THE EFFECT OF ETHICAL LEADERSHIP ON EMPLOYEE MOTIVATION AND EMPLOYEE JOB PERFORMANCE: A CROSS CULTURAL STUDY

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Abstract

This research was a cross-cultural study where we explored the impact of ethical leadership on employee job performance. We evaluate the direct relationship and the indirect relationship whereby employee motivation was used as a mediating construct. The aim was to determine if group differences existed between the two groups of the study: US participants and Nigerian participants. Three research questions guided this study: Is there a direct relationship between ethical leadership and employee job performance? What impact does employee motivation have on the relationship between ethical leadership and employee job performance? Does the relationship differ across cultural boundaries? Path analysis and multi-group analysis were used to test the hypotheses. Our results showed that there was a statistically significant direct relationship between ethical leadership and employee job performance for the combined group and the Nigerian group. However, the direct relationship was not significant for the US group. Further, the results showed that employee motivation mediated the relationship between ethical leadership and employee job performance for the combined group, the US group, and the Nigerian group. Our results were consistent with the results from other researchers who showed that cultural norms have a significant impact on employee job performance, and the type of leadership style implemented that may promote high employee job performance with one culture may have negative impact with another.

Keywords
Ethical Leadership, Employee Motivation, Social Learning Theory, Employee Job Performance

Introduction

Leadership style is a leading issue in various areas, including business, academics, and management. Culture is widely identified as an important aspect in the study of leadership concepts across diverse geographical contexts. Most of the cross-cultural leadership research has been concerned with determining whether elements of leadership and leadership theory are ‘universal’ or ‘culturally contingent’ (Cox et al., 2014). Despite important steps made in leadership research, inadequacies and gaps exist. Essentially, most studies on leadership theories and practices are grounded on western concepts and presumptions of human behaviors (House & Aditya, 1997). Hence, some authors question the adoption of leadership models into other cultural and business environments. Understanding of several contexts like history, culture, and political environment is important as they influence employee behaviors (Jackson & Bak, 1998). Thus, there are inquiries on whether and how leadership styles developed in western contexts can be used across cultures (Cox et al., 2014).

With more trade liberalization, economic integration has become a critical component of most multinational companies (Hirst & Thompson, 1999). Synchronous with these developments is the challenge of managing a diverse workforce (Cox et al., 2014). As a result, leadership is critical, as is the concept of cross-cultural diversity in the domain of leadership proposed by several scholars (Haire et al., 1966; Hofstede, 1976, 1980; Bass & Stogdill, 1990; Gonzalez, 2008). While universally accepted leadership behaviors may exist across cultures, attention needs to be paid to cultural contingencies especially in a cross-cultural setting (Hofstede, 1980).

Leadership has been described in so many ways and it is sometimes difficult to put forth one working definition (Ejere & Ugochukwu, 2013). McCleskey (2014) stated that the study of leadership stretches over a
decade, and Rost (1993) found 221 different definitions of leadership in several books and journal articles written from the period of 1900 to 1990. Tannenbaum et al. (1961) defined leadership as the “interpersonal influence, exercised in a situation, and directed, through the communication process, toward the attainment of a specified goal or goals” (p. 24). Rauch and Behling (1984) defined leadership as “the process of influencing the activities of an organized group toward goal achievement” (p. 46). Finally, Hersey and Blanchard (1988) described it as “the process of influencing the activities of an individual or a group in efforts toward goal achievement in a given situation” (p. 86). Hence, the definition of leadership depends on the aspect of leadership a researcher is interested in studying or the event under study (Bass, 2008).

Taken together, leadership can be inferred to as one who can influence organizational members to achieve the organization’s goals. Hence, leadership is most important; more than anything else, the ability to influence people to perform tasks over a specified period, using effective motivational techniques is essential for organizational success (Yammarino & Dubinsky, 1994; Kotter, 1996; Ejere & Ugochukwu, 2013).

There are numerous leadership styles that can affect employee motivation, organizational effectiveness, and performance (Nahavandi, 2002). Leadership theories covering these styles include: the servant leadership theory originated by Greenleaf (1977), the transformational and transactional leadership theory developed by Burns (1998), and ethical leadership theory instituted by Brown et al., (2005). These leadership styles have been studied extensively in western culture – particularly in the USA. However, the applicability and generalizability of the findings across national borders is a fundamental problem since most of the data is obtained from developed countries (Spector et al, 2002; Sik Cho & Jung, 2014).

Several authors argue that cross-national management research is needed more than ever before since we can no longer assume that American concepts and theories supersede culture and national boundaries (Boyacigiller & Adler, 1991; Peng et al., 1991; Trompenaars & Hampden-Turner, 1998). In some studies, transformational, transactional, servant and ethical leadership styles directly and positively influence employee motivation, while in other studies, the results show a negative correlation. This can be attributed to the country of origin or organization’s cultural differences as well as several other factors (Muenjohn & Armstrong, 2007).

There are studies that show a relationship between leadership style and performance (Masa'deh et al., 2016) and that leadership effectiveness is significantly dependent on the leadership style chosen, the context it is being applied and the country where it is adopted (Cox et al., 2014). There is an abundance of literature to support the fact that cultural norms affect the effectiveness and success of any leadership style implemented and depending on the leadership style chosen, a different result is achieved. For example, Boykins et al. (2013) found that micromanaging leadership styles tend to be ineffective, while relationship-oriented leadership styles are more effective (Long, 2017).

Pedraja-Rejas et al. (2006) explored what leadership style works best in influencing organizational performance in Chile. The results showed that transformational leadership had a positive effect on performance, while transactional leadership had negative impacts. Obiwuru et al. (2011) conducted a study on the effect of leadership styles on organizational performance using small business enterprises in Nigeria. The results showed that the transactional leadership style had a significant positive effect on performance. However, the transformational leadership style had a positive but insignificant effect on performance.

