

**Volume 1, Issue 1**

**Research Article**

**Date of Submission:** 15 May, 2025

**Date of Acceptance:** 09 June, 2025

**Date of Publication:** 20 June, 2025

## The Impact of Leaders' Morality on Employee Performance

**Abdulrahman Saeed Almuawi\***

Independent Researcher, India

**\*Corresponding Author:**

Abdulrahman Saeed Almuawi, Independent Researcher, India.

**Citation:** Almuawi, A. S. (2025). The Impact of Leaders' Morality on Employee Performance. *Int Rev Bus Trade Econ*, 1(1), 01-05.

**Keywords:** leadership morality, ethical leadership, employee performance, praise, recognition, moral support in management

### Introduction

In today's fast-paced and competitive work environment, leadership extends beyond strategic decision-making and operational efficiency. An important factor in determining workplace culture, staff motivation, and overall success is a leader's moral integrity. Employee trust, engagement, and a sense of belonging are all enhanced by ethical leaders' honesty, equity, and moral support. Leaders that exhibit honesty, empathy, and gratitude regularly foster a productive workplace where staff members feel appreciated and encouraged to give their best efforts. Moral reinforcement, which includes expressing gratitude, acknowledging efforts, and offering constructive criticism, is one of the most effective strategies in ethical leadership. According to studies, workers who consistently receive encouraging feedback from their managers report feeling more committed, satisfied, and productive. On the other hand, disengagement, high turnover rates, and poorer performance are frequently observed in workplaces with leaders who are uncaring or unethical. By looking at important leadership theories, ethical frameworks, and real-world examples, this article investigates how morality affects worker performance. It will explore how moral support, compliments, and praise boost employee motivation, improve relationships between teams and leaders, and support long-term organizational performance. This paper will demonstrate why ethical leadership is not only a moral requirement but also a competitive advantage in the modern workplace by reviewing accepted practices and academic findings.

### Definition of Leaders' Morality

Morality in leaders refers to the moral standards, beliefs, and actions that direct a leader's choices and interactions with staff members. It includes traits like accountability, honesty, justice, integrity, and empathy that affect both employee performance and the workplace. Prioritizing ethical issues, a morally upright leader makes sure that their decisions reflect the values of the organisation and the welfare of their workforce. Brown and Treviño (2006) define moral leadership as a leadership style where leaders act morally and inspire followers to follow moral principles [1]. Stronger organizational commitment, increased job satisfaction, and trust are all benefits of this style of leadership.

### Theoretical Framework

Morality in leadership has a significant impact on employee engagement, workplace culture, and overall performance. Frameworks for comprehending how moral leadership affects workers' attitudes, behaviours, and productivity are offered by a variety of leadership and ethical theories. Key theories that provide a detailed explanation of this relationship are listed below:

#### Ethical Leadership Theory

Ethical leadership is guided by a commitment to ethical principles, respect for moral values, and recognition of the dignity and rights of individuals. It connects with ideas like trust, integrity, empathy, influence, and justice. According to Brown, Treviño, and Harrison's (2005) Ethical Leadership Theory, morality plays a crucial role in leadership and its effects on workers. Ethical leaders set high moral standards by continuously exhibiting honesty, fairness, and integrity; they also set ethical rules for the organization and set an example by following them; they make sure that their decision-making processes are open and based on moral reasoning, which promotes a culture of accountability and trust [2].

Ethical leadership has a major effect on worker performance. Because they feel appreciated and treated fairly, employees who work for moral leaders typically have higher job satisfaction. Employees are less stressed at work when there are clear ethical standards (e.g., fairness) because they know their efforts will be valued and rewarded based on merit rather than leaders' favouritism. Furthermore, moral leadership encourages commitment and loyalty, which inspires workers to approach their work with enthusiasm and determination.

Organisations that enforce strict anti-corruption rules and encourage corporate social responsibility are practical examples of ethical leadership. For example, a CEO (Chief Executive Officer) who proactively opposes bribery and guarantees equitable compensation fosters a work atmosphere where staff members feel safe and inspired to take part in the organisation's success.

### **Transformational Leadership Theory**

According to Bass and Avolio's (1994) Transformational Leadership Theory, leaders who inspire and motivate their workforce through a compelling vision, charisma, and moral guidance go beyond task management; they foster a culture of continuous improvement by pushing employees to reach greater heights and push their boundaries. Transformational leaders prioritize long-term development by providing mentorship, intellectual stimulation, and personalized attention [3].

