# "Ethical Leadership and Employe Performance: The Mediating Role of Counter-Productive Work Behavior of Academic Staff in Private Schools in Butwal Sub Metropolitan City, Nepal"

*Sweta Udaya**

***Abstract***

*The study aims to explore the relationship between Fairness, Integrity, Accountability Role of modeling and Employee's performances. It seeks to identify how different dimensions of Fairness, Integrity, Accountability Role of modeling and Employee's performances. Moreover, the study seeks to examine the mediating role of counter-productive on the relationship between independent and dependent variables. The study adopted a quantitative approach, gathering responses from 248 of academic staff of higher educational institution in Butwal sub metropolitan city using a structured questionnaire, following a simple random, sampling method. Data was analyzed using statistical tools such as PLS-SEM software with different tools like assessment of measurement items. Model fit, IPMA and implemented bootstrapping technique for hypothesis testing. The results revealed that accountability of independent variables are the key predictors of counter-productive work behaviour. Conversely, these factors were negatively correlated with the mediating variable. It is evident that these factors are the major contributors to the dependent variable. Therefore, the management of staff of higher educational institutions should consider these aspects to enhance the dependent variable. By understanding and reformulating policies based on these factors, there is a higher possibility of improving employee performance.*

**Keywords**: *Ethical leadership, Employee performance, Counter-productive work behavior (CWB), Stress coping mechanisms, Organizational fairness, Motivation.*

***Sweta Udaya****
*MBA-BF Scholar of Lumbini Banijya Campus*
*Tribhuvan University, Butwal, Nepal*
**Corresponding author*

## I. Introduction

Employee performance is one of the most important aspects of organizational success, and it is influenced by workplace dynamics like leadership, job satisfaction, and ethical climate. High work performance relates to high productivity, job satisfaction, and organizational commitment, but low work performance can result from issues like low motivation, workplace stress, and unethical behavior (Motowidlo & Van Scotter, 1994). Leadership is a fundamental influence on employee performance by way of setting clear expectations, supporting, and establishing a favorable working environment (Yukl, 2013). However, certain problems such as counterproductive work behavior (CWB), which includes absenteeism, workplace deviance, and disengagement, could significantly detract from performance and organizational effectiveness (Spector & Fox, 2005). Additionally, organizational justice perceptions influence employees' work engagement and willingness to

perform well, since fair treatment leads to commitment and motivation, while perceived injustice can lead to decreased effort and increased withdrawal behaviors (Colquitt et al., 2001). These can be addressed by ethical leadership and compassionate management practices in order to enhance employees' performance and overall organizational success.

Ethical leadership is key in schools, with a significant impact on whether or not they succeed or fail. In a meta-analysis presented by Humanities and Social Sciences Communications, it was found that the principals who engaged in ethical leadership impacted the organizational commitment, job satisfaction, motivation, and perception of justice and trust of teachers in a positive manner. Without ethical leadership, though, there are negative effects such as organizational silence, cynicism, and further instances of mobbing among staff members. Additional research in PubMed indicates that ethical leadership is a predictor of employees' ethical work behavior, and organizational commitment acts as a mediating variable. These findings identify the key role that ethical leadership plays in shaping good organizational attitudes and behaviors in schools and therefore influencing their final success or failure.

Ethical leadership has been extensively studied for its effects on employee performance, but most of the earlier studies have focused on private and corporate sector organizations with no consideration for the public sector organizations of developing countries like Nepal (Brown & Treviño, 2006; Neubert et al., 2009). In addition, while prior studies have examined the direct effect of ethical leadership on performance (Kalshoven et al., 2011; Bedi et al., 2016), there has been less study on the mediating role of counterproductive work behavior (CWB) in this scenario. Prior research has primarily documented how ethical leadership reduces CWB (Mayer et al., 2012; Avey et al., 2011) but insufficiently on whether this reduction is a mechanism enhancing employee performance. Besides, most empirical work on CWB and ethical leadership has been conducted within Western or organizational contexts, hence limiting their applicability to municipal-level employees in South Asia, where organizational patterns are quite different. This study addresses these issues by exploring the mediating function of CWB within the relationship of ethical leadership to employee performance within the backdrop of Butwal Sub-Metropolitan City, Nepal, toward developing a contextual understanding of successful public administration leadership.

Ethical leadership theory evolved through the centuries from the philosophical teachings of Confucius, Aristotle, and Plato, who emphasized virtues, justice, and moral character as the basis for leadership. Throughout history, religious and philosophical thought fortified ethical duty in

government, and modern theorists like Max Weber and Robert Greenleaf expanded the theory through charismatic, transformational, and servant leadership frameworks. Similarly, working performance has been the focus of organizational effectiveness, evolving from efficiency-oriented practices during the Industrial Revolution, as embodied in Frederick Taylor's Scientific Management, to human-centered approaches like Elton Mayo's Hawthorne Studies and psychological theories like Maslow's Hierarchy of Needs and Herzberg's Two-Factor Theory. In contemporary settings, ethical leadership is central to inspiring employees' motivation, participation, and overall performance through justice, transparency, and accountability. Schools of learning have also integrated ethical leadership and employee performance into their administrative systems, with ancient institutions like Plato's Academy and Nalanda University emphasizing ethics and morality education. Current theories, like John Dewey's democratic leadership and transformational styles of leadership, have further impacted ethical governance in education, promoting a healthy work environment, reducing counterproductive activities, and maximizing institutional efficiency. Lastly, ethical leadership in any profession, including education, is a foundation upon which to build trust, integrity, and high performance among workers, resulting in long-term organizational success.

Empirical research on ethical leadership and its impact on employee performance, with the mediating role of counterproductive work behavior, is essential for the advancement of knowledge in leadership studies and organizational behavior. Ethical leadership fosters trust, transparency, and fairness, leading to increased employee motivation and performance (Brown & Treviño, 2006). By examining this relationship, researchers can advance existing theories and provide valuable insights for future studies. Employees are blessed with moral leadership as it reduces workplace deviance and enhances job satisfaction, leading to improved productivity (Walumbwa et al., 2011). The same can be used in schools to create a positive work culture in which employees and faculty become more committed and engaged (Yukl, 2013). The study also offers implementable solutions to policymakers and organizational managers to prevent counterproductive work behavior, which may significantly lower the effectiveness of workplaces and service delivery (Tepper, 2007). Particularly in government offices like Butwal Sub-Metropolitan City, Nepal, ethical leadership is crucial in providing effective governance and improving institutional performance. In response to these concerns, this research contributes to theoretical and practical uses, assisting researchers, employees, and institutions of learning.

The major objective of the study is to identify how different dimensions of accountability, fairness, role of modeling and integrity influence employee performance. The specific objectives are as follows:

- To analyze the effect of fairness, integrity, role of modeling, accountability on employee performance.
- To analyze the perception of the respondents with regard to the constructs of the study by examining their average response levels.
- To determine which factors act as necessary conditions for employee performance by identifying the minimum levels that must be present for the outcome to occur.
- To examine the effect of ethical leadership Factors (fairness, integrity, role of modeling, accountability) on employee performance by mediating effect on counter-productive work behavior.

