

## Unveiling the Dynamics of Ethical Leadership: Empirical Insights and Impact on Organizational Outcomes

Fahad Ali Malik<sup>1</sup>, Sidra Akhtar<sup>2</sup>, Shahzeb Khurshid<sup>3\*</sup>, Muhammad Usman Javed<sup>4</sup>

<sup>1</sup> MS Scholar, Pir Mehr Ali Shah Arid Agriculture University, Rawalpindi, Pakistan

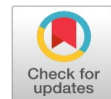
<sup>2,3</sup> Lecturer, Pir Mehr Ali Shah Arid Agriculture University, Rawalpindi, Pakistan

<sup>4</sup> Assistant Registrar, Pir Mehr Ali Shah Arid Agriculture University, Rawalpindi, Pakistan

**Abstract:** This article presents a research study that explores the relationship between ethical leadership, self-efficacy, and employee innovative behavior and knowledge sharing behavior in the textile industry of Pakistan. As a significant sector employing a substantial portion of the country's workforce, understanding the interplay of leadership and employee behaviors in the textile industry is critical. Employing a quantitative research approach, primary data is collected through an adapted structured questionnaire using a 5-Likert scale to measure responses. The questionnaire assesses participants' perceptions of their leaders' ethical behavior, their self-efficacy, and their innovative and knowledge-sharing behaviors. The sample consists of 350 participants working in apparel outlets and textile firms in Islamabad and Rawalpindi, selected through convenience sampling. Statistical analyses in SPSS software include correlation, regression, and mediation analyses. The results reveal a positive impact of ethical leadership on self-efficacy in the textile industry of Pakistan, indicating that ethical leaders inspire self-confidence and self-belief in their employees. In turn, this self-efficacy drives innovative behavior and knowledge sharing among employees. Furthermore, the study finds that self-efficacy mediates the relationship between ethical leadership and employee innovative behavior and knowledge sharing. This suggests that self-efficacy acts as a mechanism through which ethical leadership influences employee behavior. The study concludes that ethical leadership is crucial in fostering innovative and knowledge-sharing behaviors among employees in the textile industry of Pakistan. These findings have practical implications for leaders, highlighting the importance of ethical leadership and its potential to inspire and motivate employees to engage in innovative and knowledge-sharing behaviors. This research sheds light on the significance of ethical leadership in promoting positive organizational outcomes in the textile industry and beyond.

**Keywords:** Leadership, Ethical leadership, Self-Efficacy, Knowledge sharing behavior, Employee innovative behavior

Received: 22 January 2023 / Accepted: 15 April 2023 / Published: 23 May 2023



### INTRODUCTION

Leadership has always been a critical determinant of organizational success, shaping the culture, efficiency, and adaptability of businesses in a constantly evolving world. Over time, the concept of leadership has evolved, encompassing various dimensions and approaches, with contemporary leaders viewed as individuals who not only wield authority but also inspire and empower their teams to drive creativity and surpass their potential (Javed et al., 2021). Effective leadership plays a pivotal role in determining employee responsiveness, attitude, and creativity, leading to organizational change and recognition of their innovative contributions (Na-Nan et al., 2019). As businesses face heightened competition and complexities, effective leadership becomes even more crucial, guiding employees to improve their behaviors and drive positive outcomes in the workplace (Ilyas et al., 2020).

Ethical leadership is a higher-order construct comprising components such as management-by-exception and contingent reward (Su et al., 2021). Ethical leadership is of utmost importance in making organizations more efficient and trustworthy by encouraging employees to manufacture products at the appropriate time, place, quantity, and with desired quality and value (Özsungur, 2019). In the contemporary business environment, organizations encounter multifaceted challenges that require effective decision-making and innovative solutions to sustain their competitiveness (Bashir et al., 2023; Bhatti et al., 2021). In this context, employees' opinions and ideas play a crucial role in fostering innovation and promoting knowledge sharing to enhance overall organizational performance (Asurakkody & Kim, 2020; Jam et al., 2010).

\*Corresponding author: Shahzeb Khurshid

†Email: [scholar.shahzeb4@gmail.com](mailto:scholar.shahzeb4@gmail.com)

Self-efficacy, as a psychological construct, plays a vital role in influencing individual performance and behavior. It refers to an individual's belief in their ability to overcome challenges, achieve goals, and thrive (Judge & Bono, 2001). Self-efficacy is closely linked to an individual's perception of their capability to mobilize resources and knowledge to cope with current situations (Wood & Bandura, 1989). Employees with higher self-efficacy are more open to change and are more likely to explore innovative solutions (Eby et al., 2000). Consequently, self-efficacy emerges as a crucial factor in an organization's success.

In the context of the textile industry in Pakistan, where a significant portion of the country's workforce is employed, understanding the complex relationship between leadership and employee behaviors becomes paramount. The textile industry is a critical economic driver, and its ability to thrive in a competitive global market depends on effective leadership practices that inspire and motivate employees (Özsungur, 2019). Moreover, in a rapidly changing industry, marked by technological advancements and shifting consumer demands, leadership plays a critical role in guiding organizations towards sustainable growth and innovation (Bhatti et al., 2021).

Within this organizational setting, employees' innovative and knowledge-sharing behaviors are indispensable for the textile industry's sustained growth and competitive advantage (Hao et al., 2019). Employees who actively engage in innovative and knowledge-sharing behaviors contribute to process improvement, problem-solving, and enhance organizational learning. Effective leadership plays a pivotal role in fostering these behaviors by cultivating an inclusive and psychologically safe environment where employees feel encouraged to share their ideas and insights (Laraib & Hashmi, 2018; Wadei et al., 2021).

