The Impact of Ethical Leadership on Stressors and Employee Performance

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INTRODUCTION

The nursing profession is the backbone of the health and social care system. The variety of people they treat and the difficulty of some of the situations they must navigate make for the challenging job (Khoshnaw, & Alavi, 2020). Extreme shortages, low societal regard for nurses, a lack of reputable nursing education institutions, unfavorable organizational cultures, a dearth of career advancement opportunities, a lack of ongoing nursing education, a shortage of retention policies, a lack of incentives for remote placements, and generally poor working conditions in most public and private institutions plague the nursing profession in Pakistan (Abbas et al., 2019). The Pakistan Nursing Council suggests assigning one nurse to every ten patients who do not require specialized care, and one nurse to every two patients who require specialized care while the actual ratio is one nurse to fifty patients (Abbas et al., 2018). The Aga Khan University estimated in May 2021 that there will be a demand for 1,300,000 registered nurses. This has a negative impact on patient care and healthcare efficiency in Pakistan since registered nurses feel overwhelmed and unhappy in their roles. In a medical emergency or while waiting for the doctor to come, nurses are the first line of defense (Rafiq, et al., 2021). Stress in the nursing profession is caused by both professional (workload, time pressure, organizational politics, workplace bullying, etc.) and financial (budget cuts,

ABSTRACT

This study aimed to investigate the correlation between stressors and ethical leadership, and their impact on the performance of critical area nurses in a tertiary care hospital. The issue of stress among hospital staff appears to be a significant concern that impacts the functioning of the healthcare system. Questionnaires were used to gather data from 391 full-time nurses working in the critical care sector. The data focused on leadership style, employee performance, and stressors. Structural Equation Modeling conducted using SMART-PLS 4.0. The present study introduced a novel perspective for firms that aim to address work-life pressures and improve employee performance by emphasizing the positive impact of ethical leadership. Organizations have the ability to develop and improve the communication skills of their managers through planned training sessions. This organization should recognize the importance of research that emphasizes the role of leadership in terms of communication competency in order to optimize employee performance and enhance organizational efficiency.

KEYWORDS

Stressors, Ethical Leadership, Employee Performance, Health, Hinders, intensive care unit
salary freezes, etc.) inadequacies, as well as the attitudes of coworkers and management.

Workers experience significant levels of stress because the organization’s work environment (e.g., increased work scope, large workloads, time and situational limits, and showcase regulations) makes it challenging to execute job tasks creatively and successfully. Researchers have researched stress in the workplace and its associated elements for over 60 years, and their findings show that stress is a significant work problem. Poor working circumstances are a major cause of stress for workers, according to studies conducted by the European Foundation for the Improvement of Living and Working Circumstances in EU countries (Lazarus & Folkman, 1984). People respond positively to stresses that present opportunities for progress, whereas demand stressors typically result in positive professional outcomes. Most people’s lives revolve heavily around their jobs (Abbas et al., 2019). Job performance and retention might take a hit due to factors such as overwork, poor time management, office politics, and bullying (Nisar & Rasheed, 2019). Claim that employee stress in the workplace might lead to health issues and a decrease in productivity (Sonnentag, 2015). Job stress has been shown to negatively affect job performance and turnover (Nisar & Rasheed, 2019); to decrease job commitment. Challenge stressors are linked to good workplace outcomes (Crane, 2016; Wallace et al., 2009) whereas hindrance stressors are linked to reduced employee engagement (Sawhney & Michel, 2022). According to research, obstacles and setbacks affect performance, productivity, and workplace behavior (Mazzola, 2019). This study stated that both challenge and hindrance stressors should be included when measuring stress and work performance, but only did so for the latter. The moderating impact of ethical leadership, which has received little attention until now, will also be investigated (Naseer et al., 2020).

1.1 | RESEARCH OBJECTIVES

- To analyze the association between challenges, hindered stressors and Employee performance
- To analyze whether ethical leadership moderates the relationship between challenge stressors and employee performance.
- To analyze whether ethical leadership moderates the relationship between hindrance stressors and employee performance.

