

## Engagement without a Crutch: Why Ethical Leadership Stands Alone

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### ABSTRACT

The purpose of this study was to study how employee engagement is impacted by ethical leadership, mediated and moderated by moral courage and job embeddedness, respectively. The quantitative survey study design was adopted using a structured questionnaire administered to 225 bankers from leading banking organizations. Data were analysed using SEM through PLS-SEM. The findings reveal that ethical leadership significantly enhances employee engagement and operates as a self-sufficient predictor, independent of commonly assumed mediating and moderating mechanisms. Banking companies can enhance employee job engagement to retain them with high ethical leadership supervisors. This study underscores the self-sufficiency of ethical leadership in driving engagement, especially within high-pressure service industries like banking. This study challenges prevailing leadership models by demonstrating that ethical leadership alone is sufficient to drive employee engagement, offering a more parsimonious and direct explanation of employee behavior in organizational contexts.

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### INTRODUCTION

In today's dynamic and competitive business environment, employee engagement is now recognized as an essential component of performance, productivity, and creativity (Hasan & Sadat, 2023). Work engagement is an employee's passion, excitement, and dedication to their responsibilities, which helps the business to achieve success and provides a pleasant work environment (Al Halbusi et al., 2023). However, obtaining high levels of employee engagement is greatly impacted by leadership style and organizational principles, showing the need for ethical leadership. Ethical leadership, defined by ethical decision-making, openness, and justice, has gained popularity for its capacity to build trust and promote moral norms in the workplace (Lim, 2024). Leaders who demonstrate ethical behavior not only create a healthy business atmosphere but also increase workers' motivation to fully engage in their roles. The link between ethical leadership and job engagement, on the other hand, is complicated and most likely influenced by psychological factors (Liu et al., 2023).

Ethical leadership is a leadership style in which leaders act honestly, fairly, and morally upright. Leaders who display ethical behaviour set an appropriate standard for their staff and foster a trusting atmosphere (Le & Nguyen, 2023). When employees observe their leaders acting ethically, they feel appreciated and respected, which may lead to increased dedication and engagement at work. Ethical leadership is especially essential in today's hectic, competitive corporate environment, where there is frequently a desire to cut corners or act unethically in order to maximize profits or efficiency (Horak & Kakabadse, 2023). Moral courage, or the desire to behave ethically in the context of one's own risk, is critical in this changing environment because it enables workers to align with ethical norms and make significant investments in their work (de Oliveira et al., 2023).

Ethical leaders inspire their fellows with moral courage. It is the basic component that provides the ability to overcome challenges and still stand by the organization's principles (Mkheimer et al., 2023). Moral courage is the major element in ethical leadership, and it also improves job involvement from the time of the introduction of resilience and commitment, like other factors in ethical practices (Yang et al., 2023). Moreover, job embeddedness has another feature that also influences the capacity and validity of this link. Job embeddedness refers to how an individual feels embedded and comfortable in their job based on connections, fit, and requirements for leaving (Peltokorpi & Allen, 2024). A strong sense of job embeddedness can promote the helpful effect of ethical leadership and work engagement. Although lower job embeddedness can weaken this effect because employees may not feel engaged in the workplace, and when there is the unavailability of ethical leaders (Zia et al., 2023).

In consideration of the use of applications like moral leadership and employee engagement in research, this gives organizations insightful knowledge on how to improve employee engagement on the job by using the application of moral leadership (Burhan et al., 2023). Employee job communication plays a crucial role in the workplace in this

modern era because it has an effect on organizational performance and productivity. Positive psychological and emotional attachment in the business place, expressed with enthusiasm, commitment, and participation, is built with job engagement (Kaushik & Tiwari, 2023). Employees who are engaged are more likely to be motivated, go above and beyond on their responsibilities, and contribute favorably to the organization's general culture and goals (Kwarteng et al., 2024). On the other hand, dissatisfied workers may lack motivation, be less productive, and even have a negative influence on the workplace.

Given the significance of workplace engagement, organizations and scholars continue investigating the variables that could promote and sustain it (Sypniewska et al., 2023). Ethical leadership is essential for developing a values-based environment in which workers operate with integrity. Work engagement is described as a good, satisfying, and work-related state of mind marked by strength, devotion, and concentration (Ogolo, 2023). Employees who are engaged are deeply invested in and passionate about their work. The involvement leads to increased productivity, improved performance, and less turnover (Memon et al., 2021). Moral courage refers to a person's capacity to maintain their ethical values in the face of obstacles, risks, or challenges.

