

Impact of Ethical Leadership and Ethical Climate on Employee Engagement in Higher Education Institutions of Pakistan: A Case Study of District Sukkur and Khairpur Institutions

Zeenat Kanwal Shar,* Muhammad Siddique** & Mariya Baig***

Abstract

The competitiveness and success of an institution are fuelled by an engaged faculty. Compared to most other organisations, higher education institutions are more reliant on the intellectual, artistic, and emotional commitment of their academic staff. Literature from the past demonstrates that an organization's leadership and workplace culture have a discernible effect on its employees' engagement. Therefore, a study is required to determine how ethical leadership (EL) and ethical climate (EC) affect employee engagement (EE) in Pakistani higher education institutions. To better understand teaching faculty engagement in higher education institutions, this study is being conducted as a case study of institutions in the districts of Sukkur and Khairpur. Using descriptive statistics, reliability analysis, correlation analysis, and regression analysis, data from a closed-ended survey was analysed. The findings of this study indicate that ethical leadership (EL) and ethical climate (EC) have a favourable and significant impact on employee engagement (EE) in higher education institutions in the districts of Sukkur and Khairpur. Shah Abdul Latif University Khairpur and Sukkur Institution of Business Administration, two 'general category' higher education institutions, hosted the research. The findings indicate that ethical leadership and an ethical culture have a significant and positive impact on both institutions' teaching faculties.

Keywords: ethical climate, employee engagement, mark performance, personal engagement, higher education, Sindh.

* Dr. Zeenat Kanwal Shar, Assistant Professor, HANDS Institute of Development Studies, Karachi.

** Dr. Muhammad Siddique, Associate Professor & HoD-Business Administration, HANDS Institute of Development Studies, Karachi.

*** Dr. Mariya Baig, Assistant Registrar, ASRB Section, University of Karachi

Introduction

Establishing relationships and managing staff in a way that advances the objectives of the entire organisation requires the cooperation of departments. The human resources department is responsible for supplying organisations with strategies, rules, procedures, support, and training. The task that assists the human resources division in making sure that the organisation's mission, vision, and core principles are fully augmented, along with other elements that contribute to the organisation's success.¹ The company works hard to find qualified candidates and keep them on board while also encouraging engagement in their work. According to studies, motivated employees tend to allocate their energies rationally, physically, and emotionally in the stories of successful companies. Additionally, engaged employees continue to be a sign of success and deliver up to par work. Employee engagement has historically enjoyed such a strong reputation and significance that it has remained a very common managerial concept. In a 1990 article published in the *Academy of Management Journal*, employee engagement was primarily defined as the psychological states of personal engagement and disengagement at work. William A. Kahn looked at factors in the workplace that influence employee engagement and disengagement. According to him, employees put in physical, emotional, and cognitive effort to contribute to their roles in the organisation, and engaged employees maintain focus, cohesiveness, and psychological presence throughout their workday.² Following William A. Kahn's early definition, numerous researchers have thoroughly defined 'employee engagement' in various ways. Employee engagement is described by Hewitt Associates³ as 'say, stay, strive. They continued by defining 'say' as speaking up favourably about the organisation, 'stay' as wanting to be an active and productive member of the organisation, and 'strive' as consistently providing the organisation with tremendous performance. Employee engagement, according to Robinson et al.,⁴ is an upbeat employees' attitude towards the organisations in which they have full

¹ S.M. Heathfield. 'What is Human Resource Management', 29 August 2016. Retrieved from <https://www.thebalance.com/what-is-human-resource-management-1918143>

² W. Kahn, 'Psychological Conditions of Personal Engagement and Disengagement at Work', *Academy of Management Journal*, Vol. 33, 1990, 692-724.

³ Ray Baumruk, 'Hewitt Associates, Why Managers are Crucial to Increasing Engagement', *Strategic HR Review*, 2006.

⁴ D. Robinson, S. Perryman and S. Hayday, 'The Drivers of Employee Engagement, Institute for Employment Studies, Brighton', 2004, 9.

awareness of nature of the organisation and its business and employees work hard to improve organisational efficacy while performing their role. These brief summaries from the authors allow to draw the following conclusion: 'Employee engagement increases performance and positively affects business development and growth'. The Greek word 'ethos', which means 'a character or custom of something', is the root of the English word 'ethics'. 'The leadership of an organisation should have an ethical context as a role model within the organisation for achieving a positive and ethical working environment over the long term'.⁵ According to one definition of leadership, it is 'a process in which one person intentionally exerts influence over another to facilitate, structure, and direct interactions and activities within a group or organisation'. A type of leadership that combines ethics and leadership is known as ethical leadership. Additionally, ethical leadership entails 'allowing people to do the right things' and discouraging others from acting unethically. Freeman and Stewart Leaders who are regarded as ethical by their organisation 'have a higher level of transparency in their work than other employees', claim Brown, Trevino, and Harrison.⁶

Ethical Work Climate exemplifies ethical principles at the workplace level of moral growth and development within an organization. It is an employee's level of understanding of his working environment, including his company and co-workers.⁷

Kelley et al.⁸ stated how an unethical behaviour can 'undermine the reputation of higher education institutions'.

⁵ M.W. Grojean, C.J. Resick, M.W. Dickson & D.B. Smith, 'Leaders, Values, and Organizational Climate: Examining Leadership Strategies for Establishing an Organizational Climate Regarding Ethics', *Journal of Business Ethics*, 55:3 (2004), 223-41.

⁶ M.E. Brown, L.K. Trevino and D.A. Harrison, 'Ethical Leadership: a Social Learning Perspective for Construct Development and Testing', *Organizational Behavior and Human Decision Processes*, 97:2 (2005), 117-34.

⁷ D.K. Peterson, 'Deviant Workplace Behavior and the Organization's Ethical Climate', *Journal of Business and Psychology*, 17:1 (2002a), 47-61; D.K. Peterson, 'The Relationship between Unethical Behavior and the Dimensions of the Ethical Climate Questionnaire', *Journal of Business Ethics*, 41 (2002b), 313-26.

⁸ P. Kelley, B. Agle & J. DeMott, 'Mapping our Progress: Identifying, Categorizing and Comparing Universities' Ethics Infrastructures', *Journal of Academic Ethics*, 3:2 (2006), 205-29.