Hence, this study aims to investigate the intricate interplay between ethical leadership, self-efficacy, employee innovative behavior, and knowledge-sharing behavior within the textile industry of Pakistan. To achieve this, the following research objectives have been defined:

1. To examine the impact of ethical leadership on self-efficacy in the textile industry.
2. To determine the influence of employee innovative behavior on self-efficacy in the textile industry.
3. To explore the relationship between knowledge-sharing behavior and self-efficacy in the textile industry.
4. To investigate how self-efficacy mediates the relationship between ethical leadership and employee innovative behavior in the textile industry.
5. To assess how self-efficacy mediates the relationship between ethical leadership and knowledge-sharing behavior in the textile industry.

To address the research objectives, the following research questions have been formulated:

1. What is the impact of ethical leadership on self-efficacy in the textile industry?
2. How does employee innovative behavior influence self-efficacy in the textile industry?
3. What is the relationship between knowledge-sharing behavior and self-efficacy in the textile industry?
4. Does self-efficacy mediate the association between employee innovative behavior and ethical leadership in the textile industry?
5. Does self-efficacy mediate the association between knowledge-sharing behavior and ethical leadership in the textile industry?

By employing a quantitative research approach and utilizing primary data collected through a structured questionnaire, the study aims to measure employees' perceptions of their leaders' ethical behavior, self-efficacy beliefs, and behaviors related to innovation and knowledge sharing. The sample population will consist of 350 participants from apparel outlets and textile firms located in Islamabad and Rawalpindi, selected through convenience sampling. Statistical analyses, including correlation, regression, and mediation analyses, will be conducted using SPSS software.

The anticipated findings of this study hold significant implications for both theory and practice. Understanding the relationship between ethical leadership, self-efficacy, and employee behavior in the context of the textile industry can offer valuable insights into how leaders can inspire confidence and belief in their employees, leading to enhanced innovative and knowledge-sharing behaviors. Moreover, the study's focus on the mediating role of self-efficacy provides a nuanced understanding of the underlying mechanisms through which ethical leadership influences employee behavior.

The study's findings can guide textile industry leaders in adopting ethical leadership practices to promote employee self-efficacy and cultivate a workforce that actively engages in innovation and knowledge sharing. Such a transformation in the textile industry would not only ensure its individual success but also contribute to the broader

economic development of Pakistan. As such, this research can play a pivotal role in shaping the future of the textile industry and its contributions to the nation's prosperity.

## LITERATURE REVIEW

### **Ethical Leadership and Employee Innovative Behavior**

In contemporary organizations, ethical leadership plays a crucial role in fostering a work environment that encourages employee innovative behavior. Ethical leaders exhibit behaviors that create respect and dignity for others, empowering employees to seek new information, ideas, and skills to enhance their problem-solving and decision-making abilities (Fukuoka et al., 2020). By treating workers with decency and providing them with autonomy, ethical leaders instill a sense of ownership and control over their work, enabling them to initiate valuable improvements in existing processes (Nazir et al., 2020). The open communication and emphasis on job ethics and norms demonstrated by ethical leaders create an atmosphere where employees feel psychologically safe to propose unique ideas for service enhancement (Young & Xinxin, 2013).

**H1:** There is a significant and positive impact of Ethical leadership on employee's innovative behavior.

### **Ethical Leadership and Knowledge Sharing Behavior**

Ethical leaders play a pivotal role in inspiring and motivating employees to engage in knowledge sharing behavior. By reducing physical barriers and promoting a trustworthy workplace, ethical leaders create an environment that encourages knowledge sharing (Men et al., 2020). Through their demonstration of values and organizational standards, such as kindness and prioritizing the needs of others, ethical leaders cultivate a culture of knowledge sharing (Banks et al., 2021). By removing organizational obstacles and providing fair compensation for resources, ethical leaders incentivize employees to share their expertise with their colleagues (Castellani et al., 2021). Ethical leaders also encourage employees to engage in social norms like helping others attain knowledge while reducing deviance within the organization (Gernot et al., 2020; Khan et al., 2022).

**H2:** There is a significant and positive impact of ethical leadership on knowledge sharing behavior.

### **Ethical Leadership and Self-Efficacy**

Ethical leadership is characterized by the ability to transform individuals through both words and actions, inspiring them to share the leader's vision and take action accordingly (Sarkodie & Kim, 2020). It is a form of leadership where leaders prioritize in-role high performance and focus on promoting adherence to established norms rather than provoking novel actions (Hao et al., 2019). While the link between ethical leadership and self-efficacy has been explored in various studies, there remains ample room for investigating the influential relationship between the two (Shafique et al., 2019). Ethical leaders have the potential to directly impact followers' self-efficacy, as perceived support for innovation and psychological empowerment have been identified as important sources of self-efficacy (Us et al., 2021).

Ethical leadership enhances employees' likelihood of success by positively influencing their performance (Wadai et al., 2021). This boost in confidence is a result of fair treatment and just rewards for employees' efforts (Ahmed et al., 2023; Ashfaq et al., 2021). Ethical leaders serve as role models for success by demonstrating how ethical behavior can lead to achievements. Witnessing such success instills employees with the belief that they too can achieve greatness through ethical behavior, thereby increasing their self-confidence and self-belief (Javed et al., 2021).

