ANTECEDENTS INFLUENCE TURNOVER INTENTION: THEORY EXTENSION

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ABSTRACT

A total of 223 participants belonging to the banking domain in Iraq participated in this study to verify the hypothesis. This study explored the effect of ethical leadership and how it affected the turnover intention through arbitrating effect on ethical climate. It was proposed that leaders function as role models at the workplace. Particularly, the behaviour of leaders critically affected the ethical climate perception. In turn, it positively affected the turnover intention of the members of the organisation. Furthermore, the turnover intention and ethical climate relationship can be improved as per the degrees of self-efficiency. The study discovered that ethical leadership affected the turnover intention, and also it affected the ethical climate perception which reduced the turnover intention, and this effect could be of greater extent for those with higher self-efficiency. Theoretic and practical inferences have been presented in the paper.

Keywords: Ethical Leadership Behaviour, Ethical Climate, Turnover Intention, Self-Efficacy, Role Model.

INTRODUCTION

Over recent years, several efforts have been expended in the literature of ethics to describe and grasp the principled decision making and principled behaviour (Callan 1992; Dubinsky and Ingram 1984; Dubinsky and Levy 1985; Drucker 1981; Harris 1990; Simpson 1982; Mathison 1988; Nyaw and Ng 1994). In keeping with this worldwide trend, a huge amount of research has been conducted to examine the relationship among the organisational ethics and its results. A majority of the researches regarding corporate ethics have turned to ethical climate and ethical leadership as crucial antecedents of the organisational outcomes.

Nowadays, the CSR (corporate social responsibility) is more crucial, and the image of the corporate becomes critical with respect to the transparent administration viewpoint. Thus, the values of the managers have been very important in affecting the workplace. The function of managers and their ethical behaviour have been important factors in providing an ethical framework for the members of the organisations (Grojean et al., 2004; Mendonca 2001) and in constructing the collective nature of the organisations (Moore 2005; Wright and Goodstein 2007). Hence, ethical leaders have been essential factors in influencing the organisations' moral framework.

Ethical leadership has been regarded as the performance of behaviours consistent with suitable norms, which have been evident from leaders' relationships and actions (Brown et al., 2005). Experts have mostly examined ethical leadership using conceptual and theoretical terms.

Brown et al., (2005) performed field studies to verify and validate the ethical leadership construct within the organisations. Certain researches concentrating on ethical leadership have shown its positive impacts on pro-social behaviours (Mayer et al., 2010; Piccolo et al., 2010; Walumbwa and Schaubroeck 2009).

Still, most of the studies regarding ethical leadership have not been carried out in domains such as logistics, production, or in other parts of the nations. These studies usually used students of the university as the participants.

Ethical leadership showed normatively suitable conduct through individual activities and interpersonal relationship, and it also highlighted the encouragement of such behaviour towards the followers via 2-way communication, strengthening, and decision making (Brown et al., 2005; Neubert et al., 2009). Also, the behaviour of ethical leadership enhanced the attitudes of the staff regarding daily work and their attachments to the firm (i.e. affective organisational obligation) (Brown and Trevino, 2006).

The relationship among the styles of leadership and their effects have been examined by many experts in the domain of organisational behaviour. Nevertheless, there have been few researches on the subject styles of ethical leadership and behavioural effects in Iraq. In an organisation, as a role model, the behaviour of ethical leadership has been an important matter in banking domain, since commitment has been very important in this domain. Therefore, it can be inferred that the ethical judgements of the leaders affected their followers.

This research focused on the behaviour of ethical leadership to satisfy these needs, in particular in Iraqi literature. With that respect, the aim of this study was to explore the influence of the behaviour of ethical leadership on the ethical climate perceptions, and subsequently on the turnover intention of the members of the firm; and this research was also devised to examine the moderating function of self-efficiency on the association between turnover intention and ethical climate. The article has been divided into 4 major sections. The first one dealt with the literature regarding ethical climate, ethical leadership, affective obligation, and self-efficiency, and the altered concepts. The next section contained the research approach. Later on, the field research assessment analyses were provided and compared to the outcomes in the literature. Lastly, the study outcomes, weakness and strength, research inferences, and future research suggestions were given.