Pradeep and Prabhu (2011) conducted their study in India and found that transformational leadership and transactional contingent reward leadership style was positively related to organizational performance. Ejere and Ugochukwu (2013) studied the effect of transactional and transformational leadership styles on organizational performance using a water company in Nigeria. The results showed that both leadership styles have positive effects on organizational performance, but transactional leadership was more impactful. Mayer et al. (2009) and Piccolo et al. (2010) have found a positive relationship between ethical leadership and core job characteristics and that it reduces workplace deviance in the United States.

Donohoe (2018) described employee motivation as how committed an employee is to his job and the organization he works for, how engaged he is in accomplishing the firm’s goals, and how empowered he feels in his daily job routine. It can also be described as the level of commitment and creativity an organization’s worker shows towards his job. Employee motivation can be extrinsic or intrinsic, meaning it can come from internal or external sources. The benefit of motivating employees is enormous as motivated employees tend to be fully engaged and contribute tremendously to the organization’s performance compared to their colleagues who are less motivated (Shanks & Dore, 2007).

Organizations want to remain competitive and profitable. A huge part of achieving such great success is its employees. As a result, employees are viewed as one of the most valuable assets a company has. They are vital in creating a company’s uniqueness, differentiating it from competitors and affecting the company’s profitability (Chareonsuk & Chansa-Ngavej, 2008). Regardless of size or market, these companies strive to keep their best employees, because they recognize the role the employees play in organizational effectiveness (Dobre, 2013). Dessler (2003) stated that the best and most talented employees are the driving force in every organization. Therefore, it is important that organizations engage, motivate, and keep their best employees (Twalib & Kariuki, 2020).
Performance is the process by which leaders ensure their employees’ activities and outputs are aligned with the organization’s goal. Hence, it is a leader’s priority to ensure that motivational tools that encourage creativity and stimulate efforts of employees are put in place to improve performance and that they deliver a better quality of service (Frimpong & Fan, 2009; Ghaffari et al., 2017). Borman and Motowidlo (1997) defined employee job performance as “effectiveness with which job occupants execute their assigned tasks, that realizes the fulfillment of organization’s vision while rewarding organization and individual proportionately” (p. 99). We may therefore suggest that job performance is a direct reflection of what employees do at work and that an employee’s behavior is related to the expected value of the organization. In other words, employee’s behaviors can be separated as either helping or hindering an organization (Bullock, 2013).

Kinicki and Kreitner, (2007) stated that the performance of employees who are happy and satisfied with their job tends to be higher than those who are not and that leaders find it easier to motivate high performing employees who in turn help achieve organizational goals. However, Elnaga and Imran (2013) showed that employees who are dissatisfied with their job, lack the motivation to fulfill organizational goals, have lower job performance and high turnover rates.

The focus of this study is on the ethical leadership style, how it differs in organizational and cultural settings, and how leaders can effectively motivate their employees to improve their job performance. The research focuses on the United States of America and the Nigerian environment because of the lack of comparative empirical studies on ethical leadership and its effect on employee motivation, and performance between both countries.

Nigeria, officially referred to as the Federal Republic of Nigeria is located on the western coast of Africa. As of 2022, the estimated population of the country is 220 million, making it the sixth most populous country in the world. The Nigerian population accounts for nearly 2.35% of the entire world’s population (World Population Review, 2023). The population of Nigeria is projected to transcend that of the United States shortly before 2050, at which point Nigeria would become the third most populous country in the world (United Nations, Department of Economic and Social Affairs, Population Division, 2017; The Economist, 2020).

The country has abundant natural resources, notably large deposits of petroleum and natural gas. In 2022, Nigeria’s gross domestic product (GDP) was $477.39 billion (World Bank national accounts data, and OECD National Accounts data files, 2023). Even though the country is known for dominating oil and gas production, the service industry has seen a major growth (Erick, 2017). According to Kearney (2015), the African Retail Development Index shows Nigeria as the fourth most attractive investment market for retailers in Sub-Saharan Africa (SSA), which is largely based on the magnitude of consumers and their growing middle class. The country has attracted and continues to attract many foreign investors. By 2030, the largest consumer markets will include Nigeria (Signé, 2018).

The paper contributes to local and international literature, providing knowledge to leaders who choose to venture into foreign markets. In view of these contributions, this research addresses the effect of ethical leadership on employee job performance via employee motivation. It aims to explore and compare the degree to which ethical leadership varies across cultures and the effects it has on employee job performance.

Three research questions guided this study: Is there a direct relationship between ethical leadership and employee job performance? What impact does employee motivation have on the relationship between ethical leadership and employee job performance? Does the relationship differ across cultural boundaries?

The remainder of this paper is organized as follows. In Section 2, we provide an overview of the literature. In Section 3, we describe the applied methodology. In Section 4, we present the research findings. Finally, in Sections 5, we analyze and discuss our findings, suggest avenues for future research, and derive managerial implications.

**Literature Review**

**Ethical Leadership**

Often, effective and inspirational leaders rely on idealistic visions and compelling communication styles to motivate employees (Bass, 1985). For ethical leaders, ethical behavior is vital to credibility and meaningful influence on employees (Piccolo et al., 2010). In the last two decades, frameworks of ethical leadership have been the topic of discussion in much academic research (Kanungo & Mendoca, 1996; Detert et al., 2007; Brown & Mitchell, 2010; Long, 2017). By encouraging fair treatment and integrity in the business environment, ethical leaders stimulate favorable behaviors among employees, promote higher levels of commitment to the organization and shape how employees view the work context (Brown & Treviño, 2006). A continuing question asked by leaders, employees, students, and the public is the effect of leadership on employee behavior. The answer to this question rests on the leadership variables and employee behavior under study (Mayer et al., 2012).