**H3:** There is a significant and positive impact of ethical leadership on self-efficacy.

### **Self-Efficacy and Employee Innovative Behavior**

Self-efficacy plays a vital role in influencing an individual's performance and behavior within an organization. It refers to an individual's belief in their ability to perform tasks successfully and achieve desired goals (Bhatti et al., 2021). People with high self-efficacy are more likely to tackle challenging tasks, be proactive in seeking out opportunities, and exhibit innovative behavior (Wang et al., 2021). In organizations that value and reward creative work, self-efficacious employees are more likely to cope with setbacks and engage in creative and innovative tasks

(Sarkodie & Kim, 2020). Self-efficacy is closely tied to an individual’s intrinsic motivation and goal setting, driving them to perform tasks effectively and excel in their work (Javed et al., 2021).

**H4:** Self-efficacy has a positive and significant impact on employee innovative behavior.

**Self-Efficacy and Knowledge Sharing Behavior**

Self-efficacy also influences an individual’s motivation and willingness to engage in knowledge sharing behavior. When individuals possess higher levels of self-efficacy, they are more proactive, dedicated, and inclined to share their expertise with others (Kim et al., 2021). Knowledge sharing behavior is driven by an individual’s perception of their contribution to the organization’s goals and their belief in the positive impact of sharing knowledge with others (Na-Nan et al., 2019). Organizations that encourage and recognize knowledge sharing through systematic structures and reward mechanisms foster an environment where employees are motivated to share their knowledge (Mehmood et al., 2020). Additionally, an individual’s own networks and relationships influence and encourage them to share knowledge (Lei et al., 2019).

**H5:** There is a significant and positive impact of self-efficacy on employee knowledge sharing.

**Mediating Role of Self-Efficacy**

Ethical leadership has a direct impact on both employee innovative behavior and knowledge sharing behavior due to the positive values and norms that ethical leaders exemplify (Sarkodie & Kim, 2020). Ethical leaders create an atmosphere where employees feel psychologically safe to propose and share new ideas and knowledge with others (Wadai et al., 2021). Employees under the influence of ethical leaders are less likely to engage in knowledge hiding, as ethical behavior discourages concealment and dishonesty (Na-Nan et al., 2019). This creates a conducive environment for knowledge sharing, where employees are encouraged to exchange information and expertise (Us et al., 2021).

**H6:** Self-efficacy mediates the relationship among ethical leadership and employee innovative behavior.

**H7:** Self-efficacy mediates the relationship between ethical leadership and knowledge sharing behavior.

By investigating the intricate relationships between ethical leadership, self-efficacy, employee innovative behavior, and knowledge sharing behavior, this study seeks to contribute to the existing literature on leadership and employee behaviors in the textile industry of Pakistan. The proposed research will shed light on the role of ethical leadership in promoting employee self-efficacy and how self-efficacy, in turn, influences employee innovative and knowledge-sharing behaviors. These insights hold practical implications for leaders in the textile industry, providing guidance on fostering a positive and innovative work environment that leads to sustained growth and competitiveness in the global market. Moreover, the study’s findings can contribute to the broader understanding of leadership and employee behavior, benefiting organizations across different sectors and settings.

**Theoretical Framework**

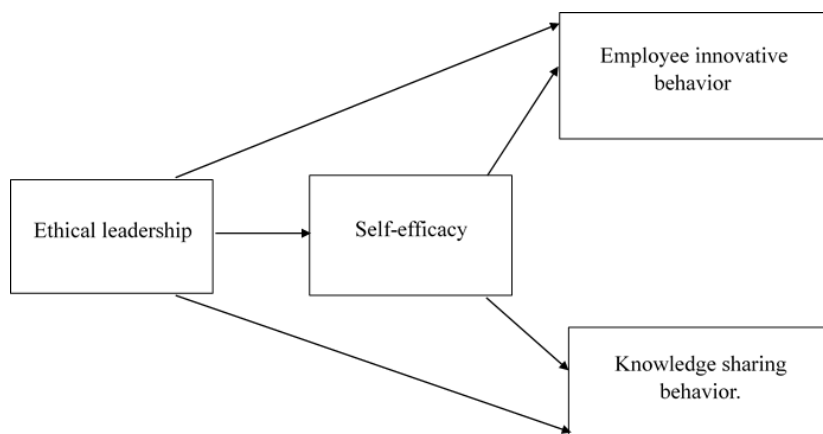


Figure 1: Theoretical Framework

## **RESEARCH METHODOLOGY**

The research methodology section outlines the approach and techniques used to investigate the specific research aims of the study. This chapter encompasses the research design, target audience, sampling strategy, sample size, unit of analysis, assessment of variables, data collection tool, data collection technique, data collection software, and researcher interference. A comprehensive explanation of the research methodology is essential for any study, and rigorous data analysis is a fundamental part of the research process.

### **Study Setting**

The present study adopts a non-contrived context, employing distributed questionnaires in a natural environment to collect data from employees in Pakistan's IT sector. This approach ensures that data are collected in real-world settings, reflecting the actual experiences and perceptions of the participants.

### **Time Horizon**

In line with Saunders et al.'s (2009) research opinion, the time horizon represents the stage of research that clarifies the type of time perspective used, whether cross-sectional or longitudinal. For this research study, a cross-sectional approach is employed as the time horizon due to constraints in terms of limited time and financial resources. Data are gathered from employees in the banking and IT sectors in Islamabad, as well as from development projects like the orange train in Lahore.

### **Research Approach**

The research approach for this study is deductive and explanatory. It involves examining the impact of one variable on another and using the results to make predictions about future associations. The study explores causal relationships between the variables under consideration, wherein one variable influences and changes another to some extent.

