

**THE PERCEIVED RELATIONSHIP BETWEEN ETHICAL LEADERSHIP  
AND EMPLOYEE PERFORMANCE AT  
KENYA PORTS AUTHORITY**

**GRACE TANUI**

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**DECLARATION**

This research project is my original work and has never been submitted for examination to any other University.

**Signature..... Date.....**

**GRACE TANUI**

**D61/77193/2015**

This project has been submitted with my authority as the university supervisor.

**Signature..... Date.....**

**MR.DUNCAN OCHORO**

**LECTURER,**

**SCHOOL OF BUSINESS,**

**UNIVERSITY OF NAIROBI.**

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## **DEDICATION**

This project is devoted to my husband Leonard Terer, Children Kipchirchir, Jelagat, Chepkoech and Kimutai including my mum Annah Tele Tanui for being there for me during my times of need.

## **ABSTRACT**

Ethical leadership is a critical component in ensuring that employees uphold ethical values, this shapes the motivation and effects of their performance. The study was set out to determine the perceived linkage between ethical leadership and performance of employees at Kenya Ports Authority. The study adopted a descriptive survey. The study was conducted in all the 32 departments of Kenya Ports Authority. The population for the study was 4800 which was 75% of the total population. The remaining employees (25%) were in leadership positions. The respondents consisted of 10 employees in each of the 32 departments which constituted a total population of 32 employees after taking a sample of 10%. The study used primary data which was collected using questionnaires. The data collected was analyzed by use of descriptive statistics and inferential statistics. It was concluded that leaders upheld principles of ethics and standards by setting good examples, setting-up a department to handle complaints in matters of ethics and integrity, interpreting codes of ethics, setting-up committees to continuously assess the employees conduct and behaviors and taking appropriate actions to those found capable of engaging in unethical behaviors. The correlation results found that ethical leadership influenced the performance of the employees in the work place. Fairness, justice and equal opportunities motivated employees; this encouraged them to work harder contributing to improved performance. On the contrary, employees were discouraged by unethical acts of their leaders, nepotism, discrimination and lack of equal opportunities. This discouraged them to work hard hence impacted negatively on employees' performance. It is recommended that the government should formulate policies that ensure that parastatals and public bodies comply and abide with ethical values and principles. This will improve the conduct and behaviors of employees that work in the public

sector and cultivate a culture of integrity, transparency and accountability. Cost and time limited this study at Kenya Ports Authority, this implies that the results in this study are only applicable to this institution and cannot be duplicated in the public sector. A replica of this study should be conducted in the private sector in Kenya to determine whether the results obtained in this study will hold. This will give more acumen to draw a conclusion that might be considered to be reliable and accurate for this study.

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

The business community has implemented changes which has seen many organizations review their strategic plans by coming up with directions that can assist in imitating the foundations of ethical leaderships to achieve efficiency and overall corporate goals. Ethical leadership depicts an organizational culture, mission, values, leadership, and culture whose basic objective is to lead the organization by the use of the right value system to influence how their employees behave and interact in the organizations. Ethical values must be cultivated from the top. Leaders are required to set the ethical culture by setting moral example for their followers' for instance formal ethical codes and ethical training (Piccolo and Greenbaum, 2010). Leaders play an important role in determining the outcome and the goals of an organization as well as influencing the behavior of their employees through promotion, appraisal and strategies (Brown and Mitchell, 2013).

The study will be anchored on three theories namely Expectancy, Contingency and Two-Factor. Expectancy Theory was pioneered by Vroom (1960), this theory focused on personalized rational choices which employees make in their effort to work towards achieving rewards. Contingency Theory postulate that there is no best way of organizing, leading and making decisions in an organization. Instead, the best way forward depends on internal and external situation. A contingent leader should apply a leadership style that matches a given situation. Two-Factor Theory indicates that satisfaction and dissatisfaction in employment depend on each other, hence the employer should satisfy both low order and high needs (Hyun, 2009).

Kenya Ports Authority (KPA) is one of the government parastatals which is charged with the responsibility of enhancing global maritime trade by providing quality services at the port .Ethical leadership plays a critical role in shaping the ethical behaviors and conduct of employees, to uphold ethics,therefore KPA requires ethical leadership that can ensure that the employees observe and uphold ethical behaviors in execution of their roles (Mwakera& Mathias, 2016).

### **1.1.1 Concept of Ethical Leadership**

Several scholars have come up with different definition for the term leadership. Leadership is defined by Nelson (2012) as the processes, steps, and procedures that directs and guide the employees' behavior in their place of work of. According to Armstrong (2012), leadership is the power to influence other people so that they can voluntarily carry themselves in a given manner oriented to achieve a certain task. Northouse (2010) explains that leadership is a process where people are mobilized by an individual to pursue a common objective as a team. Kodish (2012) indicates that it is a requirement for leaders to be ethically firm and strong for them to be successful in leadership. Oates and Dalmau (2013) indicate that ethics in leadership is one of the key components that stakeholders of a firm should have in order to achieve the main goal of a firm without breaching the set standards of practice in the organization. They combine the goals of the firm with those of workers and external parties.Brown (2014) argues that ethical leadership in an organization is demonstrated by treating employees fairly and upholding high ethical standards and integrity. Ethical leadership has been defined as the demonstration of proper behavior by individual's relationships with other people, and the enhancement of good ethics to the workers through reinforcement and good communication. This implies that leaders ought to be

a morally upright individuals. It further states that ethical leaders should uphold high ethical standards in the process of pursuing corporate goals in management.

