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Ethical Leadership as a Catalyst for Employee Creativity: Understanding How Creative Self-Efficacy Strengthens Innovation and Idea Generation in the Workplace

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ABSTRACT

The present study examines the relationship between ethical leadership and employee creativity with the mediating role of creative self-efficacy among Public and Non-Public media houses. A sample size of 300 employees was selected. The findings of the study indicated that ethical leadership is significantly associated with the creativity of an employee, whereas creative self-efficacy mediates the relationship between the two. Moreover, social learning theory was used to support the findings of the study. Implications and recommendations of the study are also discussed.

Keywords: Ethical Leadership, Employee Creativity, Creative Self-efficacy.

1. Introduction

In the modern era, creativity is considered one of the ways of producing or extracting new and novel products from available materials or products (Gumuusuyu, 2004). Creativity is highly valued in the research studies (Shalley & Zhou, 2008) and is considered a state of existence in the dynamic, changing environment (Gourlay & McGrath, 2013). That is why, today, the culture of creativity is being promoted by every organization (George & Zhou, 2001). Creativity requires an employee to break down the traditional barriers and let them think out of the box and take risks, create encouraging and helpful

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conflicts, and challenge authority (Baucus et al., 2008). Employees can enhance or change the product of the organization by adopting the new and latest knowledge, technology, or updating processes, and this is how they exhibit their creativity. Whereas this creativity does not happen by itself, therefore, managers and the owners of the organization must appreciate the positive attitude and efforts of their employees. For this reason, right-sizing is considered significant for organizations to create a compatible environment for their employees. Only having such intentions can an organization initiate a creative culture (Oldham & Cummings, 1997).

Employees' efforts, behavior, and creativity are considered the key factors for services and product innovations (Horng et al., 2013). Several factors play a role in boosting employees' creativity, commitment to the organizational environment, such as freedom of speech, challenges and threats in the work environment, and outcomes of the status quo (Hon et al., 2013). Moreover, other factors related to social climate also exist, such as employee motivation, knowledge sharing, and procedural justice (Schepers & Van den Berg, 2007). All the subsequent factors enhance the employees' creativity. Therefore, an organization must consider all such factors to foster organizational success.

In the context of the present study, it is believed that workplace creativity may increase or decrease due to the leadership sequel (Mainemelis, Kark & Epitropaki, 2015). Variation and selection retention are two unconnected processes often used by leaders of organizations who work to foster employee creativity (Staw, 1990). On the other hand, novelty is all about bringing unique ideas, reflected in the number, diversity of ideas, and uniqueness produced by employees (Benner et. al., 2003). Theoretically, creativity is high variation and high selective retention (Simonton, 1999). Literature highlights the role leadership plays in enhancing employee creativity through motivation, being more responsive toward creativity, and also allowing employees to work in a more creative social context (Mainemelis et al., 2015).

Unexpected technological advancements and turbulent environments have increased competition; therefore, managers are inclined to encourage their workforce to be creative (Shalley & Gilson, 2004). Numerous studies have found a positive relationship

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between ethical leadership and creativity as well as a negative relationship between authoritative leadership and creativity (Amundsen & Martinsen, 2015). Ethical leadership can promote essential attitudes and types of behavior that are directly beneficial for creative interaction, such as the interpersonal trust within a team (Trevino et al., 2003).

Ethical leadership has been found to affect employee outcomes such as job satisfaction, voice, unethical behavior, job performance, employee well-being, and innovation (Chughtai et al. 2014). Mayer et. al. (2009) in their paper suggested that from one step to another, ethical leadership improves in the organization. They found negative linkages between top management and group level, while positive linkages with group level OCB. Social Learning and Moral Identity theories have discussed the antecedents and outcomes of ethical leadership (Mayer et. al. 2009).

Human inclination and justice inclination are the two dimensions of ethical leadership identified by Eisenbeiss (2012) to bring ethical leadership into the organization. Recently, quite a few efforts have been made to comprehensively evolve an ethical leadership construct, as this construct is considered important for theoretical approaches (Brown et. al., 2005). A major part of the research comprises moral postulates and views that leaders “should” manipulate and organize their leadership styles and ethical decision-making (Trevino & Brown, 2007). According to the scholarly view, a large amount of work has been done, e.g., Brown and Trevino, 2006; Eisenbeiss, 2012 for a review), and the ethical features are available in the modern models of leadership. Transformational leadership brought to attention the influence feature of leadership (Bass & Avolio, 1994). Since those organizations began emphasizing the significance of the availability of leaders and also their ethical conduct (Stouten et al. 2012). Therefore, the need to study the issues of ethical leadership is growing with each passing day.