Literature Review and Hypothesis

Social learning concepts suggested that persons learn by turning their attentions towards their role models, and understand fitting behaviour by observing what is punished and what is rewarded, or which deeds attract attention, as well as those that do not (Bandura, 1986). Leadership implied influence on others (Yukl, 2002). Managers showing ethical leadership affected the members of the organisation through individual deeds and interpersonal dealings (Brown et al., 2005). Employees can find out the punished, rewarded, and expected behaviours by role modelling. Leaders have been significant sources for this modelling due to their role. Previous studies have also shown that organisational role models influence pro-social behaviours (Bryan and Test 1967; Mayer et al., 2010; Piccolo et al., 2010). In the subsequent sections, the behaviour of ethical leadership and its impacts on ethical climate perceptions, affective commitment, as well as self-efficacy have been defined.

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Ethical Leadership

The behaviour of the leader has been highly significant in maintaining suitable work conditions as well as culturing the organisation. In this age, the new style of leadership has highlighted the significance of virtue and integrity. Many experts mainly stressed on honesty and truthfulness in the style of leadership (Brown et al., 2005). In accordance with Brown and Trevino (2006), ethical outrages at the workplace (i.e. in non-profit institutions, religious, and sports institutions) indicated the significance of ethical concerns and behaviour of leadership that have moral content (Waddock, 2004). Ethical leadership has been described as the display of normative behaviour through personal deeds and interpersonal dealings (Brown et al., 2005). It encouraged the promotion of this conduct in the followers by 2-way communication, namely decision making and reinforcement (Neubert et al., 2009). In the literature survey, ethical leadership has been chiefly emphasised on honesty and integrity (Eubanks et al., 2012; Kuntz et al., 2013), and ethical leaders were just ethical decision-makers. The experts considered these characteristics as the moral factors of ethical leadership.

Nowadays, if organisations aspire to have strategic superiority, sustainable progress, and corporate image, they have to set up a culture that encourages and promotes the ethical conduct. While establishing ethical conduct to function as a role model, the behaviour of the leaders would influence the behaviour of other members of the organisation, which in turn would make their conduct the most significant factor in the organisation. In this regard, ethical leadership can be described as the display of normatively apt conduct through personal deeds and interpersonal dealings (Brown et al., 2005).

Several studies on ethical subject have examined the style of leadership and the ethical behaviours of the leaders (Alzola 2008; Kahai et al. 2003; Neubert et al. 2009; Trevino 1986). Researchers stressed that the ethical climate at the workplace is usually shaped by the managers of the organisation (Schein 1985; Schminke et al., 2005; Trevino et al., 2000). Moreover, ethical leadership conduct would reduce people's unease regarding the jobs uncertainty or organisational behaviour by being kind, honest, trustworthy, and open, as well as by stressing the significance of observance of high ethical conduct (Trevino et al., 2003).

Nowadays, organisations put certain systems into action that recommend the ethical principles, corporate ethics, uniform procedures, and training programmes related to ethical behaviour. Yet, it has been a fact that to behave ethically is an action rather than just a saying. Thus, the attitudes of the managers regarding the jobs have been more significant than the traditional approaches. At all organisational levels, the executives have a major role in forming the ethical climate at the workplace. To form this climate, managers should demonstrate what is apt through their behaviour (Dickson et al., 2001). By modelling suitable behaviour, managers offered trust and justice (Brown et al., 2005; Brown and Trevino, 2006).

The combination of social-cognitive concepts and the theory of virtue essentially indicated the managers' potential, who can provide ethical leadership behaviour and form relational connections in order to exert moral influence that plays an important role in making the climate conducing as well as flourishing the members of the organisation (Neubert et al., 2009). In the next section, it has been claimed that this impact could occur through creation and upholding an ethical climate.