### **Unit of Analysis**

The unit of analysis for this study is employees working at the managerial level or above in Pakistani textile companies. These individuals constitute the primary focus of the investigation, and their perceptions and behaviors are examined in relation to the research variables.

### **Population**

The population refers to the intended audience for the study, which, in this case, includes employees working for textile firms in the twin cities of Rawalpindi and Islamabad, Pakistan. Since gathering data from the entire population is practically unfeasible, a representative sample is chosen for data collection. The target group for this study is employees in textile firms, and a sample of 400 respondents is selected using the Morgan Table, Sample Size Calculator, and other appropriate tools.

### **Sampling**

An ideal sample size is crucial for accurate representation of the population. In accordance with previous research, a sample size larger than 30 and less than 500 is considered appropriate for most studies. Therefore, 400 questionnaires are distributed to the sample population, and 375 respondents complete the questionnaire, meeting the recommended sample size criteria. The sampling technique used is purposive sampling, a type of non-probability sampling where researchers deliberately select individuals to participate in the survey based on their judgment. This approach helps ensure data collection even in challenging situations like the COVID-19 pandemic, as only willing participants who opt to take part in the study are approached.

### **Data Collection Procedure**

The data collection procedure involves distributing 400 questionnaires to the sample population, with 375 respondents completing the survey. The questionnaire is adapted from prior research projects and presented in sections to facilitate respondents' understanding and provide reliable responses. Google forms are utilized to collect responses and conduct surveys, ensuring ease of participation. The respondents are informed that the questionnaire

is exclusively used for academic research purposes.

**Data Analysis Techniques**

Data analysis is a critical step following data collection, involving the use of statistical tests to evaluate the information gathered from survey respondents. The study employs correlation, regression, and mediation analysis to investigate the relationships among the research variables: ethical leadership (independent variable), self-efficacy (mediator), employee innovative behavior, and employee knowledge sharing (dependent variables). Statistical Package for the Social Sciences (SPSS) software is utilized for the data analysis process, facilitating rigorous examination and interpretation of the study’s findings.

**DATA ANALYSIS AND FINDINGS**

This study collected data from 400 respondents (employees working for apparel outlets and textile firms operating in Islamabad and Rawalpindi) on a given standardized questionnaire. Data was analyzed using SPSS Software (SPSS 21).

**Data Analysis**

*Demographics:* Questionnaire was divided into several portions to collect the data. The demographic data was based on gender, age, education, and experience which is shown in the following table:

Table 1: Descriptive Statistics

Demographics		Frequencies	Percentages	Cumulative Percentage
Gender	Male	202	58	58
	Female	148	42	100
Age	20-25 years	70	20	20
	26-30 years	81	23	43
	31-35 years	76	22	65
	36-40 years	64	18	83
	41 years and above	59	17	100
Qualification	Undergraduate	156	45	45
	Graduate	118	34	79
	Postgraduate	76	21	100
Experience	Less than 5 years	196	56	56
	5 to 10 years	88	25	81
	More than 10 years	66	19	100

The research data presents demographic information of the respondents based on their gender, age, qualification, and experience. Out of the total 400 respondents, 202 (58 percent) are males, while 148 (42 percent) are females. Regarding age distribution among the 350 respondents, 70 (20 percent) fall between 21-25 years, 81 (23 percent) between 26-30 years, 76 (22 percent) between 31-35 years, 64 (18 percent) between 36-40 years, and 59 (17 percent) are 41 years or above.

Regarding educational qualifications, 156 (45 percent) of the 350 respondents are undergraduates, 118 (34 percent) are graduates, and 76 (21 percent) are postgraduates. In terms of experience, 196 (56 percent) of the 350 respondents have less than 5 years of experience, 88 (25 percent) have 5 – 10 years of experience, and 66 (19 percent) have more than 10 years of experience. The demographic data provides valuable insights into the characteristics of the participants in the study, allowing for a comprehensive analysis of how different groups may perceive and respond to the variables under investigation.

*Reliability Analysis:* Reliability of an instrument refers to the accuracy of the data gathered through that instrument. It is measured using Cronbach’s Alpha value with the minimum acceptable range of 0.7 or above. The Table 2 shows the reliabilities of all the studied variables:

Table 2: Reliability Statistics

Variable	Cronbach's Alpha	No. of Items
Ethical Leadership	0.916	10
Self-Efficacy	0.815	10
Employee Innovative Behavior	0.712	5
Employee Knowledge Sharing	0.740	9
Total	0.936	34

Table shows co-efficient alpha reliabilities for the scales used in the present study. the scales reliabilities are exceeded the .07 as recommended by Nunnally (1980). The values are .916, .815, .712, .740 for the ethical leadership, self-efficacy, employee innovative behavior and employees' knowledge sharing respectively, which shows the scales are reliable.

Table 3: Correlation Analysis

	N	Mean	St. Deviation	Ethical Leadership	Self-efficacy	Employee Innovative Behavior	Knowledge Sharing Behavior
Ethical leadership	350	3.6663	.98650	1			
Self-efficacy	350	3.7809	.72961	.660**	1		
Employee innovative behavior	350	3.3011	.97013	.495**	.569**	1	
Knowledge sharing behavior	350	3.5032	.72055	.733**	.749**	.740**	1

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

*Correlation Analysis:* The research findings indicate significant positive correlations between various variables. Ethical leadership and self-efficacy show a strong positive correlation with a coefficient of 0.660 ( $p < 0.01$ ). Ethical leadership is also positively correlated with employee innovative behavior, with a coefficient of 0.495 ( $p < 0.01$ ). Moreover, self-efficacy is positively correlated with employee innovative behavior, showing a coefficient of 0.569 ( $p < 0.01$ ).