2 | LITERATURE REVIEW STRESSES AT WORKPLACE

Workplace stress among healthcare workers in healthcare institutions is a global issue nowadays and it is especially the sick attitude over work unscheduled duty rosters especially during COVID-19 days. (Lepine et al., 2005). The stress rate is reported very high ranging from 14% to 64% per six-month interval, and nursing staff is the primary target. Stress in Workplace has become one of the main causes of occupational stress among clinical area nurses. A sentiment of personal improper function as a result of events happening in the organization’s psychological and physiological responses because of pressures in the work setting is considered job stress (Fayyaz et al., 2014). In an organizational setting quality of supervision, job content, time pressures, and anxiety are considered major job stressors and affect the performance of employees in one way or the other.

2.1 | CHALLENGE STRESSOR

An individual’s development and success are aided by stresses that present a challenge. Work overload, deadlines to completion tasks, and the weight of responsibilities all add up to a stressful situation (Cropanzano & Wright, 2001). The "continuous physical and/or psychological (cognitive and emotional) effort or skills" are what the JD-R uses to predict job stress (Bakker & Demerouti, 2021). Recent study attempting to overcome the work stress uses more energy and causes more stress (LePine et al., 2021).

2.2 | HINDRANCE STRESSOR

Complications include red tape, job uncertainty, office politics, and bullying. Workers who have to deal with these stresses may become disinterested and worn out as a result. Rather than inspiring compliance, these kinds of requests usually elicit anger and panic (Mazzola, & Disselhorst, 2019). There might be tension if efforts are made to overcome barrier forces. Two meta-analyses found that stresses like roadblocks were associated with fatigue, burnout, and subpar productivity (Campell & Wiernik, 2015; LePine et al., 2023). Studies of workers' diaries (Breevaart & Bakker, 2018) found a negative correlation between barriers at work and workers' enthusiasm for their jobs.
2.3 | EMPLOYEE PERFORMANCE

Recruitment and selection are crucial HRM responsibilities that significantly impact the individual's productive performance and the overall performance of the company, making them essential for organizational success (Motowildo et al., 1997). Job performance is the primary focus of research in the field of organizational behavior and industrial management (Mughal, & Malik, 2023). Organizational behavior encompasses activities that are both useful to the business and contribute to the achievement of goals (Cropanzano et al., 2003). Work performance refers to the degree of alignment between an employee's achieved outcomes and the benchmarks established by the organization (Agnes, et al., 2022). The concept of "job performance" has evolved to encompass more than just being employed and completing routine activities. It now includes a more nuanced understanding of "work roles" within dynamic and constantly changing organizational environments. According to Fayyaz (2014), employee job performance can be defined as the overall anticipated value to the organization of the specific behavioral actions that an individual does within a set timeframe.

2.4 | ETHICAL LEADERSHIP

Leaders inspire action, lay forth attainable objectives, supply the means to get the job done and evaluate development. Leadership in nursing entails shifts in the norm at regular intervals (Naseem et al., 2018). The ability to connect with patients and their families, as well as communicate and operate effectively as part of a healthcare team, is what this term alludes to. Effective leadership is necessary for smooth shift operations, high morale, and problem-solving (Alonso et al., 2020). Those in leadership positions who stop caring about their colleagues quickly lose all credibility. However, leaders who genuinely care about their followers may fare better in the healthcare sector. Still, it's possible that one's leadership approach will need to change depending on the situation (Bandura, 1986).

The social learning theory on ethical leadership, proposed by Brown et al. (2005), suggests that leaders impact the ethical behavior of their followers through modeling. The term modeling encompasses a wide array of psychological processes that include matching, such as observational learning, imitation, and identification. Ethical leaders demonstrate a genuine concern for the welfare of their followers, attentively listen to their concerns, and offer assistance when necessary. Therefore, ethical leadership fosters a conducive and psychologically secure work atmosphere for healthcare personnel. The sources cited are Demerouti, et al., (2001) and Cavanaugh et al., (2000). Recent studies indicate that an individual's assessment is influenced by stressors that either impede or facilitate their performance (Naseer et al., 2020).