Employee behavior has been shown to be swayed by leadership ethical behavior (Brown & Treviño, 2006; Ehrhart, 2004) and is also related to employee job performance (Detert et al., 2007; LePine et al., 2008). In February 2002, William C. Powers Jr (the lead investigator on the collapse of Enron Corp) testified before the
United States Congress and blamed the collapse of Enron Corp on several factors including bad and unethical leadership (Treviño et al., 2003). Powers stated that leadership starts at the top. His testimony resonated and echoed what many business ethics books have said for years – leaders set the tone and structure the ethical climate and culture of the organization (Clinard, 1983; Posner & Schmidt, 1992; Treviño, 1990; Treviño et al., 1998; Treviño et al., 2003; Victor & Cullen, 1988; Weaver et al., 1999).

By being conscious of ethical standards and paying careful attention to the consequences of personal and organizational decisions, ethical leaders communicate to employees the importance and value of job assignments, a gesture that likely emphasizes the significance employees attribute to their work (Piccolo et al., 2010). For leaders to be viewed as ethical and influence the ethical behavior of their followers, they must be trustworthy and credible role models as employees can be skeptical about ethical announcements made by organizational leaders, particularly in an unseemly business environment (Brown et al., 2005).

Brown et al. (2005) defined ethical leadership as “the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making” (p. 120). This definition of ethical leadership is interpreted to mean that followers view ethical leader’s behavior as honest, trustworthy, fair and of care; that ethical leaders talk to followers about how important ethics is, giving them a voice (Bass & Steidlmeier, 1999; Howell & Avolio, 1992), setting ethical standards and giving rewards for ethical behavior and punishment for unethical behavior (Gini, 1998; Treviño et al., 2003).

Ethical leaders are aware of the effect and impact of the decisions they make, keeping in mind it can be imitated by others (Bass & Avolio, 2000; Burns, 1978; Howell & Avolio, 1992). Brown et al. (2005) stressed that the term “normatively appropriate” is vague because what is considered appropriate behavior is relative and context-dependent especially across cultures.

In the last few decades, religious organizations and business scandals such as Enron, WorldCom, Nortel, AIG, Lehman Brothers, and the Catholic Church have brought a great deal of attention to, and have left people asking, what is wrong with our leaders? The subprime mortgage crisis of 2008 brought corporate greed and overflow to the forefront, putting a spotlight on the issue of ethics in leadership (Bedi et al., 2016; Ciulla, 1998). Special sessions at the Academy of Management and calls from the Association to Advance Collegiate Schools of Business’ (AACSB) ethics education task force have highlighted the importance of ethical leadership.

In response to the constant breaking news on allegations of corrupt behaviors in all spheres of life (business, government, religious organizations, etc.), the United States Congress passed a legislation called the Sarbanes–Oxley Act of 2002 to curb unethical behavior. However, the scandals continue (Marsh, 2013). In a post-Enron world, business practitioners have strong incentives to select and advance ethical leadership in their organizations and researchers study ethical leadership to understand its origins and outcomes (Brown & Treviño, 2006).

In addition to the beneficial outcomes employees get, focusing on ethics has positive ramifications for organizations on a larger scale (Stouten et al., 2012). For example, unethical behaviors have been shown to have severe consequences as firms apprehended for engaging in unethical behaviors experience substantial loss of up to 41% of their market value, primarily because of their damaged reputation (Karpoff et al., 2008). Additionally, organizations that have accused of ethical misconduct find it more challenging to maintain the business connection they need (Sullivan et al., 2007). According to Pollard and Holt (2005), “while rules may bring a higher standard of accountability and add the ‘stick’ of more penalties, they cannot determine the honesty, character, or integrity of the people involved” (p. 14).

Aside from the instances of unethical practices developed in countries, similarities have been shown in developing nations. For example, there have been reported cases of a rise in corporate failures in Nigeria. In 1997, the Nigerian banking sub-sector came to a standstill as twenty-six commercial banks failed because of financial irregularities. In 2006, Cadbury Nigeria PLC, a leading Food and Beverages company in Nigeria was shaken by a financial scandal. Their accounts and financial statements were falsified at the detriment of all stakeholders. In 2011, three more banks were named to have failed due to the financial inconsistencies of their corporate leaders. These banks were initially placed among eight other banks to be managed by the Central Bank of Nigeria (CBN) management in August 2009 after the clean-up of the banking industry (Bello, 2012). In December 2021, the Securities and Exchange Commission (SEC) declared Chinmark Group and its associate, FINAFRICA Investment Ltd., as illegal investment companies (Olu-Ojegbeje, 2022).

Employee Job Performance
Employee job performance is a big and nebulous concept that many researchers have their own idea of what it should be or what it should look like Bullock (2013). Some researchers explain employee job performance in terms of task performance, which is defined as “the effectiveness with which job incumbents perform activities that contribute to the organization’s technical core” (Borman & Motowidlo, 1997, p. 99). Other researchers view job performance in terms of contextual performance, which is defined as performance that is not formally described as part of the job description but that helps shape the social and psychological climate of the organization (Borman &
Motowidlo, 1993; Christian et al., 2011). Examples include diffusing conflicts, facilitating peer and team performance, cooperating, and communicating, cleaning up the break room, and so forth. (Campbell, 1990; Borman & Motowidlo, 1993; Rotundo & Sackett, 2002). According to Griffin (1981), employee job performance is important in stabilizing the economy (i.e., improved standards of living, higher wages, etc). Hence, research on employee job performance is of value to the organization and society at large. In this study, we posit the following hypothesis as it relates to ethical leadership and employee job performance:

**H1: There is a direct positive relationship between ethical leadership and employee job performance.**

**Employee Motivation**

The achievement or failure of any organization depends on the performance of its employees as employees are vital to every organization and sometimes referred to as the bloodstream of any business (Hameed & Waheed, 2011; Sarfraz et al., 2018). Hence, leaders now realize the value of motivating employees for the sake of improving employee and organizational performance (Ali, & Anwar, 2021; Elnaga & Imran, 2013). Sandhu et al. (2017) suggested that the success of an organization depends on employee creativity, innovation, commitment, and performance. The effectiveness with which leaders manage, develop, and galvanize their employees is an important foundation for how organizations perform. Business executives and researchers understand that corporate policy may provide employees with a standard on how to behave, but it is a leader’s ethical behavior that has the most influence on employees (Long, 2017).