Additionally, the study reveals a significant positive relationship between ethical leadership and knowledge sharing behavior, with a coefficient of 0.733 ( $p < 0.01$ ). Self-efficacy is also positively correlated with knowledge sharing behavior, displaying a coefficient of 0.749 ( $p < 0.01$ ). Similarly, employee innovative behavior and knowledge sharing behavior exhibit a positive correlation with a coefficient of 0.740 ( $p < 0.01$ ).

These findings suggest that ethical leadership and self-efficacy play vital roles in fostering employee innovative behavior and knowledge sharing behavior in the textile industry of Pakistan. Ethical leadership practices by managers have a positive impact on employees' self-confidence and belief in their abilities, encouraging them to engage in innovative and knowledge-sharing behaviors. Moreover, self-efficacy serves as a mediating mechanism, linking ethical leadership to employee behaviors, and further promoting a culture of innovation and knowledge exchange within the organization. The study highlights the importance of ethical leadership and self-efficacy in enhancing employee outcomes and overall organizational performance.

### Regression Analysis

Table 4: Impact of Ethical Leadership on Employee Innovative Behavior

	R	R-Sq	F	P
Coefficient	.495	.245	112.764	.000
Constant			8.725	.000
EL		.495	10.619	.000
Outcome: EIB				

The R Square value in the model indicates that 24.5 percent of the variation in Employee Innovative behavior can be attributed to Ethical leadership. The coefficient (beta) value of 0.495 demonstrates a positive and highly significant impact ( $p < 0.0000$ ) of Ethical leadership on Employee Innovative Behavior. These findings provide

evidence that supports the acceptance of H1, which posited a positive relationship between Ethical leadership and Employee Innovative Behavior.

Table 5: Impact of Ethical Leadership on Knowledge Sharing Behavior

R	R-Sq	F	P
.733	.537	403.939	.000
Coefficient	T	P	
Constant	15.234	.000	
EL	.733	20.098	.000

Outcome: KSB

According to the R Square value in the model, Ethical leadership accounted for 53.7 percent of the variation in knowledge sharing behavior. The coefficient /beta value .733 shows positive and significant ( $p$  0.0000) impact of Ethical leadership on knowledge sharing behavior The result presents that H2 is accepted.

Table 6: Ethical Leadership and Self-Efficacy

R	R-Sq	F	P
.660	.436	268.555	.000
Coefficient	T	P	
Constant	17.610	.000	
EL	.660	16.388	.000

Outcome: SE

*Impact of ethical leadership on self-efficacy:* In this table the regression analysis performs to find the effect of ethical leadership on self-efficacy. The R-square measures the change in the mediator (self-efficacy) caused by predicting factor (ethical leadership). Simply said,  $R^2$  measures how well “ethical leadership” can explain “self-efficacy”. According to the R Square value in the model, ethical leadership accounted for 43.6 percent of the variation in self-efficacy. The coefficient /beta value .660, shows positive and significant ( $p$  0.001) impact of Ethical leadership on self-efficacy. The result presents that H3 is accepted.

Table 7: Self-efficacy and Employee Innovative Behavior

R	R-Sq	F	P
.569	.324	166.891	0.001
Coefficient	T	P	
Constant	1.946	0.001	
SE	0.05	12.919	0.001

Outcome: EIB

*Impact of self-efficacy on employee innovative behavior:* According to the R Square value in the model, self-efficacy accounted for 56.9 percent of the variation in employee innovative behavior”. The coefficient /beta value 0.05 shows positive and significant ( $p$  0.0001) impact of self-efficacy and employee innovative behavior. The result presents that H4 is accepted.

Table 8: Self-efficacy on Knowledge Sharing Behavior

R	R-Sq	F	P
.749	.561	444.099	.000
Coefficient	T	P	
Constant	5.235	0.00	
SE	.749	21.074	0.00

Outcome: KSB



*Impact of self-efficacy on knowledge sharing behavior:* According to the R Square value in the model, self-efficacy accounted for 56.1 percent of the variation in knowledge sharing behavior. The coefficient /beta value .749 shows positive and significant ( $p < 0.0000$ ) impact on self-efficacy and knowledge sharing behavior. The result presents that H5 is accepted.

Table 9: Descriptive Statistics

R	R-Sq	F	P
.5909	.3492	93.0961	.0000
	Coefficient	P	
Constant	.3784	.0897	
EL	.2073	.0003	
SE	.5720	.0000	

Outcome: Employee innovative behavior

*Self-efficacy as mediator between Ethical leadership and employee innovative behavior:* Table indicates that ethical leadership and self-efficacy are positively and significantly linked with employee innovative behavior with ( $B = 0.2073, p < 0.0001$ ;  $B = 0.5720, p < 0.0001$ ).

Table 10: Descriptive Statistics

Effect	T	p	LLCI	ULCI
EL	.4865	10.6191	.0000	.3964 .5766

Table shows the total effect of ethical leadership on employee innovative behavior with ( $B = 0.4865, p < 0.0001$ ), which indicates that ethical leadership significantly related to employee innovative behavior.

Table 11: Direct effect of Ethical Leadership and Employee Innovative Behavior

Effect	T	P	LLCI	ULCI
EL	.2073	3.6564	.0003	.0958 .3188

The results indicated in the Table represents that the direct effect of ethical leadership is a strong predictor of employee innovative behavior with  $B = .2073$  and  $p < 0.0001$ .