It is an important skill in the workplace since it allows individuals to clearly handle ethical issues (Stahl & Eke, 2024). Thus, if a leader values flexibility and fairness, employees are more likely to feel encouraged to disclose unethical behavior or recommend improvements without fear of punishment (Wang et al., 2024). Job embeddedness is the level to which employees feel linked to their jobs, organizations, and communities. It is three-dimensional: ties (linkages to people within the firm), fit (alignment with the job and organizational values), and sacrifice (opportunity cost of leaving) (Ramaite et al., 2022). Highly job-embedded workers are likely to be more likely to invest in their careers and less likely to depart (Setthakorn et al., 2024).

Past studies explore the relationship between ethical leadership and employee engagement, with the link between trust in leaders and harmonious work passion in different organizational sectors (Islam et al., 2024). The other study describes the relationship between ethical leadership and the mediating role of affective communication that can create a positive effect on employee creativity (Asif et al., 2022), and these kinds of studies serve to fill a gap because they do not use moral courage as a mediator. Few studies have examined the underlying mechanisms and contextual factors that influence this relationship, despite prior research demonstrating that ethical leadership improves employee job engagement (Suliman et al., 2023). Although moral courage could represent the way that moral leadership encourages more participation, it is unclear how job embeddedness contributes to the strength of this relationship (Bartlett, 2024).

The study uses a quantitative approach. The unit of analysis is employees of the banking sector of Pakistan. A convenience sampling technique is used for the gathering of data from the banking industry. The partial least squares method was used for the analysis of the data.

Despite extensive research on ethical leadership and employee engagement, existing studies largely rely on complex mediation and moderation models to explain this relationship. However, limited attention has been given to whether ethical leadership itself may act as a direct and sufficient driver of engagement. Addressing this gap, the present study adopts a parsimonious perspective grounded in Social Exchange Theory, proposing that ethical leadership may influence employee engagement independently of additional psychological or contextual mechanisms.

This study makes three key contributions. First, it challenges the prevailing assumption that mediating and moderating mechanisms are necessary to explain leadership outcomes. Second, it provides empirical evidence that ethical leadership alone can drive employee engagement. Third, it contributes to organizational analysis by offering a simplified and more robust explanation of employee behavior in service-sector organizations.

### **Theoretical background and hypotheses**

Ethical leadership is consistent with the standards suggested in Social Exchange Theory. Ethical leaders lead by example by making decisions and taking actions that demonstrate the virtues of justice, honesty, and integrity (Abu Bakar & Connaughton, 2022). Such actions leave space for employees to have greater trust and psychological safety. Social Exchange Theory suggests that if employees see their leaders as ethical, there is a force that compels them to balance with positive feelings and actions in the form of greater loyalty, commitment, and engagement (Dogbe et al., 2024).

This idea promotes psychological safety, lowering the actual expense of speaking up for what is right. Job embeddedness, or the degree to which people feel related to their jobs and organizations, supports the SET principles (Huang et al., 2024). The Social Exchange Theory holds significant implications for organizations seeking to cultivate moral leadership and employee involvement. Through emphasizing the importance of trust-based communication, organizations are capable of developing a culture of respect and mutual support. Training courses emphasizing moral decision-making and leadership can help managers build closer social bonds with their employees (Moore & Hanson, 2022). Social Exchange Theory offers a thorough understanding of the connection between moral courage, work embeddedness, ethical leadership, and employee engagement. It emphasizes the value of positive relationships in the

workplace, where ethical leaders create the way for great employee results (Tsai, 2024). Organizations may use these interactions to generate a motivated, engaged, and resilient staff by building trust, matching values, and establishing an environment that is beneficial (Lu et al., 2023).

Based on Social Exchange Theory, ethical leadership fosters trust, fairness, and psychological safety, which directly motivate employees to reciprocate through higher engagement. This suggests that additional mechanisms, such as moral courage or job embeddedness, may not always be necessary conditions, thereby supporting a more direct relationship between leadership and employee outcomes.

Leaders who practice ethical leadership act as role models for their followers by acting and making moral decisions (Adnan et al., 2022). Honest and fair, ethical leaders place a high importance on acting morally. This leadership approach has attracted notice for its capacity to encourage outstanding workplace outcomes (Obuba, 2023). Research shows that moral leadership cultivates a culture of trust, equity, and respect among staff members, which significantly influences their behaviors and attitudes (Al Halbusi et al., 2021). In a firm, when a person is treated with respect and other ethical factors, like being valued, providing fair treatment by leaders can naturally create a positive environment because employees like to feel more satisfied, and they focus and are more willing to pursue their goals. This also results in an increase in the engagement level (Li et al., 2024).

