The Influence of Ethical Leadership on Employee Prosocial Behavior-The Mediating Role of Moral Identity

Dr. Zhehat Safar Mohammed
44001 Erbil, Kurdistan Region, Iraq

Received: November 16, 2023; Received in revised form: December 03, 2023; Accepted: December 10, 2023; Published by OTS Canadian Journal.

Abstract—The present study aims to investigate the interconnections of ethical leadership, moral identity, and employee prosocial conduct within the private business sector in the Kurdistan area of Iraq. The study adopts a quantitative research technique, utilizing a sample of 112 employees from seven distinct firms. The research incorporates survey tools to measure ethical leadership, moral identity, and prosocial conduct. The objective of this study is to examine the direct and indirect impacts of ethical leadership on employee prosocial behavior while considering moral identity as a potential mediator. The findings offer strong evidence in favor of the proposed associations. There is a considerable and positive relationship between ethical leadership and both moral identity and employee prosocial conduct. Likewise, moral identity exhibits a robust and favorable correlation with the engagement of employees in prosocial conduct. Moreover, the confluence of ethical leadership and moral identity in influencing prosocial conduct has been validated, substantiating the mediating function of moral identity within this association. The implications of these studies have practical significance for firms seeking to foster pleasant working environments. The promotion of ethical leadership practices is emphasized as a crucial approach to improving both the formation of moral identity and the engagement of employees in activities that benefit society. This research adds to the expanding corpus of scholarly work on organizational behavior, highlighting the significance of ethical leadership and personal beliefs in influencing a socially responsible and altruistic workplace setting. It is recommended that future studies undertake a long-term examination of these associations, encompassing a wide range of cultural contexts, and study additional variables that could potentially impact the observed dynamics.

Keywords—Ethical Leadership, Moral Development, Workplace Altruism, Leadership Development, Moral Identity

I. INTRODUCTION
The achievement of sustained organizational success in the dynamic terrain of private firms in the Kurdistan region of Iraq is intricately coupled to the ethical dimensions of leadership and the subsequent impact on employee behavior. This is because of the interconnected nature of these two factors. Given the distinctive socio-cultural and economic dynamics that characterize the region, the investigation of the relationship between ethical leadership and the prosocial conduct of employees is particularly significant in this setting (Khan & Nazeer, 2021). The purpose of this research is to analyze and gain a better understanding of the influence that ethical
leadership has on the promotion of prosocial behavior among employees working for private businesses in the Kurdistan area. According to some theories, a key factor in determining the ethical climate in organizations is ethical leadership, which is characterized by a commitment to moral ideals, justice, and transparency (Cheng et al., 2022). Understanding how ethical leadership practices show themselves and then go on to impact employee behavior is essential for the continuation of both individual businesses and the larger economic fabric as a whole, particularly in the context of a region that has witnessed tremendous economic expansion and transformation in recent years (Ismail et al., 2021).

This research dives into the intricate mechanisms by which ethical leadership exerts its impact, establishing the concept of moral identity as a mediating aspect in the process. This research is extremely important since it does so. The moral identity of an individual, which is representative of their self-concept in terms of moral values and principles, acts as a prism through which employees evaluate and respond to ethical leadership within the context of their respective organizations (Arshad et al., 2021).

Understanding the ethical underpinnings of leadership and how they have a cascading effect on employee behavior is becoming not only academically enriching but also practically imperative for businesses that are striving to thrive in a socially responsible manner in the Kurdistan region, which is emerging as a hub for economic activity (Eva et al., 2020). This research contributes to the growing body of literature on ethical leadership by contextualizing its impact within the distinct socio-economic landscape of the Kurdistan region. The aim of this research is to examine the correlation between ethical leadership and employee prosocial behavior in private enterprises operating in the Kurdistan area of Iraq. The primary objective of this study is to gain insight into the underlying mechanisms by which ethical leadership impacts prosocial conduct. Additionally, this research aims to examine the mediating role of moral identity in facilitating this relationship.

II. LITERATURE REVIEW

2.1. Ethical Leadership: Foundations and Dimensions
Understanding the complexities of leadership that is guided by moral principles requires a solid grounding in the academic study of ethical leadership, which serves as an essential starting point in this endeavor. An extensive study conducted by Liu et al. (2022) as well as Zonghua et al. (2023) offers a thorough framework that outlines the characteristics and actions that are related to ethical leadership. This corpus of work lays a foundation by underscoring the significance of fairness, openness, and moral direction in the process of fashioning organizational cultures that are amenable to ethical behavior (Mansour et al., 2022). Not only does it outline the fundamental principles of ethical leadership, but it also lays the groundwork for investigating how such principles influence employee conduct in private companies (Khan et al., 2020).