Table 12: Descriptive Statistics

Effect	SE	LLCI	ULCI
SE	.2792	.0360	.2145 .3561

Findings of this study also indicates that self-efficacy significantly and positively mediates the effect of ethical leadership on employee innovative behavior as the direct effect between these variables is significant ( $B = 0.2073, p < 0.0001$ ) and indirect effect of self-efficacy between these variables is also significant and positive ( $B = 0.2792$ ; LLCI, ULCI = 0.2145, 0.3561) which means 95% CI doesn't include any zero, as shown in table above. Hence, H6 is accepted.

Table 13: Self-efficacy as Mediator

R	R-Sq	F	P
.8134	.6617	339.3000	.0000
	Coefficient	P	
Constant	.6171	.0000	
EL	.3090	.0000	
SE	.4638	.0000	

Outcome: Knowledge sharing behavior

*Self-efficacy as mediator between Ethical leadership and Knowledge sharing behavior:* It indicates that ethical leadership and self-efficacy are positively and significantly linked with knowledge sharing behavior with (B = 0.3090,  $p < 0.0001$ ; B = 0.4638,  $p < 0.0001$ ).

Table 14: Effect of Ethical Leadership and Knowledge Sharing Behavior

	Effect	T	p	LLCI	ULCI
EL	.5353	20.0982	.0000	.4830	.5877

Table shows the total effect of ethical leadership on employee innovative behavior with (B = 0.5353,  $p < 0.0001$ ), which indicates that ethical leadership significantly related to knowledge sharing behavior.

Table 15: Direct effect of Ethical Leadership and Knowledge Sharing Behavior

	Effect	T	P	LLCI	ULCI
EL	.3090	10.1777	.0000	.2493	.3687

The results indicated in the Table represents that the direct effect of ethical leadership is a strong predictor of Knowledge sharing behavior with B = .3090 and  $p < 0.0001$ .

Table 16: Indirect Effect Ethical Leadership on Knowledge Sharing Behavior through Mediator

	Effect	SE	LLCI	ULCI
SE	.2264	.0298	.1737	.2908

Findings of this study also indicates that self-efficacy significantly and positively mediates the effect of ethical leadership on Knowledge sharing behavior as the direct effect between these variables is significant (B = 0.3090,  $p < 0.0001$ ) and indirect effect of self-efficacy between these variables is also significant and positive (B = 0.2264; LLCI, ULCI = 0.1737, 0.2908) which means 95% CI doesn't include any zero, as shown in table above. Hence, H7 is accepted.

## CONCLUSION

The objective of this study was to investigate the impact of ethical leadership on employee innovative behavior and knowledge sharing behavior, considering the mediating effect of self-efficacy in the textile industry of Pakistan. A structured questionnaire was utilized to collect data from 400 respondents, representing employees working in apparel outlets and textile firms located in Islamabad and Rawalpindi. The study examined the relationships between ethical leadership, self-efficacy, employee innovative behavior, and knowledge sharing behavior, and conducted correlation, regression, and mediation analyses to explore the effects of these variables.

The results of the correlation analysis revealed a positive and significant correlation between ethical leadership and self-efficacy, with a magnitude of 0.421. Similarly, self-efficacy showed positive correlations with employee innovative behavior (magnitude of 0.451) and knowledge sharing behavior (magnitude of 0.428). Furthermore, the regression analysis demonstrated significant relationships between ethical leadership (independent variable), self-efficacy (mediator), and employee innovative behavior and knowledge sharing behavior (dependent variables).

The mediation analysis provided evidence of the significant mediating effect of self-efficacy in the relationship between ethical leadership and employee innovative behavior as well as knowledge sharing behavior in the textile industry of Pakistan. This finding indicates that changes in self-efficacy bring about definite changes in the relationship between ethical leadership and employee innovative behavior and knowledge sharing behavior.

## Research Limitations

This study utilized a structured questionnaire for data collection and was constrained by time, making it a cross-sectional study. The research was limited to the textile industry in Rawalpindi and Islamabad, and future researchers are encouraged to expand the data collection to other cities like Lahore and Karachi to enhance the study's validity. Additionally, the time frame for the study was limited, and future research could benefit from an extended time frame to allow for more comprehensive investigations.

## Recommendations & Future Research

To enhance the generalizability of the findings, future research should involve a broader range of participants from diverse backgrounds and industries in Pakistan. Researchers may also consider using longitudinal research designs to analyze the relationships between the variables used in this study over an extended period.

Expanding the sample size and conducting interviews with individuals from various backgrounds could also strengthen future research. Furthermore, examining other industries in Pakistan and exploring the relationships between variables in those contexts could provide valuable insights.

In conclusion, this study sheds light on the significant role of ethical leadership and self-efficacy in promoting employee innovative behavior and knowledge sharing behavior in the textile industry of Pakistan. The findings have practical implications for organizations in this sector and beyond, emphasizing the importance of ethical leadership and self-efficacy in fostering a culture of innovation and knowledge sharing among employees. However, researchers should be mindful of the limitations mentioned and aim for more comprehensive and inclusive studies in the future to enrich our understanding of leadership and employee behavior in various industries in Pakistan.

