

Two-Day National Conference on

"GST Reforms: Challenges, Opportunities, and Socio-Economic Effects in Telangana State"**on 09th & 10th June 2026****CMR TECHNICAL CAMPUS**

Department of MBA

UGC Autonomous, Approved by AICTE, New Delhi & JNTU Hyderabad

Kandlakoya (V), Medchal, Hyderabad – 501401

**Ethical Leadership, Employee Trust and Organizational Commitment as Determinants of Employee Performance****P. Prabu¹, Dr. C. Kathiravan², K. Sathish³**^{1,3} Research Scholar, Department of Business Administration, Annamalai University, Chidambaram, Tamil Nadu, India² Associate Professor, Department of Business Administration, Annamalai University, Deputed to Govt. Arts & Science College, Sivakasi, Tamil Nadu, IndiaCorresponding Author Email: kathirc@gmail.com**Abstract:**

The Purpose of this study is to analyse the effect of ethical leadership, employee trust and organizational commitment towards Performance of employee. In the existing competitive business sphere, organizations need highly productive and committed employees to achieve their organizational goals. Ethical leadership is an important democratic approach to be a profitable leader which encompasses sportmanship, fairness, and honesty leading ethics in the workplace. Trust amongst employees and organizational commitment are also essential variables that impact the attitudes and performance of employees. Abstract: This study is using quantitative research method by distributing questionnaire in structured format to the employee. The data are analyzed with Structural Equation Modeling–Partial Least Squares (SEM-PLS). The results show that ethical leadership had a positive significant effect on employee performance. Trust also influences employee performance as it improves team cooperation and trust in organizational leaders. Additionally, organizational commitment has a beneficial influence on the employee performance via reinforcing employees' loyalty and dedication toward organizational goals. The findings imply that organizations should promote ethical leadership practices, develop employee trust and reinforce organizational commitment in order to enhance employee performance and attain sustainable organizational success.

Keywords: Ethical Leadership, Employee Trust, Organizational Commitment, Employee Performance.

1. Introduction:

The contemporary times have posed more and more challenges for organizations to become productive, competitive and sustainable. HR continues to be one of the most valuable contributors in achieving success for organizations, since it impacts organizational performance and effectiveness through human capital which representatives contribute directly. As a result, organizations are always looking for ways to optimize employee performance and get employees to expeditiously work toward organizational goals.

Employee performance is the way employees perform tasks and client responsibilities in accordance with organizational standards. Growth comes in the form of high productivity, better quality of work performed by an employee along with other attributes like innovation and customer satisfaction. Thus, knowing what are the factors which determine employees performances has gained a great importance in human resource management and organizational behavior research.

One of the most critical factors affecting employee performance is ethical leadership. Ethical leadership is a leader who emphasizes honesty, fairness, integrity, accountability and respect for employees. Ethical leaders foster a good work culture in which employees feel valued, treated with respect and motivated to contribute best. These leadership practices do not only fortify organizational culture but also motivate employees to better execute their job duties.

And finally, the third factor that plays an important role in employee performance is trust with employees. Trust is employees' belief in leaders and their organisation. Employers who trust their leaders are more likely to communicate openly, cooperate effectively with others, and show positive work attitudes. Uncertainty, on the other hand, is mitigated through trust in the workplace where we also find key relationships between employees and management that serve to strengthen performance.

Organizational commitment is also considered one of the important factor that affect Employee Performance. The employees who have engaged towards the organization are committed to relate with organizational goals, loyal towards the organization and they perform their roles wholeheartedly. Organizational commitment serves as a mediator to motivate employees lift employee productivity and willing contribute towards the success of organizational output.

While previous studies have explored the constructs of ethical leadership, employee trust, commitment and performance in isolation, little attention has been devoted to understanding the effect of bundle of ethical leadership in fostering employee performance through mutual influence of organizational factors such as employee trust themselves and organizational commitment as a set within one framework. This study therefore analysing the rectitude, employee trust, and organizational commitment to employees' work performance.

The findings of this study are likely to offer useful perspective for organizational leaders and human resource practitioners develop effective strategies to improve employee performance through ethical leadership, trust building, and commitment enhancing programs.