According to Brown and Trevino (2013), ethical leadership promotes ethical behavior by leading by examples in their management practices as well as holding employees accountable to their mistakes. Ethical leaders are people who carry themselves in a way that society, organizations, and individuals refers to as good. Their traits are for instance fairness and trustworthiness. Such leaders are full of justice and make balanced decisions having considered them from an ethical dimension. High moral principles act as a guide in their behaviors, values, and beliefs. Ethical leaders have a vision that is developed from good moral values and beliefs. Piccolo et al. (2010) notes that ethical leadership comprises of three fundamental attributes such as similarity among itself and other ideals such as communication visionary in recognizing itself and the present situation, , and the realization of goals.

### **1.1.2 Employee Performance**

Performance is a multidimensional concept which plays an important role in determining organizational success. Prasetya and Kato (2011) indicate that performance is the ability to achieve an outcome by the use of the employees' skills. According to Pattanayak (2011), employee performance is determined by an observable and measurable outcome of his or her action in a given measurable task. Employee performance includes individuals' contribution in the achievement of an organizational goals. Employee performance is measured using given standards of behavior that are put in place to assist in the achievement of a given objective following the employees input. This implies that employee's performance is a behavior which comprises of an employee's observable actions or mental actions or

products like decisions that contribute to given product in an organizational in form of accomplishment of goals.

Employee performance involves achieving organizational goals in a more effective and efficient way. To perform, the conduct of employees has to be well aligned with organizational goals and objectives. Mullins and Gankar (2010) explains that job performance is an activity in which employees are able to execute tasks which are assigned to them successfully. Performance of the employees' in the work place is critical in the realization of organizational goals, it determines the outcome of the organization and its success based on the input of each employee.

Performance of employees consists of all aspects that directly or indirectly relate and affect the work of employees. It is measured through comparison between the actual performances achieved within a limited time against the performance standards set by the managers to the employees. The activities of the employees and their outcomes should match the organizational set goals and objectives while specifying the activities and outcomes that will lead the firm to successfully implement its strategy. Armstrong (2012) notes that the Key performance indicators to measure the performance of employees in the work place include employee turnover, efficiency, achieving set targets and quality services among others. There are factors that enhance the productivity of workers in the work place for example remuneration, employees benefits, bonuses, conducive working environment, a good relationship between the employees and the management. Motivated employees perform better as compared to demotivated employees.

### **1.1.3 Kenya Ports Authority**

Kenya Ports Authority (KPA) is a parastatal established in 1978 through an Act of Parliament (KPA Act Cap 391 of the laws of Kenya) and is identified as a Commercial State Corporation. It's mandated to regulate, improve, develop, and maintain seaports scheduled along the coastline of Kenya that include Kilindini Harbor at Mombasa, Malindi, Kilifi, Mtwapa, Lamu, Kiungo, Shimoni, Vanga and Funzi. The institution's is guided by a vision "world class seaports of choice" and a mission to "facilitate and promote global maritime trade through provision of competitive port services". The main laws that regulate the industry include the following Acts, Kenya Maritime, Merchant Shipping and East African Customs Management, National Transport Policy, Harbor regulations and Port Community Charter (Business Daily Reporter, 2016).

The port of Mombasa is a key infrastructure in East Africa and a critical Transport Centre for the region. Its transformation has been cited as one of the areas which will drive regional economic growth and the Port of Mombasa serves a broad agricultural and natural resource-rich locality which comprises of Eastern Democratic Republic of Congo, Uganda, Ethiopia, North Eastern Tanzania, Rwanda, Burundi, and South Sudan which will enhance connectivity in regional trade.

KPA has an ethical code that guides the employees' behavior and actions in the work place in particular upholding ethical morals and values. Presently, KPA has been labeled with ethical claims following the departure of the former MD over claims of facilitating tax evasion and smuggling. Other ports officials who were dismissed include general managers for Operations, Legal services, Corporate services and Head of security services.

The current KPA Managing Director Ms. Catherine Mturi-Wairi is expected to uphold ethical and integrity issues to restore public confidence and trust to the institution (Kangethe, 2016).

## **1.2 Research Problem**

Leadership is a critical factor in every organization as far as the performance of employees is concerned. Employees perform in different ways under various leadership, however, this has been a bone of contention among scholars Wang (2012) indicates that leadership has a significant influence on the employees' performance. Every organization is aspiring to enhance its employees performance especially at this time when there is rising challenges to do with unethical behaviors in employees s (Oates et al., 2013).

The Public Sector in Kenya has faced numerous claims and criticisms as a result of poor leadership and bad governance which has contributed to wastages, inefficiencies, poor service delivery and poor performance. Kenya Ports Authority being a statutory body has been leveled by a host of challenges and unethical practices that led to the dismissal of its former Managing director. On account of a similar case, the new managing director had indicated that several staff of KPA will be charged in connection to the loss of cargo at the Port (Mwakera & Mathias, 2016).

Ethical leadership has been a subject of conceptual and empirical discussion: Mayer and Salvador (2009) studied the effect of executive ethical leadership and performance- the study found a positive link between ethical leadership and employee's performances. Brown and Trevino (2013) depicts that ethical leadership influences several important employee outcomes for example cost of penalties, efficiency and improved motivation.

Mwaponda (2009) concluded that compliance of ethical standards was essential in achieving corporate goals. Piccolo et al. (2010) found the existence of a positive relationship between ethical leadership and workers efforts. Walumbwa and Schaubroeck (2009) argued that the attitude of ethical leadership had positive connections to enhanced employees psychological safety. Onyango (2012) found that leaders had an influence on employees' ethical behavior. Nthini (2013) found that effective strategic leadership influenced organizational performance. Mbithi (2014) showed that employee outcomes link transformational leadership and performance while organizational traits showed mixed results.

Limited emphasis was been given on the relationship between ethical leadership and worker's performance. This study therefore aimed at closing this gap by finding an answer to the question: what is the perceived relationship between ethical leadership and employee's performance at Kenya Ports Authority in Kenya?