Moral courage is also an important component in ethical leadership and employee engagement. Leaders who constantly show ethical behavior motivate their people to act fearlessly, especially in challenging situations (Provitera et al., 2023). This support promotes confidence and empowerment in employees, increasing their engagement. Employees who feel morally strong are more inclined to report unethical activities and change systems, which benefits the business. Such proactive practices are strongly linked to increased levels of work engagement (Veetikazhi et al., 2022). Ethical leaders develop moral courage in their coworkers, allowing them to overcome fear and reluctance, maintaining their commitment and engagement in their roles. Job embeddedness improves the link between ethical leadership, moral courage, and workplace engagement (Norouzinik et al., 2022). Employees who feel connected to their employment are more likely to adopt the principles offered by ethical leaders. This internalization strengthens their resilience and determination, especially under challenging circumstances (Zhang et al., 2024).

The combination of ethical leadership, moral courage, job embeddedness, and work engagement sheds important light on organizational life. Ethical leadership lays the foundation by promoting a culture of trust, equity, and honesty. Such leadership fosters the empowerment of employees with moral courage, hence facilitating the ability to make moral decisions and act accordingly (Udin, 2024). Job embeddedness adds impact by augmenting the above influences and promoting further job embeddedness among employees and in the firm (Ampofo & Karatepe, 2022). Together, these aspects foster a self-reinforcing loop in which ethical leadership amplifies moral courage, and thus moral courage reinforces job engagement. Further, job embeddedness acts as a facilitator, making the employee an intrinsic part of their job and company. The above model is thus complete with all its dynamics, pinpointing the role of ethical leadership and empowering organizational practices toward a motivated and robust workforce (Jia et al., 2022).

H1: Ethical leadership has a positive impact on employee work engagement

Ethical leadership is determined by justice, integrity, and the promotion of ethical behavior, which fosters a helpful and trusting work environment. Such leaders serve as role models, generating a sense of psychological safety and moral consistency in their employees (Cheng et al., 2024). This positive organizational climate enables employees to feel valued and motivated, which leads to increased work engagement. Employees are more likely to put out effort, show passion, and remain engaged in their duties when they believe their leaders are ethical and principled, showing the direct and beneficial impact of ethical leadership on work engagement. When employees evaluate that their surroundings are ethically based and encourage leaders' behavior, they improve their performance (Houston et al., 2024).

H2: Moral courage mediates the relationship between ethical leadership and employee work engagement

Ethical leadership promotes principles of integrity and ethical behavior in personnel, motivating them to build moral courage, the ability to act ethically even in difficult circumstances (Mkheimer et al., 2023). Moral courage is a critical mediating factor in studies that examine the link between ethical leadership and employee outcomes like work engagement, organizational behavior, work-life balance, commitment, and retention (Khattak et al., 2022). Moral courage is the capability to behave or deal ethically, even in professional circumstances, and in return, employees may face huge issues.

The applicability of this concept provides facilities to the employee to stand with ethical conduct under difficult conditions and put their job at risk (Butterick & Charlwood, 2021). It also works as organizational behavior and is also recognized as a psychological process that describes ethical leadership and other organizational involvements that understand employee attitude; hence, they also create an effective relation between engagement and ethical practices (Al Halbusi et al., 2020).

Individuals who identify with their work through strong interpersonal relationships, organizational value congruence with the organization, and knowledge of sacrifices associated with leaving are more likely to exhibit moral courage in their careers (Chaudhary et al., 2024).

Their sense of belongingness and commitment to the organization push them to uphold ethical standards and oppose threats to the integrity of the organization. An emotionally committed employee to his or her workplace may therefore feel a greater sense of moral duty to oppose unethical behavior or plead for fairness, knowing that their actions are instrumental to the success of the organization (Mo et al., 2023).

This moral courage enables employees to effectively negotiate workplace difficulties while maintaining ethical standards, boosting their feeling of purpose and dedication. As a result, individuals become more interested in their work since their behaviors are consistent with both personal and organizational values (Fernando et al., 2022). However, given the strong direct influence of ethical leadership, the mediating role of moral courage remains an empirical question.

