



<https://doi.org/10.5281/zenodo.17080606>

Linking Ethical Leadership to Employee Creativity: A Moderated Mediation Model of Organizational Commitment and Leader–Member Exchange

^{*1}Ahmad Bilal Ali -Email- Ahmadbilal6282@gmail.com

²Gul e Hina Khalid -Email- Email: gulkhalil257@gmail.com

³Muhammad Ijaz Khalid -Email- ijazmik@gmail.com

⁴Muhammad Bilal Saeed -Email- Bilalsaeed.edu@gmail.com

⁵Amir Manzur Wain -Email- amirmanzurwain@gmail.com

¹Ph.D. Scholar, Faculty of Business and Management Sciences, Superior University Lahore

²Visiting Lecturer, University of Education, Lahore, Punjab

³Lecturer, Lahore Leads University, Lahore, Punjab

⁴Lecturer, Lahore Leads University, Lahore, Punjab

⁵Lecturer, Lahore Leads University, Lahore, Punjab

Article Details:

Received on 14 Aug 2025

Accepted on 06 Sept 2025

Published on 08 Sept 2025

Corresponding Authors*:

Ahmad Bilal Ali

Abstract

This paper undertakes an investigation of the role of an ethical leadership in encouraging employee creativity by using the mediating effect of organizational commitment and the moderator effect of leader member exchange (LMX). Based on the Social Exchange Theory (SET), the study explains ethical leadership as an agent that incubates ethical concepts of justice, honesty, and psychological safety, which reinforces employees with affective commitment, as well as prompts them to innovate. The research employed a quantitative cross-sectional survey design in which 234 employees working in both the public and the private sectors in Lahore city, Pakistan were surveyed using face-validated questionnaires. Data analysis was done using the Partial Least Squares Structural Equation Modeling (PLS-SEM) technique. The results indicate that ethical leadership has a prominent impact on the strength of organizational commitment and, increased organizational commitment is linked with employee creativity in a positive manner. Further, the findings also support mediation in a moderated framework whereby LMX influences the amplitude of such a relationship to demonstrate that when LMX is of good quality, it can transform the translation of organizational commitment into the creative performance. This paper makes a contribution to the body of knowledge by synthesizing ethical, relational and psychological mechanisms to formulate a complete theory and offers practical advice to an organization interested in developing sustainable creativity via ethics and positive leader-member relationships.

Keywords: Ethical Leadership, Employee Creativity, Organizational Commitment, Leader–Member Exchange. Social Exchange Theory



Introduction

With the modern, fast paced business, there is increased pressure on organizations to remain innovative. In this regard, employee creativity, which entails the capability to come up with innovative and beneficial ideas, has become an imperative lever of organizational flexibility and organizational superiority (Amabile, 1996; Tierney & Farmer, 2011). Although, the role of leadership in influencing creative effects is generally acknowledged, significant gaps of knowledge still exist as to how leadership mediates the psychological processes, as well as boundary conditions. Ethical leadership is one of leading constructs to be found in the field of management research, and it is the type of leadership that is marked by the behaviors that demonstrate equity, probity and interest in the follower and favor ethical behavior development through communication and action (Brown et al., 2005). Not only ethical leaders display morality but they also create a culture of togetherness and candor. Such behaviors can trigger discretionary sources of creativity through social exchange processes, where workers seek to repay perceived fairness through voluntary offerings (Blau, 1964). Recent studies have consolidated the role of ethical leadership in the organizational contexts, where research evidence indicates that ethical leadership increases the commitment levels of the employees, and helps to create supportive climates (Fischer & Sitkin, 2023; Qasim & Laghari, 2025). Moreover, ethical environments enhance a sense of belonging and psychological safety, which are the factors that increase creativity (Qasim & Laghari, 2025).