### **1.3 Research Objective**

The research aimed at determining the perceived link between ethical leadership and the performance of employees at the Kenya Ports Authority in Kenya.

### **1.4 Value of the Study**

This study will be of value to the management of Kenya Ports Authority as it will enhance their understanding on the significance of ethical leadership and its contribution to improved employee performance. The public and the private sector will also benefit from this study since they will learn some of the best ethical leadership practices that they can adopt to achieve their corporate goals. Policy makers, Government of Kenya (GoK) might use the study findings to formulate

policies that will ensure state corporations practice ethical leaderships as a tool to enhance employees' performance.

Students will learn and understand the theories that support this study and how they relate to the study variables, ethical leadership and employees performance.

Researchers who are interested in this field of study might use the findings of the study to carry out further research.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The chapter comprises of the following subheadings, the theoretical foundation of the study, functions of ethical leaders, dimensions of ethical leadership and the influence of ethical leadership on employee performance.

#### **2.2 Theoretical Foundation**

This section put across the theories used to show the relationship between ethics in leadership and the performance of workers. These include Expectancy Theory, Contingency Theory and Two-Factor theory. This is intended to broaden the reader's understanding on the various aspects of the theories and their contribution towards employee performance.

##### **2.2.1 The Expectancy Theory**

The Expectancy Theory was pioneered by Vroom (1960); this theory focuses on personalized rational choices which employees make in their effort to work towards achieving rewards. Expectancy can be defined as 'subjective probability' that one leads to another. Individual perception is therefore an important component of Expectancy Theory (Stone and Henry, 2003)

This theory creates an environment where there is no meritocracy which might impact negatively on the employees' performance. Unethical employees tend to get motivated and comfortable working in an organization where leaders are unethical. Such employees lack values and norms and wouldn't mind if they got a promotion which they have not earned. Employees are motivated to work harder if they believe that their hard work will earn them rewards however, they get demotivated if they

know that their hard work will not be rewarded (Subba, 2000). Porter and Lawler (1971) attempts to try to relate efforts, performance, reward and satisfaction. Porter acknowledges that performance can be measured using the outcome of the employee, it depends not just upon effort but the personal traits and abilities possessed by an employees as well as their perception. Rewards are expected outcomes that might be intrinsic (inherent) within the employees for example a feeling of achievement or extrinsic which is given by someone else for example a good salary and working conditions. Porter and Lawler contend that intrinsic rewards are likely to induce a positive attitude and enhance satisfaction that leads to improved performance. Satisfaction is as a result of the extent to which actual rewards are met, fall short or exceed employee expectation (perceived quality). An employee who is dissatisfied might produce acceptable levels of outputs but poor performance is unlikely to contribute to satisfaction (Droar, 2006).

### **2.2.2 Contingency Theory**

This theory has been described in the work of Fiedler (1964). Contingency theory posits that there is no best way of organizing, leading and making decisions in an organization. Instead, the highest course of action highly dependon the internal and external factors. A contingent leader should apply a leadership style that matches a given situation.

This therefore implies that leaders should be dynamic and flexible in order to deal with various dynamics and changes in the environment; this creates a platform to deal with unique issues that may have a negative effect on the performance of the organization. The proponents of this theory, Vroom and Jago (1995) has advanced two types of behavior which have been proved to be effective, they include consideration leadership behaviours and structure leader behaviors. Consideration

leader behavior involves building a good rapport and establishing interpersonal relationships with the employees while showing them support and concern. Initiating structure leader behaviors which provide a structure entails role assignment, planning, scheduling to ensure that the tasks are completed and goals are achieved.

Morgan (2007) posits that organizations have open systems that require a management that is effective to fulfill and balance internal requirements as well as adapt to the nature of the environment. The most appropriate way to manage the organization is dependent on the nature of tasks at hand. In line with this study, the adoption of ethical leadership can be appropriate in the organization where ethical codes and guidelines have been ignored in order to uphold ethical values and morals that can nurture ethically responsible employees' who can contribute effectively towards employee performance.

Lutans (2011) contends that different situations calls for different methods to resolve any issues at hand. In an organization where the ethical codes are violated, ethical form of leadership would be the most appropriate approach to effectively deal with such kind of a situation. Every situation is unique; leaders should adopt a management approach that specifically suites the needs of a given situation. It is worth to note that the dynamics in customer demands for commodities, changes in government policies and environmental changes must be considered while deciding on the kind of leadership that best suites a given situation.

### **2.2.3 Two-Factor Theory/ Herzberg's Motivation-Hygiene Theory/ Dual-Factor Theory**

The Two-Factor theory was developed by Herzberg in 1964. The theory postulates that in employment, there are different number of factors that contribute to

employees' satisfaction and dissatisfaction. These are independent factors that do not relate to each other at all. Therefore, employment satisfaction and dissatisfaction are completely independent of each other.

Workers are not satisfied when their employers simply meet their lower-order needs without taking care of the rest of their needs. The lower-order needs are those one associated with good working conditions or a minimum salary. The employees are satisfied and highly motivated when their employer is able to meet the high-level psychological needs that are concerned with advancement, recognition, responsibility, achievement, and the nature of work. The theory argues for the management to enhance the attitude of their employees as well as their productivity, then they should be able to meet the two features without assuming that attending to job satisfaction factors will result in a decrease of job dissatisfaction factor.

The theory further holds that job's characteristics that are related to the output of an individual can lead to the satisfaction of the individual's needs like status, self-actualization, personal worth, competency, and achievement. However, lack of the aforementioned work satisfying factors does not result in outright dissatisfaction. Instead, dissatisfaction arises from poor assessment of job related factors such the salaries, employees' interpersonal relationships, companies' policies, and the environment at the working place. If the firm is concerned with both, the managers should then focus on both sets of job factors (Hyun, 2009).

