



Research Paper

The effect of Ethical Leadership on Employee Performance through mediating Affective Organizational Commitment: LMX as a moderator

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Abstract:

The present study aimed to investigate the direct and indirect effect of Ethical Leadership (EL) on Employee Performance (EP) by mediating Affective Organizational Commitment (AOC) and examine the moderating effect of Leader-Member Exchange (LMX). The study adapted quantitative research method with a sample of 305 questionnaires administered to public schools' employees in New Damietta city-Egypt, after distributing the questionnaires, 258 forms were returned error free and valid for statistical analysis by using SPSS V.25 for descriptive analysis and Structural Equation Model in order to test the research hypotheses through Smart PLS.4. As for the direct effects, the results found that EL has a positive significant effect on EP, also, EL has a positive significant effect on AOC, additionally, AOC has a positive significant effect on EP, LMX has a positive significant effect on EP. As for the indirect effect, AOC partially mediated the relationship between EL and EP, moreover, LMX moderated the relationship between EL and EP. Therefore, all hypotheses were supported.

Keywords: Ethical Leadership (EL), Affective Organizational Commitment (AOC), Leader member exchange (LMX), Employee Performance (EP).

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I. Introduction

Employee performance can be described as individual behavior or action by the employee and is closely related to the employee's enthusiasm to perform his duties to the fullest extent according to a set of factors that lead him to deliver performance at distinct rates, affective organizational commitment is one of the major factors which affect the employee performance and make him tend to increase his functional abilities (Siengthai & Pila-Ngarm, 2016). (Otoo & Mishra, 2018) mentioned that the effectiveness of the organization consists of the individual efficiency of each individual employee, and accordingly the performance of the employee is the main engine for the formation of the effectiveness of the organization and then achieve the organizational goals, So the researcher tend to collect the major factors which affect employee performance based to the previous studies and the relationships between these factors and employee performance, Finally the researcher settled on examining these variables (Ethical Leadership EL, Leader member exchange LMX, and Affective Organizational Commitment AOC), and checking their effect on employee performance.

Moral scandals such as fraud and corruption have created the belief of the whole world that there is no recourse but to achieve ethical leadership within organizations. Consequently, ethical leaders form their own behavior in all developed and developing countries. Unethical behaviors cost organizations billions of dollars a year. To address ethical scandals by paying more attention to ethical leadership and how it affects the behavior and performance of employees (Shareef & Atan, 2019). Ethical leaders work to demonstrate honest and trustworthy behaviors, as they play an important role in raising their subordinates on professional and ethical terms (Özsungur, 2019). Ethical leaders also award rewards and punishments to their subordinates according to the principle of reward and punishment for their behavior because of their behavior with moral and immoral behavior. Therefore, applying this principle greatly affects their commitment to their work and be prepared to work within an environment of transparency, credibility and integrity in transactions (Goswami & Agrawal, 2019).

Leader Member Exchange (LMX) has a vital role in the healthy work environment within the organization, which contributes to organizational success quickly. Therefore, many studies have highlighted this variable as a fundamental point in the organizational environment. LMX results in high-quality relations in the social exchange of the satisfaction, trust, commitment, and respect between the parties. In addition, the classification of the subordinates as a reliable category (Khan & Malik, 2017). Many previous studies have found that LMX has a critical impact on enhancing employee's behavior and improving their performance. This outcome is likely to be based on a combination of complex factors. LMX is in a continuous social exchange, So the results of all studies can't be the same, because of the complex factors that link the relationship of the leader to his followers, and this is due to the different nature of the relationship between the leader and each employee to the extent of self-evaluation of the employee (Saeed et al., 2019). (Atitumpong & Badir, 2018) referred to the theory of social exchange and was considered the main pillar on which the relationship of the leader with his followers, assuming that the leader has a unique relationship with his followers as this relationship is indispensable in any organization that wants to become a leader in its field and has a market competitive advantage.