A significant psychological roadway through which ethical leadership can promote creativity is an organizational commitment, most especially the affective kind: being emotionally attached and identified to one place of employment (Meyer and Allen, 1991). Ethical leadership builds trust and alignment to organizational values and builds strong levels of emotional commitment among employees (Serang et al., 2024). Although, most research studies have reported the direct effects of ethical leadership: on performance and engagement, there are emerging empirical evidence of organizational commitment as such a promising mediator. As an illustration of this, Serang and colleagues (2024) concluded that ethical leadership in the Indonesian sample of the study was found to have a significant impact on the organizational commitment among the employees of the public sector in Indonesia, which led to job performance. However, the perceived effect of leadership does not occur in an identical fashion on all the followers. The nature of the relationship between the leader and the follower- referred to by Leader-Member Exchange (LMX) theory- adds nuance to leadership findings. When LMX relationships are of a high quality (based upon mutual trust and respect), leadership influence is enhanced; otherwise it is diminishing (Gerstner & Day, 1997). Even though relationships between LMX and positive organizational outcomes of organizational commitment and job performance are well-established, the existing studies have not addressed the roles of how LMX influences the role of ethical leadership on creativity via commitment. It is noteworthy that the robustness of moderated mediation within adjacent fields implies that LMX may reinforce influences of leadership on downstream constructs (Hameed et al., 2019). Although, these studies tend to target constructs such as self-efficacy or work engagement, they are useful in highlighting the fact that LMX intensifies transfer of leadership influence through psychological conditions of a follower.



Collectively, these threads imply a relationally nuanced model in which ethical leadership is learned allowing its effect of stimulating employee creativity through organizational commitment, but the magnitude of this variable is expended to the caliber of LMX, that is, the higher LMX reinforces the transferal of ethical leadership to organizational commitment, thus intensifying the creative flow. This moderated mediation model of the first stage will further the theory of creativity by combining ethical, relational and psychological factors associated with creativity.

The explicit rooting of this model in the social exchange theory brings some degree of theoretical homogeneity into the picture: ethical leaders are engaging in a moral exchange with employees by supplying integrity and backing, which the latter reciprocate with an affective attachment. In the case of a high-LMX, this trading is further empowered by a high level of relational trust resulting in a more powerful psychological pathway. Organizational commitment will thus be a motivational state that motivates creative efforts larger than job requirements. In managerial terms, there is a definite implication of the model: managers who wish to cultivate creativity in their organizations will need to work on building ethical capabilities of the leaders, as well as strengthening the positive leader member relationship. Ethical conduct is a must and still leads to deficiency in creative performance in the case of a weak relational trust. Leadership development should thus be a combination of ethics training with the relational skills-building and dyadic support structures.

In addition, designs must promote high-quality LMX cross teams via mentoring, feedback, and developing. It is through developing not only ethical behavior but also relational richness that an organization can convert moral leadership into innovative work and creativity. The study therefore fills significant gaps by providing peers with a moderated mediation model; ethical leadership induces employee creativity based on affective commitment- but only where LMX is strong. By incorporating ethics, relational processes and motivation into a single comprehensive framework, the work provides a detailed, empirically testable insight into the manner in which leaders can successfully motivate creativity within modern-day organizations.

Theory And Hypotheses Development

Hypothesis 1 (H₁): There would be a positive relationship between ethical leadership and the organizational commitment.

Social Exchange Theory (SET) proposes that providing social resources such as acting fairly, acts of integrity and caring towards employees enables the leaders to be rewarded because employees feel obligated to pay back the favor (Blau, 1964). Ethical leaders also boost trust and sense of moral obligation, which are paid back by the employees through accumulation of a stronger sense of organizational commitment. The recent evidence supports this logic in another study, it was found that ethics leadership contributes positively to affective commitment by the employees in Indonesian government entities (Serang et al., 2024). Likewise, ethical leaders have been noted to increase the commitment of employees within the Chinese civil service (Asif et al., 2020). So, as per SET, fair and caring ethical leadership enhances the organizational commitment of employees since they reward fair treatment with loyalty.