The leadership and employee creativity construct has been found effective in a few experimental studies such as Transformational and Transactional Leadership, Ethical leadership, Leader-Member exchange, unconventional leader behavior, empowering leadership, benevolent leadership, authentic leadership, and Servant leadership (Pieterse et. al., 2010; Karabey et. al., 2018; Wang, 2016; Zhang & Bartol, 2010; Jaussi & Dionne, 2003;

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Neubert et. al., 2008). Detecting the edge in the relationship of the leader-employee, all these studies found harmonious evidence by conducting the experiments. Therefore, it is concluded that leadership has its impact on employee creativity. An ethical leader has acumen in every task for their employees. An ethical leader assists their subordinates in seeking tasks with new exposure and unique ways. This is why we can say that an ethical leader contributes to shaping a person into a diligent and creative worker. Therefore, for instilling the quirky talent of the firms' employees, they must have the ethical head and guidelines for bringing them forward. It is also necessary to compose the employees' usable skills to meet the global technological change and requirements.

The present study is suggested to expand the existing literature of Ethical leadership in the following ways: (1) this research fills the gap by Javed et al. (2017), showing the impact of creative self-efficacy on Ethical leadership and employee creativity. In the present study, Creative Self-efficacy has been used as the mediating mechanism to check the relationship between EL and EMPC, suggested by the study (Basharat et al., 2017), (2) this research relied upon the social learning theory (SLT) to explain the role of creative self-efficacy between ethical leadership and employee creativity, (3) this study will provide deep understanding of how ethical leadership plays its significant role in fostering employees' creativity utilizing the underlying mechanism of employees' creative self-efficacy and (4) the practical implications of the present study are identified which can help the organizations to maintain or bring the norms of ethical leadership to sustain the culture of creativity. The research model is shown in Figure 1.

2. Literature Review and Hypothesis

2.1 Literature Review

2.1.1 Ethical Leadership

The definition of ethical leadership by Brown et al. (2005) is widely used in the literature: "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making". The first part of this definition relates to the moral person facet of ethical leadership and the second part to the

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moral manager facet (Brown and Trevino, 2006).

To understand what ethical leadership is, Western-based leadership and ethical literature were reviewed to highlight its characteristics. Global leadership and Organizational effectiveness project data were used to understand the degree of four aspects: Character/Integrity, Altruism, Collective Motivation, and Encouragement. Ethical leadership has proven it effective leadership with respect to different cultures.

There are many ways to explain ethics and morality. Every theory of leadership considers different types of definitions of ethics and morality, but Ethical Leadership is based on compliance with normative standards. First of all, an ethical leader is a moral person and maintains fairness and honesty among others. Secondly, he is considered a Moral Manager. A moral manager demonstrates their morality and ethics through their actions and words and encourages this behavior in others. Ethical leadership endorses essential attitudes and types of behavior that are directly beneficial for creative interaction, such as the interpersonal trust within a team (Trevino et al., 2003). An ethical leader rewards their subordinate for ethical conduct and also punishes unethical behavior. Theory proposes that Ethical Leaders are more effective and their presence forms justice in the organization (Brown et al., 2005; Toor & Ofori, 2009).

Ethical leadership is usually measured by the dimensions of role modeling, treating employees fairly, morality, and care towards employees. A leader teaches individuals to learn new things through proper role modeling; therefore, it has been suggested in a study that leadership has an impact (Yukl, 2002). The literature of social learning theory proposes that the ethical conduct of leadership followers is affected by leaders (Brown et. al., 2005). Observational learning, imitation, and identification are various psychological matching processes, fall under the umbrella of modelling (Brown et. al., 2005). Bandura (1986) argued that if an individual is willing to learn from their surroundings, they can also learn in their imagination by observing someone's behavior. Such processes play a significant role if they are meant for ethical conduct in any organization. Previous research has also shown that the behavior of people is affected by the models (Rosenhan & White, 1967).