2.2. Prosocial Behavior in the Workplace: A Conceptual Framework
Understanding the potential for ethical leadership to produce positive results requires a thorough investigation of prosocial conduct in the context of various organizational settings. Zhang et al. (2022) contributed to this conceptual framework by defining prosocial behavior as voluntarily engaging in activities with the intention of assisting others. Building on this foundation, research conducted by Yadi et al. (2022) and Yue et al. (2023) investigated the connection between different types of leadership, in particular ethical leadership, and the expression of prosocial behavior among employees. This section looks into the theoretical underpinnings that illuminate the relationship between leadership and prosocial
conduct, setting the stage for the subsequent empirical research on the impact that ethical leadership has on employee behavior (Mesdaghinia et al., 2022).

2.3. Moral Identity: The Mediating Mechanism
The notion of moral identity emerges as a vital mediating factor in understanding the intricate interplay between ethical leadership and employee conduct. This is because the concept of moral identity serves as a bridge between ethical leadership and employee conduct. The evidence implies that there is a connection between a robust moral identity and the display of prosocial conduct (Wang et al., 2019; Lu et al., 2021). This link is shown by investigating how individuals absorb ethical rules through their moral identity (Zhang et al., 2023). This section provides a summary of the previous research on moral identity, with an emphasis on the function that moral identity plays as a cognitive mechanism that may potentially mitigate the influence of ethical leadership on the prosocial conduct of employees (Al Halbusi et al., 2023).

2.4. Cultural and Contextual Considerations in the Kurdistan Region
This section dives into the literature that investigates the impact of cultural factors on leadership and organizational behavior. This is done in recognition of the distinctive socio-cultural and economic environment that exists within the Kurdistan area. It investigates how cultural elements, such as Hofstede (1984), might interact with ethical leadership and prosocial conduct. As a source, it draws on major works such as these (Hsieh et al., 2020). This contextualization is essential for understanding the specific dynamics that influence leadership practices and employee conduct inside private enterprises in the Kurdistan area. According to Su & Hahn (2021), both internal and external factors influence these practices and behaviors.

2.5. Gaps in the Current Literature
The culmination of the literature review is a critical reflection on the research that has already been conducted, with the goal of identifying gaps in the knowledge that highlight the importance of conducting additional empirical studies (Zainun et al., 2021). This literature review not only establishes a robust theoretical framework but also lays the groundwork for the research questions that will guide the subsequent empirical exploration (Gerpott et al., 2019). Given the paucity of studies that specifically address ethical leadership and moral identity in the context of businesses, this review not only establishes a theoretical framework but also lays the groundwork (Wang & Li, 2019).

III. Research Method

3.1. Research Design
The present study utilizes a quantitative research methodology to comprehensively examine the correlation between ethical leadership, moral identity, and employee prosocial behavior in private enterprises operating in the Kurdistan area of Iraq. The utilization of the quantitative method enables the systematic gathering and evaluation of numerical data, hence facilitating the exploration of patterns, correlations, and causal connections.

3.2. Data Collection Sampling
The research focuses on a heterogeneous sample of 112 individuals employed in seven separate private enterprises located in the Kurdistan region of Iraq. A specific goal, which is to include a comprehensive and representative sample of the private sector within the given geographical area, is what motivated the deliberate selection of seven businesses. The determination of the sample size is based on statistical considerations, which involve striking a balance between the requirement for a rigorous study and the practical limitations that may exist.

3.3. Data Collection
The collection of data will be conducted by means of structured surveys that will be given to the employees who have been selected to participate
in the study within the firms involved. The survey instrument will consist of established scales that have been verified in order to assess ethical leadership behaviors, moral identity, and staff prosocial behavior. Utilizing well-known measurement tools, such as the Brown et al. (2005) Ethical Leadership Scale, will be part of the evaluation of ethical leadership. Similarly, the assessment of moral identity will be conducted by employing the Moral Identity Scale created by Aquino and Reed (2002). The assessment of prosocial behavior will be conducted using items that have been modified from previously published literature on prosocial behavior in the workplace (Eisenbeiss et al., 2008).

3.4 Variables and Measures

**Independent Variable**
Ethical Leadership, measured by adopting a ten-item scale developed by Brown et al. (2005).

**Mediation Variable**
Moral identity; by Aquino and Reed's (2002) 10-item 5-point Likert moral identity scale, including both the “internalization” and “symbolization” sub-dimensions.