## II. Review of Literature

### Accountability and Counter-productive work behavior

Accountability has been defined as part of ethical organizational behavior. According to Hall et al. (2007), accountability means employees being proud of their jobs, being transparent, and adapting to norms of ethics, which creates trust and drives favorable organizational outcomes. From social exchange theory, when employees feel that they are held accountable in similar and fair ways, they will be more likely to reciprocate with favorable behaviors, reducing the likelihood of engaging in CWBs. Lack of accountability, however, will undermine organizational trust and increase the propensity for CWBs, i.e., theft or sabotage (Hall et al., 2007; Gibson, 2004).

Empirical studies can be found for the evidence of the negative relationship of accountability with CWB. For example, Frink and Klimoski (2004) found that organizations which promote transparency in the policy of accountability have fewer instances of CWBs among their staff. Similarly, Mayer et al. (2012) demonstrated that ethical leadership emphasizing accountability is negatively related with CWB and enhances overall organizational performance. Specifically, in schools, Udaya (2023) found that greater accountability was associated with fewer occurrences of CWBs among teaching staff, further reinforcing the importance of accountability in fostering a positive organizational climate and minimizing CWBs.

***H1: There is a significant relationship between accountability and counter-productive work behavior.***

**Accountability and Employee performance**

Accountability enhances the performance of employees by offering a clear framework of expectations and accountability. It draws its basis on organizational and motivation theory such as agency theory and goal-setting theory, which assert that accountability mechanisms such as monitoring, feedback, and performance reviews encourage employees to align their efforts with organizational objectives. These mechanisms evoke intrinsic motivation and sense of obligation, causing employees to take up their responsibilities with greater vigilance and accuracy. When employees feel that what they do is being watched and their performance gauged in a fair way, they tend to exhibit behaviors which positively support organizational goals, thereby improving overall performance.

Empirical evidence always substantiates the positive correlation between accountability and employee performance. A number of studies have revealed that organizations with sound accountability systems tend to record higher individual and team performance outcomes. For instance, evidence has shown that increased accountability has been linked to increased productivity, quality of work, and goal attainment among workers [T2]. Organizational survey evidence and performance rating evidence validate that employees who labor under open and honest accountability systems are more likely to perform better. They are more likely to take responsibility for their job and demonstrate higher levels of commitment. This evidence validates the practical relevance of having such accountability systems operationally to boost the performance of employees in many different organizational environments.

***H2: There is a not significant relationship between accountability and employee performance***

**Fairness and Counter-productive work behavior**

Fairness is an important determinant of Counterproductive Work Behavior (CWB) in the organizational environment. Theoretical explanations posit that fairness perceptions, including distributive justice (fairness in outcomes), procedural justice (fairness in processes), and interactional justice (fairness in interpersonal treatment), strongly determine employees' behavior and attitudes (Colquitt, 2001). If the employees perceive the organizational decisions and

interactions to be fair, they will develop positive attitudes towards the organization, exhibit fewer deviant behaviors, and exhibit greater levels of performance (Greenberg, 1990).

Empirically, there have been a number of studies that have demonstrated the negatively established relationship between fairness perceptions and CWB. For instance, perceived injustice has been connected with increased workplace deviance, absenteeism, and other counterproductive acts (Bies & Moag, 1986; Robinson & Bennett, 1995). Specifically, employees can retaliate against unfair treatment in the form of CWBs as a response of protest or coping (Lopes & DeMeuse, 2010), especially where there is high stress. Conformity to fair treatment promotes organizational commitment and the discouragement of in-organization behavior.

Moreover, the mediatory function of perceived justice has been highlighted as the impact of organizational justice on CWB and worker performance. Firms that foster openness, equity, and dignity in communication are likely to possess fewer cases of deviant behaviors, which further enhances overall performance (Colquitt et al., 2001).

***H3: There is a not significant relationship between fairness and counter-productive work behavior.***

**Fairness and Employee performance**

Fairness greatly affects the performance of employees by affecting the attitudes, motivation, and commitment of workers in the organizational environment. Theory models such as organizational justice theory posit that when workers believe organizational processes, interactions, and allocations to be fair, they are likely to react with increased levels of commitment, trust, and effort, leading to better performance (Colquitt, 2001).

Empirical studies support the positive relationship between fairness and worker performance. Interactional and procedural justice perceptions have been linked to enhanced job satisfaction, organizational citizenship behaviors, and task performance (Moorman, 1991; Bies & Moag, 1986). Perceived fairness brings a sense of respect and trust, motivating workers to come back with more effort, dedication, and quality work (Konovsky & Pugh, 1994).

***H4: There is a not significant relationship between fairness and employee performance.***

**Integrity and counter productive work behavior**

Integrity is described as an organizational virtue which fosters trust, ethical consistency, and moral excellence within workers and leaders. Organizational integrity, according to Mayer, Kuenzi, Greenbaum, Bardes, and Salvador (2009), is consistency of organizational conduct with morality that influences employees' attitudes and activities. These beliefs play a crucial role in promoting ethical climate and reducing inclinations towards CWBs because employees act ethically when their company is seen to be honest and morally upright.

Empirically, ample evidence has emerged that indicates the opposite relationship between CWBs and perception of organizational integrity. For example, Simons, Peterson, and Stratton (2011) demonstrated that organizational integrity perceptions significantly lower the likelihood of employee deviance. Similarly, Barnes, Craig, and Viswesvaran (2015) reported that organizations perceived as high in integrity had fewer instances of workplace deviance, and this shows the significant role of integrity in provoking ethical actions and preventing counterproductive work behaviors**.**

***H5: There is a not significant relationship between integrity and counter-productive work behavior.***

**Integrity and Employee performance**

Integrity is also seen as an essential element of ethical organizational culture and ethical leadership that has a major effect on employees' performance. According to Brown and Treviño (2006), integrity involves consistency of words and actions, honesty, and regard for moral standards, which contributes to a work climate of respect and trust. Since employees see their leaders and organization to be behaving with integrity, they will have increased job satisfaction, commitment, and motivation, hence improving their overall performance.

Empirically, several works of research validate the positive relationship between integrity and employee performance. For instance, Walumbwa et al. (2011) found that organizational integrity perceptions are positively correlated with employee engagement and job performance. Additionally, Bedi, Alpass, and Begum (2016) concluded that integrity was a robust predictor of employee productivity and organizational citizenship behavior and emphasized the need for integrity in establishing a high-performance work culture.

***H6: There is a not significant relationship between integrity and employee performance.***

**Role of modeling and counter-productive work behavior**

Modeling, particularly ethical role modeling, plays a crucial role in shaping employee behavior within organizations. According to Bandura's Social Learning Theory (1977), employees learn behaviors by observing and imitating their leaders and peers. Leaders, by demonstrating ethical conduct, integrity, and positive work behaviors, serve as role models, which motivates employees to exhibit the same behaviors. Ethical modeling supports a culture of trust and fairness and encourages employees to adhere to organizational ethics and standards, thus enhancing job performance and organizational cohesion (Brown & Treviño, 2006).