Developing a feeling of dedication and purpose is one of the main ways transformational leadership improves worker performance. When workers see their leader making an investment in their professional and personal development and share a common goal, they become more engaged. Because they feel liberated to think for themselves and take initiative, employees under this leadership style are also more likely to be creative and innovative. Additionally, by praising accomplishments and coordinating workers' efforts with the organization's values, transformational leaders enhance organizational commitment.

Elon Musk, whose visionary leadership at SpaceX and Tesla has motivated staff to strive for ground breaking technological achievements, is a well-known example of transformational leadership. Musk is a perfect example of how transformational leadership can improve performance and promote organizational success because he consistently pushes his staff and rewards creativity.

### **Servant Leadership Theory**

Robert Greenleaf introduced the Servant Leadership Theory in 1977, which emphasizes service to employees and reinterprets the conventional leader-follower dynamic. Employee happiness, personal growth, and well-being are given top priority by servant leaders as opposed to authoritarian ones. The foundation of this leadership style is a strong dedication to creating a positive work atmosphere, empathy, and humility.

Servant leadership has a significant effect on worker performance. Employee motivation and job satisfaction rise when they perceive that their superiors' value and support them. Higher levels of trust and teamwork are the results of an environment at work that promotes open dialogue and emotional support. Because workers are more likely to stick with a company where they feel like they are being treated with true care, servant leadership also lowers turnover rates.

Starbucks' former CEO, Howard Schultz, is a prime example of servant leadership. Schultz made employee welfare a top priority by implementing programs for tuition reimbursement and healthcare for part-time employees. He established a solid corporate culture by putting the needs of his staff first, which inspired them to give their best work [1].

### **Leader-Member Exchange (Lmx) Theory**

Graen and Uhl-Bien (1995) established the Leader-Member Exchange (LMX) Theory, which emphasizes the special bonds that leaders form with each employee. It implies that leaders build a variety of relationships within their teams, with some staff members joining an in-group through intimate, high-quality contacts and others staying in the out-group through more formal, transactional interactions. Equality and fairness in these relationships are ensured by leaders who uphold ethical standards, and this has a direct effect on worker performance [4].

Higher levels of motivation and job engagement are the outcome of strong leader-member interactions. Workers are more likely to be dedicated and productive when they feel that their superiors' value and trust them. On the other hand, discontent, disengagement, and even disputes at work may result from leaders who favour some team members over others. All employees at LMX, regardless of status, are given equal opportunity for advancement and recognition thanks to ethical leadership.

Organizations with mentorship programs where executives actively participate in staff members' professional development provide a real-world illustration of LMX theory in action. Instead of concentrating primarily on high achievers, a manager who regularly meets one-on-one with every team member creates a welcoming and equal workplace that improves productivity.

## **Moral Foundations Theory**

Haidt and Joseph's (2004) Moral Foundations Theory examines the core moral principles that influence employee reactions and leadership conduct. According to this view, leaders' decision-making and interactions with their teams are influenced by fundamental moral principles including justice, compassion, authority, and loyalty. Leaders who live up to high moral standards foster moral workplace cultures that boost employee engagement, trust, and job satisfaction [5]. Moral principles have a significant impact on worker performance. A positive work environment results from employees being more inclined to act ethically themselves when they believe their leader is morally upright. By encouraging a culture of integrity and responsibility, moral leadership lowers the incidence of conflicts, unethical behaviour, and discontent in the workplace. Additionally, when workers feel that their employment is in line with moral and socially conscious objectives, they are more engaged.

Corporate social responsibility (CSR) programs are one example of how the Moral Foundations Theory is applied in the real world. Organisations that prioritize moral leadership, support sustainable operations and just labour laws. Workers in these kinds of organizations frequently have a strong feeling of purpose, which boosts dedication and productivity.

Each of these theories highlights the critical role of leadership morality in shaping workplace culture and employee performance. By fostering ethical leadership practices, organizations can build trust, motivation, and long-term success while ensuring a positive and productive work environment.

## **Methods for Analysing Leadership Morality and Its Impact in The Workplace**

Analysing the impact of leadership morality on employee performance requires a combination of qualitative and quantitative research methods. These methodologies help analysts understand how ethical leadership behaviours influence workplace dynamics, employee motivation, and overall organizational success. The following are key methodologies used in examining leadership morality and its effects.