2.1.2 Employee Creativity

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Creativity researchers are having agreement on the point that creativity must be appropriately defined (Amabile, 1983), for the expressions of outgrowth, such as an idea or product (Woodman et al., 1993). The definition: “production of novel and useful ideas” (Amabile, 1988), has been cited in the following models (e.g., Ford, 1996; Woodman et al., 1993). It is also used in other recent studies of creativity, e.g., Oldham & Cummings (1996). Previous studies showed that when uncertainties, riskiness, and potential failure situations happen in any organization, employees show themselves sensitive and creative efforts eventually hinder employees’ creativity and organizational innovation (Hon et. al., 2014). However, such uncertainties and failure situations should be highlighted by the organization to bring better tackling strategies and overcome the failure of promoting employee creativity and team-level innovation (Hon et. al., 2014). Most previous studies examined creativity as the dependent variable, and only a few studies have observed the outcomes of creativity (Anderson et al., 2014). The present study also contributed to assessing the creativity of employees through the instrument, based on the employees’ exhibiting creativity in making custom-made products and maximizing organizational sales.

Individuals become creative when they work in groups or independently in organizations. But it is also said that while performing activities in a group, they may face the decline of consensus and result in conflicts, which may hinder creativity (Chen & Kanfer, 2006). While in recent research, it is strongly believed that individuals become more inclined to exhibit creativity or creative ideas when they work together in group activities (Anderson et. al., 2014). Therefore, leadership and the organizational learning process pays more attention to the creativity and innovation model of any organization (Hon & Lu, 2015) along with other related factors such as personality (George & Zhou, 2001), job tasks and organizational characteristics (Kim et al., 2010) and the involvement that can increase or decrease the individual’s intentions towards team creativity.

Creative employees are a blessing for organizations to go in many ways and achieve desired results. The creation of novel and useful products by the employees or advancing the procedures of an organization opens multiple opportunities for the organization. The

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creativity of an employee provides an organization with several product options, procedures, and ideas for innovating the firm and future implementation. The availability of multiple options makes an organization flexible enough to cope with the external demands and opportunities. Therefore, the creative efforts from the employees show the firm's innovative capability and capacity for new market identification, engineering complicated work procedures, or generating new technical knowledge.

Employees are the key sources of bringing any kind of innovation and novelty in the organization. The work of employees is novel when they come up with new ideas for already existing products and services.

2.1.3 Creative Self-Efficacy

Creative self-efficacy is defined as “the belief one can produce creative outcomes” (Tierney & Farmer, 2002). Self-efficacy in the creativity context would be called creative self-efficacy, and it can be defined as the confidence of any individual in their capabilities, that how much they can be more creative (Tierney & Farmer, 2002). It is derived from the self-efficacy theory (Bandura, 1997) and is embedded in Social Cognitive theory (Bandura, 2001). Latest researches also find that the creative self-efficacy of any individual talks about the creative abilities and level of him (Jaiswal & Dhar, 2016). Moreover, the creative self-efficacy also plays the mediation role between many factors that predict creative performance, along with predicting the creative abilities of any individual (Choi, 2004; Tierney & Farmer, 2004).

Bandura (1997) argued that the self-efficacy of any individual is affected by several processes. Firstly, when an individual confidently attempts to do work, it affects that task. Secondly, it also influences the effort the individual they spends on the task achievement and positive task completion. Self-confident individuals work more passionately to achieve their task completion. At the end, self-efficacy influences the individual's response towards task and which in turn affects the task success. Organizational dynamic implemented abilities can be influenced by the self-efficacy, “the capacity of an organization to purposefully create, extend, or modify its resource base” (Helfat et al., 2007), and an organization can get benefits from these dynamic abilities (Kevill et al., 2017). Individuals

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with a higher level of creative self-efficacy are more consistent and put extra effort into their work to cope with all the challenges, and they end up with more creative solutions to their problems, so self-efficacy is considered the antecedent of 'creative productivity' (Tierney and Farmer, 2002).

Particularly, there is very little knowledge available regarding the factor of leadership that either positively or negatively contributes towards the relationship between employees' creative self-efficacy and their innovative behavior (Nisula & Kianto, 2017). On a large scale, the work on the significant role of leadership for promoting the employees' creativity has already been done (Hammond et al., 2011; Miao et al., 2020).

It is believed that an individual's belief in self-efficacy is also enhanced by their interests and priorities (Gist & Mitchell, 1992), such as an individual gaining proficiency in his/her work due to the task engagement (Bandura, 1986). Those individuals who have a strong identity are more inclined towards identity-domain-related engagement and performance by considering it the source of identifying their identities (Swann, 1984). They develop opportunities to succeed in their role-related tasks (Swann, 1987).

