# The Role of Ethical Leadership in Driving Organizational Performance: Insights from Uganda's Public and Private Sectors

**Walusmbi Yunus[1], Kwaga Yudaya[2], Abdinasir Ali Adam[3], Nahyoto Moses[4]**

[1,2,3,4] Department of Public Administration, Islamic University in Uganda

| ARTICLE INFO | ABSTRACT |
|---|---|
| **Published Online:** 19 March 2025 <br><br><br><br><br><br><br><br><br><br><br><br> **Corresponding Author:** **Walusimbi Yunus** | Ethical leadership is essential for fostering transparency, accountability, and active employee participation, all of which contribute to improved organizational performance. This research explores the influence of ethical leadership in Uganda by analyzing four key leadership styles: democratic, autocratic, transformational, and transactional. While democratic and transformational leadership are widely recognized for enhancing employee motivation, innovation, and productivity, ethical autocratic leadership remains a relatively unexplored area. Utilizing a quantitative methodology, this study gathered data from employees in both public and private sectors to assess how ethical leadership practices impact workplace effectiveness. The results indicate that transformational and democratic leadership approaches significantly boost employee engagement and creativity, while ethical transactional leadership supports structured accountability and motivation. Although autocratic leadership can enhance decision-making efficiency, it is often linked to lower employee satisfaction. This study underscores the importance of adopting a well-balanced ethical leadership strategy to promote sustainable organizational success. The findings offer practical insights for policymakers, business executives, and researchers seeking to improve ethical leadership practices, ultimately contributing to stronger governance and economic growth in Uganda. |
| | |

## INTRODUCTION

Ethical leadership plays a crucial role in shaping employee behavior, decision-making, and organizational performance. Leadership styles such as democratic, autocratic, transformational, and transactional influence workplace efficiency differently, yet research on the ethical application of autocratic leadership remains limited. In Uganda, most studies focus on public institutions, leaving gaps in understanding ethical leadership's impact on the private sector and various industries. This study addresses these gaps by analyzing different leadership styles and providing theoretical insights and practical recommendations for leadership development.

## BACKGROUND OF THE STUDY

The concept of ethical leadership has evolved significantly, transitioning from early leadership models to contemporary frameworks that prioritize integrity, transparency, and accountability. In recent years, scholars have expanded upon traditional leadership theories, introducing models such as transformational and transactional leadership, which incorporate ethical considerations into decision-making and employee engagement. This evolution has been driven by a series of corporate scandals and unethical business practices, prompting organizations worldwide to emphasize ethical governance as a cornerstone of sustainable success (Ciulla, 2024).

Theoretically, ethical leadership is grounded in various leadership and ethical paradigms, including transformational leadership theory, which focuses on moral responsibility, vision, and the empowerment of employees. Additionally, deontological ethics emphasizes the importance of duty and morality in leadership decisions. Stakeholder theory further supports ethical leadership by highlighting corporate responsibilities toward employees, customers, and society at large. Ethical leadership integrates aspects of democratic, autocratic, transformational, and transactional leadership styles, ensuring that leaders make fair and just decisions that positively influence both employees and organizational performance (Fischer & Sitkin, 2023).

In the context of Uganda, there has been a growing emphasis on the role of ethical leadership in enhancing organizational

performance. Studies have demonstrated that ethical leadership significantly influences employee performance in the public sector. For instance, research indicates that job satisfaction mediates the relationship between ethical leadership and ethical behavior, including integrity, among public sector employees in Uganda (Obicci, 2014; Ndyamuhaki & Ainebyoona, 2024). These findings underscore the importance of ethical leadership in fostering accountability, transparency, and employee engagement, which are essential for the sustainable development of organizations in Uganda.