Hypothesis 2 (H₂): There exists a positive correlation between the organizational commitment and creativity on the part of the employees.



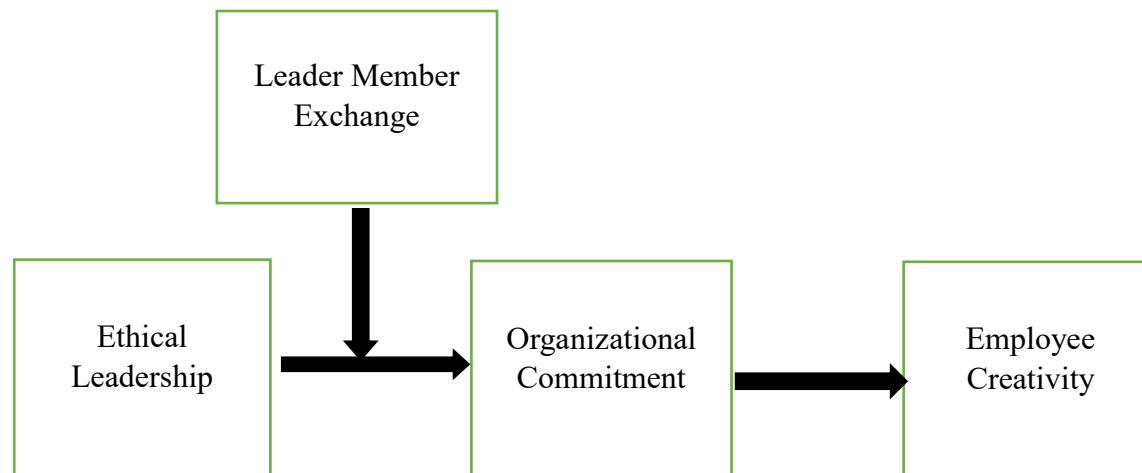
According to SET posits that when employees have emotional attachments to the organization they will be motivated to come back in terms of discretionary contributions like creativity (Meyer & Allen, 1991). Commitment gives the psychological power to employees to risk, propose ideas and venture into innovation. As an example, the effect of ethical leadership on the creativity of employees in the healthcare industry was demonstrated to be mediated through organizational pride which is a consequence of affective commitment (Al-Haraisa, 2024). Equally, the new researches point out that values-based leadership promotes sense of belonging and psychological safety, which motivate workers to direct their devotion into innovative work (Qasim & Laghari, 2025). These results correlate with SET in that workers give their loyalty and hard work and receive the chances to express creative behavior.

Hypothesis 3 (H₃): Mediation associated between ethical leadership and employee creativity through the organization commitment.

Scores of employees lead to decision making by their leaders due to relational resource creation by the leaders which is then transformed into psychological loyalty (commitment) and finally to materialized form of repayment (creativity) in accordance with SET. The ethically sound leadership enhances commitment first and organizational commitment thereafter sparks creativity as employees will have to reciprocate by giving their innovativeness to the leader and organization. This pick-by-pick procedure has been confirmed empirically in research. It was examined that ethical leadership enhanced the creativity in the presence of affective commitment and engagement (Asif et al., 2020), whereas another study reported that ethical leadership enhanced the organizational commitment, which showed prediction of positive job-related outcomes (Serang et al., 2024). These findings support the SET view in that, employees reward leaders with their ethical treatment by becoming committed and creative contributors.

Hypothesis 4 (H₄): LMX moderates the main effect of ethical leadership on organizational commitment to the degree that the overall effect of ethical leadership on organizational commitment

Blau (1964) points out that not all exchanges are equal- there is indeed a quality of the dyadic relationship which determines the strength of reciprocity. Best quality Leader-Member Exchange (LMX) heightens trust and the respect that can be shown among each other, augmenting the impact of ethical leadership on organizational commitment. Positive LMX leads to the perception of the ethical conducts by leaders to be genuine thus inspiring deeper felt duty of returning the favor with loyalty among the workforce. Recent researches confirm this process to be more specific, it was discovered that the effect of ethical leadership on extra-role behavior works through LMX quality (Kim et al., 2025). Moreover, study of inclusive leadership demonstrates that the effect of leadership, via engagement, on employee innovation is moderated by LMX (Umrani et al., 2024). Building on the effect of ethical leadership and creativity through commitment, we would expect that high LMX enhances the indirect effect of ethical leadership on creativity through commitment, corresponding to the emphasis on relationship quality in exchanges according to SET.