Problem Statement

Modern research suggests that highly engaged employees make a substantive contribution to their organization and may predict organizational success.⁹ Teaching faculty engagement at work is one of the key factors in institutional dynamics and is generally considered to be a primary dependent variable in terms of how the effectiveness of an organisation's human resources is evaluated. As mentioned above, an ethical work environment creates engagement in organisations; thus, we can conclude that the engagement of teaching faculty in higher education institutions has some impact on ethical leadership and ethical work climate. 'Previously, no recognised and significant study has been conducted in which the relationship between employee engagement and ethical leadership and the ethical climate in higher education institutions is tested. So, this created the need for the conduct of this kind of study in higher education institutions in Pakistan. 'Therefore, the problem statement for this study would be to 'see the impact of ethical leadership and ethical climate on employee engagement in higher education institutions in Sukkur and Khairpur districts.

Study Objectives

This study has following objectives which need to be achieved.

1. To understand employee engagement, ethical leadership, ethical climate in higher education institutions of Sukkur and Khairpur district.
2. To comprehend the impact of ethical leadership and ethical climate in higher education institutions in Sukkur and Khairpur districts.

Literature Review

Academic literature gives a variety of 'definitions of employee engagement. Kahn¹⁰ was the pioneer of 'personal engagement', and he theorised it first in his research'. He defined 'personal engagement' as 'the harnessing of organisation members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performance' (p. 694)'. Furthermore, he specified the concepts of personal engagement, where people attach themselves to their work, and disengagement, where people detach themselves from their work'. Kahn¹¹ noted that there are

⁹ A.M. Saks, Antecedents and Consequences of Employee Engagement', *Journal of Managerial Psychology*, 21:7 (2006), 600-19.

¹⁰ W. Kahn, *op.cit.*

¹¹ Ibid.

three psychological conditions associated with engagement and disengagement at work: safety, meaningfulness, and availability. ‘In organisations, people are more engaged in their work when they receive psychological safety, meaningfulness, and psychological availability, and in return, employees perform well in their role performances.’ Further, other researchers operationalize the engagement construct from their own standpoints. Following are some major conceptualizations of engagement by different researchers.

Table 1: Key Conceptualization of Engagement

S.No	Type of Engagement	Definition
1	Personal Engagement (Kahn, 1990)	‘A psychological state in which people simultaneously invest their personal self in three forms of energy, namely physical, cognitive, and emotional, in their role.
2	Work engagement (Schaufeli, et al., 2002)	‘A positive, satisfying, occupational psychological state consisting of vigour, dedication, and absorption’.
3	Psychological engagement (May et al., 2004)	‘Adapting one's own personality to job roles They operationalized Kahn's (1990) personal engagement concept’.
4	Job engagement (Saks, 2006)	‘It is the degree of an individual's psychological presence in a particular job role.
5	Trait, state, and behavioural engagement (Macey & Schneider, 2008)	Trait engagement is an orientation to understand the world from a specific vantage point. State engagement is defined as a collection of feelings of zeal, vitality, and activation. Voluntary efforts or a specific type of behaviour displayed within or outside of the defined role are examples of behavioural engagement.

Kahn's conceptualization of 'engagement' was only empirical research until early 2001, when Maslach et al.¹² focused on employee engagement by defining engagement as 'characterised by energy, involvement, and efficacy'. In a similar way, Harter et al.¹³ defined employee engagement as 'the individuals' involvement and satisfaction with as well as enthusiasm for work'.¹⁴ It is stated employee engagement as 'a positive attitude held by the employee towards the organisation and its value'. Meere¹⁵ provided three levels of engagement:

- i. **Engaged:** Employees at this level work with full passion. They consider themselves to be emotionally connected to organisations. Within organisations, they take the initiative and innovate.
- ii. **Not engaged:** Employees in this level works mechanically. They lack energy and passion for work.
- iii. **Disengaged:** Employees in this level are not happy with their work and their behaviour is reflection of their disengagement. They do not not take apart in any productive or innovative activity and always shows unhappiness.

'There are similarities between engagement and other organisational constructs such as Organisational Citizenship Behavior (OCB), job satisfaction, organisational commitment, and job involvement. Although OCB and organisational commitment are closely related, OCB is a separate construct due to a few key distinctions. Although engagement is distinct from other concepts like organisational commitment and organisational commitment behaviour (OCB), no one element can fully express engagement. Organizational commitment (OC) is characterised by an employee's loyalty, attachment to the company, and attitudes, according to Saks.¹⁶ Engagement, however, is measured by how engrossed employees are in their work within the organisation and is not thought of as an attitude. Maslach et al.¹⁷ assert that commitment focuses primarily on organization, while engagement primarily focuses on tasks.

¹² C. Maslach, W.B. Schaufeli and M.P. Leiter, *Job Burnout*, Annual Review of Psychology, 52, 2001, 397-422.

¹³ J.K. Harter, F.L. Schmidt and T.L. Hayes, 'Business-unit-level Relationship between Employee Satisfaction, Employee Engagement, and Business Outcomes: A Meta-analysis', *Journal of Applied Psychology*, Vol. 87 (2002), 268-79.

¹⁴ D. Robinson, S. Perryman and S. Hayday, *op.cit.* 269.

¹⁵ M. Meere, *The High Cost of Disengaged Employees (Employee Engagement Industry Briefing)* Hawthorne (Victoria: Swinburne University of Technology, 2005).

¹⁶ A.M. Saks, *op.cit.*

¹⁷ C. Maslach, *op.cit.*

Now let's discuss some ideas that are like employee engagement. Organizational citizenship behaviour and employee engagement are two different things because employee engagement focuses on the actual performance of roles rather than on extra-curricular activities or volunteer work. Employee engagement is all about formal role performance actions.¹⁸ Additionally, according to Igbaria and Buimaraes,¹⁹ affect is defined as 'the main affective reactions of an individual to various aspects of the job and to job experiences', whereas engagement is defined as 'voluntary emotional commitment that can be influenced by peer/supervisor / organisational support, mutual trust, and personal enthusiasm'.²⁰ Job satisfaction is defined as the degree to which an employee can meet their needs through their work, feels comfortable and at ease, and does not experience dissatisfaction. According to Maslach et al.,²¹ there are some similarities between job involvement and engagement in the literature. Lawler and Hall²² defined 'job involvement' as 'the degree to which the employee perceives the work situation as an important part of their life, due to the opportunity it affords to satisfy a person's needs'. As a result, 'job involvement' refers to how an employee feels about their ability to handle demands unique to their position. In that it relates to how employees engage in their respective roles or tasks; engagement differs from job involvement. In conclusion, it can be said that the concept of employee engagement is comparable to other organisational behaviour constructs while also being unique from them and containing cognitive, behavioural, and emotional components that are related to how well employees perform in their job roles. Employee engagement is still difficult to define. Employee

¹⁸ A.M. Saks, *op.cit.*

¹⁹ M. Igbaria and T. Buimaraes, 'Antecedents and Consequences of Job Satisfaction among Information Center Employees', *Journal of Management Information Systems*, 9:4 (1993), 148.