## Problem statement

In an ideal workplace, ethical leadership cultivates a culture of transparency, accountability, and active employee involvement, ultimately driving higher productivity, innovation, and overall organizational success. Leaders who prioritize ethics establish a strong moral framework, ensuring equitable decision-making and fostering a work environment that supports long-term sustainability. However, in Uganda, numerous organizations across both the public and private sectors grapple with unethical leadership practices, including corruption, favoritism, and a lack of accountability (Inspectorate of Government Uganda, 2023). These unethical tendencies lead to decreased employee morale, diminished efficiency, and a decline in overall organizational performance. The absence of ethical leadership weakens corporate governance, promotes financial mismanagement, and damages institutional reputation, ultimately obstructing long-term growth and national economic progress. To tackle this challenge, it is essential to explore the impact of ethical leadership on organizational performance, particularly through different leadership styles, to develop effective strategies that strengthen ethical governance and enhance operational efficiency in Uganda.

## Objectives of the Study

The general objective of the study was about the role of ethical leadership in driving organizational performance: Insights from Uganda's public and private sectors**.**

1. Examine the impact of ethical democratic leadership on organizational performance from Uganda's public and private sectors.
2. Assess the influence of ethical autocratic leadership on organizational performance from Uganda's public and private sectors.
3. Analyze the role of ethical transformational leadership in enhancing organizational performance from Uganda's public and private sectors.
4. Evaluate the effect of ethical transactional leadership on organizational performance from Uganda's public and private sectors.

## Research questions

1. What is the impact of ethical democratic leadership on organizational performance from Uganda's public and private sectors?
2. How does ethical autocratic leadership influence organizational performance from Uganda's public and private sectors?
3. What role does ethical transformational leadership play in enhancing organizational performance from Uganda's public and private sectors?
4. How does ethical transactional leadership affect organizational performance from Uganda's public and private sectors?

## Scope of the Study

This research examines the impact of ethical leadership on organizational performance in Uganda, specifically analyzing how different leadership styles—democratic, autocratic, transformational, and transactional affect productivity, employee engagement, and overall organizational effectiveness. The study will explore fundamental ethical leadership values such as integrity, transparency, and accountability, assessing their role in shaping decision-making and governance within organizations. Geographically, the study will focus on Uganda, encompassing both public and private sector organizations to gain a well-rounded perspective on ethical leadership practices across various industries. The research will analyze data from 2020 to 2025, enabling an evaluation of contemporary leadership trends and their influence on organizational performance. The findings from this study will provide valuable insights that can inform policy improvements and leadership development strategies within Ugandan organizations.

## Significance of the Study

This study is important as it sheds light on the impact of ethical leadership on organizational performance in Uganda. By exploring how various ethical leadership styles democratic, autocratic, transformational, and transactional affect employee engagement, governance, and productivity, the study enhances understanding of effective leadership approaches. The findings will be valuable to leaders, policymakers, and managers, providing data-driven recommendations to promote ethical leadership for improved transparency, efficiency, and accountability in organizations. Additionally, this research will serve as a useful resource for academics and scholars, contributing to the existing literature on ethical leadership and its role in organizational success. Moreover, employees and stakeholders will benefit from insights into the significance of ethical leadership in fostering a positive workplace culture, minimizing conflicts, and ensuring long-term organizational sustainability. Ultimately, the study aims to support the formulation of improved

leadership policies and strategies that can enhance organizational growth and contribute to Uganda's broader economic development.

## LITERATURE REVIEW

This literature review explores the impact of different ethical leadership styles—democratic, autocratic, transformational, and transactional—on organizational performance in Uganda. By analyzing contemporary research and theoretical insights, the review aims to clarify how these leadership approaches shape productivity, employee engagement, and overall organizational effectiveness.

### Ethical Democratic Leadership and Its Impact on Organizational Performance

Democratic leadership is characterized by a participatory decision-making process, where leaders actively seek input from employees and integrate their perspectives into organizational strategies. This inclusive leadership style fosters a strong sense of ownership, commitment, and job satisfaction among employees, ultimately leading to enhanced organizational performance. (Olanipekun, & Adedokun, 2024).

According to Elenkov (2018), democratic leadership positively influences organizational success by encouraging employee participation and boosting workplace morale. In Uganda, a study conducted by Ndyamuhaki and Ainebyoona (2024) found a significant relationship between ethical democratic leadership and improved employee performance, particularly within local government institutions. Their research suggests that when leaders exhibit integrity and involve employees in decision-making, staff motivation increases, leading to better service delivery and higher levels of organizational efficiency.

