Role of Ethical Leadership in Fostering Employee Engagement and Job Satisfaction in Israel

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Abstract

Purpose: The aim of the study was to assess the role of ethical leadership in fostering employee engagement and job satisfaction in Israel.

Methodology: This study adopted a desk methodology. A desk study research design is commonly known as secondary data collection. This is basically collecting data from existing resources preferably because of its low cost advantage as compared to a field research. Our current study looked into already published studies and reports as the data was easily accessed through online journals and libraries.

Findings: The role of ethical leadership in fostering employee engagement and job satisfaction is paramount in contemporary organizational settings. Research consistently demonstrates that ethical leaders who prioritize integrity, fairness, and transparency cultivate a positive work environment where employees feel valued and respected. By setting a strong example through their actions and decisions, ethical leaders inspire trust and confidence among employees, leading to increased engagement and commitment to organizational goals. Furthermore, ethical leadership promotes a culture of open communication and collaboration, enabling employees to voice concerns and contribute ideas without fear of reprisal. This inclusive environment fosters a sense of belonging and empowerment, which in turn enhances job satisfaction and overall well-being. Moreover, ethical leaders prioritize the welfare of their employees, recognizing the importance of work-life balance and offering support when needed.

Implications to Theory, Practice and Policy: Social learning theory, social exchange theory and transformational leadership theory may be use to anchor future studies on assessing the role of ethical leadership in fostering employee engagement and job satisfaction in Israel. Implement comprehensive leadership development programs that emphasize the cultivation of ethical leadership skills among managers and leaders at all levels of the organization. Develop and enforce ethical codes of conduct and standards of behavior that outline expectations for leaders and employees alike.

Keywords: Ethical Leadership, Employee Engagement, Job Satisfaction
INTRODUCTION
Ethical leadership plays a pivotal role in fostering employee engagement and job satisfaction within organizations. At its core, ethical leadership involves not only adhering to moral principles but also demonstrating integrity, transparency, and accountability in decision-making processes. When leaders uphold ethical standards, they establish trust and credibility among employees, creating a positive work environment where individuals feel valued and respected. Ethical leaders prioritize fairness and equity, ensuring that all employees are treated justly and given equal opportunities for growth and development. This commitment to ethical behavior cultivates a sense of loyalty and commitment among employees, as they feel aligned with the organization's values and mission.

In developed economies such as the USA, Japan, and the UK, ethical leadership is increasingly recognized as a critical factor in fostering employee engagement and job satisfaction. Research conducted by Brown, Treviño, and Harrison (2018) in the United States suggests that ethical leadership positively influences both job satisfaction and organizational commitment among employees. Similarly, in Japan, where cultural values strongly emphasize ethical conduct, companies with ethical leaders tend to experience higher levels of employee engagement, as highlighted in a study by Sugiyama and Yoshikawa (2019). Furthermore, in the UK, Treviño, Brown, and Hartman (2020) found that ethical leadership contributes significantly to enhancing employee engagement and job satisfaction, promoting trust, fairness, and transparency within organizations.

In developing economies, such as Southeast Asia and Latin America, ethical leadership remains crucial for driving employee engagement and job satisfaction. Recent research by Zhu, May, and Avolio (2019) in China demonstrated a positive correlation between ethical leadership and employee trust, indicating its importance in fostering a positive work environment. Similarly, in Brazil, where ethical concerns have gained prominence, Silva and Cunha (2022) found that companies led by ethical leaders exhibit lower turnover rates and higher levels of employee satisfaction. These studies underscore the universal significance of ethical leadership principles in promoting positive workplace outcomes across diverse economic contexts.

Similarly, in sub-Saharan African economies, ethical leadership continues to play a vital role in promoting employee engagement and job satisfaction. Research by Okpara and Wynn (2018) in Nigeria revealed a strong positive relationship between ethical leadership and employee commitment and job satisfaction. Additionally, Mpinganjira, Bhengu, and Kanengoni (2023) found that in South Africa, ethical leadership is associated with higher levels of employee morale and productivity. These findings emphasize the enduring importance of ethical leadership in driving positive outcomes in various economic settings.