²⁰ C.A. Ologbo and S. Saudah, 'Engaging People who Drive Execution and Organizational Performance', *American Journal of Economics and Business Administration*, 3:3 (2011), 569-575; A.M. Saks, *op.cit.*; A.B. Bakker and E. Demerouti, 'The Job Demands-resources Model: State of the Art', *Journal of Managerial Psychology*, 22:3 (2007), 309-28; W.B. Schaufeli and M. Salanova, 'Work Engagement: An Emerging Psychological Concept and its Implications.

²¹ C. Maslach, *op.cit.*

²² E.E. Lawler and D.T. Hall, 'Relationship of Job Characteristics to Job Involvement, Satisfaction, and Intrinsic Motivation', *Journal of Applied Psychology*, Vol. 54 (1970), 305-12.

engagement was first defined in research by Kahn²³ and other authors in their theories and models. The following are a few influential theories and models:

1. Need Satisfying Approach by Kahn
2. Burnout-Antithesis Approach by Maslach et al.
3. Satisfaction-Engagement Approach by Harter et al.
4. Multidimensional Approach by Saks'

Definition of Ethics

The principles comprise of right & wrong which oversee the behaviour of employees are called ethics. 'Boshoff & Van Zyl²⁴ defined ethics as the study of behaviour within an organization that is parallel to organizational norms, principles along with standards of business procedures and practices as agreed upon with members of organization. Buckley et al.²⁵ noted that organizational ethics concerned a system of shared value which guides shape, channel and move employee's behaviour towards productivity. The organizational ethics are in depth related with both the moral actions and values of employees in an organization.²⁶ He further explained it that moral values are major consideration for human interaction, while moral actions are evident applications and expressions of these fundamental values'. When commonly accepted standards of society conflicts in organizational decision making with moral actions then ethics are called into question.²⁷

Meaning and definitions of Ethical Leadership

'Ethical leaders speak to us about our identity, what we are and what we can become, how we live and how we could live better'. Ethics is a philosophical term derived from Greek word 'ethos' means character or custom. Minkes, Small, & Chatterjee²⁸ stated that ethics 'is concerned

²³ W. Kahn, *op.cit.*

²⁴ E. Boshoff and E.S. Van Zyl, 'The Relationship between Locus of Control and Ethical Behaviour among Employees in the Financial Sector', *Koers*, Vol. 76 (2011), 20-31.

²⁵ M.R. Buckley, D.S. Beu, D.F. Dwight, J.L. Howard, H. Berkson, T.A. Mobbs & G.R. Ferris, 'Ethical Issues in Human Resource Management. Human Resource', *Management Review*, Vol. 11 (2001), 11-29.

²⁶ G.R. Jones, *Organisational Theory, Design and Change* (Upper Saddle River: Prentice Hall, 2007).

²⁷ Ibid.

²⁸ A.L. Minkes, M.W. Small & S.R. Chatterjee, 'Leadership and Business Ethics: Does it matter? Implications for Management', *Journal of Business Ethics*, 20:4 (Jul., 1999), 327-335.

with describing and prescribing moral requirements and behaviours, which suggests that there are acceptable and unacceptable ways of behaving that serve as a function of philosophical principles'. In the past half century, there were very few researches on leadership and particularly ethical leadership construct,²⁹ but in last decade interest in studying subject matter, outcomes antecedents and processes of ethical leadership has grown predominantly. So far various definitions of ethical leadership emerged when researchers took interest in exploring it. Kanungo³⁰ stated that ethical leaders engage in those behaviours and acts which ultimately benefit others and avoid harmful behaviour with others. Ethical leadership was first conceptualized by Brown et al.³¹ in their research.

Brown, Treviño, and Harrison³² suggested that 'the combination of integrity, ethical standards, and fair treatment of employees are the cornerstones of ethical leadership'. Treviño and Brown³³ noted that ethical leadership means to promote ethical conduct in organization by implementing and managing ethics and holding everyone accountable for this. Gini³⁴ described ethical leaders 'as leaders who use their social power in their decisions, their own actions, and their influence on others in such a way that they act in the best interest of followers and don't enact harm upon them by respecting the rights of all parties'. According to Brown, Harrison, and Trevino,³⁵ definition of ethical leadership can be broken down into different parts: (1) 'demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, (2) promotion of such conduct through two-way communication, (3) reinforcement of ethical behaviour, and (4) decision making'. Further, Brown, Trevino and Harrison³⁶ discuss three major

²⁹ J. Cuilla, *Ethics, the Heart of Leadership* (Westport, CT: Quorum Books, 1998).

³⁰ R.N. Kanungo, 'Ethical Values of Transactional and Transformational Leaders', *Canadian Journal of Administrative Sciences*, Vol. 18 (2001), 257-65.

³¹ M.E. Brown, L.K. Trevino and D.A. Harrison, 'Ethical Leadership: A Social Learning Perspective for Construct Development and Testing', *Organizational Behavior and Human Decision Processes*, 97:2 (2005), 117-34.

³² Ibid.

³³ L.K. Treviño & M.E. Brown, *op.cit.*

³⁴ A. Gini, 'Moral Leadership and Business Ethics', In J.B. Ciulla (Ed.), *Ethics, the Heart of Leadership* (Westport, CT: Quorum, 1998).