**H3: Job embeddedness moderates the relationship between ethical leadership and employee work engagement**

Job embeddedness, referring to the extent to which employees feel attached to their organization through social, psychological, and situational links, enhances the influence of ethical leadership on job engagement (Ramaite et al., 2022). Job embeddedness is used most commonly in organizational research as a moderator affecting the interaction between workplace characteristics and resulting effects, as well as a direct measure of employee retention (Philip & Medina-Craven, 2022). The function of job embeddedness as a moderator explains that it works as an operating medium in several variables, like employee behaviors, and helps check the link levels, and provides individuals with the knowledge of attachment to their groups and in the company (Peltokorpi & Sekiguchi, 2023). These details of embeddedness align with several dimensions, showing organizational and individual concepts, thereby emphasizing attachment, a progressive version of how it impacts and determines worker attitude and contributes to work areas (Batat, 2022).

As a moderating role, the concept of job embeddedness has an important position between employee decisions, workload, job satisfaction, workplace commitments, and turnover intentions. Different research shows that employees with some effective objectives in their jobs or links have less ratio to leave because of dissatisfaction (Azeem et al., 2020). Such protective function arises from workers who have strong connections with their employer and society, perceiving the costs of leaving—such as loss of stability, benefits, or relationships—as too burdensome, hence encouraging stronger resistance to adverse workplace experiences. Job embeddedness can thus facilitate employee engagement even under adverse conditions by excluding the detrimental impact of job dissatisfaction or leadership failure (Hom & Kiazad, 2024).

Employees with a high level of job embeddedness are more likely to accept the positive impact of ethical leaders, as their strong attachment to the organization improves the alignment of leadership practices and personal involvement. Employees with lower levels of embeddedness, on the other hand, may see less of an impact from ethical leadership on engagement due to fewer organizational linkages (Huang et al., 2024). Thus, job embeddedness serves as a moderator, strengthening the link between ethical leadership and work engagement. Work engagement also increases employee motivation, which is linked to their position and commitment to their company. Engaged employees are less likely to leave the organization since they do not feel that they are making efforts for nothing in compensation (Khatun, Rahman, & Khatun, 2023). Thus, while job embeddedness may strengthen workplace relationships, its role as a boundary condition in the ethical leadership and engagement relationship requires empirical validation.

## **RESEARCH METHODS**

The study takes a quantitative approach, focusing on collecting and statistically analyzing numerical data. The unit of analysis is employees who work in the banking industry of Pakistan. Moreover, these employee responses that are experienced in their workplace are important for finding out the appropriate results in leadership research.

The data for this study were collected anonymously, ensuring that no personally identifiable information was recorded or linked to any participant. All respondents provided informed consent, acknowledging voluntary participation and confidentiality. The research adhered to relevant ethical guidelines on privacy and data protection, including strict anonymization procedures to safeguard participants' identities and data security throughout the study.

The data were collected using convenience sampling. This technique is practical and cost-effective to achieve the objective of theoretical research (Winton & Sabol, 2022). To ensure proper representation of different segments in the banking industry. The respondents are the banking industry employees who work in different departments and at different levels of work. Employees are selected because ethical leaders direct impact on employee behavior and organizational commitment (Serang et al., 2024).

Table 1: Demographics of Respondents

Category	Subcategory	Frequency	Percentage (%)
Gender	Female	89	39.5
	Male	136	60.4
Age Group	18 – 30	49	21.8
	31 – 40	89	39.6
	41 – 50	55	24.4
	50 and above	32	14.2
Department	Corporate & Investment Banking	71	31.6
	Islamic Banking	28	12.4
	Retail Banking	45	20.0
	SME & Agriculture Banking	13	5.8
	Transaction Banking	38	16.9
	Treasury	30	13.3
Current Bank Experience	0 – 3	41	18.2
	4 – 6	37	16.4
	13 or above	70	31.1
	10 – 12	47	20.9
	7 – 9	30	13.3
City	Gujranwala	96	42.7
	Lahore	129	57.3
Total		225	100.0

The standardized survey instrument, adapted from the literature (see table), seeks to collect data from a representative sample of banks. Besides the consideration of the contextual variables that prevail in the banking industry, this survey has been carefully designed with the objective of collecting crucial information related to moral leadership and employee work engagement.

