The Moderating Effect of Ethical Leadership on Relationship Between Organizational Politics and Employees' Performance: Systematic Review

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ABSTRACT

The purpose of this review paper explores the adverse impacts of organizational politics on employee performance and examines how ethical leadership can moderate these effects. This review synthesizes findings from various empirical studies and theoretical papers on organizational politics, employee performance, and ethical leadership. This Review aims to figure out the impact of organizational Politics and Employees Performance: Moderating role of Ethical leadership by reviewing existing literature of 15 academic papers. Findings of the review suggest that there is negative relationship between organizational politics and employee's performance. Similarly Ethical Leadership Moderates the relationship between organizational politics and employees' performance. This Leadership of environment can help development of employee's performance in the organizations in reducing negative impacts of organizational policies on employees' performance. In contrast, the leaders who are neglect to confront unethical behaviors and rewards were applied inconsistently may cultivate an environment that encourages organizational political conduct. This study makes a theoretical contribution to understanding the impact of organizational politics on employee performance with moderating effect of ethical leadership. Practically it highlights the need for organizations to prioritize ethical leadership to counteract the detrimental effects of organizational politics. Future studies should investigate the precise mechanisms through which ethical leadership mitigates the effects of organizational politics. Future researchers can do this study as longitudinal studies and that could provide deeper insights into how these dynamics evolve over time.

Keywords **- Employees' Job Outcomes, Ethical Leadership, Organizational Politics**

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1. INTRODUCTION

According to the Ferris et al., (2018); Vigoda-Gadot, (2007) one of the critical factors that shaping employee behavior and organizational outcomes and also proceedings within an organization to gain power and influence is Organizational politics. The extent to which organizational politics impacts employee performance has garnered significant attention in management literature, particularly in the context of its potential detrimental effects on job satisfaction, engagement, and turnover intentions (Ng & Feldman, 2011; Harris et al., 2014). Organizational politics is an omnipresent element in workplaces that significantly influences employees' job outcomes. Defined as activities undertaken to obtain, engender and use power and other source to get desired consequence (Hochwarter et al., 2010), Furthermore it can have two side of effects on employees and company outcomes. The presence of organizational politics often results in a complex environment where individual interests, power dynamics, and interpersonal relationships intertwine, creating a setting that can profoundly impact job satisfaction, performance, and overall well-being of employees (Vigoda-Gadot & Talmud, 2010).

(Ferris & Kacmar in 1992) stated that, Organizational politics is a common challenge that all organizations encounter, and often leading to adverse effects of both organization and employees as a whole. It is a one of the prominent sources of stress and it can negatively impact on job outcomes. Furthermore, Previous research have indicated that organizational politics can diminish employees' engagement, performance and their satisfaction of the job, all of which are crucial for organizational performance (Kacmar, & Andrews, Harris et al.,2013). Theoretical discussion suggest that organizational politics disrupts organizational processes, reducing performance and productivity at both individual and organizational levels. Many employees view

Organizational politics is negatively, as it is often seen as a means for individuals to enhance and protect their self-interests. But it's the responsivity to organizations to manage political activities to have their positive consequences for their employees through ethical leadership by the manager that may reduce the negative outcomes of organizational politics on employee's performance. Therefore, this moderator i.e. Ethical leadership should not be neglected to acknowledge the impact of organizational politics on employee's performance. That's why this review examines the role of Ethical leadership of managers in moderating the impact of organizational politics on employee's performance.

In moderating the effects of organizational politics on employee's performance, the Leadership style plays a crucial role. Effective leadership can mitigate the negative impacts of politics and enhance positive outcomes by fostering a supportive and transparent environment (Kacmar et al., 2011). Conversely, poor leadership may exacerbate the harmful output of politics, increased stress,

reduced job contentment, and higher turnover intentions among employees (Bodla & Danish, 2013). In recent years, the economic downturn has been frequently attributed to organizations suffering from unethical leadership and behaviors.