Employees become emotionally committed to the organization when they feel that their passion is related to the organization. The affective organizational commitment has many positive outcomes, such as reducing the intentions of turnover, reducing the conflict in work, and improving employee performance (Van Gelderen & Bik, 2016). In the same vein, the affective organizational commitment contributes significantly to the development of employee performance and make him remain in his positions (Berthelsen et al., 2018). The study of affective organizational commitment has been emphasized in many previous studies because of its importance and because it is likely to have a strong influence on the organization compared to other types of organizational commitment continuance and normative commitment (Basit, 2019). Therefore, in accordance with previous studies, current study tends to focus on affective organizational commitment. In the next sections the researcher tries to highlight the study variables and the relationships between them as follows.

II. Literature Review

Ethical Leadership (EL)

Ethical leadership is defined as demonstrating the appropriate behavior in a normative manner through procedures and interpersonal relationships. This behavior is promoted by subordinates through mutual communication. Also, (Eluwole et al., 2022) refereed to El as demonstrating human behavior reinforced by good mutual human relations between the leader and subordinates, which improve personal relations within the organization. EL plays an important role in creating high-quality working environment by communicating positive and ethical values. Where many previous studies have shown the force of EL in reducing immoral behaviors within the work environment and supporting the ethical behavior of followers in a large, wide and comprehensive manner (Ahmad et al., 2018). In the same context (Yasir & Rasli, 2018) stated that ethical leadership has five basic components that represent the main pillars of EL style namely altruism, courage, integrity, fairness, and moral guidance. They can be described as follows:

- Altruism refers to the individual's preference for others than himself, how much he interest in others, and listening to what they say.
- Courage describes the leader as the person who has the ability to object to unfair practices and behaviors and thus imposes moral standards that govern behavior in a normative manner within the work environment and makes decisions that are ethical in any form and in all circumstances.
- Moral guidance refers to the ability of the leader to communicate with his employee by setting the standard of ethical behaviors and punish the unethical employees.
- Integrity represents the ability of the employee to be trusted and being honest in his actions.
- Fairness refers to the fair of the leader in his choosing, following rules, and don't following favoritism in his actions.

In the same context (Ahmad & Gao, 2018) referred to that the ethical leader has to behave ethically in his professional and personal life, taking his decisions in ethical way, and do his best to get all the employee in an ethically behavior. (Hoang et al., 2023) stated that the ethical leader has a great impact om his followers by creating an ethical climate into the organization which support the employees and make them more comfortable during work.

Affective Organizational Commitment (AOC)

Affective commitment refers to the employee's attachment to the organization in which he works, his emotional attachment and his desire to remain in it. Of the three organizational types known as affective, normative, and continuing organizational commitment, affective commitment has a wide range of attention (Basit, 2019). Several previous studies have indicated the quality of affective commitment and its power to influence the employees who have an emotional attachment to the organization have a strong intention to

participate in the various activities of the organization and to commit themselves to work within the organization and their strong desire to stay and work. affective commitment results in a combination of positive outcomes of desirable work behaviors, positive organizational citizenship, and the employee's sense of need to develop his performance to serve his emotionally connected organization (Allen et al., 2017).

Leader Member Exchange (LMX)

LMX indicates the degree of variation in the relationship between the leader and his followers within the organization. The interest in studying this variable has increased because of its great impact effect on the employees. LMX theory describes the mutual process between the leader and his followers through the development of roles, performance and expectations, Where the theory suggests that bilateral exchanges between the two sides can extend along a series of exchanges, which are divided into high quality exchanges and low-quality exchanges. The organizations focus on the high-quality exchanges between the leader and his followers, here the way to achieve many organizational advantages such as the development of performance, commitment, satisfaction and behaviors (Tse, 2014). Through the relationship between the leader and his followers, the leader prefers to give the important functions to his followers who have a high quality of performance and give less important roles to the less talented subordinates, where the subordinates who have been given roles of high importance have a close relationship with the leader based on trust and emotional support. The subordinates receive formal and informal rewards. This relationship is classified as a high-quality relationship. In contrast, the low-quality relationship between the leader and his followers results in a feeling of subordination with a low level of trust, emotional support and interaction. The leader and his followers expect each side of the relationship to have certain expectations from the other side, where the leader expects his followers to perform strong performance and accomplish the tasks entrusted to them in time. In return, the followers expect their leader to appreciate them and offer encouraging rewards (Kahya & Şahin, 2018).