2.2 Hypotheses

2.2.1 Ethical Leadership and Employee Creativity

An ethical leader focuses on the employees' experiential needs and arranges them strategically (May et. Al., 1998). Ethical leaders are seen as someone who have the characteristics of honesty, integrity, reliability, care, devotion, supporting the rights of others, and adopting a manner that leads towards fair and balanced judgments (Brown & Treviño, 2006). Employees show more power and interest when they are being approached with positivity and support (Oldham and Cummings, 1996). In this regard, the present study also contributes to finding out the ways to improve employee creativity. Few researchers (Tierney, Farmer & Graen, 1999) focused on the quality of the relationship that exists between an ethical leader and employee on the basis of leader-member exchange theory. Their (Tierney, Farmer & Graen, 1999) study found that a positive relationship between a leader and their follower increases the creative outcomes.

Therefore, we hypothesize that:

H1: Ethical leadership has a positive relationship with employee creativity.

2.2.2 Ethical Leadership and Creative Self-Efficacy

Verbal persuasion, affective or physiological arousal, vicarious experience, or modeling and personal attainments are the four ways suggested by Bandura (1986). He argued that each one can be proven effective by ethical leadership through the process of social learning. According to the viewpoint of Social Learning theory, individuals learn new behavior through witnessing others and/or direct modeling, and verbal persuasion (Bandura, 1977). The self-efficacy of an employee tends to enable them to easily adapt to the new environment (Bandura, 1977). Therefore, employees with elevated self-efficacy feel more positive about their workplace. It is suggested by Brown et al. (2005) that ethical leaders are concerned for their employees' best interests and want them to excel with full potential regarding their attainments. It eventually leads to their high performance (Li et al. 2018). Javed et. al. (2016) in their study, suggested finding the relationship between ethical leadership and creative self-efficacy. Therefore, as per the findings of (Mayer et al., 2004; Zhu, 2008), ethical leaders are considered experts and proficient at increasing an employee's self-confidence and growth. We, then believe that employees feel safer with a high confidence level, and this is how they get introduced to how to perform a variety of tasks.

Based on the above arguments, we can hypothesize that:

H2: Ethical leadership is positively related to creative self-efficacy.

2.2.3 Employee Creativity and Creative Self-Efficacy

In Ford's (1996) model of creative action, the Author has considered the employees' efficacy belief as the bottom line in providing employee motivation to innovate (Ford, 1996). Researchers have mentioned that if employees want to be creative, they must have faith that they can accomplish a certain task. Because task-related attraction, initiation, and sustenance are usually affected by the level of self-efficacy (Bandura, 1997). Creative self-efficacy is declared necessary for having firm needs towards creative thought and action. The present study will contribute to filling the research gap (suggested by Javed et. al., 2016) by showing the association of creative self-efficacy and employee creativity.

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(Redmond et al., 1993) is a study that supports the previous argument. In his study, employees with high self-efficacy towards marketing skills have produced more creative work on marketing tasks. In support of the above argument, there is another study (Tierney & Farmer, 2002), in which individuals with higher self-efficacy levels get more engaged in creative activities.

Therefore, we can hypothesize that:

H3: *Creative self-efficacy is positively related to creativity.*

2.2.4 Creative Self-efficacy as Mediator

When an individual delivers an abundance of creativity in their activities performed for the organization is called creative self-efficacy (Tierney & Farmer, 2002). Self-efficacy is the confidence of an individual in his skills and abilities that he is capable of meeting situational demands with superior creativity (Tierney & Farmer, 2011). Social learning theory states the four sources of self-efficacy. According to the Social persuasion source, individuals are suggested they be capable of dealing with certain tasks, Staples et al. (1998). Mitchell & Palmer (2010) argued that employees observe their managers and learn to accomplish their work goals perfectly. In this way, their self-efficacy perception also gets improved. The positive expectation of a complementary outcome significantly changes the behavior and eventually brings expected outcomes (Eden, 1984). It is believed that creative self-efficacy leads an employee to creativity. Few studies suggested that reliable means of feedback, such as from an ethical leader, can enhance the self-efficacy (e.g., Eden & Aviram, 1993; Eden & Kinnar, 1991). Few scholars argued that when an employee is doing creative things in routine work, an abundance of creative self-efficacy helps them to find the solution to their problem (Gist & Mitchell, 1992). Now, we can say that individuals with high creative self-efficacy have the confidence to achieve their goals.