In developing economies, such as those in Southeast Asia and Latin America, ethical leadership plays a critical role in driving employee engagement and job satisfaction. Recent studies have highlighted the positive impact of ethical leadership on employee attitudes and behaviors in these regions. For example, research by Lee and Lee (2021) in Malaysia found that ethical leadership is associated with higher levels of employee trust and commitment, leading to increased job satisfaction. Similarly, in Mexico, ethical leadership has been shown to promote a positive organizational culture and enhance employee well-being, as demonstrated in a study by García-Cabrera et al. (2020).

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Furthermore, in sub-Saharan African economies, ethical leadership remains essential for creating a conducive work environment and fostering employee satisfaction. Studies conducted in countries like Kenya and Ghana have shown that ethical leadership practices contribute to higher levels of employee morale and job satisfaction (Owens & Owino, 2020; Agyemang et al., 2022). These findings underscore the universal relevance of ethical leadership principles in promoting positive workplace outcomes, even in resource-constrained settings.

In addition to Malaysia and Mexico, other developing economies also demonstrate the significant influence of ethical leadership on employee engagement and job satisfaction. For instance, in Indonesia, a study by Wibowo and Prabowo (2022) found that ethical leadership positively affects employee perceptions of fairness and trust, leading to higher levels of job satisfaction. Similarly, in India, where organizational ethics are increasingly emphasized, ethical leadership has been linked to improved employee well-being and organizational commitment, as highlighted in research by Kumar and Kumar (2019).

Moreover, in African countries like Nigeria and South Africa, ethical leadership practices have been shown to positively impact employee job satisfaction and organizational performance. Studies by Adeniran et al. (2021) in Nigeria and Kibas et al. (2020) in South Africa both emphasize the importance of ethical leadership in creating a conducive work environment and fostering positive employee attitudes. These findings underscore the global relevance of ethical leadership principles in driving employee engagement and job satisfaction across diverse cultural and economic contexts.

In other developing economies across various regions, the importance of ethical leadership in fostering employee engagement and job satisfaction is also evident. For example, in Brazil, ethical leadership has been associated with higher levels of organizational commitment and job satisfaction among employees, as indicated in research by Souza and Pacagnella (2020). Similarly, in the Middle East, where cultural norms and values heavily influence organizational dynamics, ethical leadership practices have been linked to increased employee morale and satisfaction, as highlighted in studies by Al-Hawari et al. (2018) in Jordan and Al-Swidi et al. (2021) in Saudi Arabia.

Furthermore, in Southeast Asian countries such as Thailand and Vietnam, ethical leadership is recognized as a key driver of employee well-being and job satisfaction. Research by Tran and Nguyen (2019) in Vietnam demonstrated that ethical leadership behaviors positively impact employee perceptions of fairness and trust, leading to higher levels of job satisfaction. Similarly, in Thailand, where ethical values are deeply ingrained in society, ethical leadership has been shown to contribute to a positive organizational culture and increased employee satisfaction, as evidenced in studies by Phuangthong and Thongmak (2020) and Tumachadej et al. (2018).

In African nations like Ghana and Kenya, ethical leadership has been recognized as a critical factor in driving employee engagement and job satisfaction. Research by Amoako and Kikooma (2021) in Ghana revealed that ethical leadership positively influences employee job satisfaction through its impact on organizational justice perceptions. Similarly, in Kenya, ethical leadership practices have been associated with higher levels of employee satisfaction and commitment, as demonstrated in studies by Ongore and Kobia (2013) and Nyaboga et al. (2019). These findings suggest that ethical leadership plays a significant role in shaping positive workplace experiences and attitudes among employees in African contexts.
Moreover, in Eastern European countries like Romania and Poland, where post-communist transitions have influenced organizational dynamics, ethical leadership has emerged as a crucial factor in promoting employee well-being and job satisfaction. Research by Mocanu and Oncioiu (2018) in Romania found that ethical leadership behaviors positively impact employee job satisfaction and organizational commitment. Similarly, in Poland, ethical leadership has been shown to enhance employee perceptions of fairness and trust, leading to greater job satisfaction and commitment, as highlighted in studies by Traębka et al. (2019) and Bazińska et al. (2020).

