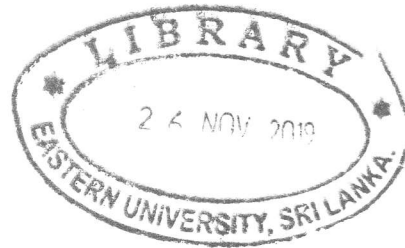


**THE IMPACT OF ETHICAL LEADERSHIP ON EMPLOYEES'
ETHICAL BEHAVIOR AND JOB PERFORMANCE IN BANKING
SECTOR**

**(WITH SPECIAL REFERENCE TO SELECTED
SYSTEMICALLY IMPORTANT COMMERCIAL BANK IN
KALMUNAI DIVISION)**



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REG.NO - EU/IS/2013/MS/25

INDEX NO – MS 1555



Project Report
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**A project report submitted to the Faculty of Commerce and Management,
Eastern University, Sri Lanka, as a partial fulfillment of the requirement for the
Degree of Bachelor of Business Administration (B.B.A).**

DEPARTMENT OF MANAGEMENT

FACULTY OF COMMERCE AND MANAGEMENT

EASTERN UNIVERSITY, SRI LANKA

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ABSTRACT

The rapid growth in the Banking industry has posed several numerous counts of ethical misconduct, such as corruption, bribery, and cheating, across virtually every sector of society and increased financial threat from internal unethical behavior, ranging from illegal kickbacks to the theft. Therefore, the study found out that ethical leadership in the bank was achieved through ethical management have resulted in increased manager employee relationship thus preventing corruption and predictability, reducing dishonesty and communication breakdowns, and employee attitude towards the organization. In addition to that, lack studies so far have been conducted to explore impact of ethical leadership on employees' ethical behavior and job performance of employees which show an empirical knowledge gap of the selected banks in Sri Lanka. Hence, the aim of this study is to emphasize the impact of ethical leadership on employees' ethical behavior and job performance. In this study ethical leadership is consider as an independent variable and employees' ethical behavior and job performance are consider as a dependent variable. A cross-sectional survey using structured questionnaire was used to collect data from to 105 staff in selected systemically important Commercial Banks in Kalmunai Division and all the items in the independent and dependent variables were tested through reliability test to ensure the consistency of the scale. Univariate analysis was carried out and the results show moderate level of ethical leadership, employees' ethical behavior and job performance. The correlation and simple linear regression analysis was carried out and the result indicated there was a strong positive relationship between ethical leadership, employees' ethical behavior and job performance. The multiple linear regression analysis was carried out and the results revealed that ethical leadership significantly and positively impact on employees' ethical behavior and job performance in Kalmunai division systemically important commercial Banks. The results of the study suggest that overall impact of ethical leadership towards employees' ethical behavior and job performance and which was consistent with previous research findings. Therefore the study recommends that the management of commercial banks should put more focus on ethical leadership principles. The issue of generalizing the findings over the population, time availability and access restrictions to the Banks has been identified as limitations of the study.

Keywords – Ethical leadership, Ethical behavior, Job performance

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