Mediation: Ethical Climate

The climate of the workplace can be described as the viewpoints of psychologically significant ethical attitudes in a work culture (Schneider, 1975). There have been several types of work climates. Firstly, there has been the ethical work climate which can be described as the principal perceptions regarding the organisational practices and processes that contain ethics or prevalent perceptions regarding the procedures and practices of the organisations that contain ethics (Victor and Cullen, 1988). The leader's ethical conduct is a required condition to set up an ethical firm, but it is not adequate. The executives who behave ethically must also function as virtuous mediators for encouraging an ethical climate (Flynn, 2008).

The socio-cultural atmosphere, the form of the organisation, and the history particular organisation have been recognised as the factors that affect the ethical climate. Victor and Cullen (1988) made up a chart demonstrating potential ethical climates on the basis of sociological, philosophical, and psychological concepts. The chart contained 2 axes that represented the origin of the moral systems and on whom they were applied. This matrix had 9 hypothetical dimensions of ethical climate categorisation. This categorisation was used for creating the Ethical Climate Questionnaire.

As a consequence of a series of review studies, Victor and Cullen (1988) agreed on the presence of 5 out of 9 climate kinds (Cullen et al., 1993) which stressed on caring (Friendship and Team Concern), law and rules (Laws and Professional Codes), principles (Company Rules and Procedures), instrumental (Company Profit and Self-Interest), as well as independence (Personal integrity) climate types. This categorisation of the ethical climate and questionnaire was employed later in various studies (Cullen et al., 2003; Mayer et al., 2009; Neubaum et al., 2004; Webber 2007; Wimbush et al., 1997).

When conducts in a firm have been viewed as ethical, these opinions affected the ethical decision-making process and the behaviours of the members of the organisation and their approach towards the individual jobs (Brown and Trevino 2006). The combined effects of ethical perceptions of many organisational members would form a workplace environment which is characterised by shared ethical workplace standards (Davidovitz et al., 2007; Dickson et al., 2001). An ethical climate influences individuals' stance regarding their jobs as well as the organisation (Cullen et al., 2003). The impact of ethical leadership goes on to impact the turnover intention of the members of the organization by having an ethical climate (Brown et al., 2005). Halbusi, H. A. & Tehseen, S. (2018) hypothesised that ethical leadership can form a suitable ethical climate which leads to an affective commitment. Thus, the following hypothesis has been presented.

H.1. Ethical leadership is positively related to the perceptions of ethical climate.

Turnover Intention

Staff turnover has been described as the termination of an individual's membership in an organisation that received financial reward from the organisation (Mobley, 1982). The reason of the turnover in the firms has been usually the external parameters (such as jobs availability and levels of unemployment), organisational parameters (such as work climate, leadership style, and compensation system), and personal parameters (such as work dissatisfaction and comparison with other persons) (Mobley, 1982; Vandenberg and Nelson, 1999).

Several studies have been carried out to gain an insight into the employees' turnover intention, causes of the turnover, and its effects. Mobley (1977) proposed a comprehensive account of

the psychological procedure underlying departure. As per his formulation of the decision process of withdrawal, individuals initially evaluate their current jobs, and experience contentment or discontentment on the basis of their jobs. If there is discontent, withdrawal thoughts will be produced. There have bene several possible intermediate steps between discontent and actual withdrawal. The first one has been the thoughts about the consequences of withdrawal. Subsequently, these thoughts would kindle consideration of the probable use of job research and the monetary loss in quitting. The further step has been the behavioural objective in searching an alternative. The search intention would be followed by a concrete research. If there were alternatives, then an assessment process for these alternatives would ensue. After the assessment of the alternatives, the current job would be compared to the alternatives. If this comparison proves the alternatives to be better, it will induce a behavioural intent to quit the job and further the actual departure.