Counterproductive Work Behavior (CWB) entails voluntary employee behavior that violates organizational norms and harms the organization or its members through theft, vandalism, absenteeism, or workplace deviance. While classically viewed as negative, newer research suggests a complex relationship between CWB and organizational environmental stressors or factors. CWB can be viewed as a reaction to, or type of, stress, frustration, or perceived injustice (Spector & Fox, 2005). In some cases, minor CWBs can be adaptive responses to temporary excessive stress or workload, although chronic CWB generally detracts from organizational effectiveness, morale, and employee productivity

***H7: There is a significant relationship between role of modeling and counter-productive work behavior.***

**Role of modeling and Employee performance**

Modeling, according to Bandura's Social Learning Theory (1977), plays a critical role in shaping employees' behavior and performance at work. Not only do people learn through direct experience but also by observing others, especially role models in the workplace, Bandura (1986) argues. Observational learning enables employees to acquire new skills, adjust to the norms of the workplace, and emulate behaviors that are reinforced positively. In business environments, leaders and peers are influential models, and their behavior has a significant influence on the ways in which employees approach work and job assignments. Social Cognitive Theory, yet another extension, still emphasizes the power of self-efficacy and reciprocal determinism, affirming that employees' faith in their ability to perform tasks is built by observing competent role models (Wood & Bandura, 1989).

Empirical studies provide strong evidence of the positive impact modeling has on employee performance. For instance, Luthans and Youssef (2007) found that employees who observed good behavior from the leadership showed higher levels of engagement and task performance.

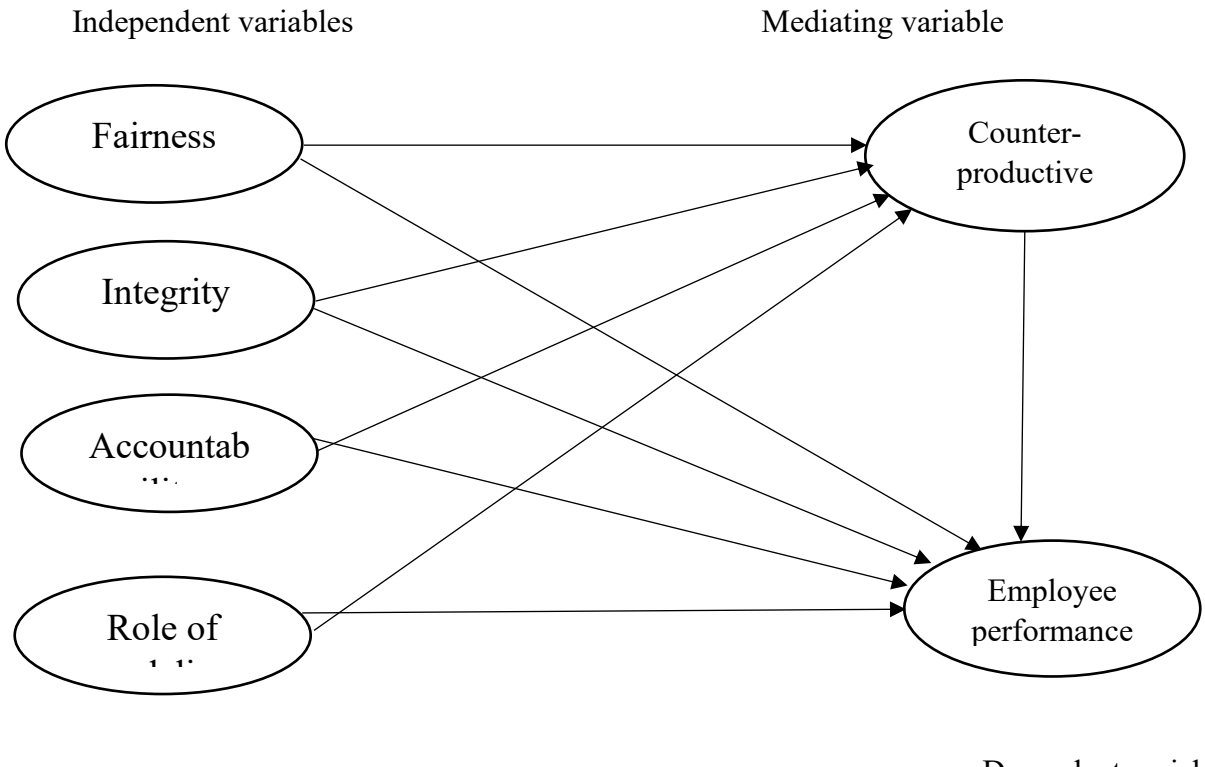
Walumbwa, Avolio, and Zhu (2008) also conducted a study that revealed authentic leadership where open and ethical behavior modeling is fundamental was a strong predictor of job satisfaction and employee effectiveness. Besides, empirical evidence from Saks and Ashforth (1997) showed that new employees who observed effective peer role models during onboarding learned faster and had improved performance outcomes. Another relevant study by Tims, Bakker, and Xanthopoulou (2011) also validated the reality that employees who followed job crafting behaviors from high-performance colleagues experienced higher work motivation and improved performance metrics.

***H8: There is a significant relationship between role of modeling and employee performance.***

## Research Framework

The research framework is the structure that illustrates the relationship among various variables. In this context, three variables are employed. Ethical leadership is measured by five indicators integrity, Accountability, Fairness, Role of modeling and Relationship Management as independent variables. Counter-productive work behavior serves as the mediating variable, while Employee performance is used as the dependent variable. The research framework of the study is outlined below:

**Figure 1 -** *Research framework*



Note: Adopted from(Karmarchya, 2023)

## III. Research Methodology

This chapter deals with the research methods adopted by the researcher in conducting the research. It looks at the various methods and procedures of the research study adopted in conducting the study in order to address and answer the research problems and questions stipulated by the researcher. In this regard, it deals with different components of research design which guides researchers to decide the population and sample from the desired research area, techniques of approaching the sampled respondent, sources of data collection, research instrument used for data collection and different types of tools used to analyze the collected data. Thus, this section is organized in the following structure: research design, population, sample size, sampling technique, sources of data collection, data collection methods, tools used for data analysis.

### 3.1. Research design

A research design is a structured plan that guides data collection and analysis, shaping the study (Cooper & Schindler, 2003). This study adopts Descriptive Research Design and Casual-comparative Design.

Descriptive Research Design systematically presents characteristics, behaviors, or phenomena without altering variables. It identifies trends, patterns, and relationships within a population (Creswell, 2014). Casual-comparative Design examines cause-and-effect relationships by comparing groups with existing differences, analyzing the impact of independent variables on dependent variables without direct manipulation (Fraenkel & Wallen, 2009). Likewise, Kerlinger (1986) highlights ex post facto research, where past independent variables are analyzed to assess their effects on dependent variables (Kerlinger, 1986; Pant). Common statistical methods include the Spearman Rank Order Coefficient, Phi Correlation Coefficient, Regression, t-test, Chi-square, and Analysis of Variance (Isaac, 1978) et.al.