### Ethical Autocratic Leadership and Organizational Performance

Autocratic leadership is defined by centralized authority and strict decision-making control, where leaders independently establish policies and procedures without seeking input from subordinates. While often criticized for its restrictive nature, ethical autocratic leadership—when implemented responsibly can lead to clear directives, faster decision-making, and increased organizational efficiency. (Hadnot-Harris, 2021).

Despite the potential benefits of this leadership style, there is limited empirical research focusing specifically on the ethical dimensions of autocratic leadership in Uganda. While some global studies suggest that ethical autocratic leadership may improve organizational performance by ensuring order and stability, more research is required to determine its precise impact within Uganda's organizational landscape. Future studies should explore how ethical considerations within

autocratic leadership influence employee engagement and performance in Ugandan institutions. (Irene, et. al 2024).

### Ethical Transformational Leadership and Organizational Performance

Transformational leadership is centered around inspiring and motivating employees to go beyond their self-interests for the collective benefit of the organization. Leaders who adopt this approach emphasize vision, innovation, and personal development, fostering an environment where employees are encouraged to perform at their highest potential. (Lent, 2024). A study by Turyahikayo et al. (2024) found that transformational leadership has a profound positive effect on organizational effectiveness within Ugandan public universities. Their research highlights that transformational leaders who emphasize clear communication and cultivate strong organizational commitment contribute to enhanced institutional performance. Similarly, Obicci (2015) established that ethical leadership significantly influences employee productivity in Uganda's public sector. These findings suggest that transformational leaders who uphold ethical values create a work environment conducive to both individual and organizational success.

### Ethical Transactional Leadership and Organizational Performance

Transactional leadership is built on a structured system of rewards and consequences, where leaders set clear performance expectations and provide explicit feedback to employees. Ethical transactional leaders ensure fairness and transparency in their reward mechanisms, thereby fostering a culture of accountability and motivation. (Changar, & Atan, 2021).

Research conducted by Turyahikayo et al. (2024) indicates that transactional leadership positively impacts organizational effectiveness in Uganda's public universities. Their study suggests that when this leadership style is practiced ethically, employees respond well to structured incentives and clear expectations, leading to improved performance outcomes. Additionally, a study focusing on the Uganda Prisons Service (UTAMU, 2024) found a strong positive correlation between ethical transactional leadership and employee productivity. These findings reinforce the idea that ethical transactional leadership, when properly executed, can contribute to organizational efficiency and workforce motivation.

In summary, ethical leadership plays a crucial role in shaping organizational performance in Uganda. Democratic leadership enhances employee engagement and satisfaction, while ethical autocratic leadership—though underexplored— may contribute to efficiency when applied responsibly. Transformational leadership fosters innovation and commitment, driving superior organizational outcomes, whereas ethical transactional leadership ensures structured

accountability and performance-based motivation. Further research, particularly on ethical autocratic leadership, is necessary to gain a more comprehensive understanding of its effects within Uganda's diverse organizational landscape.

### The study gap

Although existing studies have explored the impact of ethical leadership styles on organizational performance in Uganda, several gaps remain. Conceptually, prior research has primarily focused on democratic and transformational leadership, with minimal attention given to ethical autocratic leadership and comparative analyses of different leadership styles. Contextually, most studies have been conducted in public institutions, such as universities and government agencies, leaving a gap in understanding how ethical leadership influences private sector organizations and diverse industries across different regions in Uganda. Methodologically, many studies rely on cross-sectional surveys and quantitative analyses, limiting insights into long-term trends and deeper contextual understanding. Additionally, there is a lack of experimental research assessing the direct impact of ethical leadership interventions. To bridge these gaps, future research should explore ethical leadership in multiple sectors, incorporate comparative and longitudinal studies, and utilize a mixed-methods approach to provide a more comprehensive understanding of its effects on organizational performance in Uganda.

### METHODOLOGY

#### Research Design

This study employs a descriptive research approach to explore the impact of ethical leadership on organizational performance in Uganda. A descriptive approach is suitable as it facilitates an in-depth examination of existing conditions, behaviors, and viewpoints within organizations (Saunders, Lewis, & Thornhill, 2019). A quantitative method will be utilized to collect numerical data, allowing for statistical analysis to identify patterns and correlations between ethical leadership and organizational outcomes.