³⁵ M.E. Brown, L.K. Trevino and D.A. Harrison, *op.cit.*

³⁶ Ibid.

foundations of ethical leadership. First, an ethical leader should be ethical and can be presented as an example. Second, an ethical leader treats people with justice and equity. Third, an ethical leader maintains moral values. Thus, ethical leader is a role model who promotes ethical conducts in organizational decision making and social environment. 'Ethical leadership comprises of two major components – the 'Moral person' and the 'Moral Manager'. The reputation for an ethical leadership comprises on two distinguish pillars of moral manager and moral person.

Meaning and definition of Ethical Climate

The atmosphere in which individual reward, help, obliges, judge and being perceive each other is known as climate'. Moral and attitude of employees is influenced by their working environment.³⁷ 'Ethical climates are conceptualized as general and pervasive characteristics of organizations, affecting a broad range of decisions'.³⁸

The counterproductive behaviours and range of ethical behaviours are linked in ethical climate such as turnover, lax performance, absenteeism, and tardiness, which directed towards organizational performance. 'Furthermore, ethical climate involves major consequences for organizations which includes but not limited to managerial actions and its legitimisations, improved trust, greater organizational commitment, consistency of standards and quality of products and increased effectiveness due to a strong organizational culture'.³⁹ Ethical climate holds two dimensions; one is ethical criterion used for analysis and decision making in organization, the second represents the ethical decision-making.

Rossouw⁴⁰ stated 'Organisational values and beliefs influence employee decision making and behaviour significantly and are manifested as multiple climates existing within a single organisation'. Research theorized that ethical climate consists of two levels:

³⁷ R. Chahal, S. Dua, N. Singh & S. Mahey, 'The Study of Organisational Climate Factor for Employee Effectiveness: A Study of Jalandhar Leather Factories', *International Journal of Management & Information Technology*, 1:2 (2012), 21-30.

³⁸ C. Victor & J.B. Cullen, 'The Organizational Bases of Ethical Work Climates', *Administrative Science Quarterly*, 33:1 (1988), 101.

³⁹ D.S. Carlson & P.L. Perrewe, 'Institutionalisation of Organisational Ethics Through Transformational Leadership', *Journal of Business Ethics*, 14:10 (1995), 828-38.

⁴⁰ G.J. Rossouw, 'Business Ethics in South Africa', *Journal of Business Ethics*, Vol. 16, 1997, 1539, 47.

organizational level and individual level or psychological level. 'The organizational level involves the combined perception of the climate in which predefined group and exists while psychological level is related with individual's thinking and perception of enclosed climate. Each of these levels represents ethical climate.'⁴¹

Dimensions of Ethical. Climate'

Victor and Cullen (1988) identified five ethical climate dimensions'.

1. **Caring:** In this dimension employee of organisations shows sincerity with other employees and shows interest in wellbeing of others and not only within organisation but outside organisation too. 'The dimension breaks on practical basis, which means the practices and policies of the workgroup would stand-in concern for those affected by decisions of employees'. 'Practices and policies not only endorse this dimension, but many members of group would individually mould themselves in such manner.
2. **Rules:** In this dimension of ethical climate there are employees obeying severely to organisational rules and policies. The sincerity to rules and principals requires loyalty of its followers. These rules guide employees in making decisions.
3. **Law and Code:** 'In this dimension of ethical climate employees are required to follow to the regulations and codes of their profession.
4. **Independence:** In this dimension of ethical climate personal moral beliefs became guidance for workers. Workers behave according to their settled well-considered principals and their own personal moral beliefs. 'Individuals becomes so much loyal to their own personal moral beliefs and on that extent where other people within or outside the organisation have no influence on their decision making.
5. **Instrumental:** In this dimension of ethical. climate members of organizations are principally concerned with benefits of their own interest rather than benefits of others who have some sort of effect on their decision making.

Relationship between Ethical Leadership and Ethical Climate''

The impact that ethical leaders have on organisational ethical climates has been extensively studied.⁴² Ethical. Leaders must gain. credibility in

⁴¹ C. Victor & J.B. Cullen, *op.cit.*

⁴² A. Sinclair, 'Approaches to Organisational Culture and Ethics', *Journal of Business Ethics*, 12:1 (1993), 63-73; C. Brewster, L. Carey, P. Grobler, P. Holland & S. Wörnich, *Contemporary Issues in Human Resource Management: Gaining a Competitive Advantage* (ABC Press: Cape

which they set their organization ethically and gain the ability to organize a different human capacity to work with each-other. Their control over the environment can only be effective if it is energised by an ethical climate that encourages the loyalty and commitment of all personnel and helps them to achieve the aims of the organisation'. 'This could be done through the following activities: creating a vision; developing an overall corporate strategy; and instilling new values in employees. Within the work context, establishing and managing proper communications between managers and employees can be seen as an essential leadership activity'.⁴³

The behaviour of ethical. leaders can be considered as an important. determinant of organizational ethical. climate as they are concerned with initiating and developing moral values and ethical standards in their sub-ordinates along with financial success of organization.⁴⁴ An organization ethical. climate should. be representative of the leader's promise to. ethical values and principles and should be visible in day-to-day struggle within organization.⁴⁵ 'Ethical leaders who take strong personal stands on the need for ethical behaviour will contribute to an ethical climate'.⁴⁶

Town, 2000); M.W. Dickson, D.B. Smith, M.W. Grojean & M. Ehrhart, 'An Organisational Climate Regarding Ethics: The Outcome of Leader Values and Practices that Reflect them', *The Leadership Quarterly*, Vol. 12, 2001, 197-217; M.W. Grojean, C.J. Resick, M.W. Dickson & D.B. Smith, 'Leaders, Values, and Organizational Climate: Examining Leadership Strategies for Establishing an Organizational Climate Regarding Ethics', *Journal of Business Ethics*, 55:3 (2004), 223-41; J. Stouten, M. Van Dijke & D. De Cremer, 'Ethical Leadership: An Overview and Future Perspectives', *Journal of Personnel Psychology*, 11:1 (2012), 1-6.

⁴³ C. Brewster, L. Carey, P. Grobler, P. Holland & S. Wörnich, *op.cit.*

⁴⁴ R.K. Mautz & H.A. Sharaf, *The Philosophy of Auditing* (Sarasota, FL: American Auditing Association, 1961).

⁴⁵ A.S. Engelbrecht, A.S. Van Aswegen & C.C. Theron, 'The Effect of Ethical Values on Transformational Leadership and Ethical Climate in Organisations', *South African Journal of Business Management*, 36:2 (2005), 19-26; R.N. Kanungo & M. Medonca, *Dimensions of Ethical Leadership* (Thousand Oaks: Sage Publications: 1996).