The banking domain requires staff with high education criteria, caution, and particularly work experience. As less turnover is significant in the banking field, ethical climate perception as well as ethical leadership behaviour become more crucial. Thus, the relationship among the turnover intention, ethical leadership, and the ethical climate mediating influence have been conceptualised as follows:

H.2. Ethical climate will mediate the relationship between ethical leadership and turnover intention.

Moderation: Self-Efficacy

Self-efficacy has been a latent moderator that might affect the relationship between the turnover intention and the ethical climate. Self-efficacy means the judgements of the employees regarding their abilities to organise and implement the necessary actions to achieve the designated decisions (Bandura, 1986). It involves not just the actual skills, but even the opinions regarding what one can accomplish with the skills he/she has. Self-efficacy has been described as people's trust in their own abilities to fulfil a task, and has been expected to change their future opinions (Munir et al., 2016) to remain in the organisation or leave it. Staff members with high degree of self-efficacy strongly considered that they have sufficient skills and abilities to meet their objectives (Bandura, 1991) and strengthened the impact of their state of mind related to the work (that is, work engagement) on turnover intention. That is to say, staff members having high self-efficacy (that is, better expectation of mastery) have been more probable to keep working on their objectives irrespective of the circumstances (Bandura and Schunk, 1981).

The past studies have explored the moderating impacts of self-efficacy under several situations (Xanthopoulou et al., 2007). For example, previous studies have discovered that self-efficacy compensates for the effect of difficult situations (such as conflict in roles and changes in the organisation) on mental anxiety, physical stress, and work dissatisfaction (Pierce and Gardner, 2004; Xanthopoulou et al., 2007). A similar research carried out by Van Yperen and Snijders (2000) suggested that self-efficacy can regulate the relationship between job requirements and symptoms of psychological health. These studies signified that employees having high self-efficacy have been more liable to have greater expertise in their jobs, hence providing support to handle the difficult situations more efficiently, and subsequently were prevented from more intense turnover intention.
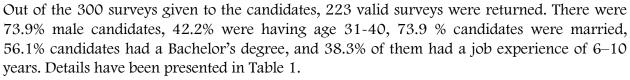
Taking reference from the theory of sustenance of resources and its related literature, this research conceptualised that self-efficacy controls the association between turnover intention and ethical climate. Employees having low self-efficacy achieved little, and easily failed, while employees with high self-efficacy made continuous endeavours to reach their goals (Mulki and Jaramillo, 2011; Munir et al., 2016). As a consequence, their intention to leave the job became less motivated by the feelings of their state of mind that was related to work (Mulki and Jaramillo, 2011). Thus, in this study, it was supposed that the impacts of self-efficacy on the intention of turnover were stronger in high self-efficacious members of staff as compared to those members who had low self-efficacy:

H.3. Self-efficacy moderates the relationship between the ethical climate and turnover intention such that the relationship was stronger under a high level of self-efficacy compared to a low level of self-efficacy.

METHODOLOGY

Sample and Procedures

The research theories discussed above were experimentally tested by using a questionnaire on the employees in the banking field of Iraq. In this research, the banking domain was chosen for a couple of reasons. Firstly, the domain often has a comparatively high rate of turnover (Keltner and Finegold, 1996; Mardanov et al., 2008) and is thus fitting for this research, which concentrates on turnover intention. Another reason was that the banking field has put higher emphasis on ethical concerns than other conventional industries due to the recent worldwide economic crisis (Donaldson, 2012; Goyal and Joshi, 2011), hence, this industry has been appropriate for business ethics research. Prior to the actual test, more than fifteen professionals working in banks and also doing MBA part-time were invited to reach employees in their banks for participating in the survey. A technique called non-probability purposive sampling was applied. To increase the readiness to participate in the survey, this research surveyed the candidates anonymously. It was clearly declared that the data gathered from the candidates would just be used for statistical assessment purpose, and any discrete data related to the individuals would be held confidential in any circumstances.

Out of the 300 surveys given to the candidates, 223 valid surveys were returned. There were 73.9% male candidates, 42.2% were having age 31-40, 73.9 % candidates were married, 56.1% candidates had a Bachelor's degree, and 38.3% of them had a job experience of 6–10 years. Details have been presented in Table 1.