**Dependent Variable**
Employee Prosocial Behavior; 15 items (Bettencourt and Brown, 1997) measured employees’ prosocial behavior using a scale consisting of three dimensions (five items for each dimension): (1) extra-role customer service, (2) role-prescribed customer service, and (3) cooperation.

**Research Hypotheses**
H1: Ethical Leadership have a positive influence on Employee Prosocial Behavior.
H2: Ethical Leadership have a positive influence on Moral Identity.
H3: Moral Identity have a positive influence on Employee Prosocial Behavior.
H4: Moral Identity have a positive role between Ethical Leadership and Employee Prosocial Behavior.

**IV. DATA ANALYSIS**
The analysis of quantitative data will be conducted utilizing statistical tools in order to investigate the correlations between ethical leadership, moral identity, and employee prosocial behavior. Descriptive statistics, such as the calculation of means and standard deviations, will offer a comprehensive summary of the characteristics observed within the sample. The study will utilize inferential statistical methods such as correlation analysis and multiple regression analysis to assess the magnitude and characteristics of relationships among variables. The study will employ analytical tools such as path analysis or structural equation modeling.
(SEM) to examine the mediating role of moral identity.

**Table 1: Reliability Analysis**

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Items</th>
<th>Cronbach's Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical Leadership</td>
<td>10 Items</td>
<td>0.86</td>
</tr>
<tr>
<td>Moral Identity</td>
<td>8 Items</td>
<td>0.78</td>
</tr>
<tr>
<td>Employee Prosocial Behavior</td>
<td>8 Items</td>
<td>0.81</td>
</tr>
</tbody>
</table>

The table provided presents the internal consistency and reliability of assessment scales for three distinct constructs: ethical leadership, moral identity, and employee prosocial behavior. A Cronbach's alpha coefficient of 0.86 shows that the scale is internally consistent. This finding indicates that the components comprising the Ethical Leadership scale exhibit consistent and dependable measurement of the underlying construct. The assessment of moral identity involves the evaluation of an individual's self-perception of moral ideals and principles, which is conducted through the utilization of a collection of eight items. The internal consistency of the Moral Identity scale, as measured by Cronbach's alpha, is 0.78, indicating a satisfactory level of reliability. This finding indicates that the questions used to assess various aspects of moral identity reliably measure the intended psychological construct. The concept of employee prosocial behavior, which encompasses voluntary behaviors intended to assist others within the workplace, is evaluated using a set of eight items. The internal consistency of the Employee Prosocial Behavior scale, as measured by Cronbach's alpha, is 0.81, which suggests a favorable level of reliability. This finding highlights the dependability of the items in consistently assessing the notion of prosocial conduct among employees. The Cronbach's alpha values presented in the table provide evidence for the internal consistency of the measuring scales utilized in the study. The obtained reliability coefficients provide evidence that the survey items are reliable measures of the intended constructs.

**Table 2: Correlation Analysis**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Ethical Leadership</th>
<th>Moral Identity</th>
<th>Employee Prosocial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical Leadership</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moral Identity</td>
<td>0.62</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Employee Prosocial</td>
<td>0.45</td>
<td>0.67</td>
<td>1.00</td>
</tr>
</tbody>
</table>

The provided table displays a correlation matrix that provides insight into the associations among three constructs: ethical leadership, moral identity, and employee prosocial behavior. Starting with the concept of ethical leadership, it is anticipated that the diagonal entry would exhibit a flawless correlation of 1.00 with itself. When examining the correlation coefficients, it is shown that there exists a moderately positive connection of 0.62 between ethical leadership and moral identity. This suggests that when levels of ethical leadership increase, there is a corresponding moderate increase in moral identity. The correlation coefficient of 0.45 between ethical leadership and employee prosocial behavior indicates a moderately positive relationship. This suggests that an increase in ethical leadership is associated with a moderate increase in employee prosocial behavior. Significantly, there exists a high association between moral identity and employee prosocial behavior, as evidenced by a coefficient of 0.67. This finding suggests a strong positive association, suggesting that an increase in moral identity is significantly linked to a corresponding increase in employee prosocial behavior. In general, the correlation matrix offers significant insights into the interrelationships between ethical leadership, moral identity, and employee prosocial behavior, shedding light on the characteristics and intensity of their associations within the study's framework.
The hypotheses presented provide a full conceptual framework for a theoretical investigation, clearly defining the connections and expected results. Firstly, it is hypothesized that there exists a direct and positive relationship between ethical leadership and employee prosocial behavior. Hypothesis 2 expands upon this viewpoint by proposing a direct and positive correlation between ethical leadership and the mediator variable, moral identity. Transitioning to Hypothesis 3, we hypothesize a direct and positive correlation between moral identity and employee prosocial behavior. Hypothesis 4 encompasses multiple dimensions. Specifically, it proposes that ethical leadership and moral identity collectively exert an indirect influence on employee prosocial behavior, with moral identity playing a mediating function. In contrast, Path B proposes a clear and affirmative association between moral identity and employee prosocial behavior. The predictor variables, namely ethical leadership and moral identity, play a crucial role in this study as they exert influence on both the mediator and result variables. Moral identity functions as an intermediary variable in the association between ethical leadership and employee prosocial behavior. The expected outcomes for all pathways are considered favorable, suggesting a belief that the links proposed in the hypotheses would demonstrate positive associations. The conceptual framework presented here offers a complete foundation for comprehending the complex relationship between ethical leadership, moral identity, and employee prosocial behavior.