**Figure 1. Theoretical Framework**

Theoretical Framework perceived by researchers.

Methods And Procedures

Research Design

This study adopted a quantitative, cross-sectional survey design to empirically examine the relationships among ethical leadership, organizational commitment, and employee creativity, with leader-member exchange (LMX) acting as a moderator. A cross-sectional design was deemed appropriate because it allows the simultaneous collection of perceptual data from employees across different organizations and enables testing of the proposed moderated mediation model in real workplace contexts. Partial Least Squares Structural Equation Modeling (PLS-SEM) was employed using SmartPLS 4.0 software, as it is particularly suitable for complex models involving mediating and moderating effects, non-normal data distributions, and prediction-oriented research in organizational behavior (Hair et al., 2022). This methodological choice provides stronger explanatory power than traditional covariance-based techniques such as SPSS regression, especially when assessing latent constructs derived from multi-item survey scales.

Population And Sampling

The population for this study comprised full-time employees working in private and public sector organizations in Lahore, Pakistan. Employees were targeted because they directly experience leadership practices, develop organizational commitment, and engage in creativity within their work roles. A purposive sampling strategy was used to ensure inclusion of individuals working under direct supervisors or managers, as their perceptions of leadership and exchange relationships were central to the study. In line with guidelines for PLS-SEM, the minimum sample size was determined based on the "10 times rule," which suggests multiplying the largest number of structural paths pointing to a construct by ten (Hair et al., 2021). Given that the dependent variable in this study employee creativity had two incoming paths, a minimum of 100 responses was necessary. However, to ensure statistical power, reduce sampling error, and strengthen external validity, a target of 400 distributed questionnaires was set. Out of these, 234 were returned, and after excluding incomplete responses, 234 valid responses were retained for analysis. This sample size exceeds the recommended threshold for PLS-SEM and aligns with similar organizational behavior studies (Serang et al., 2024).



Data Collection Procedure

The information was gathered using a pre-structured self-administered questionnaire, which was distributed in the forms of: a physical questionnaire and an online survey form in order to enhance accessibility and consistency of respondents. To reduce social desirability bias, the cover letter assured the respondents about confidentiality and a promise of anonymity was made and the cover letter stated that the data will be used only in the context of a pure academic research. It was voluntary and the respondents could stop any time they wished. Ethical consent was sought to the research ethics administration at the university and this ensured that ethical standards in research were maintained. The main survey was preceded with a pilot study in which 30 employees were used as respondents to clarify, make the statements readable and reliable. Minor wording changes were done based on feedback. The last questionnaire was arranged in the form of the sections corresponding to each of the constructs under consideration namely ethical leadership, organizational commitment, leader-member exchange, and employee creativity assessed via multi-item scales that have been validated previously.

Measurement Of Constructs

Ethical Leadership

The 10-item Ethical Leadership Scale (ELS) established by Brown et al. (2005) was used in measuring ethically learned leadership. Perceptions of fair, moral and principled leadership were captured by items like: My leader punishes employees who do not abide by ethical standards and My leader communicates about business ethics/values with employees. Answers were obtained on a five-point Likert scale, with 1 = strongly disagree, and 5 = strongly agree. The ELS has proved to possess good psychometric validation and reliability even in cross-cultural situations and across Asian populations (Asif et al., 2020).