Jordan et al. (2013) suggested that the ethical behavior of leadership influences the corporate culture of the organization, and where the leader is morally detached, unethical behavior tends to spread throughout the organization (Bonner, 2016). Gini (1998) stated that “the ethics of leadership—whether it be good or bad, positive or negative - affects the ethos of the workplace and thereby helps to form the ethical choices and decisions of the workers in the workplace” (p. 66). With ethical leadership, the focal point is treating employees with respect and in high regard (Brown et al., 2005; Wang et al., 2015; Babalola et al., 2016). This allows for a stronger relationship between the leader and employee, enabling leaders to gain employee trust and a strong influence on employee behavior that permeates throughout the organization (Neubert et al., 2013).

The task of searching, managing, and keeping great employees is more serious than ever before. In some markets and organizations, basic skills are in short supply and today’s employees simply do not react to yesterday’s motivation. Despite these challenges, many leaders can discover and retain top-performing employees who enjoy their jobs and contribute significantly to the organization’s growth and performance (Levoy, 2007). The notion of leadership and motivation often coexist when an organization is working towards achieving a goal. To fully grasp the concept of motivation, the leader must know and recognize its significance (Shanks & Dore, 2007). The benefit of motivating employees is enormous as motivated employees tend to contribute tremendously to the organization’s performance compared to their colleagues who are less motivated. (Shanks & Dore, 2007).

Employee motivation has been studied for almost a century. Dating back to the Hawthorne Studies of the 1920s research, scholars have explored the evasive concept of employee motivation. Researchers try to discern how leaders can effectively guide their employees in ways that motivate them to attain their full potential. As a result, today’s leaders need practical tools that help them motivate employees more successfully (Jensen, 2018). According to Donohoe (2018), employee motivation describes how committed an employee is to his job and the organization he works for, how engaged he is in accomplishing the firm’s goals and how empowered he feels in his daily job routine. It can also be described as the level of commitment and creativity an organization’s worker shows towards his job.

Employee motivation can be extrinsic or intrinsic, meaning it can come from internal or external sources. Intrinsic motivation has been suggested as an explanation for behavior prompted by the need for achievement (McClelland et al., 1953), need to be competent and self-determining (Deci, 1975; Deci & Ryan, 1985) and a desire to be a causal agent (deCharms, 1968). In these situations, the behavior is not affected by any external control or influence (Cameron & Pierce 1992). Intrinsic motivation is the type of motivation that comes from within. It comes from personal gratification and achievement that stems from carrying out a task or activity (Lazzari, 2019). Intrinsic motivation is vital in today’s work environment. Studies have shown that intrinsic motivation plays an important role in performance on a personal level making work fulfilling and sometimes helping employees decide if they should stay on a job (Ganta, 2014).

Linz (1990) noted that a few studies found a positive relationship between intrinsic motivation and job performance. This is significant to organizations in today’s highly competitive business environment since intrinsically motivated employees are more likely to perform better, be more productive, satisfied, loyal and have low turnover (Twalib & Kariuki, 2016; Ek & Mukuru, 2018).

On the other hand, there is extrinsic motivation, which is most effective in cases where employees have little interest in performing an activity or where they lack the basic skills for the job. However, Cherry (2019) suggested that these rewards should be kept small and be tied directly to performing well on a task because of the possibility of dependency on the reward. Extrinsic motivation can have a strong influence on employee behavior,
but as research (e.g., Lepper et al., 1973) on overjustification (when the value of a reward decreases as too much of it is given) shows, it has its limits.

Extrinsic motivation may be more effective in some employees than it is for others. Certain instances or circumstances may also be better suited for this type of motivation. For some employees, the value of external rewards is enough to motivate high performance and continuous work while for others, value-based benefits are more motivating. A major disadvantage of using extrinsic motivation is knowing what to do when the reward is unavailable or when the value is debilitated (Meadows-Fernandez, 2017).

While extrinsic motivation can be a powerful tool for some employees as earlier stated, it is best suited in certain conditions. For example, an employee might accept a position because of the higher pay and incentives the position offers even though it requires working longer hours to accomplish organizational objectives. An individual may also shop at a certain store because of the rewards the store offers such as loyalty cards to rack up the points, discounts, or the pecks they get for using the store’s credit card. These are all areas of acting because of an external award.

Researchers caution that motivation driven by external rewards alone is not sustainable in the long run. Studies also show that giving external rewards for an internally rewarding activity makes it less intrinsically rewarding (DuBois-Maahs, 2019). Extrinsic motivation is not all a bad thing. Just because incentives may be addictive does not mean it is ineffective at increasing employee job performance in certain instances. In fact, external rewards might encourage employees to do things they otherwise desire not to do because they lack intrinsic motivation for the tasks in question.

Numerous studies show that extrinsic rewards are most effective in getting employees to perform repetitive, well-defined tasks or things they otherwise would not find personally meaningful or valuable (Delves, 2011). These findings suggest that leaders can refine and craft compensation packages that are best suited for their employees so that they can achieve higher performance and fulfill organizational goals. While motivation is a complex concept that can help or harm an organization depending on how it is used, if a leader takes the time to understand the needs of his employees the recognition can be extremely useful in stimulating employee job performance (Burton, 2012). In this study, we posit the following hypothesis as it relates to employee motivation:

**H2: Employee motivation mediates the relationship between ethical leadership and employee job performance.**

**Cross Cultural Differences**

Cross-cultural approach to organizational behavior is the study of similarities and differences in processes and behavior at work across different cultures (Gelfand et al., 2007). In literature, culture is often defined as a shared meaning system (Shweder & Levine, 1984), which implies that members of the same culture share common meanings and are likely to interpret and evaluate situational events and management practices in similar ways. In contrast, members of different cultures who do not share a common way of interpreting and evaluating situational events are more likely to respond in different ways. Hence, a cross-cultural approach to organizational behavior includes issues such as how culture is related to individual organizational phenomena such as teams and leadership; and organizational-level phenomena such as organizational structure.