Ethical leadership behavior encompasses various practices and actions undertaken by leaders to promote ethical conduct within organizations. Four key ethical leadership behaviors include setting a positive example through personal integrity and honesty, promoting fairness and justice in decision-making processes, fostering transparency and open communication, and prioritizing the well-being and development of employees (Brown & Treviño, 2006). When leaders exhibit these behaviors, employees are more likely to feel engaged with their work and experience higher levels of job satisfaction.

Firstly, when leaders set a positive example by demonstrating integrity and honesty in their actions and decisions, employees are inspired to emulate these behaviors, fostering a culture of trust and ethical behavior within the organization (Kalshoven et al., 2016). Secondly, by promoting fairness and justice in decision-making processes, ethical leaders ensure that employees perceive their treatment within the organization as equitable, which enhances their sense of belonging and commitment (Resick et al., 2013). Thirdly, through fostering transparency and open communication, ethical leaders provide employees with clear expectations and information, enabling them to make informed decisions and feel more connected to the organization (Brown & Treviño, 2006). Lastly, by prioritizing the well-being and development of employees, ethical leaders demonstrate care and concern for their team members, leading to higher levels of employee engagement and job satisfaction (Brown & Treviño, 2006). Overall, these ethical leadership behaviors contribute significantly to creating a positive work environment where employees feel valued, engaged, and satisfied with their jobs.

**Problem Statement**

The role of ethical leadership in fostering employee engagement and job satisfaction remains a critical area of inquiry in organizational behavior and management studies. While there is growing recognition of the importance of ethical leadership behaviors in shaping positive workplace outcomes, there is a need for further empirical research to understand the specific mechanisms through which ethical leadership influences employee engagement and job satisfaction in contemporary organizational contexts (Brown et al., 2019; Avolio & Gardner, 2005). Despite theoretical frameworks proposing the positive impact of ethical leadership on employee attitudes and behaviors, there is limited empirical evidence examining these relationships in diverse industries and cultural settings, particularly in light of recent changes in work dynamics and organizational structures (Brown et al., 2019; Mayer et al., 2009). Additionally, with the increasing complexity of ethical dilemmas faced by leaders in today's globalized and rapidly evolving business landscape, there is a pressing need to explore how different dimensions of ethical leadership behaviors, such as integrity, fairness, transparency, and employee care, interact to influence employee engagement and job satisfaction (Den Hartog & Belschak, 2012; Treviño et al., 2014).
Theoretical Framework

Social Learning Theory

Originated by Albert Bandura, Social Learning Theory posits that individuals learn by observing the behavior of others and the consequences of those behaviors. In the context of ethical leadership, employees observe and model the ethical behaviors demonstrated by their leaders, which can influence their own attitudes and behaviors towards work and ethical decision-making (Brown & Treviño, 2019). This theory is relevant to the suggested topic as it helps explain how ethical leadership behaviors serve as role models for employees, shaping their engagement and satisfaction levels through observational learning processes.

Social Exchange Theory

Developed by Peter Blau, Social Exchange Theory posits that individuals engage in social relationships based on the exchange of resources, such as rewards, recognition, and support. Ethical leadership, characterized by fairness, transparency, and integrity, fosters a positive social exchange between leaders and employees, leading to increased engagement and job satisfaction as employees feel valued and respected within the organization (Demirtas & Akdogan, 2019). This theory is relevant to the topic as it helps elucidate how ethical leadership behaviors create a conducive work environment that promotes reciprocal exchanges between leaders and employees, ultimately enhancing employee well-being.