We can hypothesize that:

H4: *Creative self-efficacy mediates the relationship between ethical leadership and employee creativity.*

3. Theoretical Framework

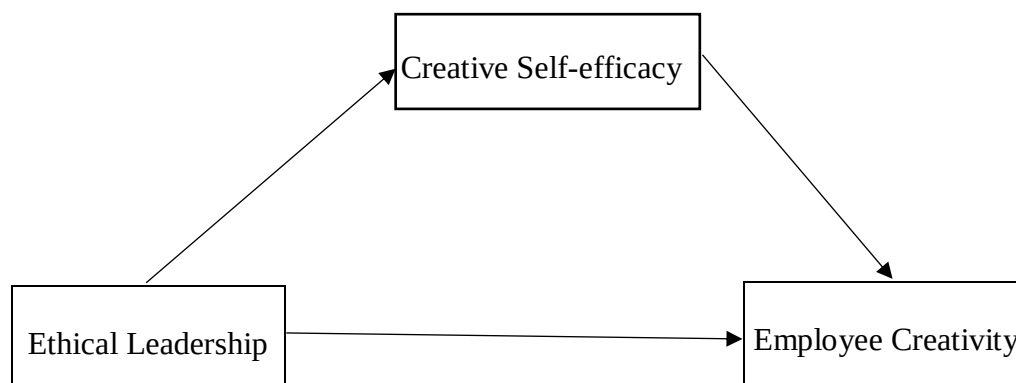


Figure 01. Theoretical Framework

4. Methodology

A convenient sampling technique was used to study the impact of ethical leadership on employee creativity with the mediating role of creative self-efficacy. Public and non-public media houses of the region RWP/ISB are taken as the sample of the present study. PTV is taken as a public organization. All the employees from the managerial department of these organizations, whether junior or senior, are approached to become part of the study and show their confidential agreements towards each situation they are provided with.

A questionnaire based upon a 5-point Likert scale ranging from strong agreement (1) to strong disagreement (5) was provided to the respondents to record their observations. Close-ended questionnaires are provided to all the employees to rate their responses. Few employees showed cooperation by filling out the online questionnaire. Participants were assured that their answers would be kept highly confidential and would only be used for academic purposes. Overall, 500 questionnaires were distributed (320 to the Public and 180 to the private TV channel), out of which 300 were returned (270 from the Public TV channel and 76 from the Private TV channel). 230 questionnaires from the public TV channel were used for the data analysis, whereas 40 incomplete questionnaires were discarded. 76 questionnaires were returned from the private TV channels, out of which 70 full response questionnaires were used. 300 valid questionnaires showed a 60% response rate. The majority of respondents were males, with 66.70% whereas females showed only a 33.30% response rate. In the age category, 36.0% were the highest percentage for the category,

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ranging from 31 to 35 years. Similarly, for the qualification, the highest percentage showed that 57.3% qualified for the Master's degree. For ethical leadership, respondents completed the 10-item scale developed by Brown et. al (2005). Sample items include: "my supervisor disciplines employees who violate ethical standards, and 'my supervisor discusses business ethics or values with employees". For employee creativity, respondents completed the 07-item scale used by Oldham & Cummings (1996) in their study. Sample items of the questionnaire include: "I often develop creative custom-made product/service packages for clients, and "I often develop creative methods for promotion and sales." For creative self-efficacy, respondents completed the 05-item scale used by Brockhus et. al. (2014) in their paper. They had developed their questionnaire, which had two parts. But in this study, only the first part of their questionnaire was used, which consists of personal assumptions and the beliefs of employees about their creativity. Sample items include: "I am not afraid to express my ideas, "I have a positive self-image, and "I am confident that I could deal with unexpected events."

5. Results

Validity Analyses

Table 1. CFA Results

Model	IFI	TLI	CFI	RMSEA
CFA	.923	.906	.922	.063

Table 1 indicates the Fit Indices for the Confirmatory Factor Analysis (CFA), conducted to validate the adapted instruments in new research settings by finding out the distinctiveness of the variables. The results indicate a good fit and all the values are within the desired ranges (RMSEA=.063, CFI=.922, TLI=.906, IFI=.923). (Hinkin, 1998; Steiger, 1990). All the CFA results showed satisfactory discriminant validity.

Table 2. Mean, Standard Deviation, and Correlation among variables.