Employee Performance (EP)

Employee performance refers to the measurement of activities related to employee functions that contribute to the technical core of the organization in accordance with the standards set in the organization. There are some factors that serve as indicators of employee performance including the production quantity, quality, timing and cooperation with colleagues (Damoah & Ntsiful, 2016). Performance management is one of the most important things that concern the organizations, because of its importance and to maintain organizational harmony and achieve the desired organizational goals. As soon as employees interact with each other in an effort to achieve organizational goals as one group, their productivity increases, so there will be a noticeable improvement in their performance (Nazir & Islam, 2017). Some organizations seek to motivate their employees to improve their performance by involving them in decision-making, where they feel that they are an important part of the organization and to whom they have value. So, their passion will be increased towards the organization and are willing to do more to improve their performance and achieve organizational goals (Soomro et al., 2018).

III. Hypotheses development and research model

In this section, the researcher introduces the literature with describe the hypothesized relationships among the research variables as following:

EL and EP

(Kelidbari et al., 2016) investigated the direct effect of EI on EP on 337 employees of Guilan University of medical sciences in Iran. It was found that EI has a positive significant effect on EP.

(Kia et al., 2019) examined the effect of EI on EP by mediating organizational identification and ethical climate on 233 bank employees in Australia. As for the direct effect of EL on EP, the results showed that EI has a positive significant effect on EP.

(Alshehhi et al., 2020) performed a systematic review to explore the impact of EI on Ep. The study found that EI has a positive significant effect on EP.

In the same context, (Hadžiahmetović et al., 2022) examined the effect of ethical leadership and transformational leadership on employee performance. The study was applied on 338 employees of the family businesses from the Sulaymaniyah city in Bosnia and Herzegovina. The results showed that ethical leadership has a positive significant effect on employee performance.

(Oladimeji & Abdulkareem, 2023) investigated the relationship between ethical leadership and employee performance through mediating employee motivation and employee satisfaction. The study was applied on 223 employees of the staff of Federal Civil Service in Nigeria. As for the direct effect of EL on EP, it was found that EL has a positive significant effect on EP. Therefore, the following hypothesis can be formulated:

H1: Ethical Leadership has a positive significant effect on Employee Performance.

El and AOC

(Benevene et al., 2018) examined the relationship between EL and AOC by mediating volunteer satisfaction. The study was applied on 198 Italian volunteers of different non-profit organizations in Italy. The results showed that there was a positive significant effect of EL on AOC.

(Abuzaid, 2018) examined the relationship between ethical leadership and organizational commitment dimensions. He applied his study on 216 employees working at commercial banks listed in Amman Stock Exchange in Jordan. The study results showed that there is a positive significant effect of EL on AOC.

(Qing et al., 2020) investigated the effect of ethical leadership on affective organizational commitment and job satisfaction by applying this study on 467 employees in Chinese public sector. The results indicated that there is a positive significant effect of ethical leadership on affective organizational commitment.

(Bahadori et al., 2021) explored the effect of EL on all dimensions of organizational commitment. The study was applied on 200 of the executive and headquarters personnel working in the fire department in Tehran. It was found that EL has a positive significant effect on AOC. So, the following hypothesis can be formulated:

H2: Ethical Leadership has a positive significant effect on Affective Organizational commitment.

AOC and EP

Several previous studies have indicated that AOC is closely linked to organizational behaviors that improve employee performance. Employees who have an affective commitment to their organizations tend to perform better and achieve maximum productivity, because they are associated emotionally with their organizations and are willing to contribute to their organizations, so they are more likely than others to continuously develop and improve their performance (Ribeiro et al., 2018a).

Some previous studies have found that AOC affects EP. Employees who are emotionally committed to their organizations are likely to have greater motivation and motivation to develop and improve their performance and to be more productive. Based on this, (Ribeiro et al., 2018b) checked the relationship between AOC and EP, by applying on 417 Turkish healthcare employees, the results showed that there is a positive correlation between AOC and EP.