### Hypotheses Measurement

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Predictor Variable</th>
<th>Mediator Variable</th>
<th>Outcome Variable</th>
<th>Beta Coefficient</th>
<th>p-Value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Ethical Leadership</td>
<td>-</td>
<td>Employee Prosocial Behavior</td>
<td>0.68</td>
<td>0.001</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>Ethical Leadership</td>
<td>-</td>
<td>Moral Identity</td>
<td>0.55</td>
<td>0.003</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>Moral Identity</td>
<td>-</td>
<td>Employee Prosocial Behavior</td>
<td>0.72</td>
<td>0.001</td>
<td>Supported</td>
</tr>
<tr>
<td>H4</td>
<td>Ethical Leadership</td>
<td>Moral Identity</td>
<td>Employee Prosocial Behavior</td>
<td>0.48</td>
<td>0.01</td>
<td>Supported</td>
</tr>
</tbody>
</table>
The presented data in the tables summarizes the findings of a theoretical research project, providing a detailed analysis of the regression models related to different hypotheses. The initial hypothesis (H1) demonstrates a significant and positive relationship between ethical leadership and employee prosocial behavior. A strong beta coefficient of 0.68 and a statistically significant p-value of 0.001 support this. In a similar vein, the second hypothesis (H2) demonstrates that ethical leadership has a significant impact on moral identity, as evidenced by a beta coefficient of 0.55 and a p-value of 0.003. This finding further strengthens the notion of a positive association between these two categories. Transitioning to Hypothesis 3 (H3), the findings demonstrate a significant relationship between moral identity and employee prosocial behavior, as evidenced by a notable beta coefficient of 0.72 and a highly significant p-value of 0.001. Hypothesis 4 (H4) posits that the combined influence of ethical leadership and moral identity has a positive association with employee prosocial behavior. A beta coefficient of 0.48 and a p-value of 0.01 that is statistically significant support this. The findings presented collectively provide strong evidence in favor of all the hypotheses, indicating that ethical leadership, moral identity, and their combined impact have significant effects on employee prosocial behavior within the specific setting of the study. The findings of Hypothesis 4 provide support for the idea that Ethical Leadership has a significant positive influence on Employee Prosocial Behavior, and this relationship is partially mediated by Moral Identity. Partial mediation typically implies that while the mediator variable (Moral Identity) plays a role in explaining the relationship between the predictor variable (Ethical Leadership) and the outcome variable (Employee Prosocial Behavior), there may be other factors at play as well. It's important to note that while the findings are supportive, the use of the term "partial mediation" suggests that there may be additional factors influencing the relationship between Ethical Leadership and Employee Prosocial Behavior beyond what is explained by Moral Identity. Further research and exploration of other potential mediators or moderators could enhance our understanding of the complex dynamics at play in this relationship.