Schultz and Schultz (2010) posit that two-factor theory differentiates between the motivators and the hygiene factors. The motivators are factors that give optimistic content that come from job's intrinsic conditions such as achievements, recognition, as well as personal growth. The hygiene related factors have no positive contentment or enhance the level of motivation even though dissatisfaction is a result of their absence. They include extrinsic factors the work itself such as supervisory practices, company policies and wages (salary).

In this study, the way an organization can minimize discontent is by ensuring that the leadership in place upholds ethical codes and norms. Motivation factors are required to motivate the employee to improve his or her performance. In view of this study, leaders play a critical role in contributing towards employee performance; ethical leadership is an approach that can be espoused to motivate the employees to be responsible and create an enabling environment for job satisfaction this will impact positively on the employee performance (Schultz et al., 2010).

### **2.3 The Functions of Ethical Leaders**

The core functions of ethics in leadership in an organization are to construct value paradigms which influence the employees. The effectiveness of the value principles in ethics depends on the capability of the leader to come up with an ethical maturity strategic component to influence the employees in order to enable them to pursue efficiency and success in the firm. However, according to Buble (2012), organizations worldwide have a disconnection between the beliefs of their leaders and their actions. The disconnection arises from a misalignment of an organizations decision making process. Al-Sharafi and Rajiani (2013) indicates that lack of trust between leaders and employees is one of the key component that result in an ethical dilemma at the work

places. It mostly occurs when the leaders at the work place does not lead by example. Employees are left at an ethical dilemma.

. In view of this, it is the responsibility of ethical leadership to bridge this gap by ensuring that they live up to what they say by setting good examples to their employees. Leaders should conduct themselves in a consistent manner; adopt a moral way of being and proper actions. Stacey (2013) recommends certain specific strategies meant to boost the trust between organization's leaders and the employees that should be given priority in the workplace. These strategies should aim at meeting the functional value and should question the judgment of the leaders through considering other perspectives but they should not only be emotional aspect of the firm. It is worth noting that organizational demand value pretext is defined through the right actions. In so doing the leader can effectively make out the effects of a decision by evaluating the relevant factors and arriving at the ethical dilemma successfully.

This enables the leaders to effectively address the ethical dilemmas putting in place the necessary structures to avoid problems, biases and situational pressures. Ethics should be founded on good morals, in respect to this, Al-sharafi & Rajjani (2013) notes that employees are meant to learn as much as possible from how their leaders carries themselves in the work place

The duty of ethical leaders is to make employees embrace the organization's values by strengthening relationships to enhance harmony. This will enable the organization to realize its set goals through creating platforms where the leaders and the employees can engage in mutual relationships that are beneficial to the organization. A healthy mutual relationship between the employer and the employees under the practice of

ethical leadership results in sustainable growth of an organization and good returns on investment.

#### **2.4 Dimensions of Ethical Leadership**

This section provides a discussion of the dimensions of ethical leadership. The dimensions of ethical leadership are as follows; morality, rewards, sanctions or punishment, balanced processing, and moral sensitivity. Gardner, Avolio and Luthans (2011) define balanced processing as analyzing data and facts objectively, including external data and self-inferential data. The concept requires leaders in an organization not to distort or ignore information but analyze all the information collected in an objective manner to arrive at a good decision. This enables the leaders to make correct judgments and accurate judgments that are free of personal bias that would not result from attempts to defend their mistakes, exalt themselves, intimidate others, or protect themselves. When applied to the performance of employees, leaders should be aware of the impacts of their behaviors on the value system of an organization and should surpass personal misconception to make a good decision out of the varying situations demanding their attention (that is, beyond personal stereotypes).

The other dimension of ethical leadership is moral perspective, it advocates that immoral and unethical leadership should not be tolerated at all. By so doing, the leaders are expected to lead by examples and implement moral values by setting the right direction. The leaders can be able to explain to their employees the input of each and every one of them towards achieving key organizational goals (De Hoogh and Den Hartog, 2010). Luthans and Avolio (2012) indicate that the kind of behavior requires deep thinking and associated actions which according to Lunday and Barry (2014) are key towards decision making influenced by ethical guidelines. Ethical

leaders should have high standards of morality to make rational decisions when confronted by ethical issues.

Ethical leadership is also concerned with rewards for good performance and punishment for failure to uphold working ethics. It is the third dimension of ethical leadership. Lasthuizen (2008) asserts that moral leaders always recognize good employees and punish immoral ones. This is intended to ensure that the employees abide by the moral standards and understands the implications of immoral behavior and conduct. Good moral behaviors should be recognized and rewarded to encourage the others to uphold such morals and conform to ethical standards and values. When an employee is punished for behaving unethically, such an employee might avoid engaging in similar behavior in future. An organization that engages in ethical business dealings has less penalties and fines and thus enjoys the freedom of accountability.

Sadler (2014) defines moral sensitivity as the likelihood of a person to identify moral implication in every aspect of an issue. Persons who are able to engage in moral reasoning, should be conscious to any moral implications as well. Moral sensitivity concerns foreseeing reactions, comprehending the causes and the consequence of the series of events and how the parties involved would be affected. It requires a lot of understanding in order to be aware of the moral issues that are involved in a given situation. Therefore, the recognition of rules, moral principles, and guidelines is critical for an individual to make an ethical decision which determines an employees' performance (Abiodun and Siddiq, 2013). When a leader is conscious of a matter that violates a moral code at the work place, it shows that he or she is morally sensitive in the context of such a situation.

## **2.5 The Relationship between Ethical Leadership and Employee Performance**

Employee performance is dependent on many factors such as character which is intended to achieve outcomes that has a major connection to the set organizational objectives. Bello (2012) indicated that the productivity of the employees can be enhanced if they are led by leaders who are morally correct. Detert & Andiappan (2011) found that an efficient leadership enable the employees to discover their talents while improving their skills and hence make relevant contribution towards organizational success.