(Philippaers et al., 2019) checked the relationship between AOC and EP, By applying their study on 1500 employees in Belgian public-sector organizations, The results indicated that there is a positive correlation between AOC and EP, In addition AOC mediated the relationship between perceived employability and EP. (Ribeiro et al., 2018b) mentioned that AOC increases EP, Also they examined the mediating role of AOC in the relationship between transformational leadership and EP, The results proofed the mediating effect of AOC in the relationship between transformational leadership and EP.

(Astuty & Udin, 2020) investigated the relationship between some variables as perceived organizational support, transformational leadership, affective commitment, and employee performance. The study was applied on 103 employees who worked in stone milling companies in Central Java, Indonesia. The results indicated that affective commitment has a positive significant effect on employee performance.

(Riwu et al., 2023) examined the effect of organizational commitment dimensions on employee performance through a systematic review. The results showed that affective commitment has a positive significant effect on employee performance.

(Rifa'i, 2023) explored the effect of Organizational Commitment on employee performance. The sample of the study was equal to the total population of 55 respondents. The results indicated that all dimensions of organizational commitment have a positive significant effect on employee performance. So that the researcher can formulate the following hypothesis:

H3: There is a positive significant effect of Affective Organizational Commitment on Employee Performance.

LMX and EP

(Ahmed et al., 2023) examined the relationship between family supportive supervision, LMX, and employee performance. The authors collected data from 295 employees and their supervisors working in various public sector organizations of Pakistan on a convenience basis. The results showed that LMX has a positive significant effect on employee performance.

(Setiawan & Moko, 2023) aimed to determine the role of leader-member exchanges and organizational citizenship behavior as mediating variables in the relationship between servant leadership and employee performance. The study was applied on 298 employees of private banks in Indonesia. As for the direct effect of LMX on EP, the results indicated that there is a positive significant effect of LMX on EP.

(Banuari et al., 2023) investigated the effect of workplace spirituality and LMX on EP. The authors applied their study on 242 employees of the Regional Secretariat of Aceh Province in Indonesia. The results found that LMX has a positive significant effect on EP.

Based on above, the researcher can formulate the following hypothesis:

H4: There is a positive significant effect on Employee Performance.

EL, AOC, and EP

The researcher mentioned some previous studies which indicate the relationship between EL and EP like (Kia et al., 2019 & Alshehhi et al., 2020 & Oladimeji & Abdulkareem, 2023), Likewise, there were other previous studies showed the relationship between EL and AOC like (Benevene et al., 2018 & Quing et al., 2020 & Bahadori et al., 2021). Additionally, there were previous studies examined the relationship between AOC and EP such as (Astuty & Udin, 2020 & Riwu et al., 2023 & Rifai, 2023), but the researcher didn't find previous study mediated AOC in the relationship between EL and EP. Therefore, the following hypothesis can be formulated:

H5: AOC mediates the relationship between EL and EP.

EL, LMX, EP

(Dhar, 2016) tended to examine the relationship between EL and service innovative behavior by mediating LMX, the author applied his study on 117 employees, the study found that LMX mediates the relationship between EL and service innovative, moreover LMX mentioned as a vital way to perform service innovative through high performance.

In the same context, (Rahmat, 2022) investigated the impact of ethical leadership on innovative behavior by mediating LMX by applying this study on 173 employees of the College of Economics in Pekanbaru City in Indonesia. The results showed that LMX mediates the relationship between EL and innovative behavior.

LMX theory based on mutual trust and respect between the parties. The leader's behavior is considered a cornerstone in his relationship with his followers. Many previous studies proofed that EL characterized by integrity and fairness is positively related to LMX, because one of the most important EL requirements is to treat subordinates at high levels of respect and trust (Gu et al., 2015).

According to (Walumbwa et al., 2011) ethical leaders are able to develop the behavior of their followers beyond the specific economic exchange by encouraging them and developing their behavior, which leads to high quality LMX. On the other hand, as mentioned in the studies (Ahmed et al., 2023 & Banuari et al., 2023) that LMX affect Ep significantly.

(Walumbwa et al., 2011) examined the nature of the relationship between EL and EP, by applying on 201 employees in China. The results showed that there is a positive correlation between them. In addition, the study examined the mediating role of LMX in the relationship between EL and EP. The results reported that LMX mediates the relationship between EL and EP. So, the researcher can conclude that LMX can play indirect effect in the relationship between EL and EP.