Measurement

Brown et al., (2005) created and confirmed the 10-item scale for ethical leadership, which was employed in this research. An instance of these items was "My manager pays attention to what employees say". The scale for ethical climate developed by Victor and Cullen (1988) was employed in this study. The scale was comprised of 10 items. An instance of these items was "The most effective way is always the correct way in this organisation." In the case of self-efficacy, the scale consisted of 4 items, borrowed from Spreitzer (1995), of which an instance was, "I am certain about my capability to do my work". For the last parameter, turnover intention, the scale adapted from (Chang, 1999; Chen et al., 1998) was employed. This scale was comprised of 4 items. An instance was "I often consider leaving the job".

Table 1. Profile of the respondents

Characteristics		Frequency	Percent
Gender	Male	170	73.9
	Female	60	26.1
Age	Less than 25 Years	11	4.8
	25 ~ 30 Years	50	21.7
	31 ~ 40 Years	97	42.2
	41 ~ 50 Years	50	21.7
	More than 51 Years	22	9.6
Marital Status	Single	40	17.4
	Married	170	73.9
	Widowed	8	3.5
	Divorced	12	5.2
Level Education	High School	32	13.9
	Diploma	38	16.5
	Bachelor's Degree	129	56.1
	Master's Degree	15	6.5
	Doctorate Degree	11	4.8
Job Experience	2 Years or Less	11	4.8
	3 ~ 5 Years	44	19.1
	6 ~10 Years	88	38.3
	11 ~ 15 Years	27	11.7
	16 Years or More	60	26.1

DATA ANALYSIS

In this study, the SEM-VB (Structural Equation Modelling-Variance Based) through the PLS (Partial Least Squares) method was used to assess the model used in the research using the software SmartPLS 3.0 (Ringle et al., 2015). After the explanatory analysis, this research followed the 2-phase analytical method suggested by Anderson & Gerbing (1988) and Hair et al., (2017), beginning with the assessment of the measurement model (reliability and validity), followed by the assessment of the structural model (testing the conceptualised relationships). Hair et al., (2011) and Hair et al., (2017), suggested that the 2-phase assessment process, which involved both the measurement model and the structural model, was more beneficial compared to the 1-step assessment process. As per Hair et al., (2017), the measurement model mentioned the way in which each concept was measured, whereas the structural model mentioned the way in which the variables were associated to one another in the structural model. The primary reason for selecting PLS as a statistical technique for this research was that PLS provided simultaneous assessment of both the measurement and the structural models giving more accurate predictions (Donald et al., 1995).

Assessment of Measurement Model

For the measurement model's assessment, the internal convergent validity, consistency reliability, and discriminant validity were investigated. CR (Composite reliability) was used to evaluate the measurement scales' internal consistency. The CR values between 0.858 and 0.926 went beyond the suggested value of 0.70, thus implying internal consistency reliability (Hair, Hult, Ringle and Sarstedt, 2017). The normalised factor loadings and the AVE (average variance extracted) were used to evaluate the convergent validity. It was evident that the factor

loadings for each item exceeded the 0.70 threshold (values between 0.558 and 0.773) and the AVE values for all the constructs were higher than 0.50 (between 0.589 and 0.932) (Hair, Hult, Ringle and Sarstedt, 2017). Table 2 depicts the details.