Consequently, there has been a heightened focus among both managers and scholars on fostering ethical behavior within organizations. Over the past decade, research has increasingly highlighted the complex interplay between organizational politics and leadership styles, with ethical leadership emerging as a crucial moderator (Resick et al., 2013; Walumbwa et al., 2011). Ethical leadership, characterized by fairness, transparency, and integrity in decision-making, is posited to mitigate the contrast effect of organizational politics on

Employee acrimony and behaviors (Brown & Treviño, 2014; Kalshoven et al., 2011). Prior studies have defined that Moral Leadership as the demonstration of virtue aligned with ethical norms, manifested through relationships and actions of leaders. (Brown et al. 2005). This review develops the mode with moderating variable of ethical leadership through which organizational politics affect employee's performance with negative relationship between organizational politics and employee performance.

While we believe that Ethical leadership moderate the relationship between organizational politics and employee performance. This relationship will differ among individual managers, who have ability to equipe to handle organizational political environment by playing his ethical leadership among employees. we propose that ethical leadership moderates this relationship by empowering individual managers to comprehend and shape their employee's working environment, and this mitigating the typical adverse effects of organizational politics on employee performance within organization.

In this context, there is a need to explain the relationship among organizational politics and employee performance and also moderating effect of ethical leadership of managers between organizational politics and employee performance theoretically and empirically. The existing literature mainly deals with organizational politics on Job outcomes rather than its relationships with Ethical leadership that could be moderating the relationship between these two variables. Thus, this review focuses on relationship between organizational politics and employee performance and the moderating role of Ethical Leadership. In the existing literature, these relationships are not clearly explored and remained unclear. Therefore, this review fills these relationship gaps in the existing literature.

Hence, the objectives of this review are to synthesize and analyze existing studies that examine the impact of organizational politics on employee performance, focusing specifically on how ethical leadership moderates this relationship based on past literature.

2. REVIEW OF LITERATURE

2.1 Organizational Politics and Employee Performance

Organizational politics is frequently pronounced as self-interested behavior exhibited by employees to attain personal, sometimes to the detriment of organizational objectives. (Vigoda-Gadot, 2010). It encompasses actions like forming alliances, leveraging power, and manipulating situations to one's advantage (Ferris et al., 2019). These political behaviors can create an uncertainty environment and stress, leading to detrimental effects on employee performance. Employees preoccupied with navigating political landscapes are likely to experience job dissatisfaction and lower productivity (Poon, 2013).

Research has consistently shown that intense organizational politics correlate with negative employee outcomes, including increased job dissatisfaction, decreased organizational obligation, and performance (Hochwarter et al., 2020). For instance, a study by Abbas & Raja (2014) demonstrated that perceived organizational politics negatively impacts employee morale and productivity, often leading to increased turnover intentions. This body of evidence suggests that organizational politics poses a significant challenge to maintaining high levels of employee performance. According to (Rosen et al,.2006) a highly political workplace erodes employees believe in the reward system due to perceived uncertainty and injustice. organizational politics is typically seen as counterproductive behavior that distracts employees from their in-role tasks, suggesting a negative relationship between organizational politics and job performance.

However, present experiential findings on this relationship are indecisive. For instance, Hochwarter et al. (2006) found that organizational politics can positively affect job performance. Therefore, direction of this relationship remains unsettled, warring further study without a predetermined hypothesis regarding the association between these variables. Thus, this study focuses this as a gap in the literature and wants to establish a negative relationship between organizational politics and employee's performance. Based on the above cited literature evidences, it can be possible to establish a negative relationship between organizational politics and employee's performance. According to the above literature, this review establishes that organizational politics has a negative relationship with employees' performance as a first hypothesis of this review:

Hypothesis 1: There is a Negative relationship between organizational politics and employee's performance

2.2 The Moderating Role of Ethical Leadership

Leadership plays a crucial effect in shaping how employees perceive and react to organizational politics. Effective leadership can buffer the negative effects of organizational politics and enhance employee performance (Aryee et al., 2012). The negative consequences of organizational politics, scholars have

turned their attention to ethical leadership as a potential buffer. Ethical leaders, by embodying ethical principles in their actions and decisions, create a climate of trust, fairness, and transparency (Brown & Mitchell, 2010; Treviño et al., 2014). Ethical leadership is posited to mitigate the adverse effects of organizational politics on employee performance by fostering a supportive environment where employees feel valued and respected (Den Hartog & Belschak, 2012; Schaubroeck et al., 2012

Brown & Treviño (2006) argue that moral leadership significantly effects follower behavior by setting up and communicating proper values. Leaders are considered ethical when their decisions are made altruistically rather than selfishly (Brown et al., 2005). These leaders handle employees with admiration and consideration, gaining trust by consistently rewarding appropriate behavior and punishing inappropriate actions (Brown et al., 2005). Ethical leaders send clear signals about the acceptability of organizational politics by making equitable judgments and allocating sources based on established policies, thereby demonstrating that their conclusions are not subject to political manipulation. These leaders are likely to feel uncomfortable making decisions that deviate from established policies, as unethical decisions are more noticeable, especially to those adversely affected. consequently, ethical leadership should reduce organizational politics in the workplace.