⁴⁶ Ibid; M.C. Matthews, 'Codes of Ethics: Organisational Behaviour and Misbehaviour', in Frederick, W.C. & Preston, L.E. (Eds), *Research in Corporate Social Performance and Policy* (Greenwich: Jai Press Inc, 1987).

Hypotheses Develop

Past literature and research outcomes have identified the different links of relationship between ethical leadership and ethical climate and employee engagement variables. These links will be used as a basis to develop hypotheses for this study.

Ethical Leadership and Employee engagement

In spite the vast research on the positive impact of ethical leadership on different employee behaviours and attitudes, till today employee engagement is considered as an important indicator or work-related employee well-being⁴⁷, conducted research on ‘Ethical leadership and work engagement: The roles of psychological empowerment and power distance orientation’ and found that ethical leadership has the positive impact on employee engagement.

Ethical Climate and Employee engagement

The relationship of ethical climate with its organizational outcomes has been studied in number of research and enough work has been done on the relationship between ethical climate and its antecedents. ‘Stringer⁴⁸’ stated that ‘most studies have shown that the single most important determinant of an organization’s climate is the day-today behaviour of the leaders of the organization’. Yener et al.⁴⁹ ‘studied ‘The Effect of Ethical Climate on Work Engagement’ and found that there is a positive relationship between ethical climate and employee. Engagement.

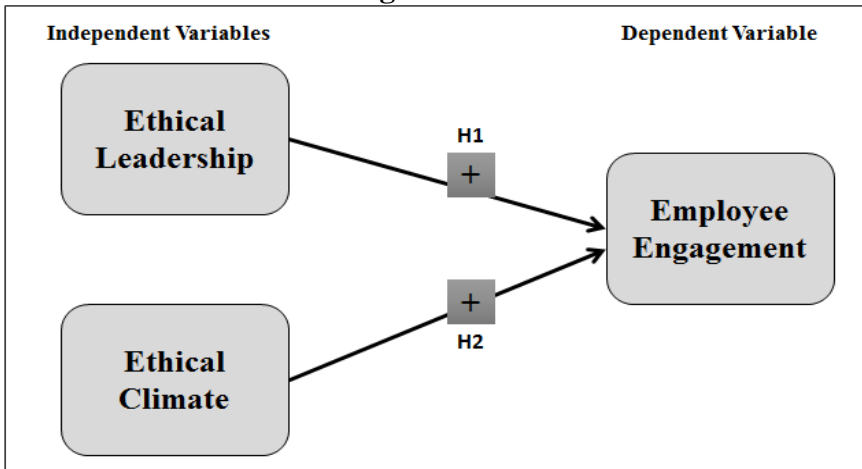
Study Model

Based on the discussion in hypothesis development section, following study model has been developed for the study.

⁴⁷ Israr Ahmad et al., ‘Ethical Leadership and Work Engagement: The Roles of Psychological Empowerment and Power Distance Orientation’, *Journal of Management Decision*, 2018, 10.

⁴⁸ R. Stringer, *Leadership and Organizational Climate* (Pearson Education, Inc., Upper Saddle River, NJ, 2002), 12.

⁴⁹ Yener Mü Jdelen, et al., ‘The Effect of Ethical Climate on Work Engagement’, *Procedia - Social and Behavioral Sciences*, Vol.58, 2012, 724-73.

Figure No.1

This study model is adopted, modified, and combined model of Yener et al.⁵⁰ The researchers. showed the positive ‘impact of ethical leadership and ethical climate on employee engagement in their research. The study model used in this research tries to ‘understand the impact of ethical leadership and ethical climate on employee engagement in particularly higher education institutions of Pakistan. Three study variables used in this model. Ethical leadership (EL) and Ethical Climate (EC) on the left side are independent variables while Employee Engagement (EE) on the right side is dependent variable. The arrows are from independent to dependent variables showing some impact of independent variables on dependent variable. These study variables will be helpful to ‘understand impact of ethical leadership and ethical climate on employee engagement in higher education institutions of district Sukkur and Khairpur.

Hypotheses of Study

On the basis of above model. Null and Alternative hypotheses have been developed.

Ho (1) ‘Ethical leadership does not positively and significantly affect the employee engagement among teaching faculty of higher education institutions’.

⁵⁰ Ibid.

HA (1) 'Ethical leadership positively and significantly affects the employee engagement among teaching faculty of higher education institutions'.

H₀(2) 'Ethical climate does not positively and significantly affect the employee engagement among teaching faculty of higher education institutions'.

H_A(2) 'Ethical climate positively and significantly affects the employee engagement among teaching faculty of higher education institutions'.

Hypothesis Discussion

There were four hypotheses of this study, which were formulated from previous literature. The following sections will be discussed on each hypothesis of this study.

Research Methodology

Research Design

'A research design is a major plan of specifying the procedures and methods for collecting, analysing, and interpreting the data'. 'Research design includes explanation of the choices by the researcher about the time horizon, the unit of analysis, type of the research, sampling methods, data collection methods, tools or instruments used to measure the study variables. Following research design has been employed for the purpose of testing of hypotheses.

Data Collection

Data collection is a process of collecting data for study. Primary data collection technique has been used in this study with close ended survey. Data was collected through personal visits and using Google forms. Data was collected from two higher education institutions of district Sukkur and Khairpur. Personal visits helped in gaining authentic data with timely collection. It also helped to understand the work culture of institutions. Approximately 425 questionnaires distributed in two targeted population of higher education institutions out of which 232 questionnaires returned for which response rate is 54.58%. Further, total 217 questionnaire used for this study and 15 questionnaires discarded as they were incomplete.

Research Population

Population for this study is teaching faculty of general category higher education institutions of district Sukkur and Khairpur. Moreover, those

institutions were chosen for this study which has 100 or more than 100 teaching faculty members. The sampling frame includes total 407 teaching faculty of two institutes of Sukkur and Khairpur i.e. Sukkur IBA and Shah Abdul Latif University Khairpur.