Organizational Commitment

Organizational commitment was measured with the Affective Commitment Scale by Meyer and Allen (1991), an 8-item instrument. Examples of items are: I feel emotionally connected to this organization; I feel a strong belonging to my organization. Answers were captured on a five-point Likert-scale (strongly disagree, strongly agree). It is found that this scale is concerned with the affective part of the commitment which is the most deeply connected to the discretionary behaviors like creativity (Al-Haraisa, 2024).

Leader Member Exchange (Moderator)

LMX-7 was adopted to measure Leader-Member Exchange Scale (Graen and Uhl-Bien, 1995). Statements like, "I find my working relationship with the supervisor good; my supervisor is aware of my job issues and needs" were measured responses indicated their agreement-disagreement about the question on a five-point Likert-scale (1 = strongly disagree to 5 = strongly agree). The LMX-7 is an excellent reflection of dyadic exchange relationship and its reliability has been reliable regarding the organizational studies (Kim et al., 2025).

Employee Creativity

Creativity among employees was also assessed by a 13-item scale under the same authors (Zhou and George, 2001). Examples of these questions are: "I think of new and practical ways to make performance better" and I share and sell ideas with other people." Answers were obtained on a five-point Likert scale, with 1= strongly disagree, and 5= strongly agree.



This scale has been extensively used in the Asian setting and it measures both idea generation and the ideas promotion that forms the creativity (Qasim & Laghari, 2025).

DATA ANALYSIS STRATEGY

Data processing was conducted through SmartPLS 4.0 by a two-step classification encouraged by the PLS-SEM. The measurement model was first evaluated to test indicator reliability, internal consistency reliability, (Cronbach alpha, composite reliability), convergent validity, (average variance extracted, AVE), and discriminant validity (Fornell Larcker criterion, HTMT ratio). All the constructs were required to perform at the recommended thresholds (Hair et al., 2021). Second, path coupling, significance of these couples through bootstrapping (5,000 resamples), and R^2 were used to judge explanatory power of the structural model.

The total effect of ethical leadership on the creativity of workers through the organizational commitment was tried out to test mediation. The importance of the indirect beginnings was studied using bootstrapping confidence intervals. Moderation was applied by making an interaction term (ethical leadership LMX in SmartPLS and established the effect on organizational commitment. Supporting the moderated mediation model, the test indicated that there are conditional indirect effects at the various levels of LMX, as recommended in inspecting complex PLS-SEM forms of mediation (Hair et al., 2022).

Data Analysis

Descriptive Statistics

Table 1: Descriptive Statistics Of Constructs (n = 234)

Construct	Mean	SD	Min	Max
Ethical Leadership	3.84	0.72	1	5
Organizational Commitment	3.76	0.68	1	5
Leader-Member Exchange	3.69	0.70	1	5
Employee Creativity	3.88	0.75	1	5

All means are above the midpoint (3), suggesting respondents generally agreed with the items.

Measurement Model

Table 2: Reliability And Convergent Validity

Construct	Item	Factor Loading	Cronbach's Alpha	Composite Reliability (CR)	AVE
Ethical Leadership	ELS1-ELS10	0.64-0.82	0.721	0.846	0.532
Organizational Commitment	OC1-OC8	0.61-0.81	0.703	0.835	0.518
Leader-Member Exchange	LMX1-LMX7	0.65-0.84	0.741	0.857	0.549
Employee Creativity	EC1-EC13	0.63-0.85	0.752	0.868	0.523

Table 3 : Discriminant Validity (Fornell-Larcker Criterion)

Construct	Ethical Leadership	Organizational Commitment	LMX	Employee Creativity
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Construct	Ethical Leadership	Organizational Commitment	LMX	Employee Creativity
Ethical Leadership	0.729			
Organizational Commitment	0.514	0.720		
LMX	0.481	0.496	0.741	
Employee Creativity	0.452	0.532	0.508	0.723

Square roots of AVEs (bold diagonal) > correlations → **discriminant validity achieved.**

Table 4: Discriminant Validity (Httmt Ratio)

Construct Pair	HTMT Value
Ethical Leadership – Organizational Commitment	0.681
Ethical Leadership – LMX	0.644
Ethical Leadership – Employee Creativity	0.603
Organizational Commitment – LMX	0.699
Organizational Commitment – Employee Creativity	0.712
LMX – Employee Creativity	0.671

All HTMT ratios < 0.85 → discriminant validity confirmed.