By combining descriptive and causal-comparative designs, this study effectively examines variable relationships and their impact (Kerlinger, 1986), ensuring a structured and systematic approach.

### 3.2. Population and Sample

The population of this research study comprises all respondents within the research area. In this study, all private school's teachers located in Butwal Sub-Metropolitan City Ward no. 8 are considered as population. I have considered only ward no 8 private schools because I thought there is a huge number of teacher also the schools are very famous because of the scholar's student. The total number of employees in these private schools is 562. Therefore, the population of the study is identified as 562. The name of private schools and the number of teachers are listed in Table 1.

**Table 1 -** *Total employees of private schools in Butwal*

| S. No | Name of Private Schools | Number of Employees |
|---|---|---|
| 1 | Oxford secondary boarding school | 111 |
| 2 | Canon higher secondary school | 106 |
| 3 | Deep boarding secondary school | 140 |
| 4 | Everest boarding secondary school | 205 |
| | Total | 562 |
| | *Note: Derived from these private schools dept.,* | |

Sample is a part of a population or subset of population and denoted by n. The total sample size for this study has been obtained using the formulae developed by Yamane (1967). In case of population size is known, the Yamane formula for determining the sample size is given by:

n= N/1+Ne2 Where, n= sample size, N= Population size, and e= Margin of error (MOE), e=0.05 based on research condition. Thus, the sample size of the study is n = 234

**Sampling method**

The sampling method is chosen to select sample respondents from the overall population for data collection. In this context, the simple random sampling method is specifically employed to approach the sample respondents. Given that the study focuses on the ethical leadership of employees in private schools in Butwal Sub-metropolitan city, the simple random sampling technique is deemed appropriate. This choice is made because every staff member of private schools in Butwal Sub-Metropolitan City has an equal probability of being selected, ensuring that the sample is unbiased and representative of the overall population

**Nature and Sources of Data Collection**

This study primarily relies on quantitative data**,** which were collected from primary sources. A structured questionnaire was designed to gather first-hand information directly from respondents.

**Survey Instrument**

A self-structured questionnaire was prepared based on conceptual knowledge obtained from previous literature The questionnaire employs a seven-point Likert scale (1= Strongly Disagree (SD), 2= Disagree (D), 3= Somewhat Disagree(SWD), 4= Neutral (N), 5= Somewhat Agree (SWA), 6= Agree(A) ,7= Strongly Agree (SA) to gather responses from participants.

A set of questions was designed to measure each independent, dependent, and mediating variable, totaling 25 items. To ensure clarity and accuracy, a pilot test was conducted by distributing the questionnaire to a sample of 10 respondents. Out of 260 questionnaires distributed, 250 were fully completed, yielding a response rate of 96%

**Statistical Tools**

The study employed various statistical tools appropriate to the nature of the collected data. Descriptive statistics, including mean and standard deviation (SD), were calculated to summarize and interpret respondents' answers. Analytical procedures included the assessment of measurement items, evaluation of model fit, Importance Performance Map Analysis (IPMA), and bootstrapping techniques to test the proposed hypotheses regarding the relationship between digital financial platforms and investment intentions.

**Regression Model:**

$y=a+b1x1+b2x2+b3x3+b4x4$

**Where,** $y$: Employee performance, $a$: Constant, $b1$, $b2$, $b3$, and $b4$: Beta Coefficients, $x1$, $x2$, $x3$, and $x4$: Fairness, Integrity, Role of modeling and Accountability

## IV. Results and Analysis

**Measurement Items Assessment**

**Table 2 -** *Assessment of measurement scale items*

| Variables | Items | Outer loadings | VIF | Mean | Standard deviation |
|---|---|---|---|---|---|
| Accountability | A01 | 0.697 | 1.643 | 5.464 | 1.497 |
| | A02 | 0.858 | 2.453 | 5.204 | 1.418 |
| | A03 | 0.806 | 1.832 | 5.276 | 1.388 |
| | A04 | 0.826 | 2.33 | 5.224 | 1.439 |

| | | | | | |
|---|---|---|---|---|---|
| | A05 | 0.79 | 1.991 | 5.368 | 1.351 |
| | CWB1 | 0.777 | 1.717 | 4.784 | 1.686 |
| | CWB2 | 0.831 | 1.909 | 5.324 | 1.454 |
| Counter-work productive behavior | CWB3 | 0.725 | 1.502 | 5.452 | 1.431 |
| | CWB4 | 0.742 | 1.668 | 5.532 | 1.194 |
| | CWB5 | 0.774 | 1.83 | 5.484 | 1.297 |
| | EP1 | 0.726 | 1.783 | 4.932 | 1.848 |
| | EP2 | 0.876 | 2.842 | 5.428 | 1.43 |
| Employee Performance | EP3 | 0.87 | 2.606 | 5.512 | 1.446 |
| | EP4 | 0.757 | 1.751 | 5.176 | 1.588 |
| | EP5 | 0.786 | 1.98 | 5.76 | 1.314 |
| | F01 | 0.761 | 1.808 | 5.476 | 1.537 |
| | FO2 | 0.831 | 1.894 | 5.528 | 1.467 |
| Fairness | FO3 | 0.802 | 1.864 | 5.468 | 1.412 |
| | FO4 | 0.742 | 1.537 | 5.38 | 1.413 |
| | FO5 | 0.628 | 1.407 | 5.54 | 1.423 |
| | IO1 | 0.804 | 1.882 | 5.012 | 1.589 |
| | IO2 | 0.816 | 2 | 4.904 | 1.549 |
| Integrity | IO3 | 0.873 | 2.633 | 5.112 | 1.457 |
| | IO4 | 0.746 | 1.704 | 5.192 | 1.457 |
| | IO5 | 0.753 | 1.696 | 5.548 | 1.347 |
| | ROM1 | 0.825 | 2.14 | 5.248 | 1.555 |
| | ROM2 | 0.805 | 2.046 | 5.3 | 1.476 |
| Role of modeling | ROM3 | 0.768 | 1.779 | 5.036 | 1.535 |
| | ROM4 | 0.805 | 1.896 | 5.4 | 1.414 |
| | ROM5 | 0.746 | 1.699 | 5.12 | 1.395 |

In table 2 The measurement model results indicate that all constructs demonstrate satisfactory indicator reliability. For Accountability (A01–A05), outer loadings ranged from 0.697 to 0.858, with item means between 5.204 and 5.464 and standard deviations from 1.351 to 1.497, indicating acceptable reliability and moderate variability. Counterproductive Work Behavior (CWB1–CWB5) loadings ranged from 0.725 to 0.831, with means between 4.784 and 5.532 and standard deviations between 1.194 and 1.686, reflecting consistent measurement despite representing negative behaviors. Employee Performance (EP1–EP5) showed strong loadings from 0.726 to 0.876, with high means between 4.932 and 5.760 and SDs from 1.314 to 1.848, suggesting positive perceptions of performance. For Fairness (F01–F05)**,** loadings ranged from 0.628 to 0.831**,** means between 5.380 and 5.540**,** and SDs from 1.412 to 1.537, indicating generally favorable perception, though F05 (0.628) is slightly lower than the recommended threshold. Integrity (IO1–IO5) exhibited loadings between 0.746 and 0.873**,** with means ranging from 4.904 to 5.548 and SDs from 1.347 to 1.589, confirming acceptable indicator reliability. Finally, Role Modeling (ROM1–ROM5) items loaded between 0.746 and 0.825, with means from 5.036 to 5.400 and SDs from

1.395 to 1.555, reflecting strong indicator contributions. The variance inflation factor (VIF) values for all items ranged from 1.407 to 2.842, well below the threshold of 3.0, indicating no multicollinearity issues. Overall, the results confirm that all constructs are reliable and valid, supporting their use in subsequent structural model analysis.