Sampling Design

Sample for this study is teaching faculty of (e.g arts, management science, life sciences, engineering, pharmacy, and other departments) higher education institutions of district Sukkur and Khairpur which are working at different job levels (i.e lecturer, assistant professor, associate professors, professors). Sample are selected using convenient sampling method. Sample size is 217 is determined in the table. ‘Research Instrument’: Close-ended survey in the form of questionnaire adopted to collect the data. Following scales and instruments used in questionnaire ‘in order to measure the impact of ethical leadership and ethical climate on employee engagement’.

Table 2: Research Instruments and Tools

Variables	Variable Type	Data Collection Techniques	Tools	Scale Used
Ethical Leadership	Independent	Quantitative	Ethical leadership was measured using adopted and modified 10-items 'Ethical Leadership Scale (ELS)' developed by '(Brown et al., 2005)'.	'A five-point Likert-type scale with anchor (1) strongly disagree to (5) strongly agree'
Ethical Climate	'Independent'	'Quantitative'	Ethical climate was measured using adopted and modified 18-item 'Ethical Climate Index (ECI)' scale developed and validated by (Anke Arnaud 2012).	'A five-point Likert-type scale with anchor (1) strongly disagree to (5) strongly agree'
'Employee Engagement'	'Dependent'	'Quantitative'	Employee engagement was measured using adopted and modified 15-item 'Utrecht Work Engagement (UWE)' Scale developed by (Schaufeli & Bakker, 2004).	'A five-point Likert-type scale with anchor (1) strongly disagree to (5) strongly agree'

The questionnaire is distributed into two parts. The first part includes demographic information of respondents, and second part includes questions on study variables i.e Ethical Leadership, Ethical Climate and Employee Engagement.

Data Analysis Techniques

Data analysis used for this study include Reliability Analysis, Correlation Analysis and Regression Analysis. These are popular techniques used by number of researchers in their research for desired results.

Descriptive Statistics

The attributes of demographic variables is analysed using descriptive statistics of demographic variables and study variables. Demographic and study variables data is presented using tables and charts. Moreover, frequencies, percentages and mean values have been also assessed by using descriptive statistics. SPSS package has been used for this purpose.

Reliability Analysis

‘This research used the famous test of inter-item consistency reliability which is Cronbach’s coefficient alpha. ‘Basically, this is a test of the ‘consistency’ of respondents’ all answers to all provided items in a measure of degree that items measure the same concept for which they are correlated.

Correlation Coefficient Analysis

Pearson correlation coefficient is a technique for exploring the direction, magnitude, strength of relationship or association between two quantitative, continuous variables. It is considered very effective measurement as it is based on method of covariance. Correlation coefficient analysis is done in SPSS 25.

Regression Analysis

Regression analysis is statistical technique which allows inspecting the influence and relationship between two or more variables. The core benefit of regression analysis is to evaluate the influence of one or more than one independent variable over dependent variable. Regression analysis demonstrates how variation in one variable co-occurs with variation in another variable.

Hypotheses Acceptance / Rejection Criteria

In this study hypotheses have been accepted and rejected by using Regression Analysis.

Analysis and Results

This analysis of data includes ‘Reliability analysis’ through ‘Cronbach’s Alpha Coefficient’, ‘Correlation Analysis’. ‘Descriptive analysis’ of demographic and study variables and ‘Regression Analysis’. On the basis of these analysis Hypotheses for this will be accepted or rejected.

Table 3: Reliability Analysis: Reliability Score

Variables	Reliability Score
Ethical Leadership	.802
Ethical Climate	.782
Employee Engagement	.830

Reliability analysis tells us the internal consistency and reliability of used variables in the research. Table 01 show the reliability of this study. As per ‘Cronbach’s alpha coefficient should be .7 or above to consider a data reliable for research’. In this study reliability for Ethical Leadership (EL), Ethical Climate (EC), Employee Engagement (EE) is .802, .782, .830 respectively which is parallel or according to parameters it is strongly reliable.

Correlation Analysis

Table 4: Correlation among Study Variables

Variables	Mean	SD	EL	EC	EE
EL	4.1862	0.644	1	.406*	.562**
EC	4.0132	0.514		1	.701**
EE	4.3251	0.651			1

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

EL = Ethical Leadership, EC = Ethical Climate, EE = Employee Engagement, M= Mean, SD = Standard Deviation.

The correlation analysis test used on study variables to find the level of relationship among variables. ‘This correlation table shows that EL has positive and statistically insignificant correction with EC (r=.406, p> .05). There is a positive and statistically significant correction of EL

with EE ($r=.562$, $p<.05$). There is a positive and statistically significant correction of EC with EE ($r=.701$, $p<.05$). Thus, there is no issue of multi collinearity.

Descriptive Statistics

Descriptive statistics is used to analyse the response rate of demographic and study variables used in study. It is also help in checking whether hypotheses used in study are accepted or rejected.

Response Rate Analysis

Table 5: Response Rate Analysis

District	Population	Sample Size	Questionnaire Distributed	Questionnaire Returned	Usable Questionnaire	Response Rate
Sukkur	168	108	175	120	108	61.71%
Khairpur	239	109	250	112	109	43.6%
Total	407	217	425	232	217	51%

The above table shows the response rate analysis of two districts. The total population of teaching faculty of general category of higher education institutions are 407 as confirmed from respected institutions. Total sample size for this study is 217. Total 425 questionnaires distributed. 175 questionnaires distributed in district Sukkur's institutions and 250 distributed in district Khairpur's institutions. Number of questionnaires returned was 120 from Sukkur and 112 from Khairpur which makes total 232 questionnaires. Among these returned questionnaires 108 were from Sukkur and 109 from Khairpur was usable for study which makes total response rate of 61.71% for Sukkur and 43.60% for Khairpur. Overall response rate was 51.06%.

Descriptive Analysis of Demographic Variables: 'A detailed analysis of Demographic Variables is discussed below.

District (DIS)

Table 6: District with Percentage

‘District’	‘Percentage’
‘Sukkur’	50%
‘Khairpur’	50%
‘Total’	100%

‘Table show that 50% respondents were selected from district Sukkur and 50% Respondents from district Khairpur were selected.

Institutions (INS)

Table 7: Institutions with Percentage

Institution	Percentage
Sukkur IBA, Sukkur	50%
Shah Abdul Latif University, Khairpur	50%
Total	100%

The above table show that 50% respondents were from Sukkur IBA, Sukkur and 50% respondents were from Shah Abdul Latif University, Khairpur.

