IMPACT OF AUTHENTIC LEADERSHIP ON PERCEIVED ORGANIZATIONAL PERFORMANCE: A MODERATED MEDIATION EFFECT OF MORAL INTENSITY AND ETHICAL DECISION MAKING

By
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NATIONAL UNIVERSITY OF MODERN LANGUAGES
ISLAMABAD, PAKISTAN

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By

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ABSTRACT


Leadership in organizations, organizational performance and behavioral ethics remained matter of great concern for academicians and researchers. The philosophy of leadership styles plays an important role in Perceived Organizational Performance. The objective of this research study was to discover relationship between Authentic Leadership and Perceived Organizational Performance through Moderated Mediation Effect of Moral Intensity and Ethical Decision Making. It is pragmatic that banking service organizations in Pakistan are facing hard-hitting competition, particularly in Hazara Region of KP province. Prior to research in hand no empirical study conducted in the context of Authentic Leadership, Perceived Organizational Performance, Moral Intensity and Ethical Decision-Making models in combination. This research uncovered facets of Authentic Leadership and Perceived Organizational Performance with other variables by adopting scales from different cultures. Survey was conducted in a non-contrived setting using objectively developed questionnaire. Selected sample of 600 line, middle and top-level managers has taken from 134 units of the 10 conveniently selected public and private sector banks performing businesses in three districts Haripur, Abbottabad and Mansehra of Hazara Region, KP, Pakistan. Hypotheses were tested to meet requirements of research model. The validity and reliability examined collected data, different quantitative techniques, Factor analysis, Cronbach’s alpha, Correlation and Regression Analysis applied. Results revealed a positive and significant association between Authentic Leadership, Perceived Organizational Performance, Moral Intensity and Ethical Decision Making in context of banks practicing business at Hazara region of KP, Pakistan.

Key words: Leadership, Authentic Leadership, Moral Intensity, Ethical Decision Making, Perceived Organizational Performance, Correlation and Regression Analysis Techniques, Organizational Behaviour, Quantitative Techniques, Factor Analysis, Validity and Reliability Analysis.
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<td>ABL</td>
<td>Allied Bank Limited</td>
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<tr>
<td>ACBL</td>
<td>Askari Commercial Bank Limited</td>
</tr>
<tr>
<td>AL</td>
<td>Authentic Leadership</td>
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<tr>
<td>ANOVA</td>
<td>Analysis of variance</td>
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<tr>
<td>BPI</td>
<td>Balance Processing of Information</td>
</tr>
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<td>BOK</td>
<td>Bank of Khyber</td>
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<td>CE</td>
<td>Concentration of Effect</td>
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<td>EDM</td>
<td>Ethical Decision Making</td>
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<td>FMI</td>
<td>Forming Moral Intension</td>
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<td>FWB</td>
<td>First Women Bank</td>
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<td>HBL</td>
<td>Habib Bank Limited</td>
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<td>IMB</td>
<td>Implementing Moral Behaviour</td>
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<td>IMP</td>
<td>Internalize Moral Perspective</td>
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<td>KP</td>
<td>Khyber Pakhtunkhawa</td>
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<td>MC</td>
<td>Magnitude of Consequences</td>
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<td>MCB</td>
<td>Muslim Commercial Bank</td>
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<td>MI</td>
<td>Moral Intensity</td>
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<td>MMJ</td>
<td>Making Moral Judgment</td>
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<td>NBP</td>
<td>National Bank of Pakistan</td>
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<td>POP</td>
<td>Perceived organizational performance</td>
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<td>OP</td>
<td>Organizational Performance</td>
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<td>Social Consensus</td>
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<td>TBL</td>
<td>Triple Bottom Line</td>
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<td>TI</td>
<td>Temporal Immediacy</td>
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DEDICATION

This humble effort is dedicated to the

Who brightened the universe with the light of
His wisdom and knowledge, Who is the greatest leader of all leaders, advocate and teacher of
enhancing human potential through authentic leadership