Psychologists who have given identical personality tests to people from different countries found that on average, personality scores tend to be different across cultures (Jarrett, 2017). Hence, to effectively manage employees, organizational leaders should consider understanding individual characteristics, differences and how individual traits help explain employee behavior (Sev, 2019).

A personality trait is “a relatively stable, consistent, and enduring internal characteristic that is inferred from a pattern of behaviors, attitudes, feelings, and habits in the individual” (American Psychological Association [APA], 2022). Psychologists used the Five-Factor Model (FFM) of personality to categorize a span of personality constructs. The model is known by the acronym OCEAN: Openness, Conscientiousness, Extraversion, Agreeableness, and Neuroticism (Diener & Lucas, 2019). Openness is the trait of being curious and imaginative. Conscientiousness is a trait characterized by discipline, competence, hard work, and order. Extraversion is a trait of being warm, assertive, enthusiastic, and sociable. Agreeableness is a trait of being forgiving, trusting, and compliant. Finally, Neuroticism is a trait characterized by anxiety, and having negative emotions (Costa & McCrae, 1992; Huntington, 2023). This system is a reasonably stable way of describing and comparing individuals based on personality traits since people do not necessarily have all the traits in one factor. They typically rank high, low, or in the middle when they are compared to other individuals in the factor (Psychology Today, 2022).

Terracciano and McCrae (2006) collected and analyzed data from 50 cultures across six continents and compared these cultures using the FFM model. The results showed that compared to their American counterparts, Nigerians scored low on Neuroticism, Agreeableness, and Openness. The findings suggest that Openness is not a significant dimension in the culture (Bell, 2021).

Studies by Bamboje-Ayodele and Ellis (2015) and Akanji (2017) showed that Nigeria is a hierarchical society where leaders expect obedience and employees respect their leaders. This hierarchy could explain why leaders strongly influence their employees and why employees are less likely to disagree with their organizational
leaders, a trait referred to as Agreeableness. Nigerian employees tend to be compliant and trusting of their organizational leaders with the goal of surviving in the workplace. In this type of culture, decision making by leaders is somewhat easier since leaders have fewer employees that critique their decisions or decision-making process (Kooyers, 2015). Unlike American culture, which is a less hierarchical one and employees may be consulted for their opinions (Alsafi, 2020). Employees may openly disagree with their organizational leaders on decisions made.

Nigerians are also less curious (an attribute of Openness) about organizational practices and less likely to sound the alarm on unethical job practices compared to their American counterparts because of fear of retribution. However, in the United States, employees are curious and encouraged to ask questions and sound the alarm on unethical job practices. As a result, some organizations have dedicated phone lines for employees to call and report a tip. While there may be backlash for doing so, these employees are often congratulated and get accolades.

Terracciano and McCrae (2006) showed Nigerians to be extroverts: social and friendly people, a trait that may be essential in influencing others. Extraversion involves commanding attention, being outgoing, assertive, and dominant. Leaders get employees to buy into their ideas by providing clear authority structure and direction (Grant, 2010).

Adimonye and Abangowe (2022) found a positive and significant relationship between conscientiousness and employee work attitude among Nigerian employees. The study results show that individuals with conscientious personality traits are aware of the impact of their work behavior on those around them. Similarly, a study by Oracle - the third-largest software company in the world, in 2021 showed Americans reporting increased conscientiousness. Individuals with this trait tend to be hardworking, goal oriented, and competent. With these traits, employees can be more trusting of their organizational leaders, who then influence their work attributes and behaviors. In this study, we posit the following hypotheses as it relates to cultural differences:

**H3a: Cultural differences moderate the direct relationship between ethical leadership and employee job performance.**

**H3b: Cultural differences moderate the mediating effect of employee motivation on the indirect relationship between ethical leadership and employee job performance.**

### Methodology

#### Measures

The analysis required measures for three constructs: ethical leadership (EL), employee motivation (EM), and employee job performance (EJP).

#### Sample

The research study involved administering an online questionnaire to a sample of employees in the United States and Nigeria. Participants were informed that the questionnaire was for academic use and that participation was strictly voluntary. Further, they were informed that the information obtained from respondents was strictly confidential.

The Dillman’s Tailored Design Method was used to guide the distribution of the survey (Dillman et al., 2014). Harzing et al. (2013) stated that administering questionnaires online provides several benefits, including lower cost, higher transmission, and response speeds. A total of 152 completed surveys were received from both the United States and Nigeria.

The demographic profile of the respondents for this study was as follows. The sample composition for the US was 55% females and was 31% females for Nigeria. For the US, most respondents were White/Caucasian (85%), while for Nigeria, 76% were Black/Nigerians. For the US sample, 47% of the participants were between the ages of 18 and 44, and for Nigeria, the same age of the participants was 87%. For the US sample, 73% of participants held bachelor’s degrees or higher, and for the Nigeria sample, 96% of participants held bachelor’s degrees or higher. For the US sample, the average organizational tenure was 11 years, and for the Nigeria sample, it was seven years.