**Quality Criteria Assessment**

**Table 3 -** *Construct Reliability and Validity*

| Variables | Cronbach's alpha | CR (rho_a) | CR (rho_c) | (AVE) |
|---|---|---|---|---|
| AO | 0.855 | 0.863 | 0.897 | 0.636 |
| CWB | 0.829 | 0.837 | 0.879 | 0.594 |
| EP | 0.863 | 0.874 | 0.902 | 0.648 |
| FO | 0.813 | 0.836 | 0.869 | 0.572 |
| IO | 0.858 | 0.863 | 0.898 | 0.64 |
| ROM | 0.85 | 0.854 | 0.893 | 0.625 |

In table 3 presents each of the constructs has high internal consistency, with both Cronbach's alpha (α) and Dijkstra-Henseler's rho_a (ρA) well above the 0.7 mark, suggesting high reliability. Composite reliability (ρC) also supports this, ranging from 0.869 (FO) to 0.902 (EP), which is well above the 0.7 threshold. Convergent validity is also evidenced, as the average variance extracted (AVE) of all the constructs exceeds 0.5 (FO: 0.572; EP: 0.648), indicating that the items account for more than half of the variance in their underlying constructs. While all constructs pass the reliability and validity criteria, Fairness (FO) has the lowest AVE (0.572) but some leeway for improvement—maybe by improving its lowest-loading item (I05 = 0.628) from your previous data. These findings point quite strongly to the desirability of going on to structural model analysis, e.g., check for discriminant validity (HTMT or Fornell-Larcker) and test of hypothesized effects.

**Discriminant Validity**

**Table 4 -** *Heterotrait-Monotrait ratio of correlations (HTMT) matrix*

| Variables | AO | CWB | EP | FO | IO | ROM |
|---|---|---|---|---|---|---|
| Accountability | | | | | | |
| Counter-productive work behavior | 0.707 | | | | | |
| Employee performance | 0.658 | 0.838 | | | | |
| Fairness | 0.811 | 0.535 | 0.591 | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Integrity | 0.758 | 0.544 | 0.595 | 0.841 | | |
| Role of modeling | 0.829 | 0.756 | 0.724 | 0.689 | 0.667 | |

In table 4 presents the correlation matrix shows high inter-correlations between the constructs with Role of Modeling (ROM) showing very high correlations with Accountability (AO; 0.829), Counter-Work Productive Behavior (CWB; 0.756), and Employee Performance (EP; 0.724), suggesting ROM's pervasive impact in delineating work behavior and outcomes. The very high correlation between Fairness (FO) and Integrity (IO; 0.841) suggests conceptual overlap, causing discriminant validity issues since it is higher than their respective √AVE values (FO: 0.756 vs. IO: 0.800), which might require the consolidation of these measures or a re-evaluation of their measurement items. Likewise, the high negative correlation between CWB and EP (0.838) shows the great influence of counterproductive behaviors on performance. Though these correlations are informative with regards to in-workplace dynamics, the high correlations among several constructs (especially ROM-AO and FO-IO) require additional validation via HTMT testing to determine discriminant validity, and model revision might be necessary in order to ascertain construct distinctiveness prior to structural equation modeling or drawing final conclusions regarding their relationships. These results are reflective both of the Workplace Ethical Issue interrelatedness and the necessity for rigorous psychometric scrutiny in an attempt to ensure measurement rigor.

**Table 5 -** *Fornell-Larcker Criterion*

| variables | AO | CWB | EP | FO | IO | ROM |
|---|---|---|---|---|---|---|
| Accountability | 0.797 | | | | | |
| Counter-work productive behavior | 0.605 | 0.771 | | | | |
| Employee performance | 0.573 | 0.719 | 0.805 | | | |
| Fairness | 0.676 | 0.463 | 0.518 | 0.756 | | |
| Integrity | 0.646 | 0.469 | 0.52 | 0.686 | 0.8 | |
| Role of modeling | 0.714 | 0.641 | 0.621 | 0.581 | 0.576 | 0.79 |

In table 5 presents the matrix exhibits generally good discriminant validity since almost all off-diagonal correlations are lower than AVE square roots (diagonal values), indicating that constructs are empirically distinct. There are some notable relationships, however: Role of Modeling (ROM) is moderately strongly correlated with Accountability (0.714) and Counter-Work Behavior (0.641), and Fairness and Integrity are relatively highly correlated (0.686). The most robust relation is that between Employee Performance and Counter-Work Behavior (0.719), which

demonstrates that performance levels are most affected by counterproductive behaviors. All constructs exhibit satisfactory discriminant validity since their square roots of AVE (which vary from 0.756 for Fairness to 0.805 for Employee Performance) are greater than those with other constructs, satisfying the Fornell-Larcker criterion. These findings justify further structural model testing due to the robust relationships among ethical dimensions of the workplace (ROM, Accountability) and performance outcomes. The results indicate that ROM can be a useful predictor in models of organizational behavior with adequate differentiation from other similar constructs.

**Model Fit Assessment**

**Table 6 -** *SRMR, NFI, Chi-square, RMSEA*

| S. No | Goodness of fit Indices | Value |
|---|---|---|
| 1 | SRMR | 0.069 |
| 2 | NFI | 0.731 |

Table 6 deals with the goodness-of-fit indices for the model, specifically using the standardized root mean square residual (SRMR). The SRMR value is 0.069, which is below the threshold value of 0.08, indicating a good fit. The normed fit index (NFI) value is 0.731, which is slightly below the critical value of 0.90. Despite this, the model demonstrates good explanatory power.