Conversely, environments led by unethical leaders may prioritize personal gain over organizational interests. employees create assessments regarding their leaders' ethicalness by comparing their actions against moral standards (Tyler, 1986). perception of employees' self-interested behaviors as political, thus feeling justified in making decisions based on political considerations rather than adhering to appropriate norms and guidelines. when organizational political level is high in the organization, employees' performance under guidance of Ethical Leadership manager may not be decrease but overall employees' outcomes may decrease. hypothesis of this review:

Hypothesis 2: Ethical Leadership Moderates the relationship between organizational politics and employees' performance.

3. METHOD

A systematic review of literature was conducted by using the archival method as recommended by Tranfield, D., Denyer, D., & Smart, P. This review process includes classifying the literature from the sources such as journal articles and other research papers relating to the review topic to finding the review. This review considers the research works on 'Organizational Politics', 'Employee performance' and 'Ethical Leadership exist in the literature. This review has used the documentary research method for collecting data because it enabled the researchers to structure research and builds a reliable knowledge base on existing literature in the areas of 'Organizational Politics', 'Employee

performance' and 'Ethical Leadership of managers.

4. DISCUSSION

Basically, this review paper deals with three main concepts. They are organizational politics, Employees performance and Ethical leadership. Based on existing literature, this review establishes the association among these concepts and proposes two hypothesizes. The main objective of Ethical leadership is to shape the organizational politics and develop the employees' performance needed to enhancing a healthy working environment among employees, ultimately achieve the organizational goals. The Ethical leadership of environment can help development of employee's performance in the organizations in reducing negative impacts of organizational policies on employees' performance. with strong moral leaders in workplace are more likely to practice norms and policies and reward ethically. such type of organizations has more chance to retain employees with accountable and consistently apply punishment and discipline.

Organizations that lack of ethical leadership may inadvertently foster a political work environment. Subordinates perceive unethical leaders as risking reduced obligations for positive reciprocity. such as reduced willingness to help and diminished effort toward promotability, due to an increase in organizational politics. Hence based on the review, this paper proposes a conceptual model that shows the impact organizational politics on employees' performance and moderating role of ethical leadership of managers in organization. (see Fig.1)

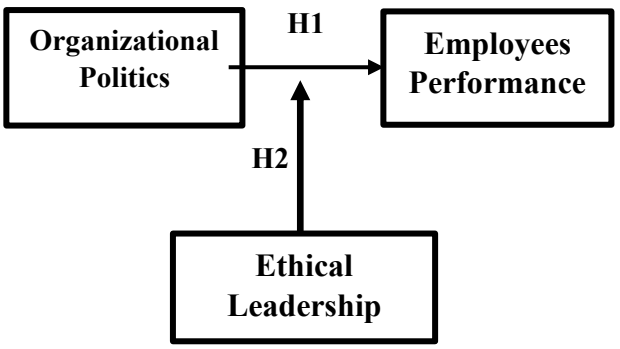


Fig-1: Proposed Hypothesized Mode

5. CONCLUSION

This review explores the impact of Organizational politics on employee performance with moderating effect of Ethical leadership. Based on the findings, it can be concluded that Ethical Leadership can moderating the negative impact of organizational politics on employee performance in organization. In conclusion, while organizational politics often negatively impact employee performance, ethical leadership emerges as a powerful moderating factor that can significantly reduce these adverse effects. By fostering a fair, transparent, and supportive work environment, ethical leaders enhance employee performance and contribute to the overall success of the organization. As such, promoting ethical

leadership should be strategic priority for organizations aiming to mitigate the negative impacts of organizational politics and improve employee outcomes. The review proposes a conceptual model that can be empirically tested in future research to validate these proposed relationships.

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