### **Surveys and Questionnaires**

One of the most popular quantitative techniques for evaluating leadership morality and its effect on workers is the use of surveys and questionnaires. To find out how employees feel about their leaders' moral leadership, fairness, and ethical behaviour, analysts create structured questionnaires. To measure leadership ethics and employee answers, these surveys frequently incorporate validated scales like the Leader-Member Exchange (LMX) scale or the Ethical Leadership Questionnaire (ELQ).

Utilizing surveys has the benefit of enabling extensive data collecting across numerous businesses, producing statistically meaningful outcomes. However, self-reported data can occasionally be biased, and the honesty of survey participants determines how reliable the results are.

For instance, research on ethical leadership and job performance would provide workers with a questionnaire asking them to score their leader's honesty and fairness on a scale of 1 to 5. Following that, the replies can be examined to find any relationships between moral leadership and worker satisfaction and output.

### **Interviews and Focus Groups**

Focus groups and interviews offer comprehensive qualitative insights on the morality of leadership. Analysts can investigate workers' individual experiences with moral or immoral leadership and how it affects their dedication, motivation, and performance by using open-ended questions. These techniques enable a more thorough comprehension of how fair treatment, moral support, and praise affect behaviours at work.

While focus groups bring together several people to discuss their experiences collectively, interviews are usually performed one-on-one. These techniques are especially helpful in revealing the psychological and emotional impacts of leadership ethics that are not readily apparent from quantitative data.

For example, an organisation looking into leadership ethics may interview workers who have been led by different people to compare the effects of different leadership philosophies on their output and level of job satisfaction. Organizations can use the information acquired to improve their leadership development initiatives.

### **Organizational Performance Metrics and Human Resources (Hr) Data Analysis**

Many organizations evaluate the effect of moral leadership using performance indicators and internal HR data. Leadership ethics-related trends can be found in metrics like absences, job satisfaction surveys, staff attrition rates, and performance reviews. When compared to organizations with inadequate moral leadership, those with ethical leadership frequently claim lower turnover and higher employee engagement.

For instance, analysts can examine how employee productivity and retention vary before and after a firm implements a leadership development program that emphasizes ethical decision-making. The impact of moral leadership is demonstrated objectively and quantifiably by this approach.

The impact of leadership morality on employee performance is a complex and multifaceted topic that requires a combination of methodologies for comprehensive analysis. While surveys and HR data provide measurable results, interviews and case studies offer deeper insights into employees' experiences. By integrating quantitative and qualitative approaches, analysts can develop a well-rounded understanding of how moral leadership fosters a motivated, engaged, and high-performing workforce.

### **Examples**

The impact of leaders' morality on employee performance has been demonstrated through various real-world examples across different industries. Organizations that embrace ethical leadership often experience higher employee satisfaction, increased productivity, and stronger organizational commitment. Below are some examples that highlight the significance of moral leadership in shaping workplace culture and employee performance.

#### **Howard Schultz and Starbucks: Ethical Leadership in Action**

A well-known figure for his dedication to moral leadership is former Starbucks CEO Howard Schultz. He was a strong proponent of creating an inclusive, equitable, and respectful workplace culture that made sure staff members whom Starbucks calls "partners" felt appreciated and encouraged. Schultz implemented programs for equity ownership, healthcare benefits for part-time workers, and educational assistance.

The Starbucks College Achievement Plan, which provided tuition aid to employees to seek higher education, was one of his most noteworthy initiatives. By putting workers' health first, Schultz developed a motivated and engaged staff that improved customer satisfaction and boosted company success. According to a study by Brown & Treviño (2006), work happiness and employee engagement are positively correlated with ethical leadership. On the contrary, a lack of moral leadership can result in significant staff turnover, harm to one's reputation, and legal issues [6].

#### **Nelson Mandela's Transformational Leadership in Politics**

Political leaders also demonstrate the effectiveness of moral leadership, despite the fact that corporate examples predominate in leadership studies. Former South African President Nelson Mandela was a prime example of moral and transformative leadership. After being imprisoned for 27 years, Mandela chose reconciliation over revenge, promoting unity, fairness, and equal opportunities for all South Africans.

Mandela's ethics and moral leadership served as an inspiration to leaders around the world in addition to his own country. His capacity to promote cooperation and forgiveness is an effective example of how moral leadership creates trust and inspires others to pursue higher objectives. According to research on transformational leadership, leaders who uphold moral standards motivate followers to put the greater good ahead of their own interests [7].