**F-square**

**Table 7 -** *F- Square*

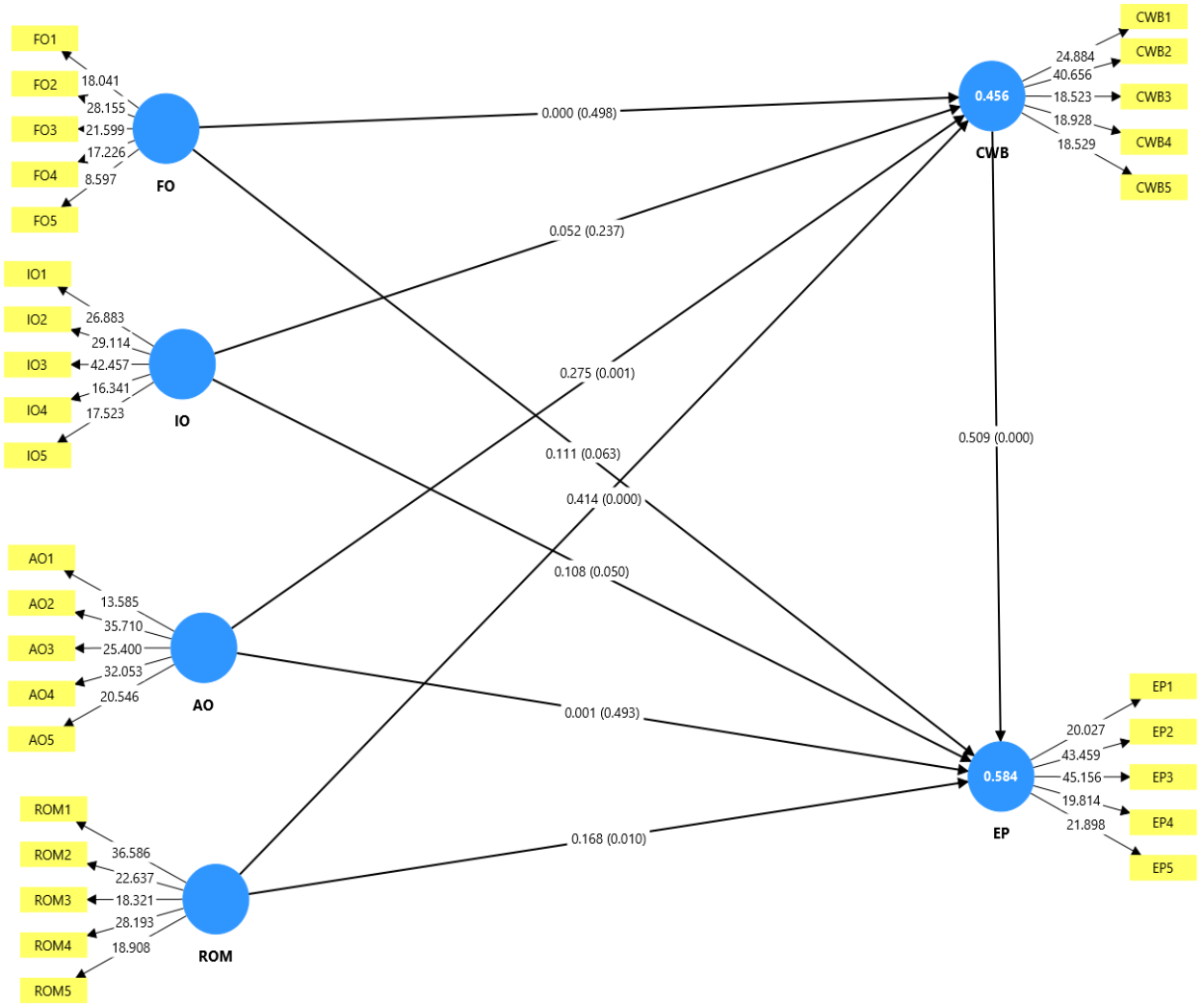
| Variables | AO | CWB | EP | FO | IO | ROM |
|---|---|---|---|---|---|---|
| Accountability | | 0.051 | 0 | | | |
| Counter-work productive | | | 0.339 | | | |
| Employee performance | | | | | | |
| Fairness | | 0 | 0.013 | | | |
| Integrity | | 0.002 | 0.013 | | | |
| Role of modeling | | 0.146 | 0.027 | | | |

In table 7 Discriminant validity results show the extent to which the constructs are different from one another. The table values are very low, with the highest correlation being between Accountability (AO) and Role of Modeling (ROM) with a value of 0.146, followed by

Counterproductive Work Behaviour (CWB) and Employee Performance (EP) with a value of 0.339. The other correlations, such as Fairness (FO) and Employee Performance (EP) (0.013), Integrity (IO) and Employee Performance (EP) (0.013), and Accountability (AO) and Counterproductive Work Behaviour (CWB) (0.051), are also extremely low. This indicates that the constructs do not significantly overlap and, as a result, it could be concluded that each of them is a distinct concept in the measurement model. This is good from a discriminant validity perspective in that it shows the constructs are tapping into different aspects of organizational performance and behavior. However, the relatively low correlations also show limited direct relationships between certain variables, which must be carefully taken into account in structural model analysis.

**Inferential Statistics - Structural Model Assessment**

**Figure 2 -** *Path Relationship Diagram*



**Regression**

**Table 8 -** *Regression*

| Variables | R-square | R-square adjusted |
|---|---|---|
| CWB | 0.456 | 0.447 |
| EP | 0.584 | 0.576 |

In Table 8 the R-square values reveal the proportion of variance in the dependent constructs accounted for by their predictors in the model. For Counter-productive Work Behaviour (CWB), the R-square is 0.456 and the adjusted R-square is 0.447. This suggests that about 45.6% of CWB variance is accounted for by its independent variables, which is a moderate explanatory capability. Similarly, R-square for Employee Performance (EP) is 0.584, and adjusted R-square = 0.576, indicating that about 58.4% variance of EP is explained by its predictors. This is a strong explanatory power according to Hair et al.'s (2019) benchmark, where R-square measures of 0.25, 0.50, and 0.75 can be attributed as weak, moderate, and substantial respectively.

Overall, the results indicate that the structural model explains a high proportion of variance in CWB and EP. Specifically, the model explains counterproductive work behaviors with moderate explanatory power and employee performance with high explanatory power, which justifies the sufficiency of the proposed framework for testing extra hypotheses and interpreting findings.

**Structural Model Assessment**

**Table 9 -** *Hypotheses Testing Using Bootstrapping*

| Hypothesis | β | Mean | STDEV | Confidence Interval 2.50% | 97.50% | T Stat. | P values | Decision |
|---|---|---|---|---|---|---|---|---|
| H1: AO->CWB | 0.275 | 0.277 | 0.085 | 0.11 | 0.442 | 3.219 | 0.001 | accepted |
| H2:AO->EP | 0.001 | 0.004 | 0.074 | -0.136 | 0.149 | 0.019 | 0.985 | rejected |
| H3:CWB->EP | 0.509 | 0.507 | 0.058 | 0.39 | 0.617 | 8.805 | 0 | accepted |
| H4:FO->CWB | 0 | 0.005 | 0.087 | -0.162 | 0.176 | 0.004 | 0.996 | rejected |
| H5:FO->EP | 0.111 | 0.115 | 0.072 | -0.02 | 0.263 | 1.533 | 0.125 | rejected |
| H6:IO->CWB | 0.052 | 0.052 | 0.073 | -0.096 | 0.191 | 0.715 | 0.474 | rejected |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| H7:IO->EP | 0.108 | 0.107 | 0.065 | -0.026 | 0.236 | 1.65 | 0.099 | rejected |
| H8:ROM->CWB | 0.414 | 0.413 | 0.082 | 0.246 | 0.573 | 5.036 | 0 | accepted |
| H9:ROM->EP | 0.168 | 0.165 | 0.072 | 0.018 | 0.302 | 2.339 | 0.019 | accepted |