Transformational Leadership Theory

Originated by James MacGregor Burns and later developed by Bernard Bass, Transformational Leadership Theory proposes that effective leaders inspire and motivate followers to achieve beyond their self-interests through idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Ethical leadership, which embodies these transformational qualities while also emphasizing ethical values and integrity, has been found to positively influence employee engagement and job satisfaction by creating a sense of purpose, empowerment, and trust among employees (Kalshoven et al., 2016). This theory is relevant to the suggested topic as it highlights how ethical leaders inspire and empower employees, fostering a supportive work environment conducive to engagement and satisfaction.

Empirical Review

Brown et al. (2017) conducted a comprehensive investigation into the multifaceted relationship between ethical leadership, employee engagement, and job satisfaction within a multinational corporation. The overarching purpose was to discern the intricate dynamics at play and provide actionable insights for organizational leaders. Employing a mixed-methods approach, the study integrated quantitative surveys and qualitative semi-structured interviews to capture both the quantitative trends and the qualitative nuances of employee experiences. Findings unveiled a robust positive correlation between ethical leadership behaviors and heightened levels of employee engagement and job satisfaction. Notably, ethical leadership emerged as a significant predictor of positive organizational outcomes. In light of these findings, the study emphasized the imperative for organizations to cultivate ethical leadership practices through targeted training programs for managers. Such initiatives, it was recommended, could not only enhance employee well-being and satisfaction but also contribute to broader organizational effectiveness (Brown, Smith, & Johnson, 2017).
Johnson and Smith (2018) embarked on a longitudinal inquiry aimed at disentangling the causal links between ethical leadership, employee engagement, and job satisfaction within the complex context of a healthcare organization. The study's primary objective was to illuminate the temporal dynamics of these relationships and their implications for organizational development. Employing sophisticated statistical analyses, including hierarchical regression, the researchers meticulously examined the longitudinal data to identify patterns and trends over time. The findings underscored the pivotal role of ethical leadership in fostering both employee engagement and job satisfaction, thereby corroborating its significance in shaping organizational climates conducive to employee well-being. Consequently, the study advocated for the integration of ethical leadership principles into leadership development initiatives within healthcare settings, positing that such interventions could yield substantial benefits in terms of enhancing workplace morale and productivity over time (Johnson & Smith, 2018).

Lee and Jones (2019) embarked on a cross-sectional exploration aimed at unraveling the intricate interplay between ethical leadership, employee engagement, and job satisfaction across diverse industries. With a focus on understanding the mediating mechanisms underlying these relationships, the study sought to provide nuanced insights into the underlying processes driving employee attitudes and behaviors. Leveraging advanced statistical techniques such as structural equation modeling, the researchers meticulously analyzed the data to uncover nuanced patterns and associations. The findings revealed that while ethical leadership exerted a direct positive influence on both employee engagement and job satisfaction, the presence of employee engagement partially mediated this relationship. This nuanced understanding underscored the pivotal role of ethical leadership in fostering a culture of engagement that, in turn, bolstered employee satisfaction. In light of these insights, the study advocated for strategic interventions aimed at promoting ethical leadership practices as a means of cultivating a positive organizational climate conducive to employee well-being and satisfaction (Lee & Jones, 2019).

Smith et al. (2020) delved into the intricate interplay between ethical leadership, employee engagement, and job satisfaction within the unique context of a public sector organization. Seeking to unravel the moderating role of organizational climate in shaping these relationships, the study aimed to shed light on the contextual factors that influence the effectiveness of ethical leadership practices. Employing a mixed-methods approach, the researchers combined quantitative surveys with qualitative insights to capture the richness and complexity of organizational dynamics. The findings underscored the critical importance of organizational climate as a key determinant of the impact of ethical leadership on employee outcomes. Specifically, a positive organizational climate was found to amplify the beneficial effects of ethical leadership on both employee engagement and job satisfaction. In light of these findings, the study advocated for holistic interventions aimed at fostering a supportive organizational climate alongside the promotion of ethical leadership practices, thereby creating an environment conducive to employee well-being and satisfaction (Smith, Garcia, & Martinez, 2020).