2. Literature Review and Hypothesis Development:

2.1 Ethical Leadership and Employee Performance:

Delivery of ethical leadership has been a hot topic in organizational behavior literature because it positively impacts workers' attitudes and workplace outcomes. Brown et al. (2005) suggest that ethical leadership involves fairness, honesty, integrity and respect for employees. Ethical climate setters specify clear ethical standards and promote responsible behavior by providing that kind of opportunity for employees.

Ethical leadership was shown in previous studies to be positively associated with employee performance. According to a study conducted by Bedi, Alpaslan, and Green (2016), ethical leadership has been ascertained to impact employee motivation, job satisfaction and performance positively through building an environment in the workplace characterized by fairness and trust. Likewise, Yang and Wei (2018) found that working in an ethical leadership context helps in promoting the productivity of employees along with enhanced organizational citizenship behavior.

Recent research has shown that ethical leaders encourage employees to pursue personal values that align with organizational objectives in order to perform better at work and achieve favorable outcomes. Employees who view their superiors as ethical are more committed, responsible and dedicated in completing the work.

Based on the above discussion, the following hypothesis is proposed:

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

2.2 Employee Trust and Employee Performance:

Trust is the foundation for adapting healthy organizational relationships between employees. According to Mayer, Davis, and Schoorman (1995), trust is the willingness of employees to be vulnerable to the action of leaders based on positive expectations of the intentions or behavior of his/her leader.

Research established that confidence in management positively affect employee attitudes, job satisfaction & performance (Dirks and Ferrin 2002). People who trust their leaders are more likely to be productive, share information and support the organisation with its objectives. Similarly, Colquitt et al. According to (2007), trust increases the worker's uncertainty, which improves engagement and performance.

Also, trust creates willingness in employees to better accept organizational decisions and changes. The more an employee finds their leader to be reliable and trustworthy, the more likely they will work harder at achieving organizational objectives.

Therefore, the following hypothesis is proposed:

H2: Employee Trust has a positive and significant effect on Employee Performance.

2.3 Organizational Commitment and Employee Performance:

The term organizational commitment defines the psychological attachment that employees have towards their organization. According to Meyer and Allen (1991), employee with committed stay on organization and facilitate organization success.

There have been some empirical studies which revealed a significant correlation between organizational commitment and employee performance. As an example, Riketta (2002) has found that employees with high commitment perform better and are less likely to leave. Likewise, Khan et al. The study by (2010) concluded that employees whom are satisfied and committed at their jobs put into practice greater dedication, duty and productivity.

HRM plays a key role to increase the employees' identification with organizational goals and values (organizational commitment). Consequently, engaged employees are more likely to put in additional effort in fulfilling their responsibilities and supporting initiatives set forth by the organization as a whole.

Accordingly, the following hypothesis is proposed:

H3: Organizational Commitment has a positive and significant effect on Employee Performance.

Research Gap:

While previous research has examined ethical leadership, employee trust and organizational commitment separately, the relationships among all three have been rarely tested within a single framework. Thus, this research is the first attempt to fill this gap address problem by analyzing the simultaneous effect of ethical leadership, employee trust and on employee performance on organizational commitment.

3. Research Methodology:

3.1 Research Design:

This research uses the quantitative method type of research were to analyze how ethical leadership, employee trust, and organizational commitment affect performance. Quantitative was deemed the right approach since it allows to measure relationships between variables using statistics. The research design for the study was explanatory in nature, and sought to identify causal relationships between the independent variables and employee performance.

3.2 Population and Sample:

The characteristic of the study population was made up employees across organizations in Tamil Nadu, India that predominantly represent both private and public sector organizations Responses were elicited from employees across sufficient functional departments to ensure representation of diversity in perspective on leadership practices, trust, commitment and performance.

Respondents were selected through a purposive sampling approach who fit within the defined parameters. We had excluded all the respondents who worked in their respective organizations for less than one year so that they had enough time to gain an understanding of organizational practices and leadership behavior.

The sample consists of 200 employees who were selected. The sample size was adequate for statistical analysis and hypothesis testing.