(Osahon et al., 2023) tended to examine the moderating effect of LMX in the relationship between EL and EP. The study was applied on 329 employees of the Corporate Affairs Commission and Manufacturers Association of Nigeria chapters of four states in the South-South region. The findings showed that LMX doesn't moderate the relationship between EL and EP, therefore the following hypothesis can be formulated:

H6: LMX moderates the relationship between EL and EP.

So that, the researcher can show the relationships between variables through research model as shown in the following Figure1

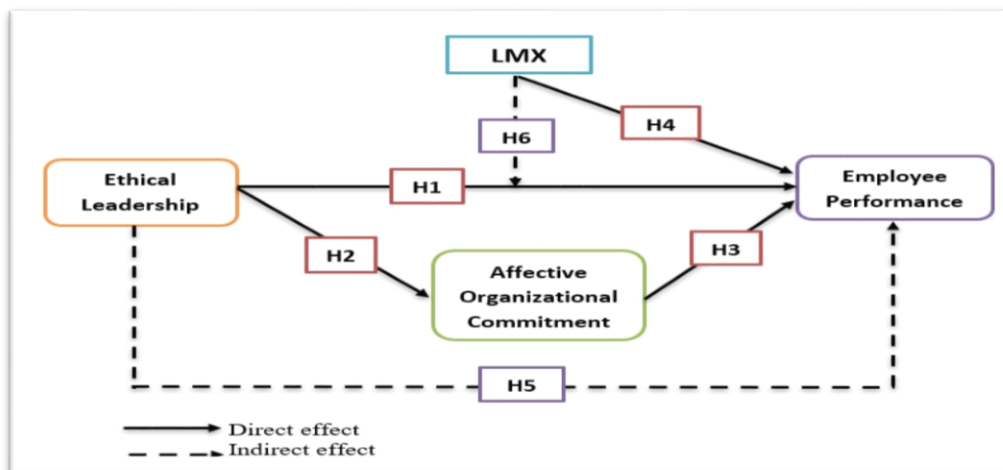


Figure 1 : Proposed research model

IV. Methodology and measurement

Sampling design

Research population consists of all employees working at the public schools in New Damietta city, Egypt who are 1478 employee. The researcher used the stratified random sample to collect primary data from the research sample. By using sample size calculator, the researcher depended on 305 employees for the research sample, 258 were returned with complete and valid data for the statistical analysis.

Measures

26-items questionnaire was developed for this study by using likert scale. For measuring EL, (Brown et al., 2005) was adapted with 10 items. As for measuring AOC, (Allen and Meyer's, 1990) scale was adapted within 5 items. (Liden, 1997) scale was used for measuring LMX within 7 items, also, (Pradhan & Jena, 2017) was used for measuring employee performance within 4 items.

V. Data analysis and Results

Descriptive Analysis

Table 1: Summary of demographic profile of respondents

Demographic variables		Frequency	Valid Percent (%)
Gender	Male	86	33.3%
	Female	172	66.7%
Age	Less than 30	39	15%
	From 30: less than 40	66	25.5%
	From 40: less than 50	71	27.5%
	50 and more	82	32%
Education	Bachelor	216	83.7%
	Post graduate	42	16.3%
Social Status	Single	27	10.5%
	Married	183	71%
	Divorced	34	13%
	Widowed	14	5.5%

As shown in table 1 the sample percentage of females was the highest 66.7% comparing with males' percentage 33.3%. As for age the highest percentage was the age group (50 and more) with a percentage 32% of total sample, the lowest age group was (less than 30) with a percentage 15% of total sample. Education level Bachelor was the highest level with a percentage 83.7% comparing with Post graduate level percentage 16.3%. Finally for social status, the highest percentage was (married) with 71%, and the lowest percentage was (widowed) with 5.5%.

Measurement Model Assessment

The structural equation model was relied upon to ensure the structural validity of the scale, in addition to ensuring the validity of the model before conducting the hypothesis test, by determining the reliability of the loading factors, calculating composite reliability (CR), Alpha Cronbach coefficient (α), measuring the convergent Validity and Discriminant Validity, moreover calculating model fit indices.