These examples presented above illustrate the profound impact of leadership morality on employee performance. Whether in corporate settings, politics, or social enterprises, ethical leadership fosters trust, engagement, and long-term organizational success. Conversely, the absence of moral leadership can lead to employee dissatisfaction, high turnover, and reputational damage. By learning from these real-world examples, organizations can cultivate leadership practices that prioritize ethical decision-making, ultimately benefiting both employees and the broader organization.

### **Analysis and Discussion**

The morale of leaders has a direct impact on workplace culture, employee motivation, and performance. Trust, fairness, and openness are fostered by ethical leadership, which creates a work atmosphere where staff members feel appreciated and included. In addition to making moral choices, leaders who show gratitude, admiration, and moral support increase worker loyalty, productivity, and satisfaction.

Appreciation and recognition are strong motivators. Employee commitment and motivation rise when they receive sincere praise. High performance is encouraged by positive reinforcement, such as public recognition and compliments. Similarly, moral support from leaders lowers stress levels at work, improves team dynamics, and creates psychological safety, which empowers workers to take charge without fear.

Leadership morality is also closely related to employee loyalty. Workers are more committed to their organization and less likely to look for work elsewhere when they feel valued. Many leave because they don't feel appreciated, not because of their monetary compensation. By giving workers a sense of purpose and belonging, small actions like expressing gratitude, praising their achievements in meetings, or providing performance-based rewards can increase loyalty. Employee loyalty and engagement are reflected in increased output, improved problem-solving abilities, and a readiness to go above and beyond the call of duty.

Leaders should incorporate regular expressions of gratitude and organized recognition programs into everyday encounters in order to maintain employee engagement and loyalty. Organizations can foster a pleasant, high-performance culture where employees feel appreciated, dedicated, and inspired to contribute to long-term success by placing a strong priority on moral support and appreciation.

## Conclusion and Implications for Practice

Leaders' morals have a significant influence on worker performance, influencing motivation, workplace culture, and long-term organizational success. Fairness, trust, and integrity are the foundations of ethical leadership, which creates a productive workplace where staff members feel appreciated, respected, and inspired to give their best work. In addition to decision-making, actions of gratitude, commendation, and moral support enhance workers' sense of purpose and belonging, which raises commitment, engagement, and productivity.

A key takeaway is that moral leadership and recognition are the main factors that contribute to the success of both individuals and organizations. In addition to being more productive, employees who feel valued are also more devoted and less likely to look for other alternatives. Leaders who continuously recognize efforts and offer support foster an environment where workers are inspired to perform well and make significant contributions.

Organizations must include moral leadership practices into their everyday management plans in order to put these ideas into action. This involves putting in place organized recognition plans, fostering open communication, and making sure team leaders actively assist their subordinates. Simple acts that can have a long-lasting effect on employee satisfaction and overall business success include praising accomplishments, encouraging others, and fostering a mutually respectful atmosphere.

In the end, leadership ethics are not simply about doing the right thing; they are a strategic requirement for creating a dedicated, engaged, and high-performing staff. Organizations that place a high priority on moral leadership will see improved employee retention, deeper bonds with co-workers, and an excellence-driven culture that promotes long-term success [8].

## References

1. Brown, M. E., & Treviño, L. K. (2006). Ethical leadership: A review and future directions. *The Leadership Quarterly*, 17(6), 595-616.
2. Brown, M. E., Treviño, L. K., & Harrison, D. A. (2005). Ethical leadership: A social learning perspective for construct development and testing. *Organizational Behaviour and Human Decision Processes*, 97(2), 117-134.
3. Bass, B. M., & Avolio, B. J. (1994). Improving organizational effectiveness through transformational leadership. SAGE Publications.
4. Graen, G. B., & Uhl-Bien, M. (1995). Relationship-based approach to leadership: Development of leader-member exchange (LMX) theory over 25 years: Applying a multi-level multi-domain perspective. *The Leadership Quarterly*, 6(2), 219-247.
5. Haidt, J., & Joseph, C. (2004). Intuitive ethics: How innately prepared intuitions generate culturally variable virtues. *Daedalus*, 133(4), 55-66.
6. Treviño, L. K., den Nieuwenboer, N. A., & Kish-Gephart, J. J. (2014). Unethical behaviour in organizations. *Annual Review of Psychology*, 65, 635-660.
7. Bass, B. M., & Riggio, R. E. (2006). Transformational leadership (2nd ed.). Psychology Press.