3.3 Data Collection:

Original data were collected by questionnaire. The survey contains statements that pertain to ethical leadership, employee trust, organizational commitment and employee performance. Responses were measured on a five-point Likert-type scale ranging from:

1 = Strongly Disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = Strongly Agree

The questionnaire was distributed both online and offline to facilitate data collection from the selected respondents.

3.4 Measurement of Variables

The study examined four variables:

Ethical Leadership (X1)

As measured through metrics, you know: integrity and fairness, ethical guidance, transparency and accountability.

Employee Trust (X2)

As determined by confidence in top management, as well as reliability and honesty, openness and support from managers;

Organizational Commitment (X3)

As measured in terms of employee loyalty, emotional attachment, organization identification and intention to stay into the organization.

Employee Performance (Y)

Assessed in terms of quality, quantity, punctuality, efficiency and responsibility.

3.5 Data Analysis Technique

Data collection and analysis: Data were collected via Statistical Package for Social Sciences (SPSS). Respondent characteristics were summarized using descriptive statistics. Reliability and validity analyses were performed to evaluate the measurement.

Quantitative Data was analyzed with multiple regression to know the effect of ethical leadership, employee trust and organizational commitment on Employee Performance. Hypotheses were tested at a $p < 0.05$ significance level.

4. Results and Discussion

4.1 Respondent Profile

Out of the distributed 200 questionnaires, all responses were analyzed. Out of the respondents, 58 percent were male and 42 percent female. Most of the respondents represented about 45 percent in between the ages of 31 and 40. The majority of the respondents were undergraduates with 3–10 years of experience.

Table 1. Demographic Characteristics of Respondents

Characteristics	Category	Frequency	Percentage
Gender	Male	116	58%
	Female	84	42%
Age	21–30 Years	62	31%
	31–40 Years	90	45%
	Above 40 Years	48	24%
Education	Diploma	38	19%
	Undergraduate	124	62%
	Postgraduate	38	19%

4.2 Reliability Analysis

The reliability of the measurement scales was assessed using Cronbach's Alpha. All variables exceeded the recommended threshold value of 0.70, indicating satisfactory internal consistency.

Table 2. Reliability Analysis

Variable	Cronbach's Alpha
Ethical Leadership	0.892
Employee Trust	0.874
Organizational Commitment	0.861
Employee Performance	0.886

The results confirm that the measurement instruments used in this study are reliable and suitable for further statistical analysis.

4.3 Regression Analysis and Hypothesis Testing

Multiple regression analysis was conducted to examine the influence of ethical leadership, employee trust, and organizational commitment on employee performance.

Table 3. Regression Results

Hypothesis	Relationship	Beta Value	t-value	p-value	Result
H1	Ethical Leadership → Employee Performance	0.321	4.785	0.000	Supported
H2	Employee Trust → Employee Performance	0.364	5.241	0.000	Supported
H3	Organizational Commitment → Employee Performance	0.287	4.116	0.000	Supported

The coefficient of determination (R^2) was 0.712, indicating that ethical leadership, employee trust, and organizational commitment collectively explained 71.2 percent of the variation in employee performance.

4.4 Discussion:

The results show that ethical leadership has a positive and significant effect on employee performance. Noble and transparent decision making by leaders also underpins better performance of employees. Ethics has strange ways in defining a leader to an employee, at top levels gives the motivation that is required for any organisation end whereas at lower levels it frames the culture of every work environment.

In this study, it was also highlighted that employee trust plays a unique role in affecting employee performance. Out of the three independent variables, employee trust had the most pronounced effect on performance. They tend to be more cooperative, share information, and engage in pro-social activities towards the organization with leaders they trust. With trust, workplace relationships are built up, and it gives employees the confidence to be more involved in their job.

In addition, it was also found that the organizational commitment had a positive and significant effect on employee performance. This emotional bond leads to loyalty, obligation and commitment for work. High organizational commitment leads employees to focus on their own goals and also on some organization goals, which will lead them to increase effectiveness and productivity.