Table 2. Measurement model through loading, AVE, and CR

First-order constructs	Second-order constructs	Items	Loading	AVE	CR
Ethical Leadership		EL1	0.626	0.558	0.926
		EL2	0.617		
		EL3	0.755		
		EL4	0.824		
		EL5	0.729		
		EL6	0.745		
		EL7	0.748		
		EL8	0.815		
		EL9	0.780		
		EL10	0.799		
Caring		EC1	0.87	0.736	0.893
		EC2	0.864		
		EC3	0.748		
Independence		EC4	0.729	0.773	0.872
		EC5	0.852		
Law and Code		EC7	0.796	0.583	0.847
		EC8	0.841		
		EC9	0.759		
		EC10	0.644		
	Ethical Climate	Caring	0.914	0.73	0.893
		Independence	0.758		
		Law and Code	0.883		
Self-Efficacy		SE1	0.859	0.669	0.890
		SE2	0.846		
		SE3	0.816		
		SE4	0.746		
Turnover Intention		TI1	0.819	0.604	0.858
		TI2	0.711		
		TI3	0.732		
		TI4	0.838		

Note: EC5 was dropped because low loading.

Additionally, the HTMT (heterotrait–monotrait) ratio of correlations was employed to evaluate the discriminant validity. As shown in Table 3, each of the HTMT values was lower than the 0.90 limit as recommended by Henseler et al., (2015); thus, discriminant validity was

determined in this way. Overall, the findings suggested that the measurement scales had acceptable validity and reliability.

Table 3. Discriminant validity (HTMT 0.90)

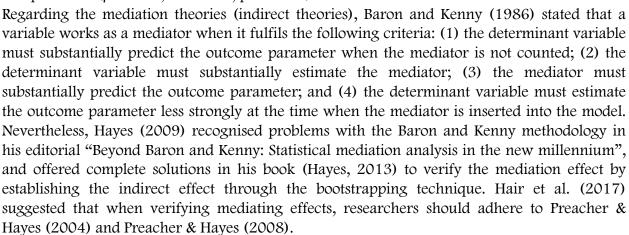| Constructs	EC	EL	SE	TI
EC				
EL	0.605			
SE	0.480	0.419		
TI	0.632	0.524	0.683	

Notes: EC= Ethical Climate, LE= Ethical Leadership, SE= Self-Efficacy, TI= Turnover Intention.

Structural model assessment

Hair et al., (2017) proposed evaluating the structural model by observing the beta (β), R2 and the matching t-values through a bootstrapping process with a resample using 5,000 items. Furthermore, they suggested reporting the effect sizes (f2). As Sullivan & Feinn (2012) claimed the value of p determines the existence of effect, but it does not say anything about the effect size.

The assessment of the structural model as given in Table 4, gave the indication of the tests of the hypothesis. Ethical leadership considerably estimated turnover intention. Hence, H1 was accepted with (β=0.548, t=11.643, p < 0.001).

Regarding the mediation theories (indirect theories), Baron and Kenny (1986) stated that a variable works as a mediator when it fulfils the following criteria: (1) the determinant variable must substantially predict the outcome parameter when the mediator is not counted; (2) the determinant variable must substantially estimate the mediator; (3) the mediator must substantially predict the outcome parameter; and (4) the determinant variable must estimate the outcome parameter less strongly at the time when the mediator is inserted into the model. Nevertheless, Hayes (2009) recognised problems with the Baron and Kenny methodology in his editorial "Beyond Baron and Kenny: Statistical mediation analysis in the new millennium", and offered complete solutions in his book (Hayes, 2013) to verify the mediation effect by establishing the indirect effect through the bootstrapping technique. Hair et al. (2017) suggested that when verifying mediating effects, researchers should adhere to Preacher & Hayes (2004) and Preacher & Hayes (2008).

The test of the mediation effect (indirect effect) of ethical leadership towards turnover intention via ethical climate in this research was based on the methods of Preacher & Hayes (2004) and Preacher & Hayes (2008) of bootstrapping the mediation effect. Table 5 displays the outcome of the bootstrapping technique, pointing out that the indirect effect of β=0.149 was considerable with a t-value 4.504. Preacher and Hayes (2008) suggested that when the 0.149, 95% Boot CI: [LL=0.077, UL=0.211] did not include a 0 in between, it suggested that there was a mediation. Therefore, this study could assume that the indirect effect of ethical climate was numerically substantial in turnover intention and ethical leadership, indicating that H2 was also authenticated.