Table 2: Mean, standard deviation, loading Factors, cronbach's Alpha, CR and AVE for all variables

Variables	Items	Loading Factor	Mean	S. D	α	CR	AVE
Ethical Leadership (EL)	EL1	0.563	4.38	0.517	0.934	0.948	0.784
	EL2	0.673					
	EL3	0.349					
	EL4	0.685					
	EL5	0.637					
	EL6	0.568					
	EL7	0.634					
	EL8	0.497					
	EL9	0.760					
	EL10	0.702					
Affective Organizational Commitment	AOC1	0.843	4.27	0.632	0.936	0.952	0.794
	AOC2	0.873					
	AOC3	0.807					
	AOC4	0.643					

(AOC)	AOC5	0.378					
Leader-Member Exchange (LMX)	LMX1	0.466	4.34	0.480	0.955	0.960	0.604
	LMX2	0.576					
	LMX3	0.635					
	LMX4	0.845					
	LMX5	0.753					
	LMX6	0.848					
	LMX7	0.837					
Employee Performance (EP)	EP1	0.789	4.18	0.463	0.943	0.948	0.561
	EP2	0.868					
	EP3	0.710					
	EP4	0.600					

As indicated in table 2, loading factors for all items were accepted due to their scores were higher than 0.50 except 4 items (EL3, EL8, AOC5, LMX1) which were under 0.50, thus, these items were deleted as shown by (hair et al., 2014). CR and α were estimated to identify the reability of the internal consistency of the scale, by reading the results in this table, CR and α values were reached the criteria of (Hair et al., 2014), the values were higher than 0.70, so all values were accepted for all variables. Convergent validity was estimated by AVE which its value should be higher than 0.50 for all variables (Hair et al., 2014), as shown in the table, all values of AVE were exceeded 0.50, so, all values were accepted.

Table 3: Results of discriminant validity by Fornell-Larcker criterion

Variables	EL	AOC	LMX	EP
EL	0.849			
AOC	0.375	0.775		
LMX	0.217	0.358	0.893	
EP	0.173	0.316	0.413	0.718

Discriminant validity refers to the extent to which each variable differs from other variables. It is measured by the square root of AVE. Its value for each variable must be greater than its association with other variables (Hair et al., 2016). As shown in table 3, the square rote of AVE for each variable is greater than the associations of other variables, which indicates a high consistency of the scale as a whole.

Table 4: Midel Fit Indices

Indices	Symbol	Acceptance Index	Saturated Model	Estimated Model
Standardized Root Mean Square Residual	SRMR	SRMR < 0.08	0.058	0.064
Unweighted Least Square Discrepancy	d_ ULS	d_ ULS > 0.05	14.696	14.682
Geodesic Discrepancy	d_ G	d_ G > 0.05	8.466	8.477
Normed Fit Index	NFI	NFI > 0.90	0.918	0.915

(Dijkstra & Henseler, 2015) stated that the model fit would be acceptable when the value of the index SRMR is under 0.08, additionally when the values of d_ ULS and d_ G indices are higher than 0.05. The value of NFI should be greater than 0.90 (Hair et al., 2017). As shown in table 4, all values of model fit indices met the acceptance criteria, so the model is fit.