Conclusion: The results suggest that ethical leadership, employee trust and organizational commitment are significant predictors of employee performance. Whenever organizations are looking for ways to boosting employee productivity they need to pay attention and prevalence of ethical leadership practices, trust-based relationships, and culture-directed commitments amongst employees in a trans team.

5. Conclusion and Managerial Implications

5.1 Conclusion

This study explored the effects of ethical leadership, employee trust, and organizational commitment on employee performance. The results showed that all three variables have a positive, significant effect on employee performance.

The influence of ethical leadership on employee performance is developed through fairness, integrity, and accountability in the workplace. By contrast, ethical behavior by leaders and a supportive work environment result in employees performing better.

Employee trust was found to be one of the biggest predictors of employee performance. Employees who have trust in their leaders are better collaboration partners, openly communicate and contribute to organizational goals. Trust is a bonding agent in the workplace and leads to efforts that go above and beyond.

The findings also showed that organizational commitment has a positive effect on employee performance. Committed employees show greater retention, responsibility and dedication to their assigned tasks. Those employees are more likely to take that extra step to meet key organizational goals and project high performance.

In conclusion, the study provides evidence that ethical leadership, employee trust and organizational commitment are all significant predictors of increasing employees performance. The unprecedented success

of organizations can be attributed to ethical leadership practices and trust as well as commitment among individuals across all levels.

5.2 Managerial Implications:

The results offer a few useful consequences for HR managers and organizational leaders. Organizations can embark on this training in two aspects, the first is providing motivation for leaders to exhibit ethical behaviour with the characteristics of honesty, fairness, transparency and accountability. Such practices not only enhance employee trust but can help create an ethical culture within the organization.

Second, management should work on trust-building by communicating frequently, including employees in decision-making and aligning leadership behavior. Relationships based on trust lead to increased employee well-being and better performance results.

Thirdly, strategies that strengthen organizational commitment should be devised by organizations through implementation of employee recognition programs, career development opportunities, fair compensation systems and supportive work environments (Knock et al., 2023). These efforts can enhance employee retention and organizational commitment over the long term.

Lastly, organizations are recommended to pursue a more holistic approach of human resource management that can effectively promote ethical leadership and trust in the organization at same time increase commitment; thereby improving individually & organizationally performance effectiveness.

References:

- Bedi, A., Alpaslan, C. M., & Green, S. (2016). A meta-analytic review of ethical leadership outcomes and moderators. *Journal of Business Ethics*, 139(3), 517–536.
- Brown, M. E., Treviño, L. K., & Harrison, D. A. (2005). Ethical leadership: A social learning perspective for construct development and testing. *Organizational Behavior and Human Decision Processes*, 97(2), 117–134.
- Colquitt, J. A., Scott, B. A., & LePine, J. A. (2007). Trust, trustworthiness, and trust propensity: A meta-analytic test of their unique relationships with risk taking and job performance. *Journal of Applied Psychology*, 92(4), 909–927.
- Dirks, K. T., & Ferrin, D. L. (2002). Trust in leadership: Meta-analytic findings and implications for organizational research. *Journal of Applied Psychology*, 87(4), 611–628.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2022). *Multivariate Data Analysis* (9th ed.). Cengage Learning.
- Khan, M. R., Ziauddin, Jam, F. A., & Ramay, M. I. (2010). The impacts of organizational commitment on employee job performance. *European Journal of Social Sciences*, 15(3), 292–298.
- Mayer, R. C., Davis, J. H., & Schoorman, F. D. (1995). An integrative model of organizational trust. *Academy of Management Review*, 20(3), 709–734.
- Meyer, J. P., & Allen, N. J. (1991). A three-component conceptualization of organizational commitment. *Human Resource Management Review*, 1(1), 61–89.

- Podsakoff, P. M., MacKenzie, S. B., & Bommer, W. H. (1996). Transformational leader behaviors and substitutes for leadership as determinants of employee satisfaction, commitment, trust, and organizational citizenship behaviors. *Journal of Management*, 22(2), 259–298.
- Yang, Q., & Wei, H. (2018). Ethical leadership and employee task performance: Examining moderated mediation processes. *Management Decision*, 56(11), 2335–2350.