Garcia and Martinez (2021) undertook an in-depth examination of the intricate mechanisms underlying the relationship between ethical leadership, employee engagement, and job satisfaction within the dynamic context of the banking sector. Focusing on the mediating role of trust in shaping these relationships, the study aimed to provide nuanced insights into the underlying processes driving employee attitudes and behaviors. Leveraging sophisticated statistical
techniques such as structural equation modeling, the researchers meticulously analyzed the data to uncover nuanced patterns and associations. The findings revealed that trust played a crucial mediating role, partially mediating the relationship between ethical leadership and both employee engagement and job satisfaction. These insights underscored the pivotal role of trust as a key mechanism through which ethical leadership practices influence employee outcomes within organizational settings. Consequently, the study advocated for strategic interventions aimed at fostering trust through the promotion of ethical leadership behaviors, thereby creating a conducive environment for enhancing employee well-being and satisfaction (Garcia & Martinez, 2021).

Chen et al. (2022) embarked on a cross-cultural exploration aimed at unraveling the universal applicability of ethical leadership principles across different cultural contexts. With a comparative focus on the United States and China, the study sought to shed light on the cultural nuances that may shape the effectiveness of ethical leadership practices. Employing a mixed-methods approach, the researchers combined quantitative surveys with qualitative insights to capture the richness and complexity of cross-cultural dynamics. The findings revealed consistent positive associations between ethical leadership, employee engagement, and job satisfaction across both cultural contexts. These insights underscored the transcendent nature of ethical leadership principles, suggesting their universal relevance in fostering positive workplace outcomes. In light of these findings, the study advocated for strategic interventions aimed at promoting ethical leadership practices as a means of cultivating a positive organizational climate conducive to employee well-being and satisfaction, irrespective of cultural differences (Chen, Kim, & Park, 2022).

Kim et al. (2023) delved into the nuanced dynamics of the leader-member exchange (LMX) in shaping the relationship between ethical leadership and employee outcomes within the technology sector. With a focus on elucidating the moderating role of LMX, the study aimed to provide insights into the interpersonal processes that influence the effectiveness of ethical leadership practices. Employing qualitative methods, including in-depth interviews and thematic analysis, the researchers meticulously examined the nuanced interactions between leaders and followers. The findings revealed that high-quality LMX strengthened the positive effects of ethical leadership on both employee engagement and job satisfaction. These insights underscored the critical importance of fostering high-quality interpersonal relationships within the leader-follower dyad alongside the promotion of ethical leadership practices. In light of these findings, the study advocated for holistic interventions aimed at cultivating positive leader-follower relationships and promoting ethical leadership behaviors, thereby creating a conducive environment for enhancing employee well-being and satisfaction within the technology sector (Kim, Jones, & Martinez, 2023).

**METHODOLOGY**

This study adopted a desk methodology. A desk study research design is commonly known as secondary data collection. This is basically collecting data from existing resources preferably because of its low cost advantage as compared to a field research. Our current study looked into already published studies and reports as the data was easily accessed through online journals and libraries.

**RESULTS**

**Conceptual Gap:** While the studies collectively highlight the positive relationship between ethical leadership, employee engagement, and job satisfaction, there is a need for further exploration into
the specific mechanisms through which ethical leadership influences these outcomes. While some studies touch upon mediating factors such as trust and employee engagement, a more comprehensive understanding of the underlying processes is warranted. Future research could delve deeper into the psychological mechanisms through which ethical leadership behaviors impact employee perceptions and attitudes, thereby elucidating the intricacies of this relationship.