## REFERENCES

- Ahmed, S., Noor, A. S. M., Khan, W. Z., Mehmood, A., Shaheen, R., & Fatima, T. (2023). Students' Perception and Acceptance of e-Learning and e-Evaluation in Higher Education. *Pakistan Journal of Life & Social Sciences*, 21(1).
- Anser, M. K., Shafique, S., Usman, M., Akhtar, N., & Ali, M. (2021). Spiritual leadership and organizational citizenship behavior for the environment: an intervening and interactional analysis. *Journal of Environmental Planning and Management*, 64(8), 1496-1514. <https://doi.org/10.1080/09640568.2020.1832446>
- Ashfaq, F., Abid, G., & Ilyas, S. (2021). Impact of Ethical Leadership on Employee Engagement: Role of Self-Efficacy and Organizational Commitment. *European Journal of Investigation in Health, Psychology and Education*, 11(3), 962-974. <https://doi.org/10.3390/ejihpe11030071>
- Asurakkody, T. A., & Kim, S. H. (2020). Effects of knowledge sharing behavior on innovative work behavior among nursing Students: Mediating role of Self-leadership. *International Journal of Africa Nursing Sciences*, 12, 100190. <https://doi.org/10.1016/j.ijans.2020.100190>
- Banks, G. C., Fischer, T., Gooty, J., & Stock, G. (2021). Ethical leadership: Mapping the terrain for concept cleanup and a future research agenda. *The Leadership Quarterly*, 32(2), 101471. <https://doi.org/10.1016/j.leaqua.2020.101471>
- Bashir, M. A., Sarwar, S., Iqbal, S. M. J., & Khurshid, R. (2023). An In-Depth Investigation of the Complex Interplay between Entrepreneurial Leadership and Employee's Individual Outcomes: Uncovering the Multifaceted Dynamics of Organizational Success. *International Journal of Business and Economic Affairs*, 8(2), 41-51. <https://doi.org/10.24088/IJBEA-2023-82004>
- Bhatti, S. H., Kiyani, S. K., Dust, S. B., & Zakariya, R. (2021). The impact of ethical leadership on project success: the mediating role of trust and knowledge sharing. *International Journal of Managing Projects in Business*. <https://doi.org/10.1108/IJMPB-05-2020-0159>
- Brown, M. E., Treviño, L. K., & Harrison, D. A. (2005). Ethical leadership: A social learning perspective for construct development and testing. *Organizational behavior and human decision processes*, 97(2), 117-134. <https://doi.org/10.1016/j.obhdp.2005.03.002>
- Hao, Q., Shi, Y., & Yang, W. (2019). How leader-member exchange affects knowledge sharing behavior: understanding the effects of commitment and employee characteristics. *Frontiers in Psychology*, 10, 2768. <https://doi.org/10.3389/fpsyg.2019.02768>
- Ilyas, S., Abid, G., & Ashfaq, F. (2020). Ethical leadership in sustainable organizations: The moderating role of general self-efficacy and the mediating role of organizational trust. *Sustainable Production and Consumption*, 22, 195-204. <https://doi.org/10.1016/j.spc.2020.03.003>
- Iqbal, Z., Abid, G., Contreras, F., Hassan, Q., & Zafar, R. (2020). Ethical leadership and innovative work behavior: The mediating role of individual attributes. *Journal of Open Innovation: Technology, Market, and Complexity*,

6(3), 68. <https://doi.org/10.3390/joitmc6030068>

- Islam, T., Chaudhary, A., Jamil, S., & Ali, H. F. (2021). Unleashing the mechanism between affect-based trust and employee creativity: a knowledge sharing perspective. *Global Knowledge, Memory and Communication*. <https://doi.org/10.1108/GKMC-04-2021-0071>
- Jam, F. A., Akhtar, S., Haq, I. U., Ahmad-U-Rehman, M., & Hijazi, S. T. (2010). Impact of leader behavior on employee job stress: Evidence from Pakistan. *European Journal of Economics, Finance and Administrative Sciences*, (21), 172-179.
- Javed, A., Iqbal, J., Iqbal, S. M. J., & Imran, M. (2021). Sustainable leadership and employee innovative behavior: Discussing the mediating role of creative self-efficacy. *Journal of Public Affairs*, 21(3), e2547. <https://doi.org/10.1002/pa.2547>
- Kim, M. S., Phillips, J. M., Park, W. W., & Gully, S. M. (2021). When leader-member exchange leads to knowledge sharing: The roles of general self-efficacy, team leader modeling, and LMX differentiation. *The International Journal of Human Resource Management*, 1-28. <https://doi.org/10.1080/09585192.2021.1886150>
- Koay, K. Y., & Lim, P. K. (2021). Ethical leadership and knowledge hiding testing the mediating and moderating mechanisms. *Journal of Knowledge Management*. <https://doi.org/10.1108/JKM-02-2021-0091>
- Laraib, A., & Hashmi, S. H. (2018). An empirical study to examine the relation of authentic leadership on employee performance; moderating role of intrinsic motivation. *International Journal of Business and Administrative Studies*, 4(4), 137-145. <https://dx.doi.org/10.20469/ijbas.4.10001-4>
- Lin, S., Döngül, E. S., Uygun, S. V., Öztürk, M. B., Huy, D. T. N., & Tuan, P. V. (2022). Exploring the Relationship between Abusive Management, Self-Efficacy and Organizational Performance in the Context of Human-Machine Interaction Technology and Artificial Intelligence with the Effect of Ergonomics. *Sustainability*, 14(4), 1949. <https://doi.org/10.3390/su14041949>
- Lo, M. F., Tian, F., & Ng, P. M. L. (2021). Top management support and knowledge sharing: the strategic role of affiliation and trust in academic environment. *Journal of Knowledge Management*. <https://doi.org/10.1108/JKM-10-2020-0800>
- Mehmood, M. S., Jian, Z., & Gilal, F. G. (2020). Entrepreneurial leadership and employee innovative behavior: Intervening role of creative self-efficacy. *Human Systems Management*, 39(3), 367-379. <https://doi.org/10.3233/HSM-190783>
- Mehmood, M. S., Jian, Z., Akram, U., Akram, Z., & Tanveer, Y. (2021). Entrepreneurial leadership and team creativity: The roles of team psychological safety and knowledge sharing. *Personnel Review*. <https://doi.org/10.1108/PR-07-2020-0517>
- Mughal, M. F., Cai, S. L., Faraz, N. A., & Ahmed, F. (2022). Environmentally Specific Servant Leadership and Employees' Pro-Environmental Behavior: Mediating Role of Green Self Efficacy. *Psychology Research and Behavior Management*, 15, 305. <https://doi.org/10.2147/PRBM.S328776>
- Nguyen, T. M., & Malik, A. (2020). Cognitive processes, rewards and online knowledge sharing behaviour: The moderating effect of organisational innovation. *Journal of Knowledge Management*, 24(6), 1241-1261. <https://doi.org/10.1108/JKM-12-2019-0742>
- Ouakouak, M. L., Zaitouni, M. G., & Arya, B. (2020). Ethical leadership, emotional leadership, and quitting intentions in public organizations: does employee motivation play a role? *Leadership & Organization Development Journal*. <https://doi.org/10.1108/LODJ-05-2019-0206>
- Özsungur, F. (2019). The impact of ethical leadership on service innovation behavior: The mediating role of psychological capital. *Asia Pacific Journal of Innovation and Entrepreneurship*. <https://doi.org/10.1108/APJIE-12-2018-0073>
- Pu, B., Sang, W., Yang, J., Ji, S., & Tang, Z. (2022). The Effect of Entrepreneurial Leadership on Employees' Tacit Knowledge Sharing in Start-Ups: A Moderated Mediation Model. *Psychology Research and Behavior Management*, 15, 137. <https://doi.org/10.2147/PRBM.S347523>

