

1 = kesinlikle katılmıyorum, 2 = katılmıyorum, 3 = tarafsız, 4 = katılıyorum, 5 = kesinlikle katılıyorum

Etik Liderlik (sorumlunuz / müdürünüz)	1	2	3	4	5
Bu kurumda yöneticiler, iş görenlerin önerilerini dikkate alırlar					
Bu kurumda yöneticiler, etik standartları ihlal eden iş görenlere yaptırım uygularlar					
Bu kurumda yöneticiler, özel hayatını etik tarzda yürütürler					
Bu kurumda yöneticiler, adil ve dengeli kararlar verirler					
Bu kurumda yöneticiler, güvenilir kişilerdir					
Bu kurumda yöneticiler, çalışanlarla iş etiği veya değerlerini tartışırlar					
Bu kurumda yöneticiler, işlerin etik bakımdan doğru biçimde nasıl yapılacağına ilişkin örnekler ortaya koyarlar					
Bu kurumda yöneticiler, başarıyı sadece sonuçlarla değil, aynı zamanda başarıya giden yolla da değerlendirirler					
Bu kurumda yöneticiler, karar verirken "yapılacak doğru şey nedir?" diye sorarlar					

Personel performans ölçeği	1	2	3	4	5
Görevlerimi yerine getirmek için çok çalışıyorum					
Yöneticimin beklentilerini her zaman karşılarım					
Organizasyonel hedeflerime ulaşmak için elimden geleni yaparım					
Her zaman iş performansımı yerine getirmeye çalışırım					
Takım faaliyetlerinde iyi performans gösteririm					
Zorlu görevleri severim					

Appendix B

Scientific Research Ethics Committee Approval Report

NEAR EAST UNIVERSITY

SCIENTIFIC RESEARCH ETHICS COMMITTEE

03.01.2024

Dear Raif Usal

Your application titled **"Impact of Ethical Leadership on Employee Performance: The case of an IT Company"** with the application number NEU/SS/2023/1712 has been evaluated by the Scientific Research Ethics Committee and granted approval. You can start your research on the condition that you will abide by the information provided in your application form.

Prof. Dr. Aşkın KİRAZ

The Coordinator of the Scientific Research Ethics Committee

Appendix C

Turnitin Similarity Report

IMPACT OF ETHICAL LEADERSHIP ON EMPLOYEE
PERFORMANCE: THE CASE OF AN IT COMPANY

ORIGINALITY REPORT

11%	8%	9%	7%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	pdfs.semanticscholar.org Internet Source	2%
2	napier-repository.worktribe.com Internet Source	1%
3	link.springer.com Internet Source	1%
4	Submitted to Higher Education Commission Pakistan Student Paper	1%
5	Submitted to University of Witwatersrand Student Paper	1%
6	Submitted to International University - VNUHCM Student Paper	1%
7	Shahriar Shakib. "The Impact of Leadership Styles on Employee Performance and Job Satisfaction in Private Banks: A Study on Transformational and Transactional	<1%