Gender (GEN)

Table 8: Gender with Percentage

‘Gender’	‘Percentage’
‘Male’	69%
‘Female’	31%
‘Total’	100%

Above table shows the percentage of responses received from genders. 69% respondents are male, and 31% respondents are females.

DESIGNATION (DES)**Table 9: Designation with Percentage**

Designation	Percentage
Lecturer	45.62%
Assistant Professor	36.41%
Associate Professor	10.14%
Professor	7.83%
TOTAL	100%

Above table shows the percentage of respondents. 46% respondents are Lecturers. 36% percentage respondents are Assistant professors. 10% respondents are Associate professors. 8% respondents are Professors.

Work Experience (EXP)**Table 10 Total Work Experience with Percentage**

Total Work Experience	Percentage
1 to 10 years	63%
11 to 20 years	33%
Above 20 years	4%
TOTAL	100%

Above table shows the percentage of total work experience of respondents. 63% respondents have 1 to 10 years of experience. 33% respondents have 11 to 20 years of experience. 4% respondents have above 20 years of experience.

Descriptive Analysis of Study Variables: ‘Following is detail of descriptive analysis.

Ethical Leadership (EL)

Table 11: Ethical Leadership with Mean and Standard Deviation

Variable	Mean	Standard Deviation
EL	4.1862	0.64417

Above table shows that respondents have Ethical Leadership with mean value of 4.1862. Mean of EL is above 4 and lie in’ the. ‘Agree’ and ‘Strongly Agree’ region, therefore ‘it can be concluded ‘that teaching faculty’of higher education institutions have agreed that their supervisor/boss is an ethical leader.

Table 12: Leadership with Frequency

‘Scale Options’	‘Frequency’
‘Strongly Agree’	88
‘Agree’	56
‘Neither Agree nor Disagree’	36
‘Disagree’	28
‘Strongly Disagree’	9
‘Total’	217

Above table show that 88 respondents have ‘Strongly agreed’ their supervisor’s ethical leadership and 56 respondents have ‘Agreed’ on their supervisor’s ethical leadership. 36 respondents remained Neutral. Moreover 28 respondents have ‘Disagreed’ on their supervisor’s ethical leadership and 9 respondents have ‘Strongly disagreed’ on their supervisor’s ethical leadership.

Table 13: Ethical Leadership with Percentage

‘Scale Options’	‘Percentage’
‘Strongly Agree’	41%
‘Agree’	26%
‘Neither Agree nor Disagree’	16%
‘Disagree’	13%
‘Strongly Disagree’	4%
‘Total’	100%

Table shows that; out of total respondents 41% have ‘Strongly agreed’ on their supervisor’s ethical leadership. 26% of them have ‘Agreed’ on their supervisor’s ethical leadership. 16% remained ‘Neutral’. Moreover 13% have ‘Disagreed’ on their supervisor’s ethical leadership and 4% of them ‘Strongly disagreed’ on their supervisor’s ethical leadership.

Ethical Climate (EC)

Table 14: Ethical Climate with Mean and Standard Deviation

Variable	Mean	Standard Deviation
EC	4.0132	0.51448

Above table shows. that respondents have Ethical. Climate with mean value of 4.0132. Mean of EC is above 4 and lie in the ‘Agree’ and ‘Strongly Agree’ region, therefore it can be concluded that teaching faculty of higher education institutions have agreed that they have an ethical working climate in their institutions.

Table 15: Ethical Climate with Frequency

‘Scale Options’	‘Frequency’
‘Strongly Agree’	71
‘Agree’	64
‘Neither Agree nor Disagree’	40
‘Disagree’	21
‘Strongly Disagree’	21
‘Total’	217

Above table shows that 71 respondents have ‘Strongly agreed’ on their institute’s ethical working climate. 64 respondents have ‘Agreed’ on their institute’s ethical working climate. 40 respondents remained Neutral. Moreover 21 respondents have ‘Disagreed’ with their institute’s ethical working climate and 21 respondents have ‘Strongly disagreed’ with their institute’s ethical working climate.

Table 16 [Ethical Climate with Percentage]

‘Scale Options’	‘Percentage’
‘Strongly Agree’	33%
‘Agree’	29%
‘Neither Agree nor Disagree’	18%
‘Disagree’	10%
‘Strongly Disagree’	10%
‘Total’	100%

Table 16 Shows that; out of total respondents 33% have ‘Strongly agreed’ on their institute’s ethical working climate. 29% of them have ‘Agreed’ on their institutes’ ethical working climate. 18% remained ‘Neutral’. Moreover 10% have ‘Disagreed’ on their institute’s ethical working climate and 10% of them ‘Strongly disagreed’ on their institute’s ethical working climate.

Employee Engagement (EE)

Table 17: Employee Engagement with Mean and Standard Deviation

Variable	Mean	Standard Deviation
EE	4.3251	0.65149

Above table shows that respondents have Employee engagement with mean value of 4.3251. Mean of EC is above 4 and lie in the ‘Agree’ and ‘Strongly Agree’ region, therefore it can be concluded that teaching faculty of higher education institutions have agreed that they are fully engage in their institutions.

Table 18: Employee Engagement with Frequency

‘Scale Options’	‘Frequency’
‘Strongly Agree’	80
‘Agree’	65
‘Neither Agree nor Disagree’	25
‘Disagree’	32
‘Strongly Disagree’	15
‘Total’	217

Above table shows that 80 respondents have ‘Strongly agreed’ on their engagement in their institute. 65 respondents have ‘Agreed’ on their engagement in their institute. 25 respondents remained Neutral. Moreover 32 respondents have ‘Disagreed’ on their engagement in their

institute and 15 respondents have ‘Strongly disagreed’ on their engagement in their institute.

Table 19: Employee Engagement with Percentage

‘Scale Options’	‘Percentage’
‘Strongly Agree’	37%
‘Agree’	30%
‘Neither Agree nor Disagree’	11%
‘Disagree’	15%
‘Strongly Disagree’	7%
‘Total’	100%

Table 19 shows that out of total respondents 37% have ‘Strongly agreed’ on their engagement in their institute. 30% of them have ‘Agreed’ on their engagement in their institute. 11% remained ‘Neutral’. Moreover 15% have ‘Disagreed’ on their engagement in their institute and 7% of them ‘Strongly disagreed’ on their engagement in their institute.

