

University of Management and Technology

MS (Thesis)

**“The Impact of Ethical Leadership on Employee Loyalty, the
Mediating role of Moral Courage”.**

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By

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Declaration:

I certify that this work contains no material which has been accepted for the award of any other degree in my name, in any university and to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text.

Atif Ijaz Khan

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ABSTRACT

The purpose of this research is to theorize and empirically examine the association between ethical leadership, employee loyalty, and moral courage. This study also measures the impact of moral courage as a mediator between ethical leadership and employee loyalty. This quantitative research study has been conducted using cross-sectional research design and survey method. The sample is comprised of 200 top and middle-level employees which are working in high technology private organizations operating in Lahore. The results have revealed that ethical leadership, and employee loyalty are positively correlated with the moral courage. Furthermore, the results have affirmed partial mediation of moral courage between ethical leadership and employee loyalty. This study highlighted the importance of moral courage and provides useful insights to the HR professionals to review their strategies and policies to practice ethical leadership and employee loyalty in order to enhance the employee moral courage.

“Key Words”: Ethical Leadership, Moral Courage, Employee Loyalty and Employees.

CHAPTER 1

INTRODUCTION

1.1 Chapter Overview

This chapter includes the background of the study, Statement of problem, main objectives, research questions and significance of the study including rationale of the study and gap identification. The contextual importance of the study considering private industry of Pakistan is discussed.

Employee loyalty is an intention of individuals to work for the organization (Greenhaus, Parasuraman, and Wormley, 1990; Niehoff et al., 2001). Ethical leader and employee loyalty play an important role in measuring employees' performance (Coughlan, 2005). According to studies of (Yee, Yeung and Cheng, 2010), ethical leader measures employees' perceptions, behavior, and loyalty at work. Researchers (i.e. Mowday, 1999; Chen, Tsui, and Farh, 2002; Luchak, 2003), suggest that ethical leader, employee loyalty and moral courage can help organizations to achieve their goals.