Table 2: Measurement Scales

Constructs	Number of Items	Sources
Ethical Leadership	15 items	(Yukl et al., 2013)
Employee Work Engagement	17 items	(Salanova, Agut, & Peiró, 2005)
Moral Courage	4 items	(May, Luth, & Schwoerer, 2014)

Job	16 items	(Lee et al.,
Embeddedness		2004)

**RESULTS AND DISCUSSION**

This study used the partial least squares (PLS) method because of its ability to manage complex interrelationships between variables and provide accurate results. It assists in formulating theories and applying them in real-world situations. In the first step, measurement model testing is performed, and in the next step, structural model testing is performed. In measurement model testing, after measuring construct reliability and validity, it was found that all indicators have item loadings more than 0.6, composite reliability, and Analysis of variance of all constructs are also satisfactory.

Table 3: Construct Reliability and Validity

Constructs	Indicator Reliability (Loading)	Cronbach's Alpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)	AVE
Employee Engagement		0.974	0.976	0.977	0.795
Q1	0.939				
Q2	0.928				
Q3	0.902				
Q4	0.830				
Q5	0.902				
Q6	0.931				
Q7	0.931				
Q8	0.947				
Q9	0.767				
Q10	0.899				
Q11	0.813				
Ethical Leadership		0.979	0.980	0.982	0.816
Q1	0.948				
Q2	0.897				
Q3	0.944				
Q4	0.924				
Q5	0.809				
Q6	0.918				
Q7	0.928				
Q8	0.885				
Q9	0.810				
Q10	0.930				
Q11	0.911				
Q12	0.923				
Job Embeddedness		0.976	0.980	0.979	0.812
Q1	0.837				

Q2	0.927			
Q3	0.874			
Q4	0.941			
Q5	0.938			
Q6	0.924			
Q7	0.917			
Q8	0.726			
Q9	0.913			
Q10	0.936			
Q11	0.955			
Moral Courage	0.872	1.049	0.876	0.645
Q1	0.897			
Q2	0.940			
Q3	0.695			
Q4	0.637			

For the purpose of discriminant validity, HTMT ratio was calculated which was found to be satisfactory as all construct HTMT ratio was below 0.5.

Table 4: Discriminant Validity

Discriminant Validity	Employee Engagement	Ethical Leadership	Job Embeddedness	Moral Courage
Employee Engagement				
Ethical Leadership	0.457			
Job Embeddedness	0.319	0.57		
Moral Courage	0.219	0.230	0.214	
Job Embeddedness x Ethical Leadership	0.614	0.633	0.602	0.157

**Structural Model Testing**

The structural model path coefficient depicts the relationship between outcomes and constructs, as well as the prediction of outcomes. The relationship is significant if the t-statistic with one tail is equal to or greater than 1.65 (significance level = 5%).

Table 5: Structural Model Testing

Structural Model Testing	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
Ethical Leadership -> Employee Engagement	0.564	0.567	0.055	10.267	0.000
Ethical Leadership -> Moral Courage -> Employee Engagement	-0.017	-0.017	0.015	1.113	0.133

Job Embeddedness x Ethical Leadership -> Employee Engagement	-0.001	-0.001	0.016	0.060	0.476
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The t value indicates that ethical leadership has a positive impact on employee work engagement. However, moral courage does not mediate significantly between ethical leadership and employee work engagement. Moreover, the job embeddedness’s moderating effect is insignificant, causing the rejection of the related hypothesis. In both cases, the t-values are less than 1.65. The R2 of employee engagement, which was found to be very powerful, has a value of 0.949. The change in R2 is not reported because of the moderator, as the moderation is not significant.

Table 6: Hypotheses Result

Sr. No.	Hypothesis	Results
1	Ethical leadership has a positive impact on employee work engagement	Accepted
2	Moral courage mediates the relationship between ethical leadership and employee work engagement.	Rejected
3	Job embeddedness moderates the relationship between ethical leadership and employee work engagement.	Rejected

**Discussion**

The findings of this study provide strong support for the direct influence of ethical leadership on employee engagement. More importantly, the results reveal that ethical leadership operates as a self-sufficient mechanism, independent of commonly proposed mediating and moderating variables. This suggests that employees respond directly to ethical leadership behaviors through increased trust, fairness perceptions, and psychological safety, as explained by Social Exchange Theory. Ethical leadership fosters trust and cultivates a supportive environment that encourages employees to contribute actively, thereby increasing engagement (Islam et al., 2024).