2.5 | HYPOTHESES DEVELOPMENT

H1: Challenge stressors are associated with Employee performance.

H2: There will be a significant relationship between hindrance stressors and Employee performance.

H3: Ethical leadership significantly moderates the relationship between challenge stressors, hinder stressors, and employee performance

2.6 | THEORETICAL MODEL

![Diagram](Figure 1: Theoretical Model)
3 | RESEARCH METHODOLOGY

3.1 | RESEARCH DESIGN

According to Elshaer et al. (2018) quantitative research may make use of a wide range of techniques, such as surveys, experiments, and observational studies.

3.2 | POPULATION

The population for this research would consist of all RNs in Pakistan who are members of the Pakistan Nursing Council (PNC). There are 116,659 RNs in Pakistan, as reported by the Pakistan Economic Survey (2021) (37%) (Farrukh et al., 2022). This research focuses on how ethical leadership might mitigate the negative impact of workplace stress on workers' productivity.

3.3 | SAMPLE SIZE

The sample size is the target proportion of the total population that will be drawn for inclusion in the sample. A sample size should be neither too big nor too tiny. Sample calculated by formula The Cochran formula describes this phenomenon. William G. Cochran, a well-known statistician, created it around the middle of the twentieth century. Sample sizes for confident population percentage estimates within a certain margin of error may be determined using Cochran's formula (Cochran, 1963).

Standard formula \( n = \frac{N}{1+N(e)^2} \). 391

3.4 | DATA COLLECTION METHODS

3.4.1 | Questionnaire

A structured questionnaire was used to collect data for this study. The advantage of using this method of data collection is the affordability of gathering quantitative data. It makes it quick and easy to collect and administer the data collected on 5, 5-point Likert scale ranging from 1 (no stress) to 5 (a lot of stress). Table 1

Table 1
Scale Measurement Scales Detail

<table>
<thead>
<tr>
<th>Variable</th>
<th>Scale dimension</th>
<th>Items Total</th>
<th>Adopted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical leadership</td>
<td>5 point likert scale</td>
<td>23 items</td>
<td>Brown, M. E., &amp; Treviño, L. K. (2006), Ethical leadership</td>
</tr>
<tr>
<td>Challenges</td>
<td>5 point likert scale</td>
<td>10 items</td>
<td>Cavanaugh M.A(2017)</td>
</tr>
<tr>
<td>Hinders Stressors</td>
<td>5 point likert scale</td>
<td>8 items</td>
<td>Cavanaugh M.A(2017)</td>
</tr>
<tr>
<td>Employee performance</td>
<td>5 point likert scale</td>
<td>5 items</td>
<td>Fayyaz et al., (2013)</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>46 items</td>
<td></td>
</tr>
</tbody>
</table>

3.4.2 | Data Analysis Methods and Interpretation

3.4.2.1 | Partial Least Squares Factor Analysis

Dimensionality reduction and investigating latent structures (factors) that underlie observable variables are the two most common applications of PLS Factor Analysis. The PLS technique is used to do an analysis that is quite similar to classic exploratory factor analysis. PLS Factor Analysis is used by researchers to get to the bottom of what's causing the observed correlations between different variables. Data dimensionality is decreased because a smaller set of latent components may represent a larger set of observable variables. The intensity and direction of the correlations between latent factors and observable variables are indicated by factor loadings, which are normally included in the output of PLS Factor Analysis along with the number of latent factors recovered. Observed variables may be utilized in PLS Factor Analysis to reveal latent constructs.
4 | RESULTS

Table 2
Construct Reliability and Validity

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach's alpha</th>
<th>Composite reliability (rho_a)</th>
<th>Composite reliability (rho_c)</th>
<th>Average variance extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CS</td>
<td>0.899</td>
<td>0.900</td>
<td>0.919</td>
<td>0.586</td>
</tr>
<tr>
<td>EL</td>
<td>0.975</td>
<td>0.976</td>
<td>0.977</td>
<td>0.647</td>
</tr>
<tr>
<td>EP</td>
<td>0.906</td>
<td>0.906</td>
<td>0.930</td>
<td>0.726</td>
</tr>
<tr>
<td>HS</td>
<td>0.834</td>
<td>0.834</td>
<td>0.833</td>
<td>0.601</td>
</tr>
</tbody>
</table>