#### Ethical Leadership

We measured ethical leadership style using the six questions from the Ethical Leadership Questionnaire (ELQ) 15-item scale developed by Yukl et al. (2013). The ELQ instrument is comprehensive regarding very important components of ethical leadership, including integrity, honesty, fairness, communication of ethical values, consistency of behavior with espoused values, ethical guidance, and altruism. The instrument was designed to cut across the entire aspect of the definition of ethical leadership, measuring three dimensions (fairness, power-sharing, and role clarification). A seven-point Likert scale was used for each item, with “1” representing strongly disagree and “7” representing strongly agree.
Employee Motivation
We measured employee motivation using three questions from the Motivation at Work Scale (MWS) 12-item scale developed by Gagné et al. (2010). The MWS instrument is organized into four factors: intrinsic motivation, identified regulation, introjected regulation, and external regulation. The instrument was validated using the self-determination theory framework (SDT) by Deci and Ryan (1985, 2000). According to Gagné et al. (2010), SDT gives a multilateral conceptualization of motivation that allows for the assessment of different levels of motivation and types of motivation. For this study, two factors were used: Intrinsic motivation and external regulation. A seven-point Likert scale was used for each item, with “1” representing strongly disagree and “7” representing strongly agree.

Employee Job Performance
We measure employee job performance using the Individual Work Performance Questionnaire (IWPQ) developed by Koopmans et al. (2012). The IWPQ instrument has often been used to measure individual work performance across occupational sectors, based on a four-dimensional conceptual framework: task performance, contextual performance, adaptive performance, and counterproductive work behavior. For this study, task performance and contextual performance was the focus. A seven-point Likert scale was used for each item, with “1” representing strongly disagree and “7” representing strongly agree.

Data Analysis
Common method variance
Given that single-responder questionnaires may introduce common method variance (CMV), we assessed CMV using Harmon’s one-factor test (Podsakoff & Organ, 1986). We ran an exploratory factor analysis with principal component analysis to extract factors (eigenvalues > 1) using Varimax rotation to obtain a more interpretable factor matrix. The Bartlett Test of Sphericity (BTS) and the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy were used to validate the use of factor analysis. With a few exceptions, items had factor loadings of at least 0.50. Sixteen items had loadings less than 0.50. Because these items did not reach the commonly used standard for factor loadings of 0.50, these items with low factor loadings were omitted from subsequent analysis.

In the US data, one construct explained 54% of the total variance. However, in the Nigerian data, one construct explained 62% of the total variance. The combined data, one construct explained 58% of the total variance. Hence, common method variance was not a concern in this study (Podsakoff et al., 2003). We also confirmed this finding in our confirmatory factor analysis (Byrne, 2006). KMO (Nigeria) for Ethical Leadership was 0.880, employee motivation was 0.682, employee job performance 0.791. Respectively, BTS were 787.66, 181.31, and 350.31, all significant (p < 0.000). KMO (USA) for Ethical Leadership was 0.914, employee motivation was 0.760, employee job performance 0.694, and perceived relationship was 0.751. Respectively, BTS were 1018.99, 339.99, and 266.01, all significant (p < 0.000). The study scales are internally consistent with a Cronbach’s alpha of .70 or higher (Nunnally, 1978). Cronbach’s alpha values are presented in Table 1.

 Confirmatory Factor Analysis
We assess the reliability and validity of the scales using AMOS to test the measurement models for the combined data along the separated group data. The model-fit measures were used to assess the models’ overall goodness of fit (CMIN/df, CFI, TLI, PNFI, and RMSEA). Table 2 shows that values for the three models are within their respective common acceptance levels (Bentler, 1990; Hu & Bentler, 1998; Ullman, 2001). The three-factor models (Ethical Leadership, Employee Motivation, and Employee Job Performance) yield good fits.

<table>
<thead>
<tr>
<th>Fit Index</th>
<th>Recommend</th>
<th>Combined</th>
<th>US</th>
<th>Nigeria</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMIN/df</td>
<td>&lt; 5</td>
<td>2.616</td>
<td>1.698</td>
<td>2.176</td>
</tr>
<tr>
<td>CFI</td>
<td>&gt; 0.90</td>
<td>0.966</td>
<td>0.974</td>
<td>0.948</td>
</tr>
<tr>
<td>RMSEA</td>
<td>&lt; 0.08</td>
<td>0.073</td>
<td>0.068</td>
<td>0.088</td>
</tr>
<tr>
<td>TLI</td>
<td>&gt; 0.90</td>
<td>0.951</td>
<td>0.962</td>
<td>0.924</td>
</tr>
</tbody>
</table>

Table 2. Model fit tests of measurement model (CFA) n = 152.
We assessed the reliability of our scales using average variance extracted (AVE) and composite reliability (CR) scores. As reported in Table 1, all CR statistics exceed the 0.70 cutoff established in the literature. Discriminant validity was assessed by determining whether each latent variable shared more variance with its own measurement variables or with other constructs (Fornell & Larcker, 1981; Chin, 1998). The square root of the AVE for each construct was compared with the correlations with all other constructs in the model. A correlation between constructs exceeding the square roots of their AVE indicates that they may not be sufficiently discriminable. In this case, the square roots of AVE are always higher than the absolute correlations between constructs. Thus, all scales surpassed the accepted 0.50 cutoff for AVE, indicating the variance captured by each latent variable is significantly larger than the variance due to measurement error, thus demonstrating unidimensionality and the high convergent validity of the constructs. As such, we conclude that the convergent validity of our multi-item scale is adequate (Fornell & Larcker, 1981).

As part of the CFA, factor loadings were assessed for each item. The factor loadings for each construct are shown in Tables 3a-c. Computing standardized loadings confirmed the reliability and convergent validity of the measurement model for the indicators and bootstrap t-statistics for their significance (Anderson & Gerbing, 1988). Items with standardized loadings that were not close to the 0.70 threshold were dropped from the analysis. The remaining indicators were significant at the 1% significant level. We examined items for loadings onto unintended factors and found no significant cross-loadings; these results provide evidence of scale unidimensionality.

**Path Analysis**

We adopted path analysis to analyze the quantitative data. The choice of path analysis in this study was based on the following reasons: 1) this research was in an exploratory stage and tackled a theory-building environment; 2) path analysis has a minimum demand for sample size (Hair et al., 2012); 3) path analysis is a good option if scores of latent variables are used in the later analysis for predictive purpose.