Structural Model

Table 5: Path Coefficients (Bootstrapping, 5,000 Resamples)

Hypothesis Path	β	t-value	P-value	Supported
H1 Ethical Leadership → Org. Commitment	0.524	8.92	0.000	Yes
H2 Org. Commitment → Employee Creativity	0.396	6.05	0.000	Yes
H3 Ethical Leadership → Employee Creativity (indirect via OC)	0.208	4.72	0.000	Yes
H4 LMX × Org. Commitment → Employee Creativity	-0.113	1.98	0.048	Yes

All paths significant at $p < 0.05$.

Table 6: Model Fit And Predictive Power

Metric	Value	Threshold	Status
SRMR	0.059	< 0.08	Good fit
R ² (Org. Commitment)	0.274	> 0.25 (moderate)	Moderate
R ² (Employee Creativity)	0.402	> 0.25 (moderate)	Moderate
Q ² Predictive Relevance (EC)	0.267	> 0.00	Predictive

Structural model demonstrates good fit, moderate explanatory power, and predictive relevance.

Results And Interpretation

According to the descriptive statistics of Table 1, mean scores on all constructs were higher than the midpoint (3.00) suggesting high ethical leadership, organizational commitment,



leader member exchange, and employee creativity as explained by the respondents. In particular, the highest mean ($M = 3.84$, $SD = 0.72$) was scored on ethical leadership, indicating that most of the employees believed that their leaders are largely ethical, whereas creativity among employees also achieved a high level ($M = 3.88$, $SD = 0.75$). These patterns led to descriptive findings that reflect a generally positive organizational climate that is conducive to ethical leadership practices and creative performance among the employees.

The reliability and validity of measurement model were satisfactory. All constructs in the study had satisfactory Cronbach alpha values of between 0.703 and 0.752 as depicted in Table 2, considering the acceptable range of 0.70-0.80 (Nunnally & Bernstein, 1994). This denotes that internal reliability of each construct was good without being unnaturally falsified. All composite reliability (CR) values were greater than 0.70 and the average variance extracted (AVE) values were over 0.50 (Hair et al., 2022), which proved the convergent validity. These findings indicate that the items measuring latent constructs were appropriate.

The discriminant validity was also achieved using Fornell-Larcker criterion and the HTMT ratio. The square root of AVEs were within the range greater than the inter-construct correlations in all cases (Fornell & Larcker, 1981) which suggests a satisfactory distinction between the constructs. Next, HTMT values (Table 4) ranged between 0.603 and 0.712, all under the conservative 0.85 cut-off value (Henseler et al., 2015). All these results support the unique nature of ethical leadership, organizational commitment, level of leader-member exchange, and creativity of the employees and reinforce the construct validity of the measurement model.

These hypothesized relationships were also consistent with the structural model analysis. Leadership ethics was revealed to exert a significant positive impact on the organizational commitment ($\beta_1 = 0.524$, $t = 8.92$, $p < .001$); thus, the stronger the ethical leadership is perceived, the more the organizational commitment by the employees. This observation is in line with the social exchange theory that postulates that ethical leadership leads to the commitment among employees (Blau, 1964).

Organizational commitment, in its turn, had a positive and significant impact on creativity of employees ($\beta_2 = 0.396$, $t = 6.05$, $p < .001$). This implies that when workers develop emotional ties with their companies, they tend to exhibit the creative and innovative actions. In addition, the indirect relationship of ethical leadership and employee creativity through organizational commitment was significant ($\beta_3 = 0.208$, $t = 4.72$, $p < .001$). This mediation effect brings out organizational commitment as one of the psychological essentials of how ethical leaders provoke creativity among the employees.