Brown and Trevino (2013) indicated that ethical leadership put more emphasis on fair treatment, shared values and integrity as essential drivers that unite the employees in the same direction. Ethical leaders stimulate their employees to be proud and commit themselves strongly to an organization, this shapes the manner in which the employees perceive their work. Leaders that espouse ethical values and principles cascade to lower level employees this is because most of them are easily attracted by a form of leadership of mutual respect. Ethical leadership impacts positively on key employee outcomes.

Piccolo and Greenbaum (2010) indicates that ethical leadership and employee's efforts are positively related. Leaders that demonstrate ethical leadership are as source of hope and encouragement to their employees to work harder and perform better. Walumbwa and Schaubroeck (2009) contend that employees feel safe and motivated when they are in organization where leaders have ethical values and principles.

Ethical leaders are key pillars in instilling moral values and providing guidance to the employees to cope with the organizational culture that shapes their behavior and actions. This creates a platform where employees can exploit their full potential in working towards the set targets and goals and thus contribute to improved employee

performance. Ethical leaders lead the organization in the right direction and save the organization huge costs from fines and penalties and other unethical practices that might expose the organization to losses. In so doing, the leaders motivate employees to be responsible citizens and to be morally upright in order to protect them and keep them safe from incidences that might affect their productivity and efficiency in the work place (Piccolo et al., 2010).

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the research methodology that was used in conducting the study. It consists of the following subheadings; the research design, population of the study, sampling, data collection and data analysis.

#### **3.2 Research Design**

The study adopted a descriptive survey. Patricia and Nandhini (2013) contend that a descriptive survey is appropriate in providing a clear explanation of the traits of a population or a situation being investigated. A descriptive survey allowed the researcher to describe specific behavior as they occurred in the environment. Descriptive research survey is best used to enhance the understanding and knowledge about the behavior and thought processes of people.

#### **3.3 Target Population**

Mugenda and Mugenda (2003), explains that the population on target should have some common features that makes easy to observe thus enabling the researcher to come up with a general observation from the results of the research. The study was conducted in all the 32 departments of Kenya Ports Authority. The population for the study was 4800 which was 75% of the total population. The remaining employees (25%) were in leadership positions and were categorized as follows: Chief Executive, Heads of Divisions, Heads of Departments, Principal Officers, and Heads of sections and Senior Managers.

### **3.4 Sampling**

The study used purposive sampling whereby respondents in each department were selected according to the researchers' discretion. Systematic was applied to pick the number of respondents in each department. Sekaran (2006) indicate that systematic sampling is a statistical that involves the selection of elements from an ordered sampling frame. The respondents consisted of 10 employees in each of the 32 departments which constituted a total population of 320 employees. This was arrived at by taking 10% of 320. This was also supported by Mugenda and Mugenda (2003) who indicated that 10% of the population was the minimum representation of the whole population.

### **3.5 Data Collection**

The study used primary data which was collected using questionnaires. The questionnaires consisted of two Sections, Part One comprised of questions on the general information about the respondents and the organization, Part Two comprised of questions on the roles of ethical leaders in the organization and perceived relationship between ethical leadership and the worker's performance. The questionnaires were dropped and picked at a later date.

### **3.6 Data Analysis**

Descriptive statistics techniques was used in analyzing the data collected since the nature of the data collected was quantitative. Descriptive statistics is a discipline that is used in describing the main features of the information collected quantitatively (Trochim, 2008). Descriptive statistics make use of mean, variance, and standard deviation. The relationship between ethics in leadership and the productivity of employees was established using Pearson Product Moment Correlation Coefficient.

Correlation analysis was helpful in bringing out the relationship between the variables. The data was presented using tables and charts.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSIONS**

#### **4.1 Introduction**

This chapter covers data analysis which was in accordance to the study's objective to establish the perceived relationship between ethics in leadership and employee performance at Kenya Ports Authority in Kenya. The study adopted quantitative approach of data analysis which included descriptive statistics that was used to analyze quantitative data. Frequencies distribution tables were used to summarize and present the data.

#### **4.2 Return Rate**

Out of 32 questionnaires distributed for the study; 30 successfully filled and returned the questionnaires. This represents a response rate of 94%. Frankfort-Nachmias et al., (2008) indicate that any response of 50% and above is considered adequate for analysis, and thus, 94% return rate, was considered to be very good.

#### **4.3 Demographics**

The study sought to establish the demographic information concerning the respondents to find out whether they were in a position to provide accurate and reliable information in accordance to the study objectives.

##### **4.3.1 Age of the Respondents**

Respondents were asked to indicate their age brackets to establish their age brackets. The output is depicted in Table 4.1

**Table 4.1 Age Bracket**

<b>Age</b>	<b>Frequency</b>	<b>Percentage</b>
20-28	2	7
29-38	5	16
39-48	17	57
49 and above	6	20
Total	30	100

**Source: Research data, (2016)**

The outcome in Table 4.1 showed that 57% of the respondents aged between 39-48, 20% of the respondents aged 49 years and above, 16% of the respondents were aged between 29-38 years while only 7% respondents between 20-28 years. Most of the respondents were aged above 30 years.

#### **4.3.2 Level of Education**

Respondents were asked to specify their level of education to find out if they understood the questions posed in the questionnaire to give accurate responses. The output is depicted in Table 4.2

**Table 4.2 Level of Education**

<b>Education</b>	<b>Frequency</b>	<b>Percentage</b>
Doctorate	-	
Masters	6	20
Degree	19	63
Diploma	5	17
Total	30	100

**Source: Research data, (2016)**

The results in Table 4.2 revealed that 63% of the respondents attained the first-degree, 20% of the respondents attained a master's degree and 17% of the respondents attained a diploma. Majority of the respondents were educated and understood questions that the researcher was seeking.