Structural Model Assessment

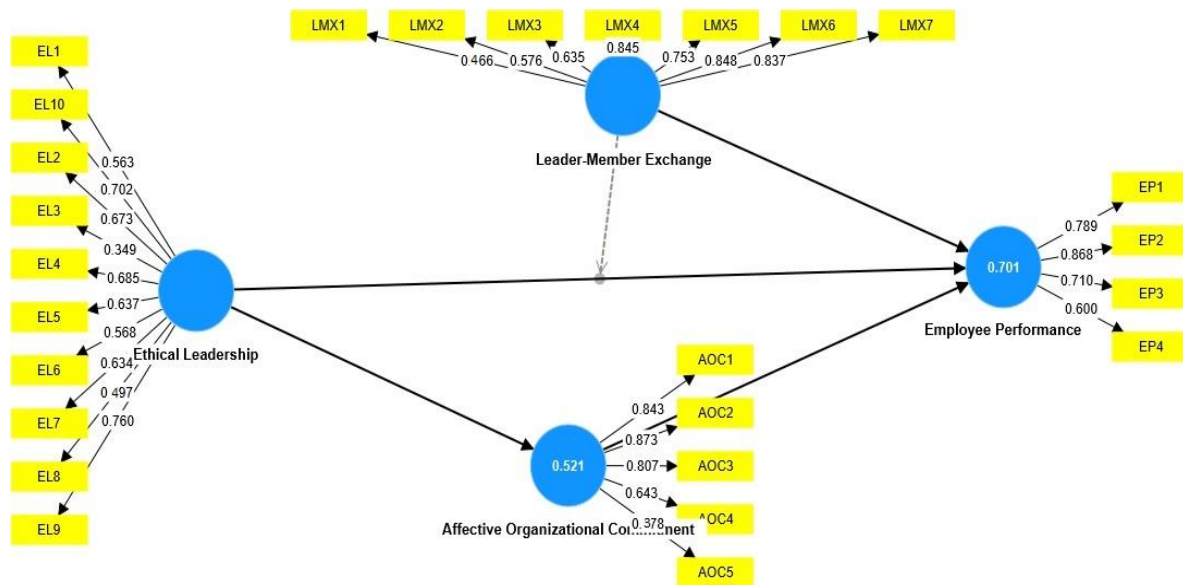


Figure 2: Research Structure Model

Hypotheses Tests

Table 5: Results of Hypotheses Testing

Hypotheses		Path Coeff	f ²	P-Value	Mediation Type	Result
Direct Effect						
H1	EL → EP	0.166	0.19	0.000***		supported
H2	EL → AOC	0.152	0.22	0.001***		supported
H3	AOC → EP	0.277	0.37	0.028*		supported
H4	LMX → EP	0.324	0.16	0.000***		supported
Indirect Effect						
H5	EL → AOC → EP	0.159	0.18	0.031*	Partial	supported
H6	EL × LMX → EP	0.138	0.29	0.001***		supported

*Significant at 0.05, ***Significant at 0.000

Table 5 shows the direct and indirect effects. As for the direct effects, EL has a direct significant positive and medium effect on EP ($\beta = 0.166, p = 0.000, f^2 = 0.19$), Thus H1 is supported. As for H2, the results indicated that it's a supported hypothesis, so EL has a direct significant positive and medium effect on AOC ($\beta = 0.152, p = 0.001, f^2 = 0.22$). The results also found that AOC has a direct significant positive and large effect on EP ($\beta = 0.277, p = 0.028, f^2 = 0.37$), Thus H3 is supported. As for the effect of LMX on EP (H4), the results showed that LMX has a direct significant positive and medium effect on EP ($\beta = 0.324, p = 0.000, f^2 = 0.16$), Thus H4 is supported.

As for the indirect effects, the results indicated that AOC has a partial mediation in the relationship between EL and EP ($\beta = 0.159, p = 0.031, f^2 = 0.18$), Thus H5 is supported. Additionally, the results found that LMX has a moderating effect in the relationship between EL and EP ($\beta = 0.138, p = 0.001, f^2 = 0.29$), Thus H6 is supported. The following figure shows the research structure model after testing the hypotheses