Contrary to prevailing assumptions in leadership literature, the mediating role of moral courage and the moderating role of job embeddedness were not supported. Rather than indicating model weakness, these findings suggest that ethical leadership may exert a more fundamental and direct impact on employee engagement, reducing the necessity for additional explanatory mechanisms.

Prior research supports this outcome, suggesting that moral courage is influenced by broader environmental and contextual factors, not just ethical behaviour alone (Askew, 2022). Ethical leaders often inspire and engage their teams directly through their behaviour and communication (Nemr & Liu, 2024), minimizing the need for additional mediating factors. The rejection of H2 may also be due to the absence of psychological or cultural variability, aligning this finding with earlier studies.

Additionally, ethical leadership creates a culture that encourages employee participation and engagement. Workers are likely to form closer relations with leaders who are honest, motivated, and behave justly. They don't need a middleman to reach them because of their profession (Jami et al., 2023). In addition, past studies have shown that job embeddedness acts as a mediating variable, not a moderating variable, in the link between employee engagement and ethical leadership positions (Khattak et al., 2022).

It also shows how ethical leadership affects the workplace culture through behavior and encouragement that gives leaders to their subordinates, resulting in positive results, which have a positive impact on employees' job engagement (Islam et al., 2024).

These findings challenge the growing tendency in organizational research to overcomplicate leadership models through multiple mediators and moderators. Instead, this study supports a more parsimonious approach, emphasizing the direct and robust role of ethical leadership in shaping employee outcomes.

**CONCLUSIONS**

This study examined the relationship between ethical leadership and employee engagement by incorporating moral courage as a mediator and job embeddedness as a moderator within the banking sector. The findings provide clear evidence that ethical leadership significantly enhances employee engagement and, more importantly, operates as a self-sufficient and direct driver of this outcome. Contrary to prevailing assumptions in leadership research, the mediating role of moral courage and the moderating role of job embeddedness were not supported.

These results offer important theoretical implications by challenging the dominant trend of relying on complex mediation and moderation frameworks to explain leadership outcomes. Instead, this study demonstrates that ethical leadership alone can foster employee engagement through fundamental mechanisms such as trust, fairness, and psychological safety, as suggested by Social Exchange Theory. This highlights the need for a more parsimonious and direct understanding of leadership effectiveness in organizational settings.

From a contextual perspective, the study contributes to the literature by providing empirical evidence from the banking sector in an emerging economy, where ethical leadership plays a critical role in shaping employee attitudes and behaviors. The findings suggest that organizations may not always require additional psychological or contextual conditions to enhance engagement, as ethical leadership itself serves as a strong and reliable predictor.

Overall, this study advances organizational analysis by simplifying the ethical leadership–engagement relationship and demonstrating that leadership effectiveness can be understood through more direct and robust mechanisms. Future research should further explore the boundary conditions under which leadership effects remain direct or become contingent, thereby refining theoretical models in leadership and organizational behavior.

### **PRACTICAL IMPLICATIONS**

Organizations should prioritize developing ethical leadership behaviors rather than relying solely on complex HR interventions, as ethical leadership itself can directly enhance employee engagement. This study provides business strategies for the banking sector to follow ethical leadership training in their staff and offers workshops and different programs that highlight moral courage and how these build a strong environment in the workplace, and as a result, they increase engagement between employees. The banking industry should also prefer different career growth opportunities, and give rewards that embed employees with their organizations, and they also cause work-life balance and decrease the job turnover ratio.

Moreover, ethical leadership itself works as a major component for banking organizations because a leader with the qualities of fairness supports their subordinates in difficult times and provides a suitable environment that automatically makes employees feel satisfied and connected with their workplace (Islam et al., 2024). The banking industry should promote ethical training to its colleagues and supervisors, encourage leaders to give fair practice in their roles, and give some rewards. As a supervisor or position leader, a person should value other subordinates' opinions, in any action or decision they behave ethically, avoid favoritism in matters, and fulfill all their commitment.

### **Limitations and future Research**

The limitation of the study is that the research data were collected from only the banking sector of Pakistan. The study was not applied to other sectors that expand its broader viewpoints, which can strengthen the generalizability. Secondly, another limitation is that this study used cross-sectional data that generated limited findings about variables in each other relationships. Additionally, in future research, other constructs similar to job embeddedness and moral courage could be studied. Future studies might be explored with additional factors like the relationship between ethical leadership and employee work engagement, with other mediators and moderator roles, and examine how ethical behavior, psychological, and emotional intelligence factors have created the effect on these relationships.

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