Moderator effect of leader-member exchange was also supported. Interaction term, the product one between LMX and Organizational commitment acted in a negative manner, which means that there was a negative correlation between organizational commitment and employee creativity ($\beta_4 = -0.113$, $t = 1.98$, $p = .048$). This implies that at higher level of the LMX, the positive effect of organizational commitment on the creativity of employees is mildly reduced. An acceptable explanation is that when there are high qualities of leader-member exchanges, then the employees will look to the leaders to support them and lessen individual organizational commitment as a source of creative behaviors. On the other hand, when LMX is depressed, organizational commitment is



more determinant of creativity designating the motivational importance of organizational commitment.

Lastly, the model fit and the predictive validity were good. The SRMR value of 0.059 was smaller than 0.08 threshold level, that indicated that a suitable model has been fitted (Hu & Bentler, 1999). Since the R^2 value of organizational commitment was 0.274 indicating that there was moderate explanatory power whereas the R^2 value of employee creativity was 0.402 indicating that more than 40 percent of the variance in employee creativity could be explained by the predictors. Further, the Q^2 value (0.267) reflected predictive significance, which according to Hair et al. (2022) indicated that this model had significant predictability.

These findings are good evidence in support of the moderated mediation framework. consequently, ethical leadership improves the organizational commitment that, in turn, spurs creativity among employees. Even as the moderating effect of leader-member exchange brings out valuable conditions that distinguish the extent of this mediated relationship, important boundary conditions are also brought out. The results add to the knowledge of the contingencies and mechanisms through which ethical leadership facilitates creativity among employees in organizations

Discussion

This study focused on the improvement of employee creativity by ethical leadership through organizational commitment in the mediating influence and leader-member exchange (LMX) in the moderating role within a theory of Social Exchange Theory (SET). The results support the fact that ethical leadership encourages trust, fairness, and respect that reinforce the affective commitment of employees, and thus enhances the level of creativity.

Theoretically, the findings elaborated on the existing body of knowledge on SET by demonstrating how reciprocity between leaders and employees does not only apply to compliance or less deviance but also helps achieve pro-active and innovative actions. Newer researches have suggested that ethical leadership is of paramount importance in augmenting creativity because it promotes the development of psychological resources and a help-seeking behavior which facilitates the generation of innovative ideas (Duan et al., 2023). Similarly, ethical leaders foster belonging and psychological protection of the employees, which serves as a basis of creativity (Zhang et al., 2025). The fact that organizational commitment has been identified as a mediator helps this research as it explains the translation of ethical leadership in creative behavior, and commitment is identified as an important motivational mechanism in the process of exchange.

The element that stands out is organizational commitment as an influential wave through which ethical leadership may affect creativity. This agrees with the trend in the area of services and healthcare where ethical leadership facilitated innovative behaviors through increased sense of pride and commitment (Al-Haraisa, 2024). Commitment is an index of the identification of the employees with the organizational goals, and in the event of a leader acting ethically, employees will invest their supplementary effort into testy tasks. This adds to existing literature on leadership-creativity by demonstrating that ethical leadership can engage potentially deep-seated psychological affiliations as opposed to just engagement on the surface.



In addition, the conducted study showed that LMX mediates between organizational commitment and creativity. Surprisingly, high-quality LMX undermined the commitment creativity connection. What this implies is that once the relational support system provided by leaders is sound, an individual is more likely to be creative as a result of the dyadic trust relationship than by relying upon their organizational bond. The results confirm the ones provided in recent evidence demonstrating how LMX does not always further positive outcomes but can be seen as replacing other motivational drivers given the right context (Wu et al., 2023). This is a fine detail that makes SET richer, because exchange relations do not always exclude each other: when the relational ties are strong, the organizational-level commitment is no longer one of the key drivers of creativity.