#### **4.3.3 Job Category**

Respondents were requested to indicate their job category to establish whether their roles exposed them to issues of ethical leadership and performance. The output is shown in Table 4.3.

**Table 4.3 Job Category**

<b>Job category</b>	<b>Frequency</b>	<b>Percentage</b>
Middle Management		
Junior Management	20	67
Union Staff	10	33
Total	30	100

**Source: Research data, (2016)**

The outcome in Table 4.3 found that 67% of the respondents worked in junior management while the remaining 33% worked under union staff category. This implied that majority of the respondents worked in junior management category.

#### **4.4.4 Length of Service in the Organisation**

The study determined the duration that the respondents served in the organisation. The output is depicted in Table 4.4.

**Table 4.4 Length of Service in the Organization**

	<b>Frequency</b>	<b>Percentage</b>
1-12months		
1-2 years		
2-5 years	3	10
5-8 years	15	50
Over 8 years	12	40
	30	100

**Source: Research data, (2016)**

Output in Table 4.4 showed that 50% of the respondents served between 5-8 years in the organization, 40% of the respondents served over 8 years and 10% of the respondents between 2-5 years. This implied that most of the respondents served for more than 5 years in the organization.

#### **4.4.5 Length of Service in the Present Position**

The study sought to find out the length of service of the respondents in their present positions. The output is depicted in Table 4.5.

**Table 4.5 Length of Service in the Present Position**

	<b>Frequency</b>	<b>Percentage</b>
1-12months		
1-2 years		
2-5 years	8	27
5-8 years	12	40
Over 8 years	10	33
	30	100

**Source: Research data, (2016)**

The results in Table 4.5 showed that 40% of the respondents served in their present positions for a period between 5-8 years, 33% of the respondents served in present positions for over 8 years and 27% of the respondents between 2-5 years. This meant that majority of the respondents served for more than 5 years in their present positions.

The respondents indicated that leaders' departmental heads and chairman to departmental committees spearheaded integrity issues by making decisions and ensuring that all the employees upheld ethical standards and principles. These leaders formed a committee that carried out regular audits in ensuring that ethical issues were upheld. These findings are in agreement with Buble (2012) who observed that ethical leaders were obligated to ensure that the people maintained ethical principles and standards.

The respondents outlined some of the ethical leadership practices adopted by their leaders in the organization as follows: Leaders through their committees ensure that the employees complied with ethical values that acted as a guide on how the employees were expected to conduct themselves on matters that related to ethics. The leaders did set good examples to their employees by upholding ethical practices and conducting themselves in a manner that was could be emulated by the employees. The organization has an integrity department which handled issues concerning integrity and trust. All complaints from customers and employees were handled by this office. Employees who were found culpable of engaging in unethical behaviors were reported to the management then a task force was formed to investigate the conduct and behavior of employees in the work place, the committees did investigation into the employees' behavior and appropriate action was taken upon being found guilty.

#### **4.4.6 Influence of Leaders on Ethical Behaviors of Employees in the Organization**

The study determined leaders' influence on ethical behaviors of employees in the organization. The output is presented in Table 4.6

**Table 4.6 Influence of Leaders on Ethical Behaviors of Employees in the Organization**

<b>Education</b>	<b>Frequency</b>	<b>Percentage</b>
Strongly agree	05	17
Agree	24	80
Disagree	01	03
S. Disagree	00	00
Total	30	100.0

**Source: Research data, (2016)**

The output in Table 4.6 found that 80% of the respondents agreed, 17% of the respondents strongly agreed while only 3% of the respondents disagreed that leaders influenced ethical behaviors. Majority of the respondents agreed that leaders influenced ethical behaviors of employees in the organization.

#### **4.4.7 Influence of Ethical Leadership on Employee Performance**

The respondents were requested to indicate if ethical leadership influenced employee performance. The outcome is presented in Table 4.7.

**Table 4.7 Influence of Ethical Leadership on Employee Performance**

	<b>Frequency</b>	<b>Percent</b>
Yes	28	93
No	2	7
	30	100

**Source: Research data, (2016)**

The outcome depicts that 93% of the respondents agreed that ethical leadership influenced employees' performance while only 7% of the respondents disagreed. Majority of the respondents noted that ethical leadership influenced performance because leaders led the employees in upholding ethical virtues and morals this influenced them to abide with ethical standards. The leaders explained to the employees the implications of unethical behaviors and how it would affect their work, image and the content of their character. Leaders led the employees in interpreting the code of ethics; they practiced fairness and justice in handling ethical matters, this enhanced the employees' morale and contributed positively towards job satisfaction and productivity.

#### **4.4.8 Level of Performance of Employees' in the Organization**

The respondents were asked to rate their level of performance in the organization. Results are shown in Table 4.8.

**Table 4.8 Level of Performance of Employees' in the Organization**

<b>Education</b>	<b>Frequency</b>	<b>Percentage</b>
Excellent	03	10
Good	26	87
Average	01	03
Poor	00	00
Total	30	100.0

**Source: Research data, (2016)**

The outcome in Table 4.8 showed that 87% of the respondents indicated that employees' performance in the organization was good, 10% of the respondents indicated that it was excellent and only, 3% of the respondents indicated that it was average. This implied that overall, employees' performance was good.