Table 4. Structural path analysis result (direct and indirect)

Hypothesis	Relationship	SB	SE	t- value	P values	LL	UL	Decision	R2	f2
H1	EL-> TI	0.548	0.047	11.643	0.000	0.014	0.277	Supported	0.439	0.023
H2	EL ->EC -> TI	0.149	0.033	4.504	0.000	0.077	0.211	Supported	0.369	0.584

Notes: EL-> TI= Ethical Leadership and Turnover Intention. EL -> EC -> TI= Ethical Leadership, Ethical Climate and Turnover Intention

Another hypothesis (H3) was used to examine the self-efficacy moderating effect. For this hypothesis testing, the product-indicator method was employed as recommended by Henseler and Fassott (2010). The interaction time was developed among the self-efficacy and ethical climate and before this interaction took place, the average of two parameters were calculated to reduce multi-collinearity. At the time of the entering of the interaction effect into the model, the R2 value increased to 0.457, meaning a change of 18% in the R2 value. The interaction effect was substantial ($\beta = 0.141$, p< 0.1). Table 5 depicts the results.

Table 5. Moderation testing

Hypothesis	Relationship	SB	SE	t- value	P values	LL	UL	Decision	R2	f2
H3	EC*SE -> TI	0.141	0.176	1.684	0.046	0.035	0.212	Supported	0.457	0.037

Notes; EC*SE -> TI = Ethical Climate, Self-Efficacy and Turnover Intention

Hence, H3 of this research was supported. The f2 as recommended by Cohen (1988) had the value of 0.037, which was regarded as small. As proposed by Dawson (2014), the interaction effect was outlined to observe how the moderator alters the relationship between the turnover intention and the ethical climate. The findings have been displayed in Fig.1. The correlation between turnover intention and ethical climate was stronger while self-efficacy was greater as compared to when it was low.
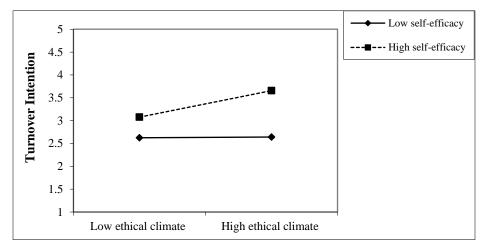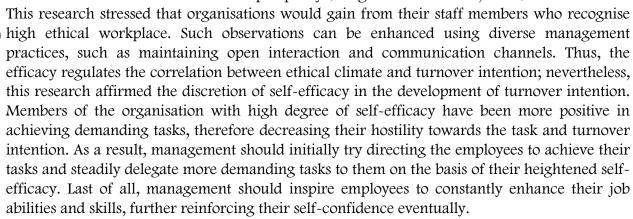

Figure 1: Interaction plot

CONCLUSION

Managers have been crucial sources for the success of the organisation and unethical conduct. This research explored a mediating model regarding the effect of the ethical leadership behaviour on the members of the organisation. In this research, it has been claimed that by

organisational role models and displaying ethical leadership behaviour as well as creating relational attachments, the executives would achieve ethical authority that has a righteous effect on the members of the organisation. Also, it has been claimed that the effect of ethical leadership behaviour extends through the context of work and the social contagion procedure to form an ethical climate, which subsequently contributes to the commitments of the organisational members and reduced turnover intention in general. Put differently, if managers behaved in a sincere and trustworthy manner, these behaviours then would form a righteous cycle wherein ethical leadership behaviour spreads an ethical climate in the workplace that allows prosperity.

The findings were similar to those which maintained that managers showing ethical leadership behaviour contributing significantly in shaping insights of ethical climate (Brown and Trevino 2006; Dickson et al., 2001; Schminke et al., 2005; Trevino et al., 2003; Trevino et al., 2000). In addition, in this research, these existing studies have been broadened by showing samples of people with diversity. It has been deduced that the ethical leadership behaviour has been correlated with the ethical climate perceptions, and that it would affect the impact of the executives who behave in an ethical way on the outcomes of the individuals. The findings also asserted that the importance of ethical leadership behaviour among several factors might affect the attachments and outlooks of the members of the organisation, (Brown and Trevino, 2006) as well as contribute to the individual prosperity (Wright and Goodstein, 2007).