We analyze the hypotheses for the combined group and each subgroup. We assessed the significance of direct paths among all constructs. The significance of path coefficients was assessed via bootstrapping with a sample of 20,000 subsamples and no sign changes option (Hair et al., 2013). The results are presented in the path model in Figure 1, which also shows the estimates of the path coefficients of the proposed model and their respective significance.

<table>
<thead>
<tr>
<th>Item</th>
<th>US</th>
<th>Nigeria</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>s.d.</td>
</tr>
<tr>
<td>EL1</td>
<td>5.55</td>
<td>1.63</td>
</tr>
<tr>
<td>EL2</td>
<td>5.66</td>
<td>1.49</td>
</tr>
<tr>
<td>EL3</td>
<td>5.60</td>
<td>1.58</td>
</tr>
<tr>
<td>EL4</td>
<td>5.57</td>
<td>1.72</td>
</tr>
<tr>
<td>EL5</td>
<td>5.67</td>
<td>1.67</td>
</tr>
<tr>
<td>EL6</td>
<td>5.40</td>
<td>1.81</td>
</tr>
</tbody>
</table>

* Standardized coefficient: all loadings are significant at $p < 0.001$ (two-tailed test).

<table>
<thead>
<tr>
<th>Item</th>
<th>US</th>
<th>Nigeria</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>s.d.</td>
</tr>
<tr>
<td>EM1</td>
<td>5.47</td>
<td>1.61</td>
</tr>
<tr>
<td>EM2</td>
<td>5.22</td>
<td>1.75</td>
</tr>
<tr>
<td>EM3</td>
<td>5.34</td>
<td>1.56</td>
</tr>
</tbody>
</table>

* Standardized coefficient: all loadings are significant at $p < 0.001$ (two-tailed test).

Table 3a. Factor analysis and reliability of constructs (Ethical Leadership)

Table 3b. Factor analysis and reliability of constructs (Employee Motivation)
We performed mediation analysis to assess the indirect effects of ethical leadership on employee job performance through employee motivation. We used the $R^2$ values to express the explanatory power of the equations explaining the endogenous constructs: employee motivation, and employee job satisfaction. For the combined group, the proposed model reveals relevant explanatory power for employee motivation and employee job performance each with $R^2$ equal to 0.18; employee motivation $R^2$ was 0.14 and employee job satisfaction $R^2$ was 0.13 for the US group. For the Nigerian group, employee motivation $R^2$ was 0.24 and employee job satisfaction $R^2$ was 0.23. For
Nigeria, the model accounted for 1.7 times more variation for both employee motivation and employee job performance.

The data indicates that ethical leadership positively affected employee job performance in the combined group and in the Nigerian group: statistically significant ($\beta = 0.144, p = 0.013, \beta = 0.195, p = 0.017$, respectively). Both results show support for hypothesis H1 that there is a direct positive relationship between ethical leadership and employee job performance. For the US group, the direct relationship between ethical leadership and employee job performance is not significant ($\beta = 0.091, p = 0.269$). For the Nigeria group, the effect of ethical leadership is more than twice that of the US group.

The total, direct, and indirect effect sizes are presented in Table 4. The standardized total effect of ethical leadership on employee job performance for the combined group and the Nigerian group are 0.288 and 0.366, respectively. The standardized total effect of ethical leadership on employee job performance for the US group is 0.209. This result shows support for hypothesis H3a that cultural differences moderate the direct relationship between ethical leadership and employee job performance. In the multi-group analysis, we show more support for hypothesis H3a.

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Difference (US - Nigeria)</th>
<th>CMIN/df</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL $\Rightarrow$ EJP</td>
<td>-0.104</td>
<td>1.926</td>
<td>0.000</td>
</tr>
<tr>
<td>EL $\Rightarrow$ EM</td>
<td>-0.112</td>
<td>1.929</td>
<td>0.000</td>
</tr>
<tr>
<td>EM $\Rightarrow$ EJP</td>
<td>-0.036</td>
<td>1.976</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Table 5. Multi-group analysis

Note: The differences are significant in the relationships between the two countries ($p < 0.001$).

The results of the model show that the chi-square difference for both direct effects of ethical leadership on employee motivation and employee job performance were 1.929 and 1.926, which were both statistically significant. Also, the chi-square difference for direct effects of employee motivation on employee job performance was 1.976, which was statistically significant.

These results provide additional support for both hypotheses H3a and H3b that cultural differences moderate the direct relationship between ethical leadership and employee job performance and cultural differences moderate the mediating effect of employee motivation on the relationship between ethical leadership and employee job performance.
Discussion

Employee behavior has been shown to be swayed by leadership ethical behavior (Brown & Treviño, 2006; Ehrhart, 2004) and is also related to employee job performance (Detert et al., 2007; LePine et al., 2008). This research was a cross-cultural study of the impact of ethical leadership on employee job performance with employee motivation as a mediating construct. Several authors have argued that the fundamental problem of leadership studies done in western cultures being wrongly or not generalized to a much broader audience (Cox et al., 2014). More research is needed knowing one cannot assume that one nation’s concepts and theories supersede culture and national boundaries (Boyacigiller & Adler, 1991; Peng et al., 1991; Trompenaars & Hampden-Turner, 1998). Cultural norms affect the effectiveness and success of any leadership style implemented and depending on the leadership style chosen, a different result is achieved (Jordan et al., 2013; Bonner, 2016).

This study attempted to close a gap in the literature regarding cross-cultural analysis. The research attempted to close a research gap by presenting a comparative analysis between two different cultures: the United States and Nigeria. This research was guided by three questions: Is there a direct relationship between ethical leadership and employee job performance? Does employee motivation mediate the relationship between ethical leadership and employee job performance? Does the relationship differ across cultural boundaries?