The moderated mediation model also responds to the demand of the integrated approaches in researching leadership. This trend towards investigation of increasingly complex, contextually contingent models, using leadership styles combined with leadership mediator and moderator factors in explaining employee outcomes, can be corroborated with bibliometric reviews on ethical leadership (Hsieh et al., 2023). By combining concepts of ethical leadership, organizational commitment, and creativity with LMX, the current study adds to this new line of inquiry that provides a more detailed understanding on how ethical and relational variables work together to influence innovative behaviors.

The results have a number of implications on organization leaders and HR professionals on a practical level. The initial step is that organizations need to train and develop ethical leadership skills in their leaders since ethical decision-making and fairness are not only increasing the level of trust but also leading to the provision of the environment in which creativity is possible. Managers are advised to go out of their way to nurture organizational commitment by offering equitable measures as well as appropriate recognition and inclusive work places, hence making staffs feel cherished and motivated to be inventive. Third, leaders must balance the promotion of high-quality LMX relationships; the strength of the relationship could crowd out the motivational influence of organizational commitment. Lastly, ethical leadership must be treated as moral imperative and strategic resource that support creativity and innovation among firms that operate in dynamic yet highly competitive environment. innovation.

Conclusion And Recommendations

The proposed study was aimed at investigating how ethical leadership contributes to creativity within the employees with organizational commitment coming as a mediating variable and the leader-member exchange (LMX) as a moderating factor. It is based on the Social Exchange Theory that the findings show that by having their leaders behave ethically [namely, through fairness, integrity and transparent communications], employees tend to build stronger psychological ties to their organizations. It is this sense of organizational commitment that serves as the motivational base of employees to behave in a creative and innovative manner that goes beyond routine performance. Meanwhile, the moderating nature of LMX also reveals workplace dynamics as a complex network: a good LMX-dyad relationship can influence the translation of commitment to creativity and, in some cases, it may increase or divert its impact.

The findings of this research provide some valuable suggestions to the organizations with the aim to encourage innovation without violating the ethical principles. First, the



results show that ethical leadership cannot be considered as a moral mandate alone, but also as a strategic force of creativity and innovation. Organizations can foster this by incorporating ethical values in their leadership developmental program and by compensating the targeted behaviors based on emphasizing fairness and transparency. Second, the findings demonstrate how organizational commitment should be nurtured as a crucial element of the process of maintaining creativity. Employers are thus advised to work on improving the emotional attachment to employees through installing patient appraisal systems, rewarding contributions, and developing inclusive workplace conducts that make employees feel they are appreciated. Creativity, in such strategies, is no longer the result of personal desire, but a strong sense of serving the larger good.

A major recommendation that comes out of the results relates to the handling of leader-member relationships. High-quality LMX can be healthy overall, but it may also reduce the organizational commitment and move employees in the focus of dyadic relationships between them and supervisor, which makes employees less inspired per motivation to creativity. It is therefore advisable that leaders establish supportive relationships without necessarily destroying the identification of employees with the rest of the organization. By promoting the combination of trust to the leader and loyalty to the organization, managers will be able to maximize the contribution of the commitment to the creativity. Moreover, incorporating morality in the policies of innovation allows a direction of aligning the moral values to the organizational aims. By putting ethical leadership at the core of an organizational innovation strategy, organizations have a chance to ensure the sustainable and socially-responsible character of creative endeavors as well as the ability of these initiatives to enhance their reputational embeddedness in the long-term perspective.

Lastly, this paper shows that understanding context is very crucial in interpreting these results. The cultural and organization background might affect the relations between ethical leadership and LMX on the one hand and commitment and creativity on the other hand, and thus one has to adjust the leadership strategies in line with the setting. Collectively, the results indicate that ethical leadership not only constructs foundation of trust and fairness but also acts as potent booster of creativity when organizational dedication is taking care of and the actor-member relations are managed adequately. By incorporating ethics throughout leadership, employee dedication, and balancing interrelationships, companies can develop a positive environment in the workplace that perpetuates continuous innovation and still operates with integrity.

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