This research stressed that organisations would gain from their staff members who recognise high ethical workplace. Such observations can be enhanced using diverse management practices, such as maintaining open interaction and communication channels. Thus, the efficacy regulates the correlation between ethical climate and turnover intention; nevertheless, this research affirmed the discretion of self-efficacy in the development of turnover intention. Members of the organisation with high degree of self-efficacy have been more positive in achieving demanding tasks, therefore decreasing their hostility towards the task and turnover intention. As a result, management should initially try directing the employees to achieve their tasks and steadily delegate more demanding tasks to them on the basis of their heightened self-efficacy. Last of all, management should inspire employees to constantly enhance their job abilities and skills, further reinforcing their self-confidence eventually.
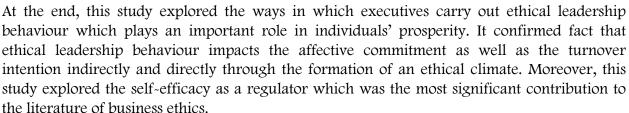
The findings of this study also suggested the need for further research that explored the role of prospective mediators of correlations between ethical leadership and outcomes of the employees (for example, organisational association, engagement, assignment, and appropriate performance). It might bring up a variety of fascinating directions. As a determinant, ethical leadership has been achieving more significance in the domain of organisational behaviour. Thus, it might facilitate the organisations to set up an ethical structure in their workplace climate. Moreover, managers should involve interaction and communication in their administrative values to reduce negative discernments that can pop up from individual tendencies. Managers might form and raise additional communication systems to have improved working conditions for their employees.

The ethical values of the managers and their honest and decent behaviours have been significant aspects to form an ethical climate in the organisation (Schein, 1985). Thus, organisations should consider selection and promotion of the managers with the aim to set up

an ethical climate. This assessment has been highly crucial for the banking sector since human aspect is the most significant aspect in all the banking procedures. The banking domain needs highly qualified and committed employees for sustainable tactical superiority. This research has been important for the contribution to the literature of business morals. Another important role this current study plays is that it has been the first research which explored the indirect and direct impacts of the ethical behaviour on individual employee behaviour outcomes in the Iraqi banking sector.

This research also has had many other positive points. Firstly, a considerable number of employees belonging to the banking domain have been involved. Secondly, the research was conducted in person to reduce the errors in the questionnaire and in the parameters. Lastly, this study made a significant contribution to the literature regarding business ethics by showing the indirect and direct impacts of ethical leadership. Even though, the sample of this study included a wide assortment of organisations and job profiles, the sample chosen was not diverse demographically. In this study, the data was gathered from the Iraqi banking sector. Therefore, the findings cannot be universalised into the other domains or cultures. Thus, future researchers should take into account the drawbacks mentioned above in order to expand the given findings by including more outcome parameters like counterproductive, political, or abnormal behaviours. Future study could be done applying a multi-level method to conceptualise and analyse the ethical leadership impacts. In this research, the individual level impacts of ethical leadership on discernments of individual and climate outcomes were considered. Prospective research may collect data from work groups, allowing data to be aggregated for evaluating the effect caused by the ethical leadership on the behavioural variables as well as group level climate.

At the end, this study explored the ways in which executives carry out ethical leadership behaviour which plays an important role in individuals' prosperity. It confirmed fact that ethical leadership behaviour impacts the affective commitment as well as the turnover intention indirectly and directly through the formation of an ethical climate. Moreover, this study explored the self-efficacy as a regulator which was the most significant contribution to the literature of business ethics.

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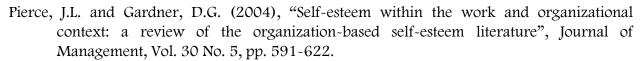
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