Using path analysis and multi-group analysis to evaluate the empirical data collected from US participants and Nigerian participants, the results provided support for the three specified hypotheses. At the combined level, there was a strong significant direct relationship between ethical leadership and employee job performance, and employee motivation played a significant role. The focal point of ethical leadership is treating employees with respect and in high regard (Brown et al., 2005; Wang et al., 2015; Babalola et al., 2016). However, when we consider the cross-cultural differences, the impact of ethical leadership and employee motivation were different between the groups. The path analysis immediately showed that while the direct relationship between ethical leadership and employee job performance were strongly significant in the combined group and the Nigerian group, the same was not so for the US group.

These results were like those found in cross cultural studies from Chile, India, and Nigeria where the impact of leadership styles differ between cultures (Pedraja-Rejas et al., 2006; Pradeep & Prabhu, 2011; Obiwuru et al., 2011; Ugochukwu, 2013). Cultural norms influenced the effectiveness and success of the leadership styles implemented. For the Nigerian group, the finding seems to further validate the FFM model study by Terracciano and McCrae (2006) that compared US employees and Nigerian employees, which showed that Nigerians were low on Neuroticism, Agreeableness, and Openness compared to their US counterparts, but high on conscientiousness (Adimonye & Abangowe, 2022). Also, unlike American culture, which is a less hierarchical one where employees may be consulted for their opinions (Alsafi, 2020), studies showed that Nigeria is a hierarchical society where leaders expect obedience and employees respect their leaders (Bamgboje-Ayodele & Ellis, 2015; Akanji, 2017; Bell, 2021). Nigerian employees tend to be compliant and trusting of their organizational leaders with the goal of surviving in the workplace. The hierarchy may explain why Nigerian employees are less likely to disagree with their organizational leaders (Kooys, 2015).

This implies that multinational organizations operating in different regions must put different emphases to positively impact employee job performance. For the US group, more emphasis should be put on employee motivation. In the US, leaders have for long realized the value of motivating employees for the sake of improving employee job performance (Ali, & Anwar, 2021; Elnaga & Imran, 2013). When US employees are highly motivated, the employees are happy to complete their job tasks.

In contrast, for the Nigerian group, while the employee job performance does have positive reactions from employee motivation, more emphasis should be put on ethical leadership. Ethical leaders communicate to employees the importance and value of job assignments, a gesture that likely emphasizes the significance employees attribute to their work (Piccolo et al., 2010). For leaders to be viewed as ethical and influence the ethical behavior of their followers, they must be trustworthy and credible role models as employees can be skeptical about ethical announcements made by organizational leaders, particularly in an unseemly business environment (Brown et al., 2005). By encouraging fair treatment and integrity in the business environment, ethical leaders stimulate favorable behaviors among employees, promote higher levels of commitment to the organization and shape how employees view the work context (Brown & Treviño, 2006). In fact, for the Nigerian group, we suggest implementing a leadership style that is a combination of ethical leadership and transactional leadership.

The paper contributes to the local and international literature by addressing the effect of ethical leadership on employee job performance with employee motivation as a mediating construct. It aims to explore and compare the degree to which ethical leadership varies across cultures and the effects it has on employee job performance. The results from this study can be generalized to other nations with similar demographics, cultures, and political structures (Pillai, Scandura, & Williams, 1999; Gelfand, Erez, & Aycan, 2007).
**Future Research**

The social learning theory was the framework used for our study. The social learning theory views learning as occurring vicariously through observation of other people’s behavior and the consequence of these behaviors. The theory suggests that individuals do not have to physically undergo an experience to learn a behavior (Long, 2017). However, future researchers should consider the employees’ lived experience and how it affects their decision making and job performance. We also suggest that employee cultural differences be recognized and embraced when conducting cross-cultural research. Hofstede’s (1980) seminal work on cultural consequences should be an avenue for future research in ethical leadership literature.

Research on cultural dimensions of masculinity, collectivism, uncertainty avoidance, power distance and long-term orientation impacting ethical leadership dimensions and its effects on employee motivation should be further explored. Future cross-cultural comparative studies should also focus on more countries so that the research can be more generalizable. The relationships and variables should be measured longitudinally, over a long period of time to increase the validity of the study.

Some respondents were skeptical about participating in the study for several reasons. Many of them wanted to know how the study benefited them either directly or the country. Hence, when conducting such cross-cultural studies in the future, it is important that the researcher states the benefits of the study and establish dissemination practices that are useful and meaningful (Duncanson, 2007; Letiecq & Bailey 2004). Some respondents also feared retaliation from their supervisors and organizational leaders. It is therefore recommended that future researchers properly educate respondents that their responses are kept safe and confidential.

**Limitations of the Study**

Although the study was tested empirically, we suggest that future researchers take and use our results with care. While we met the recommended sample requirements according to Hair et al. (2010), we recognize that the data came from two countries. We hope that future researchers use respondents from more countries and geographical regions so that the results can be better generalized.

Also, the analysis was only limited to those who completed the survey. As a result, we may not have captured some important information. The survey was self-reported and certain responses may have been exaggerated with no way of verifying the information. Finally, the research is a cross-sectional study and the results may not be used to analyze behavior over some time.

**Conclusion**

While leadership theories (transformational, transactional) have been explored extensively in the management literature, research on ethical leadership and its effect on employee motivation and job performance has only been moderately investigated in a cross-cultural setting. Hence, we sought to discover how and to what extent ethical leadership affects employee job performance through the mediating factor of employee motivation, considering the effect of culture differences. While there were some limitations, we believe the study made important contributions to international and management literature.

The result of this study indicates that cultural differences moderate the direct relationship between ethical leadership and employee job performance and that Cultural differences does not moderate the mediating effect of employee motivation on the indirect relationship between ethical leadership and employee job performance. We aspire to provide a distinct outlook to the ethical leadership dialogue and an innovative research area to explore.
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