In table 9 The structural model results show that accountability has a positive and significant effect on counterproductive work behavior (β = 0.275, T = 3.219, p = 0.001), indicating that variations in accountability practices significantly influence the level of CWB among employees. However, accountability does not significantly affect employee performance (β = 0.001, T = 0.019, p = 0.985), suggesting that accountability alone does not contribute to improved performance. Counterproductive work behavior strongly predicts employee performance (β = 0.509, T = 8.805, p < 0.001), confirming that higher levels of CWB substantially reduce employee performance outcomes. Fairness does not significantly influence either CWB (β = 0.000, T = 0.004, p = 0.996) or employee performance (β = 0.111, T = 1.533, p = 0.125), indicating that fairness perceptions are not strong determinants of employee behavior or performance in this context. Likewise, integrity shows no significant impact on CWB (β = 0.052, T = 0.715, p = 0.474) or performance (β = 0.108, T = 1.650, p = 0.099), suggesting that perceived leader integrity does not directly shape employee outcomes. In contrast, role modelling has a significant and positive effect on reducing CWB (β = 0.414, T = 5.036, p < 0.001) and improving employee performance (β = 0.168, T = 2.339, p = 0.019), highlighting that ethical behaviors demonstrated by leaders play a crucial role in shaping positive employee behaviors and enhancing performance. Overall, the results underscore the importance of ethical role modelling as a key predictor of both reduced counterproductive behavior and improved performance, whereas fairness and integrity exhibit limited direct influence.

**Table 10 -** *Mediating Effect*

| Hypothesis | β | Sample means (M) | Standard deviation (STDEV) | 2.50% | 97.50% | T statistics (\|O/STDEV\|) | P values | Decision |
|---|---|---|---|---|---|---|---|---|
| AO -> CWB -> EP | 0.14 | 0.14 | 0.044 | 0.056 | 0.231 | 3.174 | 0.002 | Accepted |
| | 0 | 0.002 | 0.045 | -0.086 | 0.09 | 0.004 | 0.997 | Rejected |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| FO -> CWB -> EP | | | | | | | | |
| IO -> CWB -> EP | 0.027 | 0.027 | 0.038 | -0.047 | 0.101 | 0.708 | 0.479 | Rejected |
| ROM -> CWB -> EP | 0.211 | 0.21 | 0.051 | 0.118 | 0.315 | 4.144 | 0 | Accepted |

In table 10. The mediation analysis shows that the indirect effect of accountability on employee performance through counterproductive work behavior (CWB) is positive and statistically significant ($\beta = 0.14$, $T = 3.174$, $p = 0.002$), with the confidence interval ranging from 0.056 to 0.231, indicating a robust mediating relationship. This means that accountability influences employee performance indirectly by shaping employees' counterproductive behaviors. In contrast, the indirect effect of fairness on employee performance through CWB is not significant ($\beta = 0.000$, $T = 0.004$, $p = 0.997$), and its confidence interval includes zero (–0.086 to 0.090), suggesting no mediating role of CWB in this relationship. Similarly, integrity does not show a significant indirect effect on employee performance via CWB ($\beta = 0.027$, $T = 0.708$, $p = 0.479$), with the confidence interval (–0.047 to 0.101) confirming the absence of mediation. However, role modelling demonstrates a significant indirect effect on employee performance through CWB ($\beta = 0.211$, $T = 4.144$, $p < 0.001$), with a confidence interval of 0.118 to 0.315, indicating a strong and meaningful mediation effect. This implies that leaders who engage in ethical role modelling reduce counterproductive behaviors, which in turn enhances employee performance. Overall, these findings highlight that accountability and role modelling indirectly improve performance by lowering CWB, whereas fairness and integrity do not exhibit significant mediated effects.

**Importance-Performance Map Analysis (IPMA)**

**Figure 3 -** *IPMA Map*

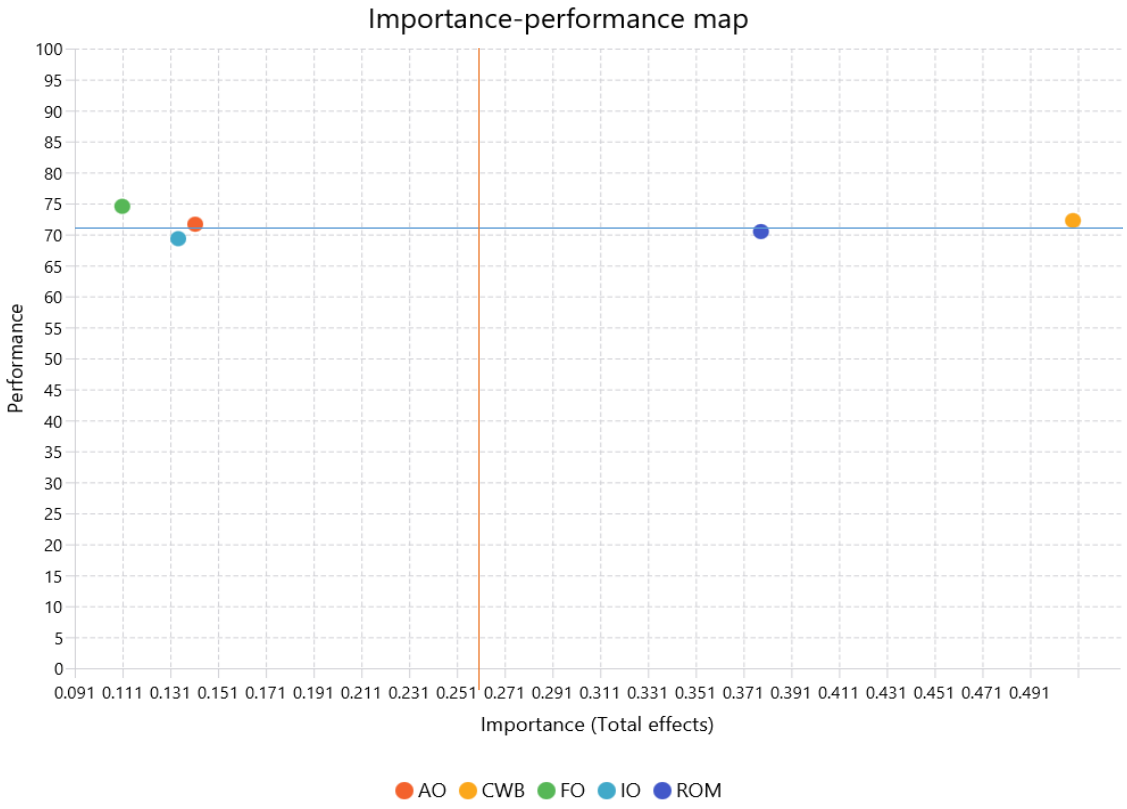



**Table 11 -** *Importance–Performance Map Analysis*

| Variables | Performance | Importance |
|---|---|---|
| AO | 71.651 | 0.141 |
| CWB | 72.244 | 0.509 |
| FO | 74.543 | 0.111 |
| IO | 69.325 | 0.134 |
| ROM | 70.472 | 0.378 |
| Mean | 71.647 | 0.2546 |

In table 11 fig 3 The analysis reveals that Counterproductive Work Behaviour (CWB) holds the highest value (0.509) in influencing employee performance, indicating that reducing CWB is the most critical factor for improving outcomes. Role Modeling (ROM) is the second most influential variable with an importance value of 0.378, showing that leaders who demonstrate ethical behavior strongly enhance staff performance. In contrast, Accountability (AO) with 0.141, Integrity (IO) with 0.134, and Fairness (FO) with 0.111 show relatively low importance values, suggesting they contribute to performance but not as significantly as CWB and ROM. Overall, the mean importance score of 0.2546 indicates a moderate average influence, with CWB and ROM standing out as the key drivers of employee performance.