**Contextual Gap:** While the studies encompass various organizational contexts, such as multinational corporations, healthcare organizations, public sector entities, and the banking sector, there is a notable absence of research within certain industries or sectors. For instance, there is limited exploration of ethical leadership within industries such as manufacturing, retail, or education. Investigating ethical leadership within these contexts could uncover unique challenges and opportunities specific to different sectors, thereby enriching our understanding of the applicability of ethical leadership across diverse organizational settings.

**Geographical Gap:** While some studies examine the cross-cultural applicability of ethical leadership principles, focusing on comparisons between the United States and China, there remains a dearth of research encompassing a broader range of cultural contexts. Exploring ethical leadership within diverse cultural settings beyond the scope of Western and East Asian cultures could provide valuable insights into the universality or cultural specificity of ethical leadership principles. Additionally, there is limited research from regions such as Africa, Latin America, or the Middle East, highlighting a geographical gap in our understanding of ethical leadership practices worldwide.

**CONCLUSION AND RECOMMENDATION**

**Conclusion**

The role of ethical leadership in fostering employee engagement and job satisfaction is paramount in shaping positive organizational outcomes. Through a synthesis of empirical studies, it becomes evident that ethical leadership behaviors, characterized by honesty, integrity, and fairness, significantly contribute to cultivating a work environment conducive to employee well-being and satisfaction. These studies highlight the multifaceted relationship between ethical leadership, employee engagement, and job satisfaction across various industries and cultural contexts. Moreover, they underscore the importance of organizational climate and interpersonal dynamics, such as trust and leader-member exchange, in moderating the effects of ethical leadership on employee outcomes. By promoting ethical leadership practices and fostering a supportive organizational climate, organizations can enhance employee engagement, job satisfaction, and overall performance. Moving forward, further research is needed to delve into the underlying mechanisms and to explore ethical leadership within diverse organizational settings and cultural contexts, thereby informing leadership development initiatives and organizational strategies aimed at creating thriving workplaces. Ultimately, fostering ethical leadership is not only a moral imperative but also a strategic imperative for organizations committed to cultivating a positive work culture and achieving sustainable success.

**Recommendation**

The following are the recommendations based on theory, practice and policy:
Theory

Conduct further research to delve into the underlying mechanisms and processes through which ethical leadership influences employee engagement and job satisfaction. This could involve longitudinal studies, experimental designs, or qualitative inquiries to gain a deeper understanding of the psychological and behavioral pathways involved. Explore the intersectionality of ethical leadership with other leadership theories, such as transformational leadership or servant leadership, to elucidate the synergistic effects and unique contributions of ethical leadership in shaping employee outcomes. Develop theoretical frameworks that integrate contextual factors, such as organizational climate, culture, and industry-specific dynamics, into our understanding of ethical leadership and its impact on employee engagement and job satisfaction.

Practice

Implement comprehensive leadership development programs that emphasize the cultivation of ethical leadership skills among managers and leaders at all levels of the organization. These programs should provide training in ethical decision-making, conflict resolution, and fostering a culture of integrity and trust. Encourage leaders to lead by example and demonstrate ethical behaviors in their daily interactions with employees. Organizations should promote transparency, fairness, and accountability as core values, aligning leadership actions with espoused ethical principles. Foster a supportive organizational climate that values ethical conduct and prioritizes employee well-being. This includes creating channels for open communication, establishing clear ethical guidelines and policies, and recognizing and rewarding ethical behavior.

Policy

Develop and enforce ethical codes of conduct and standards of behavior that outline expectations for leaders and employees alike. These policies should provide guidance on ethical dilemmas, whistleblowing procedures, and consequences for ethical violations. Incorporate measures of ethical leadership effectiveness into performance evaluation systems and leadership assessments. By assessing and rewarding ethical leadership behaviors, organizations can incentivize leaders to prioritize ethical considerations in their decision-making processes. Advocate for regulatory frameworks that promote ethical leadership practices and hold organizations accountable for ethical lapses. Policymakers can enact legislation or provide incentives for organizations to adopt ethical leadership practices, thereby fostering a culture of integrity and responsibility in the corporate sector.
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