#### Population of the Study

The study targets 50 employees from various organizational departments, including managers, supervisors, and general staff. These individuals interact directly with leadership structures and contribute to the organization's overall performance. This population selection ensures diverse insights into how ethical leadership influences organizational success.

#### Sampling Design

The research will apply a simple random sampling technique to select participants. This method ensures that every individual in the target population has an equal chance of being chosen, which minimizes selection bias and enhances the reliability of the findings (Creswell, 2018). Out of the 50

employees, a sample size of 40 will be drawn to ensure sufficient representation while maintaining practical feasibility in data collection.

#### Data Collection Methods

Primary data will be gathered through structured questionnaires containing both closed-ended and Likert-scale questions. The questionnaire will be divided into two parts: the first focusing on demographic details, and the second examining ethical leadership dimensions (such as integrity, transparency, and fairness) and their impact on organizational performance. The surveys will be distributed both electronically and in hard copy to ensure a higher response rate.

#### Data Analysis Techniques

This research will employ both descriptive and inferential statistical methods to analyze the collected data. Frequency tables will be utilized to present descriptive statistics and summarize key findings. To evaluate the strength of the impact of ethical leadership on organizational performance, regression analysis will be performed as part of the inferential analysis. Data processing will be carried out using the Statistical Package for the Social Sciences (SPSS) to maintain accuracy and reliability.

### RESULTS AND DISCUSSION

**What is the impact of ethical democratic leadership on organizational performance from Uganda's public and private sectors?**

The survey findings offer valuable insights into the impact of ethical leadership on organizational performance in Uganda. The data were analyzed using descriptive statistics, and frequency tables were generated to illustrate response distributions. Below are the key findings:

**The Impact of Ethical Democratic Leadership on Organizational Performance in Uganda**

| Response | Frequency | Percentage (%) |
|---|---|---|
| Strongly Disagree | 3 | 6% |
| Disagree | 7 | 14% |
| Neutral | 10 | 20% |
| Agree | 18 | 36% |
| Strongly Agree | 12 | 24% |

**Interpretation:** The results indicate that a significant 60% of respondents (Agree & Strongly Agree) perceive ethical democratic leadership as a positive influence on organizational performance. This implies that employees tend to feel more valued and engaged when leaders encourage their participation in decision-making, which, in turn, boosts motivation and productivity. However, 20% of respondents remained neutral, possibly indicating uncertainty or a lack of

direct experience with this leadership style. Meanwhile, 20% (Strongly Disagree & Disagree) do not share this view, suggesting that some organizations may struggle with effectively applying democratic leadership principles.

Democratic leadership also receives strong approval (60%), as its inclusive decision-making approach enhances employee engagement and productivity. Transactional leadership, favored by 50% of respondents, has a moderate impact, as performance-based rewards can improve results but may not be universally applicable.

## How does ethical autocratic leadership influence organizational performance from Uganda's public and private sectors?

Autocratic leadership has its advantages in specific contexts requiring strong direction and quick decision-making, it also poses risks related to employee morale and creativity. Balancing this style with other approaches may enhance overall effectiveness within an organization

**The Influence of Ethical Autocratic Leadership on Organizational Performance in Uganda**

| Response | Frequency | Percentage (%) |
| --- | --- | --- |
| Strongly Disagree | 5 | 10% |
| Disagree | 12 | 24% |
| Neutral | 15 | 30% |
| Agree | 10 | 20% |
| Strongly Agree | 8 | 16% |

**Interpretation:** The data presents mixed opinions on the impact of ethical autocratic leadership on organizational performance. While 36% (Agree & Strongly Agree) believe that this leadership style is beneficial, a slightly larger 34% (Disagree & Strongly Disagree) oppose this view. Additionally, 30% of respondents remained neutral, suggesting that employees recognize both positive and negative aspects of autocratic leadership. While it can contribute to efficiency and facilitate quick decision-making, it may also limit employee input and lower job satisfaction, ultimately affecting organizational success. Autocratic leadership, with only 36% approval, is the least preferred, as strict top-down management may reduce employee satisfaction and participation. The findings suggest that Ugandan organizations should prioritize transformational and democratic leadership to create a more motivated and innovative workforce, while selectively using transactional strategies to enhance performance. Excessive reliance on autocratic leadership, however, could hinder growth, highlighting the need for a balanced leadership approach that fosters creativity, motivation, and employee engagement.