Variables	Mean	SD	1	2	3	4	5
1. Ethical Leadership	2.2613	.61130	1(.845)				
2.Employee	2.2717	.75704	.422**	1(.707)			

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3. Creative Self-efficacy	2.0442	.77368	.337**	.576**	1(.845)		
4. Gender	1.34	.480	66.7	33.0			
5. Education	1.83	.677	31.0	57.3	9.7	2.0	
6. Age	2.18	1.144	33.0	36.0	16.7	9.0	5.3

Notes: Cronbach's alphas are presented in parentheses. Gender: 1. Male, 2. Female, Education: 1. Bachelor's, 2. Master's, 3. MS/M.Phil, 4. Others, Age: 1. 25-30, 2. 31-35, 3. 36-40, 4. 41-45, 5. 46 or above.

Table 2 presents the descriptive statistics as well as the correlations of all the variables. Ethical leadership was significantly related to employee creativity ($r = .422$, $P < 0.001$) and creative self-efficacy ($r = .337$, $P < 0.001$). Moreover, employee creativity was positively associated with creative self-efficacy ($r = .576$, $P < 0.001$). These correlations satisfied the condition for mediation suggested by Baron and Kenny (1986).

Table 3. The Mediating Effect of Creative Self-Efficacy

	B	SE	P
Ethical Leadership → Employee Creativity	0.54	.081	0.000
Ethical Leadership → Creative Self-efficacy	0.39	.092	0.000
Creative Self-efficacy → Employee Creativity	0.57	.090	0.000
95% CI			
Bootstrap result for indirect effect	.21		0.001

Notes: Unstandardized coefficients reported, Bootstrap sample size=2000, CI= confidence interval, P=level of significance.

Table 3 contains the results of the present study. It showed a significant relationship between ethical leadership and employee creativity ($B=0.54$, $SE=.081$, $P=0.000 < 0.005$), so H1 (ethical leadership is positively associated with employee creativity) is not rejected. Results showed a positive, significant relationship between ethical leadership and creative self-efficacy ($B=0.39$, $SE=.092$, $P=0.000 < 0.005$), and so H2 (ethical leadership is positively

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related to creative self-efficacy) was also accepted. Results also showed a positive and significant relationship between creative self-efficacy and employee creativity ($B = 0.57$, $SE = .090$, $P = 0.000 < 0.005$), so $H3$ (Creative self-efficacy is positively related to creativity) was also not rejected. Finally, results indicated that creative self-efficacy mediates the relationship between ethical leadership and employee creativity as the indirect effect value is not zero and the mediation has occurred with the significance level of 0.001 ($P = 0.001 < 0.05$). Therefore, $H4$ (Creative self-efficacy mediates the relationship between ethical leadership and employee creativity) was also supported.

6. Discussions and Implications

The purpose of the present study is to understand how ethical leadership plays its role in fostering employee creativity and how creative self-efficacy with ethical leadership is related to each other in the process leading towards employee creativity. Results showed (1) a significant relationship between ethical leadership and employee creativity, (2) ethical leadership and creative self-efficacy, (3) creative self-efficacy and employee creativity, and (4) creative self-efficacy was shown to mediate the relationship between ethical leadership and employee creativity. Results have shown that all the proposed hypotheses of this research are supported by the results.

The present study demonstrated that ethical leadership has a positive relationship with employee creativity. It will help the managers by allowing them to develop a leadership style that promotes ethics in an organization. Such as giving respect and rights to others through creating an environment that increases the encouragement level of the employees for developing and practicing new things. By highlighting that creative self-efficacy mediates the relationship between ethical leadership and creative self-efficacy, those managers who want to acquire creative outcomes from their employees with elevated self-efficacy abilities, their employees deal with ethical standards, such as providing proficiency in their work and raising their self-confidence.

7. Conclusion

In this study, a theoretical model was built and tested on the basis of social learning theory to explain how ethical leadership shows its impact on employee creativity. To avoid

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the single-source bias, data were collected from all the media houses across Pakistan. It was proposed that when an employee can learn, he learns from his surroundings, such as from his leader. If an employee has the ability of creative self-efficacy, it can accelerate the learning process. Findings showed that creative self-efficacy mediates the relationship between ethical leadership and employee creativity.

8. Limitations

The present study also has some limitations. The data were collected from the media houses in the vicinity of RWP/ISB, so it was difficult to determine the generalizability of the results. The data for the present study were collected from the employees of the management department. However, the employees of other departments can also be taken as a sample to get more generalized results and opinions of the media sector of Pakistan. We used creative self-efficacy as a mediator to examine the impact of ethical leadership on employee creativity. Moreover, there are a number of other mediator variables that can be used in this framework, such as intrinsic motivation, psychological safety, psychological ownership, work engagement (Lemoine et. al. 2019).

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