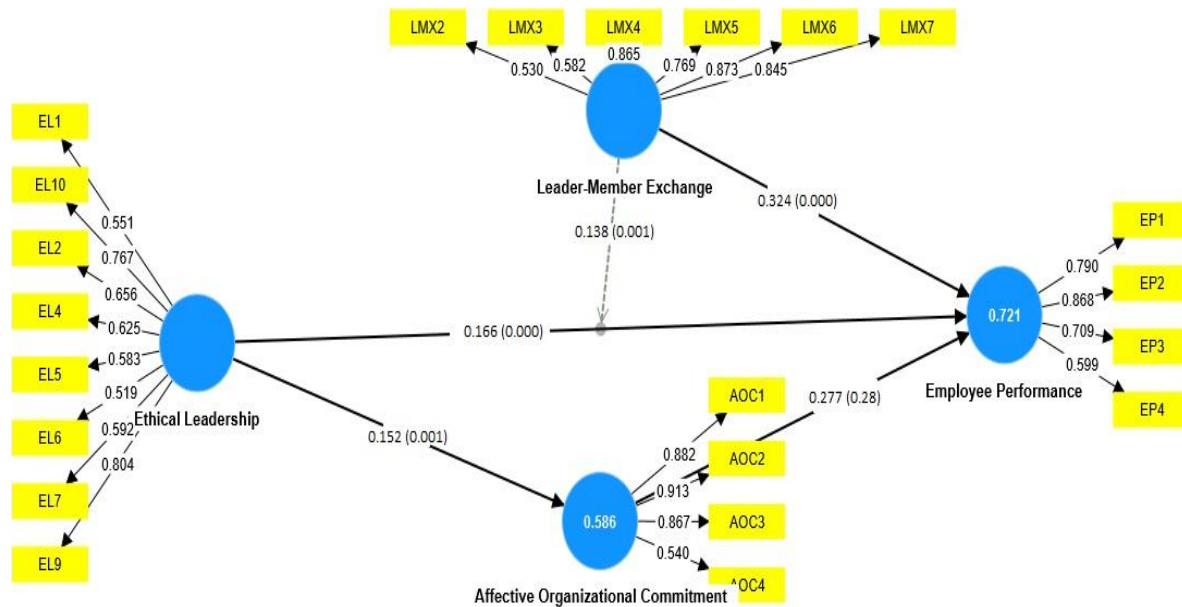


Figure 3: Research Structure Model after hypotheses testing

VI. Discussion

The current research concluded that EL has a direct significant positive effect on EP, this result is consistent with the result of (Kelidbari et al., 2016 & Kia et al., 2019 & Alshehhi et al., 2020 & Hadziahmetović et al., 2022 & Oladimeji & Abdulkareem, 2023). The results also found that EL has a direct significant positive effect on AOC, this result is in agree with the results of some previous studies (Benevene et al., 2018 & Abuzaid, 2018 & Qing et al., 2020 & Bahadori et al., 2021). Moreover, there was a direct significant positive effect of AOC on EP, this result is matching the result of (Ribeiro et al., 2018b & Philippaers et al., 2019 & Astuty & Udin, 2020 & Riwu et al., 2023 & Rifa'i, 2023). LMX had a direct significant positive effect on EP as the result of (Ahmed et al., 2023 & Setiawan & Moko, 2023 & Banuari et al., 2023).

The results also indicated that AOC mediate the relationship between EL and EP, this result didn't match with any previous study due to the researcher didn't find any previous study tested the indirect effect of EL on EP by mediating AOC. This result also filled the research gap. LMX moderated the relationship between EL and EP, this result differed with the result indicated in the study of (Osahon et al., 2023).

This study contributes to researchers and managers in understanding the effect of variables (EL, LMX, and AOC) on employee performance in several important ways, these findings reinforce previous studies of ethical leadership and its impact on employee performance, as well as LMX and AOC. The study suggests that immoral behavior can cause frustration for the employee, because the employee perceives the moral leader as the ideal leader and role model. In sum, EL through LMX and AOC have a great impact on the development, enhancement and improvement of employee performance, so that the current study considers these factors as major drivers of pushing the employee to develop his behavior, performance and improve productivity to the extent possible.

VII. Limitations and Suggestions

While this study presents theoretical and practical contributions, there are some limitations that have been made during this work which can be mentioned as follows:

- Data were collected from the employees of public schools in new Damietta city in Egypt. Consequently, the results may be affected by the employees' cultural context, customs, traditions and values. Thus, the researcher recommends to future research to apply these variables in another field like hospitals, universities, and industrial companies.
- The current research used the effect of Ethical Leadership as the independent variable and didn't use other leadership style. So, the researcher recommends to future research to use other leadership style like transformational leadership and authentic leadership.
- The current study used AOC as a mediator, although future research can use another variable like employee engagement.
- The study used LMX as a moderator, although future research can use other variables like Perceived organizational support, Job security.

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