As per table 2, Cronbach's alpha is a metric used to measure internal consistency, with values ranging from zero to one. Values close to each other indicate lower system fluctuation. The Cronbach's alpha coefficient for construct Challenge stressors is 0.899, indicating good dependability. The coefficient for Ethical Leadership is 0.975, indicating reliability and validity. The coefficient for Employee Performance is 0.906, indicating significant dependability. The coefficient for Hindrance Stressors is 0.834, indicating good dependability. The Average Variation Extracted (AVE) is a statistical metric that quantifies the amount of variation in a construct compared to the presence of measurement error. Greater values suggest a higher share of variation that is accounted for by the concept. In this particular instance, the AVE for the construct of challenge stressors (CS) is 0.586, for Ethical leadership (EL) is 0.647, for employee performance (EP) is 0.726, and for hindrance stressors (HS) is 0.601. An AVE coefficient above 0.5 is generally considered to be acceptable, and a coefficient above 0.6 is considered. These values suggest that a significant proportion of the variation is accounted for by the construct in relation to its respective indicators. The findings suggest that the constructs under investigation exhibit satisfactory internal consistency and reliability. Most of the constructs have high levels of reliability, as seen by the use of Cronbach's alpha and composite reliability. Furthermore, these constructs account for a substantial proportion of the variation observed in their respective indicators.

Table 3
Discriminant Validity Heterotrait-monotrait ratio (HTMT)

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>CS</td>
<td>0.409</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EL</td>
<td>0.664</td>
<td>0.870</td>
<td></td>
</tr>
<tr>
<td>EP</td>
<td>0.453</td>
<td>0.739</td>
<td>0.874</td>
</tr>
</tbody>
</table>

The Outer Loadings Matrix is a fundamental component used within the framework of structural equation modeling (SEM) to depict the factor loadings associated with the various items pertaining to their respective latent structures. The system has four indicators, namely Construct CS (CS1 to CS15), EL (EL1 to EL15), EP (EP1 to EP15), and HS (HS1 to HS21). Each of these variables has a crucial role in measuring the constructs of challenge stressors (CS), ethical leadership (EL), employee performance (EP), and hindrance stressors (HS). The factor loadings of the interaction terms (CS x EL and HS x EL) are 1.0, suggesting that they are accurately represented by their corresponding latent constructs. In factor analysis the outer loading of dimensions CS9 and CS10 were below 0.5 level so it was dropped. Similarly, HS dimensions from (HS6 to HS8) were also dropped.