#### **4.5 Perceived Influence of Ethical Leadership on Employee Performance**

Pearson correlation coefficient was utilized to establish the relationship between ethical leadership and the performance employees. The outcome is presented in Table 4.9:

**Table 4.9 Pearson Correlation Coefficient**

	Employee Performance	Leaders uphold ethical measures and standards	Leaders set good examples	Interpretation of ethical codes of conduct	Leaders are transparent in their decisions	Leaders uphold fairness and equity
Employee Performance	1					
Leaders uphold ethical measures and standards	.671*	1				
Leaders set good examples	.423	.474	1			
Interpretation of ethical codes of conduct	.254	.311	.289	1		
Leaders are transparent in their decisions	-.864**	-.267	-.178	-.079	1	
Leaders uphold fairness and equity	-.769	-.392	-.053	-.092	.291	1

**Source: Research data, (2016)**

The output in Table 4.9 showed that there was a moderate correlation between leaders upholding ethical measures and employees' performance ( $R=.671$ ), a strong correlation was found to exist between leaders being transparent in decisions and employees' performance ( $.864$ ). Similarly, a strong correlation was found between leaders upholding fairness and equity and employees' performance ( $.769$ ). A weak correlation existed between leaders being able to set good examples and employees'

performance (.423), no correlation was found between interpretation of ethical codes and employees' performance (.254).

#### **4.6 Discussion and Findings**

The findings indicated that leaders upheld ethical codes by setting up a task force and ensuring that processes and procedures were executed within ethical parameters. The leaders acted as important pillars in implementing ethical practices and making sure that these practices were followed by all the employees in the organization. They motivated and encouraged the employees to conduct themselves responsibly through engaging in all important decisions and explaining to them the importance of ethical leadership.

The top management also ensured that the employees were provided with a favourable environment to motivate them to work harder and embrace ethical values as stipulated in the set rules and regulations. 93% of the respondents noted that the executive management recognized and rewarded to encourage other employees to emulate and uphold ethical morals and values. Those found guilty of unethical behaviors were punished to deter would be offenders.

The leaders were found to be instrumental influencing employees to uphold ethical behaviors and conduct in the organization. They provided the relevant support and executed their responsibilities fairly and equitably, all decisions were abiding to all and equal treatment was accorded to all the employees. A few of the respondents indicated that they could not attribute their performance from ethical leadership, they cited cases where majority of their leaders were convicted to have been implicated in unethical behaviors which discouraged them and lowered their morale to uphold ethical values and morals. These observations are in line with Luthans et al. (2012)

who found that leaders' behaviors affected the employees' performance and their willingness to maintain ethical values.

The findings revealed that there was rampant cases nepotism, discrimination and corruption that greatly affected the employees' morale and productivity and thus impacted negatively on their performance in the organization. They also pointed out there in most instances there lacked equal opportunities and meritocracy in promotions.

The findings revealed that overall performance of the employees' was impressive however; it was not attributable to ethical leadership. However, leadership highly employees' conduct and behavior which greatly influence their performance. This outcome conform to Gardner et al. (2011) who indicated that ethical leadership has a positive impact on workers' productivity.

Correlation results indicated that there is a positive relationship between ethical leadership and the output of the workers. A moderate correlation was found to exist between leaders upholding ethical measures and performance of employees' ( $R=.671$ ), transparency in decisions was found to be strongly correlated to employees' performance (.864), a strong correlation was revealed between leaders practicing fairness and equity and employees' performance (.769). These results concur with the observations by Piccolo et al. (2010) who conclude that a positive linkage existed between ethical leadership and employees' productivity.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

The chapter covers a summary of major findings and conclusion that have been drawn from the previous chapter, recommendation for the study, limitations that faced the study and areas that future researchers might consider investigating.

#### **5.2 Summary of Findings**

Going by the study objectives, it was found that ethical leadership was implemented through committees that carried out frequent audits to ensure that employees maintain ethical standards as provided by executive management. 93% of the respondents agreed that organization has an integrity office whose roles involved dealing with all manner of cases concerning ethics and integrity. These results are supported by Gardner et al. (2011) who note that the first step to deal with ethical matters is setting out a department in the organization whose functions is solely to deal with ethical matters.

The leaders engaged the employees repetitively to guide them on how to handle ethical issues, avoiding unethical behaviors and maintain good morals. This gave them an understanding of performing their roles without engaging in any acts of unethical behaviors. This observation agrees with a study by Lasthuizen (2008) who argues that leaders are vital in guiding employees on the best approaches to use in handling ethical matters.

At least 80% of the respondents noted that ethical leadership influenced employees' behaviors. Employees look up to their leaders in the manner in which they behave and how they conduct themselves in the work. Further, the outcome showed the kind of

ethical leadership practiced in an organization influenced the employees' performance to a great extent. The correlation results showed that ethical leadership enhanced employees' performance, employees were happy and satisfied to have leaders who were morally upright and responsible in their actions. These results are supported by Piccolo et al. (2010) who found the existence of a positive linkage between ethical leadership and productivity of employees.

### **5.3 Conclusion**

It was concluded that leaders upheld principles of ethics and standards by setting good examples, setting-up a department to handle complaints in matters of trust and integrity, interpreting codes of ethics, setting-up a committee to continuously assess the employees conduct and behaviors and taking appropriate actions to those found culpable of engaging in unethical behaviors.

It was also concluded that top management provided favorable environment that motivated and enabled the employees to embrace ethical values and support by applying equal treatment to all employees in terms of rewards, promotions, training and development among others.

Further conclusions indicated that overall organizational performance was to a large extent contributed by ethical leadership and to a small extent by other factors.

The correlation results found that ethical leadership influenced the performance of the employees in the work place. Fairness, justice and equal opportunities motivated employees; this encouraged them to work harder contributing to improved performance. On the contrary, employees were discouraged by unethical acts of their leaders, nepotism, discrimination and lack of equal opportunities. This discouraged them to work hard hence impacted negatively on employees' performance.