- Rahaman, H. S., Stouten, J., & Guo, L. (2019). Antecedents of ethical leadership: the theory of planned behavior. *Leadership & Organization Development Journal*. <https://doi.org/10.1108/LODJ-11-2018-0417>
- Saha, R., Cerchione, R., Singh, R., & Dahiya, R. (2020). Effect of ethical leadership and corporate social responsibility on firm performance: A systematic review. *Corporate Social Responsibility and Environmental Management*, 27(2), 409-429. <https://doi.org/10.1002/csr.1824>
- Su, C. (2021). To share or hide? a social network approach to understanding knowledge sharing and hiding in organizational work teams. *Management Communication Quarterly*, 35(2), 281-314. <https://doi.org/10.1177/0893318920985178>
- Su, F., & Zhang, J. (2020). Proactive personality and innovative behavior: A moderated mediation model. *Social Behavior and Personality: An International Journal*, 48(3), 1-12. <https://doi.org/10.2224/sbp.8622>
- Su, W., Lin, X., & Ding, H. (2019). The influence of supervisor developmental feedback on employee innovative behavior: A moderated mediation model. *Frontiers in Psychology*, 10, 1581. <https://doi.org/10.3389/fpsyg.2019.01581>
- Su, X., Lin, W., Wu, J., Zheng, Q., Chen, X., & Jiang, X. (2021). Ethical leadership and knowledge sharing: The effects of positive reciprocity and moral efficacy. *SAGE Open*, 11(2), 21582440211021823. <https://doi.org/10.1177/21582440211021823>
- Sun, Y., Hong, J. C., & Ye, J. H. (2021). The effects of employees' perceived intrinsic motivation on knowledge sharing and creative self-efficacy. <https://doi.org/10.3389/fpsyg.2021.762994>
- Tian, J., Peng, Y., & Zhou, X. (2020). The effects of abusive supervision and motivational preference on employees' innovative behavior. *Sustainability*, 12(20), 8510. <https://doi.org/10.3390/su12208510>
- Wang, W., Kang, S. W., & Choi, S. B. (2021). Effects of employee well-being and self-efficacy on the relationship between coaching leadership and knowledge sharing intention: A study of UK and US Employees. *International Journal of Environmental Research and Public Health*, 18(20), 10638. <https://doi.org/10.3390/ijerph182010638>
- Wang, Z., Ren, S., Chadee, D., Liu, M., & Cai, S. (2021). Team reflexivity and employee innovative behavior: The mediating role of knowledge sharing and moderating role of leadership. *Journal of Knowledge Management*. <https://doi.org/10.1108/JKM-09-2020-0683>
- Wen, Q., Wu, Y., & Long, J. (2021). Influence of ethical leadership on employees' innovative behavior: The role of organization-based self-esteem and flexible human resource management. *Sustainability*, 13(3), 1359. <https://doi.org/10.3390/su13031359>
- Zhang, Y., Wu, J., & Fan, Y. (2022). The effect of perceived organizational support toward the environment on team green innovative behavior: Evidence from Chinese green factories. *Emerging Markets Finance and Trade*, 58(8), 2326-2341. <https://doi.org/10.1080/1540496X.2021.1977121>
- Zhao, G., Luan, Y., Ding, H., & Zhou, Z. (2022). Job control and employee innovative behavior: A moderated mediation model. *Frontiers in Psychology*, 13, 720654. <https://doi.org/10.3389/fpsyg.2022.720654>