Table 4
Path Coefficients

<table>
<thead>
<tr>
<th></th>
<th>Original sample (O)</th>
<th>Sample mean (M)</th>
<th>Standard deviation (STDEV)</th>
<th>T statistics (O/STDEV)</th>
<th>P values</th>
</tr>
</thead>
<tbody>
<tr>
<td>CS → EP</td>
<td>0.436</td>
<td>0.432</td>
<td>0.042</td>
<td>10.277</td>
<td>0.000</td>
</tr>
<tr>
<td>EL → EP</td>
<td>0.519</td>
<td>0.518</td>
<td>0.051</td>
<td>10.113</td>
<td>0.000</td>
</tr>
<tr>
<td>HS → EP</td>
<td>-0.181</td>
<td>-0.182</td>
<td>0.036</td>
<td>5.088</td>
<td>0.000</td>
</tr>
<tr>
<td>EL x CS → EP</td>
<td>0.145</td>
<td>0.143</td>
<td>0.029</td>
<td>5.056</td>
<td>0.000</td>
</tr>
<tr>
<td>EL x HS → EP</td>
<td>0.082</td>
<td>0.083</td>
<td>0.036</td>
<td>2.304</td>
<td>0.021</td>
</tr>
</tbody>
</table>
Table 4 presents the path coefficients, accompanied by supplementary statistical details, derived from a structural equation model investigating the associations among the moderating variables (Ethical Leadership - EL), the independent variables (Challenge Stressors - CS and Hindrance Stressors – HS), and the dependent variable (Employee Performance - EP). The coefficient of the route between Challenge Stressors (CS) and Employee Performance (EP) is 0.436. The presence of a positive coefficient indicates a positive relationship between Challenge Stressors (CS) and Employee Performance, implying that as levels of Challenge Stressors (CS) increase, so does Employee Performance. The t-statistic obtained in this study is 10.277, indicating a high level of statistical significance (p < 0.000). The relationship between Hindrance Stressor (HS) and Employee Performance (EP) is represented by a coefficient of -0.181. The t-statistic of 5.088 (|O/STDEV|) is statistically significant at a p-value of less than 0.000. The findings indicate a strong and statistically significant negative association between Hindrance Stressors and Employee Performance. Therefore, the study rejects 2\text{nd} H_0 in favor of H_1: There is a significant association, either positive or negative, between Hindrance Stressor (HS) and Employee Performance (EP).

Employee Performance (EP) is 0.145 as a result of the interaction between Ethical Leadership (EL) and Challenge Stressors (CS). The positive association between Ethical Leadership and Challenge Stressors indicates a favorable relationship between these two variables and Employee Performance. There is a 5.056 t-statistic and a 0.000 probability of error. There is a statistically significant positive influence on Employee Performance from the combination of Ethical Leadership and Challenge Stressors, as shown by this coefficient. Thus, this study rejects the 3\text{rd} H_0 in favor of H_2: Ethical Leadership (EL) moderates the relationship between Challenge Stressor (CS) and Employee Performance (EP) in such a way that the relationship is stronger in the presence of effective ethical leadership. Interaction between Ethical Leadership and Hindrance Stressors has a 0.082 path coefficient to Employee Performance. Increased Employee Performance seems to be related to the positive interaction between Ethical Leadership and Hindrance Stressors, as shown by the positive coefficient. The calculated t-statistic for the given data is 2.304, and the corresponding p-value is 0.021.

5 | DISCUSSION

The findings presented in this study align with other studies about the correlation between challenge stresses and employee performance. An investigation conducted by Folkman & Lazarus (1985) explained that people have varying tolerances for challenging stresses, so what motivates one may overwhelm another. Personal elements including self-efficacy, resilience, and coping methods also affect how people handle difficult stresses (Oatley, & Johnson-Laird, 1987). The research indicates that ethical leadership has a moderating role in the association between challenging stressors and employee performance. The path coefficient from the interaction between ethical leadership (EL) and challenge stressor (CS) to employee performance (EP) is shown to be positive and highly significant (p < 0.000). This suggests that ethical leadership has a reinforcing role in enhancing the positive association between challenge stressor and employee performance.

6 | PRACTICAL IMPLICATIONS FOR ORGANIZATIONS

The implications of the findings for the first objective of the study have several ramifications for organizations. Initially, it is imperative for organizations to exhibit a willingness to confront and question their personnel. The careful management of challenge stressors can yield favorable outcomes in terms of employee performance. Furthermore, it is imperative for hospitals to furnish their employees with the necessary tools and adequate assistance to effectively navigate and overcome demanding circumstances. This may encompass several components such as training programs, developmental prospects, and the availability of mentors and coaches. Thirdly, it is imperative for hospitals and other organizations to have a culture that fosters feedback and support. It is imperative that employees are encouraged to seek assistance whenever they require it.

7 | LIMITATIONS OF THE STUDY

Due to restrictions of inclusion and exclusion criteria of population, it was difficult to explore more issues among participants, and public sector hospitals were not included in this study.
8 | FUTURE STUDIES

Potential future research endeavors within the domain of the moderating influence of ethical leadership on the association between occupational pressures and employee performance may delve into several routes, thereby enhancing our comprehension of this intricate interplay.

REFERENCES