#### **5.4 Recommendations**

The government should formulate policies that ensure that parastatals and public bodies comply and abide with ethical values and principles. This will improve the conduct and behaviors of employees that work in the public sector and cultivate a culture of integrity, transparency and accountability.

Public sector should offer better remuneration and employee benefits such as bonus, fringe benefits and mortgage loans to motivate the employees to work hard and offer a favorable environment where they can comfortably exploit their skills. This will boost their motivation and impact positively on their ethical values leading to improved accountability and responsibility in their work.

The organizations should sponsor their employees to training and development programmes to educate them on the ills of unethical behaviors and its moral implications to increase their understanding of unethical behaviors. This will improve employee's understanding of unethical behavior and discourage them from engaging in such practices.

The public sector should recognize and reward ethical employees to encourage other employees to uphold ethical standards in their work. Culprits of unethical behaviors should be subjected to punishment to deter other employees who have the potential of committing such ills.

The public sector and all institutions working for the government should conduct audits regularly to ensure that the employees comply with the ethical standards to detect any intentions or efforts to violate the rules at an advanced stage. This will ensure that employees comply with the code of ethics in all their engagements at the work place.

The government should include Ethics and integrity in primary and secondary school syllabus in order to shape the children's behavior from an early age.

Organizations should include ethics and integrity in the new employee induction programmes to enable them have a deep understanding on ethical values.

### **5.5 Limitations for the Study**

Cost and time limited this study to Kenya Ports Authority, this implies that the results in this study are only applicable to this institution and cannot be duplicated in the public sector.

Pearson correlation coefficient only was used to establish the relationship between ethical leadership and the productivity of the workers. There are other inferential statistics such as regression model which is more detailed and accurate that the study did not consider adopting.

The study limited itself to a descriptive survey research design which established the conditions that existed between variables in short time period. This period was not enough to establish an accurate cause and effect relationship between ethical leadership and the performance of the workers hence the correlation results obtained in this study might not be exhaustive hence inaccurate.

Two of the respondents failed to fill and complete the questionnaires while a few did not complete filling the questionnaires. This limited the study from detailed and more relevant data that could have been used to enhance the quality of findings obtained in this study.

## **5.6 Suggested Areas for Further Research**

A replica of this study should be conducted in a different sector in Kenya such as the private sector to determine whether the results obtained in this study will hold. This will give more acumen to draw a conclusion that might be considered to be reliable and accurate for this study.

Interestingly a study should be carried out on the factors that influence employees to participate in ethical practices. Having identified these factors, the public sector and the government can utilize these findings to establish sustainable solutions to this issue.

Same study should be carried out in another parastatal body such as Kenya Revenue Authority; this will create a platform to identify best practices of ethical leadership and its contribution towards performance of employees.



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## **APPENDICES**

### **Appendix I: Letter of introduction**

Dear Participant,

My name is Grace Tanui, a student at the University of Nairobi perusing Master's Degree in Business Administration. I am carrying out a study on the Relationship between Ethical Leadership and Employee performance at Kenya Ports Authority. This study is part of the requirements for the conferment of the above mentioned degree and informative in the understanding of the theory of ethical leadership. Your voluntary participation in this study is highly appreciated. As a participant you are kindly requested to complete the study tools with the guidance of the researcher or appointed assistant. Your identity will be concealed, privacy respected and any information provided will be treated confidential for purposes of research only. You shall not be exposed to any harm by participating on the study. You are welcomed to ask any questions or seek any necessary clarifications in case of any difficulty.

Yours Sincerely

Grace Tanui;

Principal Researcher

Tel: 0711600868 email: tanuigrace9@gmail.com

## Appendix II: Questionnaire

### INSTRUCTIONS:

Kindly complete the questionnaire by ticking in the boxes provided for each question

### PART ONE: BIO- DATA

1. State your age bracket in years

20-28 ( )                      29-38 ( )

39-48 ( )                      49 and over ( )

2. What is the highest level of education attained?

Doctorate ( )                      Masters ( )

Degree ( )                      Diploma ( )

3. Indicate your job category in the organization

Middle Management ( )

Junior Management ( )

Union Staff ( )

4. How many years have you served in this organization?

1-12 months ( )

1-2 years ( )

2-5 years ( )

5-8years ( )

Over 8 years ( )

5. How long have you served in your current position organisation?

1-12 months ( )

1-2 years ( )

2-5 years ( )

5-8years ( )

Over 8 years ( )

**PART TWO: PERCEIVED RELATIONSHIP BETWEEN ETHICAL LEADERSHIP AND EMPLOYEE PERFORMANCE IN THE ORGANISATION**

6. Please explain the roles of your leaders in matters concerning ethics in your organization?

7. What are some of the ethical leadership practices adopted by your leaders in this organization?

8. Please rate the extent to which your leaders influence ethical behaviours in your organization?

Please tick as appropriate

1= Strongly agree

2= Agree

3= Disagree

4= Strongly disagree

9. Does ethical leadership influence employee performance? Yes or No

10. If yes, explain in details

11. How do you rate the levels of performance of employees in the organization?

Please tick as appropriate

1= Excellent

2= Good

3= Average

4= Poor

12. Below statements related to ethical leadership and employee performance.

Please indicate your opinion in the provided scale. (4=strongly agree, 3=agree,

2=disagree, 1=strongly disagree)

	<b>Parameters</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
1.	Leaders uphold ethical measures and standards				
2.	Leaders set good examples				
3.	Interpretation of ethical codes of conduct				
4.	The leaders are transparent and they engage the employees in all decisions				
5.	Leaders uphold fairness and equity while executing their leadership roles				

**Thank you for participating**

### Appendix III: Population and Sampling

<b>Departments</b>	<b>Total Population</b>	<b>Sampling Ratio (10%)</b>	<b>Sample Size</b>
32 Departments	320	10	32

**Source: Author, 2016**