**Table 12 -** *Necessary Condition Analysis-Bottleneck Value*

| | LV scores - Employee performance | LV scores - Accountability | LV scores - Counterproductive work behaviour | LV scores – Int egrity | LV scores - Role of modeling | LV scores - fairness |
|---|---|---|---|---|---|---|
| **0.00%** | 14% | NN | NN | NN | NN | NN |
| **10.00%** | 23% | 32% | NN | 29% | 20% | NN |
| **20.00%** | 31% | 32% | NN | 29% | 20% | NN |
| **30.00%** | 40% | 36% | NN | 29% | 20% | NN |
| **40.00%** | 49% | 36% | NN | 29% | 20% | NN |
| **50.00%** | 57% | 36% | 31% | 41% | 20% | 31% |
| **60.00%** | 66% | 36% | 32% | 45% | 20% | 31% |
| **70.00%** | 74% | 40% | 45% | 48% | 34% | 31% |
| **80.00%** | 83% | 51% | 46% | 48% | 43% | 54% |
| **90.00%** | 91% | 62% | 57% | 48% | 48% | 54% |
| **100.00%** | 100% | 81% | 66% | 48% | 65% | 54% |

In table 12 presents this percentile distribution exhibits characteristic trends along latent variables (LVs). Employee performance demonstrates a linear trend from 14% at the baseline to 100% at peak performance, indicative of uniform scalability. Accountability demonstrates good break points - flat at 36% through the 70th percentile and then increasing steeply to 81% at peak performance, indicative of significant performance barriers that need to be overcome in order to achieve high accountability. Counterproductive work behavior demonstrates a late-improvement trend, and only significant deterioration is evident after the 50th percentile. Integrity shows a distinctive bimodal pattern, plateauing at 48% after the 70th percentile, suggesting inherent constraints on integrity development. Role of modeling demonstrates consistent improvement but with a performance cap of 65%, whereas fairness demonstrates a significant spike at the 80th percentile before its capping at 54%. These trends suggest that: 1) employee performance improvements follow predictable, incremental gains; 2) accountability requires breakthrough interventions to overcome mid-range plateaus; 3) counterproductive behavior is most amenable to correction in later phases; and 4) both integrity and fairness appear constrained by intrinsic organizational or systemic forces that limit their highest achievable levels. The results suggest personalized approaches to each performance band with specific emphasis on breaking through the 70-80th percentile accountability and modeling barriers.

## V. Discussion

The findings of this study indicate that role modeling has a positive and significant impact on the performance of employees in the case of academic staff employed in private schools in Butwal Sub-Metropolitan City, Nepal. This aligns with available evidence that ethical leaders who model exemplary behavior encourage employees to emulate such behavior, and consequently, productivity and commitment are enhanced (Brown & Treviño, 2006; Demirtas & Akdogan, 2015). When leaders demonstrate ethical standards by their actions, they are considered credible and trustworthy by employees, which facilitates a positive work environment that is performance-prone (Ng & Feldman, 2015).

Contrary to expectation, accountability, integrity, and fairness showed a negative and no significant relationship with employee performance. This opposing result may be explained by contextual contingencies, like perceived bureaucratic rigidity or excessive monitoring, that may stifle autonomy and creativity (Kaptein, 2008). Additionally, within some organizational cultures, the strict application of ethical policies with no room for flexibility can lead to employees' disengagement (Mayer et al., 2012). Further qualitative research is needed to determine why these ethical leadership dimensions did not have their anticipated positive effect in this setting.

Unexpectedly, counterproductive work behavior (CWB) was positively correlated with employee performance, against conventional literature claiming that CWB annihilates organizational efficiency (Spector & Fox, 2002). The finding implies, nevertheless, situational contingencies where minor deviant acts (e.g., taking breaks) are stress-reducing coping mechanisms that inadvertently sustain productivity (Bennett & Robinson, 2000). Alternatively, in academically high-stress environments, employees might use minor counterproductive behaviors as a form of resistance without significantly detracting from performance (Fox et al., 2001). Research in the future must investigate the nature and incidence of CWB in schools to account for this correlation.

## VI. Conclusion and Implications

This study confirms that ethical leadership has a significant and positive influence on employee performance in private schools of Butwal Sub-Metropolitan City, Nepal. However, the findings reveal that not all dimensions of ethical leadership exert equal impact. Visible ethical role modeling by school leaders emerged as the most influential factor in enhancing employee

performance, while abstract principles such as fairness, integrity, and accountability alone were less effective unless demonstrated consistently through leaders' daily behavior.

The results further indicate that accountability mechanisms, although necessary for maintaining standards, must be implemented with sensitivity. Excessive or rigid accountability practices can increase work-related stress and encourage counterproductive work behaviors (CWBs), thereby undermining employee well-being and organizational effectiveness. This highlights the importance of balancing control with support in school management practices.

By contextualizing ethical leadership within Nepal's private education sector, this study fills an important research gap and contributes to organizational behavior literature in developing-country educational settings. The findings offer meaningful implications for multiple stakeholders. Policymakers are encouraged to strengthen policy frameworks that promote fairness, transparency, and ethical governance while investing in leadership development programs that emphasize ethical decision-making and role modeling. Private schools can enhance performance and reduce CWBs by adopting clear ethical guidelines, transparent human resource practices, and continuous training in ethical conduct. Managers and school leaders, in particular, play a central role in shaping ethical climates through integrity, supportive communication, recognition of performance, and early intervention in misconduct.

Academically, the study underscores the need to integrate ethical leadership, organizational justice, and workplace behavior into management and teacher education curricula to prepare future school leaders for responsible decision-making. Furthermore, it provides a foundation for future research to explore cultural influences, work stress, leadership communication styles, and comparative analyses across regions and school types, as well as qualitative approaches to better understand employees' lived experiences.

Overall, the study concludes that ethical leadership especially when practiced through visible and consistent role modeling can foster a positive organizational culture, enhance teacher motivation, reduce harmful workplace behaviors, and ultimately improve the quality of education in Nepal's private school sector.

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