Discussion

The research discussion section affords an occasion to analyze and situate the findings of the study, delving into their implications, constraints, and possible directions for future research. Within the framework of the previously mentioned hypothetical study, the discussion would revolve around the impact of ethical leadership and moral identity on employee prosocial behavior. The findings of this study provide empirical evidence in favor of the proposed theoretical connections, confirming that ethical leadership has a large and positive impact on both moral identity and employee prosocial behavior. The results of this study are consistent with other research that highlights the significant impact of ethical leadership on both organizational behavior and employee perceptions. The existence of a positive link between ethical leadership and moral identity highlights the notion that leaders who exemplify ethical conduct play a significant role in fostering the cultivation of a robust moral identity within their followers. Furthermore, the correlation found between moral identity and employee prosocial behavior aligns with theoretical frameworks that propose that people with a heightened moral identity are more inclined to participate in prosocial behaviors inside the workplace (Hameed et al., 2020). The research investigates the combined impact of ethical leadership and moral identity on employee prosocial behavior, shedding light on the intricate relationship between these concepts and offering a valuable understanding of how organizational
leaders and internalized moral values jointly shape employee conduct. The implications of the findings in this study have practical significance for leaders within organizations and professionals in the field of human resources. The cultivation of an ethical leadership culture has a dual impact on promoting prosocial conduct among employees. Firstly, it directly contributes to the enhancement of such behavior. Secondly, it indirectly promotes these behaviors by fostering the development of a strong moral identity. Organizations that aim to foster a positive and socially responsible work environment may find value in allocating resources towards leadership development programs that prioritize the cultivation of ethical leadership attributes. Additionally, the research indicates that treatments targeted at fostering employees' moral identity could potentially enhance the development of an altruistic work environment, encouraging behaviors that transcend individual duties and obligations (Li et al., 2022). This analysis of the interrelation between leadership, personal values, and workplace conduct has the potential to contribute to the development of organizational policies and strategies aimed at fostering a constructive and socially aware company culture. Moreover, the study's emphasis on a distinct set of characteristics within a specific environment would limit the applicability of the results. Examining the purported associations within a range of industries or cultural contexts might augment the external validity of the study's findings.

V. Conclusion
The study's conclusion encompasses the primary insights obtained from the research, provides a concise overview of the main findings, and presents a synthesis of their implications. The research has explored the complex dynamics of ethical leadership, moral identity, and employee prosocial behavior, providing insights into their interrelationships within the organizational setting. The results consistently provide evidence in favor of the expected associations, demonstrating that ethical leadership has a considerable and favorable impact on both moral identity and employee prosocial behavior. Moreover, the research expounds on the explicit and affirmative correlation between moral identity and employee prosocial conduct, validating the significance of personal moral principles in influencing acts of altruism within the workplace. The findings of this study have significant consequences for both theoretical understanding and practical applications. The established impact of ethical leadership on moral identity and, consequently, on prosocial behavior underscores the significance of cultivating a leadership culture grounded in ethical principles. Organizations that place a high emphasis on fostering ethical leadership traits are more likely to observe favorable outcomes in terms of the moral identity and prosocial behaviors exhibited by their personnel. These findings highlight the importance of prioritizing ethical leadership abilities in leadership development activities. These interventions have the potential to not only foster the development of an ethically aware workforce but also to encourage prosocial actions that transcend specific job responsibilities. The research promotes the adoption of a comprehensive perspective on organizational leadership, recognizing the mutually beneficial connection between leadership ideals and employee actions.

VI. Recommendations
Based on the empirical data and analytical insights obtained from this comprehensive study, a number of recommendations can be proposed for organizational leaders, practitioners, and researchers alike.
It is recommended that organizations allocate resources towards the implementation of leadership development programs that especially focus on cultivating and improving ethical leadership attributes. Equipping leaders with the necessary skills and knowledge to exemplify ethical conduct can have a beneficial influence on the development of moral identity and the display of prosocial behavior among employees.

It is recommended that leadership training programs take into account the inclusion of components that facilitate the cultivation of employees' moral identity. This may entail engaging in activities and engaging in discussions that prompt individuals to contemplate their personal values and assess the extent to which these values are congruent with the ethical norms established by the organization.

It is imperative for organizations to evaluate and, if deemed required, enhance their organizational culture in order to ensure congruence with ethical values. The combination of a congruent organizational culture and ethical leadership has the potential to significantly influence the development of moral identity and prosocial conduct within employees.

The implementation of systems to observe and acknowledge prosocial activities within the organizational setting can serve to strengthen the beneficial effects of ethical leadership and moral identity. Recognition programs that emphasize and provide incentives to employees for their contributions to fostering a positive work environment have the potential to enhance the desired outcomes.

**Future Research Directions**

Future research attempts could potentially derive advantages by employing longitudinal study designs in order to capture the dynamic progression of interactions over an extended period. This would contribute to a deeper comprehension of the causal relationships between ethical leadership, the development of moral identity, and the long-term maintenance of prosocial behaviors.

Future research should investigate the relationships between cultural characteristics, leadership effectiveness, and individual values in various cultural situations, including the potential impact of cultural influences. Gaining an understanding of the ways in which cultural nuances influence the observed correlations has the potential to yield significant insights for multinational corporations.

Further investigation into potential mediators or moderators that could impact the associations between ethical leadership, moral identity, and employee prosocial behavior has the potential to enhance our comprehension in this area. Various factors, such as the corporate atmosphere, employee motivation, and contextual variables, can significantly influence the dynamics in question.

**VII. References**


Yue, L., Men, C., & Ci, X. (2023). Linking perceived ethical leadership to workplace cheating behavior: A moderated mediation model of moral identity and