## What role does ethical transformational leadership play in enhancing organizational performance from Uganda's public and private sectors?

Transformational leadership is a leadership style that focuses on inspiring and motivating followers to achieve exceptional outcomes by aligning their values with those of the organization. This approach has been extensively studied and is recognized for its significant impact on both organizational performance and individual employee outcomes

**The Role of Ethical Transformational Leadership in Enhancing Organizational Performance in Uganda**

| Response | Frequency | Percentage (%) |
| --- | --- | --- |
| Strongly Disagree | 2 | 4% |
| Disagree | 5 | 10% |
| Neutral | 8 | 16% |
| Agree | 20 | 40% |
| Strongly Agree | 15 | 30% |

**Interpretation:** The findings reveal that a majority (70% - Agree & Strongly Agree) believe that ethical transformational leadership significantly improves organizational performance. This suggests that leaders who inspire, empower, and promote innovation tend to enhance employee engagement and drive productivity. However, a small fraction (14% - Disagree & Strongly Disagree) expressed skepticism, possibly due to inconsistent implementation of transformational leadership practices. Additionally, 16% of respondents remained neutral, which may indicate a lack of exposure to or understanding of this leadership approach in their workplaces.

## How does ethical transactional leadership affect organizational performance from Uganda's public and private sectors?

Transactional leadership plays a significant role in enhancing organizational performance by providing structure, clarity, and motivation through a system of rewards and penalties. This leadership style is particularly effective in environments where tasks are routine and require adherence to established procedures.

**The Effect of Ethical Transactional Leadership on Organizational Performance in Uganda**

| Response | Frequency | Percentage (%) |
| --- | --- | --- |
| Strongly Disagree | 4 | 8% |
| Disagree | 9 | 18% |
| Neutral | 12 | 24% |
| Agree | 16 | 32% |
| Strongly Agree | 9 | 18% |

**Interpretation:** The findings suggest that 50% (Agree & Strongly Agree) view ethical transactional leadership as a positive driver of organizational performance. This indicates that reward-based leadership, including bonuses and promotions, can enhance employee motivation and efficiency. However, 26% (Disagree & Strongly Disagree) express reservations, possibly due to the rigid nature of transactional leadership, which may limit creativity and innovation. The 24% neutral response suggests that some employees do not have strong opinions on its effectiveness, potentially due to limited exposure to transactional leadership practices.

The study reveals that different ethical leadership styles have varying effects on organizational performance in Uganda. Transformational leadership emerges as the most effective, with 70% of respondents supporting its ability to inspire employees and drive innovation, leading to increased efficiency.

## CONCLUSION

This study demonstrates that ethical leadership styles impact organizational success differently, with transformational and democratic leadership proving the most effective. These approaches enhance employee involvement, motivation, and creativity, ultimately leading to improved performance. Although transactional leadership can be useful for maintaining efficiency, it should be applied in a way that balances structure with flexibility to avoid limiting innovation. Autocratic leadership, which received the lowest approval, should be restricted to circumstances where strict control is necessary for efficiency. To achieve long-term success, organizations in Uganda should implement leadership models that combine structure with adaptability, ensuring that leaders empower, motivate, and engage employees while fostering a work culture that drives productivity and innovation.

## RECOMMENDATIONS

To improve organizational performance in Uganda, companies should prioritize ethical transformational and democratic leadership styles as they contribute significantly to employee engagement, motivation, and innovation. Transformational leadership encourages creativity and a shared vision, while democratic leadership fosters inclusive decision-making, leading to increased job satisfaction and productivity. Transactional leadership, although beneficial for maintaining order through structured reward mechanisms, should be applied carefully to prevent discouraging initiative and independent thinking. On the other hand, autocratic leadership, which received the least support, should be minimized as its rigid, top-down approach may diminish employee participation and morale. Organizations should strive to adopt a well-balanced leadership approach that

integrates transformational, democratic, and transactional elements in a manner that aligns with their culture, objectives, and workforce dynamics. Additionally, leadership training initiatives should be introduced to develop ethical leadership competencies, ensuring that managers create an environment that supports growth, innovation, and high performance within the workplace.