Regression Analysis

It is used to show the impact or relationship of independent variable over dependent variable in the research. Regression analysis helps to test the hypotheses.

Multiple Linear Regression Analysis

This type of regression analysis is used to examine the relationship between one ‘dependent variable’ with more than one ‘independent’ variable. ‘The strength of the relationship can be determined by’ the ‘multiple correlation coefficients’. ‘This explains which variable has most significant contribution’ on dependent variable.

Table 20 [Regression Analysis]**"Variables Entered/Removed^b"**

Model	Variables Entered	Variables Removed	Method
1	Ethical Climate (EC), Ethical Leadership (EL) ^a		Enter

a. All requested variables entered.

b. Dependent Variable: Employee Engagement

Table 21

Regression Analysis Results					
Model	R	R Square	Adjusted R Square	Beta	Sig.
1	.898 ^a	.806	.805		
Ethical_Leadership (EL)				.449	.000
Ethical_Climate (EC)				.501	.000
a. Predictors: (Constant), Ethical Climate (EC), Ethical Leadership (EL)					
b. Dependent Variable: Employee Engagement (EE)					

Above table shows, that stepwise regression analysis has been done and 'enter' method, tells that each independent variable was entered as usual. Next Table shows overall model summary of research model. R value of research model is .898 and it tells us correction between observed and predicted values of dependent variable. The value of R is indicating simple correlation and also indicating high degree of correlation. The R square (R^2) value talks about total variation in the dependent variable caused by independent variables. This is overall strength of association between variables. R^2 value is .806 which shows that our research model explains 80% of the variance in employee engagement. The adjusted R^2 is an unbiased estimator of the population and it is .805.

The model column shows the predictor variables used in this research which is Ethical leadership (EL) and Ethical climate (EC). Further, Beta value is standardized coefficients. The beta value of Ethical leadership (EL) is .449 and Ethical climate (EC) is .501 and p-value of both the predictors is $<.05$ which shows it is significant.

Discussion and conclusion

This study is intended to seek the impact of ethical leadership and ethical climate on employee engagement particularly in higher education institutions of district Sukkur and Khairpur. Ethics endure very crucial role in organizations and so is the ethical leadership and ethical working environment. Many studies show that there is a noticeable impact of leadership and working environment of an organization on employees' engagement. Thus, there was a need of a study to see the impact of ethical leadership and ethical climate on engagement of employees' of higher education institutions. Results of study show that Ethical leadership (EL) endure positive impact on engagement of employees and Ethical climate (EC) also endures positive and significant impact of engagement of employees of higher education institutions.

Ethical Leadership and Employee Engagement'

Study proposed that null hypothesis is there with no or any positive and significant impact of Ethical leadership on Employee engagement in higher education institutions of district Sukkur and Khairpur and alternate hypothesis is that there is a positive and significant impact of Ethical leadership on Employee engagement in higher education institutions of district Sukkur and Khairpur. The results of descriptive analysis confirm that there is a positive and significant impact of Ethical leadership on Employee engagement in higher education institutions of district Sukkur and Khairpur and that teaching faculty of higher education institutions have agreed that their supervisor/boss is an ethical leader ($M=4.1862$, 67%). Hence null hypothesis rejected.

Ethical Climate and Employee Engagement

Study proposed that null hypothesis is that there is not any positive and significant impact of 'Ethical climate on Employee engagement in higher education institutions of district Sukkur and Khairpur and alternative hypothesis is there is a positive and significant impact of 'Ethical climate on Employee engagement in higher education institutions of district Sukkur and Khairpur. The results of descriptive analysis confirm that there is a positive and significant impact of Ethical climate on Employee engagement in higher education institutions of district Sukkur and

Khairpur and that teaching faculty of higher education institutions' have agreed that their institute has an ethical working environment ($M=4.0132$, 62%). Hence null hypothesis rejected.

Conclusion

There is a huge literature available on employee engagement where employee engagement is test with numerous variables and various organisations. 'In past literature, there were some studies where individually and separately 'impact of ethical. leadership and ethical climate was checked on employee engagement in different organisations'. 'The aim of this study was to investigate impact of both Ethical. leadership (EL) and Ethical. climate (EC) on Employee engagement (EE) together in higher education institutions of Pakistan and particularly at district Sukkur and Khairpur institutions.

The results of reliability analysis supported the 'good internal consistency of the study. The reliability of data for Ethical Leadership (EL), Ethical Climate (EC) and Employee Engagement (EE) is .80, .78, and .83 respectively which helps in generalization. Results of study suggested that there is a positive and significant impact of Ethical leadership and Ethical climate on Employee engagement. This impact was tested with the help of regression analysis and results Ethical leadership was .449 and Ethical climate was .501 on Employee engagement.

Implications of Study

This research study is very important as its implications will seek improvement on ethical contexts of higher education institutions of Pakistan. Study suggests the role of ethics in organisations. Study also suggests that if employee receives ethical leadership and ethical climate in organisation then it creates a positive and significant impact on employee engagement. The role of ethical leader who trust on employees, avoid harmful behaviour and took interest for their wellbeing is not neglect able in higher education institutions of Pakistan. In the same way the ethical climate in higher education institutions affects the engagement level of employees. In short, it is suggested that higher education institutions should consider the importance of ethics in their institutions which ultimately drives the employee engagement.

Limitation of Study

Unlike all other research, this research has also some limitations i.e. time and financial constraints. 'Due to time and financial constraints only two districts Sukkur and Khairpur were selected for the study to understand

the impact of Ethical leadership and Ethical climate on Employee engagement. Moreover, due to time constraints only two Institutions and only teaching faculty were selected as a sample for this study’.

Suggestions for Future Research

Limitations of this study have opened up ways for future researchers to discover this area with more additions. This study is only limited to check impact of ethical leadership and ethical climate on teaching faculty engagement of higher education institutions of district Sukkur and Khairpur’ but future researchers can generalize its findings at Sindh level or Pakistan level by adding more districts and institutions’. In this study, only teaching faculty has been taken as respondents while future researchers can take all employees of higher education institutions. Future researchers can add dimensions of ethical leadership, ethical climate, and employee engagement to test the relationship among them.