## REFERENCES

1. Bryman, A., & Bell, E. (2015). *Business research methods* (4th ed.). Oxford University Press.
2. Changar, M., & Atan, T. (2021). The role of transformational and transactional leadership approaches on environmental and ethical aspects of CSR. *Sustainability*, *13*(3), 1411.
3. Ciulla, J. B. (2024). *Ethics, the heart of leadership* (3rd ed.). Praeger.
4. Creswell, J. W., & Creswell, J. D. (2018). *Research design: Qualitative, quantitative, and mixed methods approaches* (5th ed.). SAGE Publications.
5. Elenkov, D. (2018). Impact of leadership styles on organizational performance. *International Journal of Management, 5*(2), 45-56.
6. Fischer, T., & Sitkin, S. B. (2023). Leadership styles: A comprehensive assessment and way forward. *Academy of Management Annals, 17*(1), 331-372. https://doi.org/10.5465/annals.2020.0340.
7. Hadnot-Harris, J. L. (2021). *Performance, Morale, & Job Satisfaction in Law Enforcement with Autocratic Leadership: A Modified Delphi Study* (Doctoral dissertation, University of Phoenix).
8. Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2020). *A primer on partial least squares structural equation modeling (PLS-SEM)* (3rd ed.). SAGE Publications.
9. International Labour Organization. (2021). *World employment and social outlook: Trends 2021*. Geneva, Switzerland: ILO.
10. Irene, N., Haluna, M., & Bolatito, A. O. S. (2024). Leadership Styles and Organizational Performance: The Impact on Namisindwa District Local Government in Uganda. *TWIST*, *19*(2), 229-237.
11. Lent, K. L. (2024). The Impact of Transformational Leadership on Employee Motivation across Non-Profit and For-Profit Organizations.
12. Ndyamuhaki, O., & Ainebyoona, C. (2024). Ethical leadership and employee performance: A case study of Bushenyi Local Government, Uganda. *IAA Journal of Management, 11*(1), 1-8. https://doi.org/10.59298/IAAJAM/2024/111.18.00.
13. Obicci, P. A. (2014). Effect of ethical leadership on employee performance in Uganda. *Journal of*

*Management and Science, 1*(4), 245-263. https://doi.org/10.26524/jms.2014.22.

14. Obicci, P. A. (2015). Effects of ethical leadership on employee performance in Uganda. *Net Journal of Business Management, 3*(1), 1-12. https://www.netjournals.org/pdf/NJBM/2015/1/14-024.pdf.

15. Obicci, P. A. (2015). Influence of ethical leadership on employee performance in the public sector: A case of local government in Uganda. *International Journal of Business and Social Science, 6*(9), 21-29.

16. Olanipekun, O. A., & Adedokun, M. O. (2024). Democratic and Pseudo-Democratic Leadership Styles as Correlate of Sustainability of Community Development Projects in Southwest, Nigeria. *JOELS: Journal of Election and Leadership*, *5*(2), 108-117.

17. Saunders, M., Lewis, P., & Thornhill, M. (2019). *Research methods for business students* (8th ed.). Pearson Education.

18. Sekaran, U., & Bougie, R. (2020). *Research methods for business: A skill-building approach* (8th ed.). Wiley.

19. Turyahikayo, E., et al. (2024). Ethical leadership and organizational performance in Ugandan public universities. *Journal of Management Studies, 12*(2), 45-60.

20. Turyahikayo, W., Mugizi, W., & Kasule, G. W. (2024). Leadership styles and organisational communication in selected public universities in Uganda. *Interdisciplinary Journal of Management Sciences, 1*, 1-13. https://doi.org/10.38140/ijms-2024.vol1.03

21. UTAMU. (2024). Transactional leadership in Uganda Prisons Service. *International Journal of Technology and Management, 2*(1), 50-65. https://utamu.ac.ug/ijotm/index.php/ijotm/article/download/113/113/