&

Further dedicated to my parents, Prof. Dr. Nasreen Tahir Malik (wife) and children whose
all-time love, support, and encouragement made my academic journey easy and meaningful.
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CHAPTER-1
INTRODUCTION

1.1 The Background of Study

Last two decades witnessed drastic increase of ethical and behavioural organizational issues. Research shows that occasionally Ethical Decision Making (EDM) process develops as a great matter of concern amongst leader follower relationships. After year 2007 global financial crises, the service sector organizations are continuously facing serious challenges to establish cost-effective occurrence in competitive marketplace (Trevino, Weaver, & Reynolds, 2006). The organizational change management literature shows that Authentic Leadership (AL) style emerged as a tangible difference between effective and ineffective organizations since last few years to handle such type of organizational challenges (Wherry, 2012).

The above referred organizational leadership change process plays an effective role in significant Perceived Organizational Performance (POP). Accordingly, the authenticity of organizational accomplishment requirement is to adopt an appropriate leadership style. This prerequisite is unavoidable to achieve organizational objectives, POP and valuable human resource development.
Conferring upon Lane (1995), there is an escalating need of the AL for moral organizational standards to obtain remarkable POP by EDM process. To address such types of complex organizational phenomenon, newly emerged AL style provides multiple behavioural and ethical solutions (Bishop, 2013). AL is gradually evolved as ethical and moral leadership style known for organizational success since last two decades (George, 2003). This leadership style is addressing different organizational issues through authentic moral and self-dimensional model. Self-awareness as a major dimension of AL plays a dominant role in authentic leader’s self-regulation. It engages individuals to perform an excellent POP for organizational objectives significantly. To answer the research questions raised through research in hand scholar focused Banking Services Industry of Hazara Region, KP, Pakistan. The reasons for the selection of this industry were as follows: -

a. It is an emergent global service sector in Pakistan and experiencing certain rapid changes i.e. technological, human resource development, trainings, mergers and acquisitions.

b. Literature reveals that leadership styles in banking have a significant relationship with subordinates’ performance outcomes i.e. POP.

c. This sector operates under tightly regulated control of the State Bank of Pakistan (SBP). Banks follows same rules and regulations set by the SBP is reasonable to study AL and its impact on POP.

d. The banking sector of Pakistan provides equal opportunities for both sexes. However, in order to recruit, train, retain and compensate their
employees, this sector has gender equality policy. Hence the banking sector is an appropriate choice to conduct any type of behavioural, ethical and moral organizational research study.

e. The workforce of banks does not belong to any particular culture or region. People working in banks belong to different cultures and regions. This sector provides setting for study to examine relationships and perceptions about AL and POP.

Previous Researches have witnessed that the banking services industry unceasingly played a prominent role in South Asian regional economic development. The study of Rehman and Raoof (2010) reported that these organizations are regularly contributing in regional economic growth. Public, private and Islamic banks in compliance with SBP are providing multiple financial and non-financial services to their customers with excellent AL practices (Gul, Irshad, & Zaman, 2011). The Hazara Region, Khyber Pakhtunkhwa (KP), Pakistan is a population based administrative division, consists of six districts situated on the famous Silk Route to Peoples Republic of China.

The region is globally present in debates because it passes through China Pakistan Economic Corridor (CPEC) under One Belt One Road Project. This emerging regional and global economic activity attracted world level business and offered immense opportunities to for miscellaneous international organizations. Therefore, as a member of global business community, Pakistan’s banking services industry is heaved for provision of best financial services. The research also revealed that banking services industry’s POP always backed
regional economy through AL. Therefore, the efforts ever remained sustained through different comprehensive leadership determinations including AL style (Nandekar & Brown, 2017). The introduction of innovative products and services i.e. Islamic banking products, successive business strategies and comprehensive performance management systems are some of the best practical examples showing excellent POP (Rehman, Chaudhary, & Zahid, 2011).

The research in hand focused previous literature, which revealed that practicing AL style, provides positive and significant impact on behaviours to achieve desirable POP. According to the researchers of financial services sector there are different problems yet to be resolved. Amongst some of these organizational issues is turnover difficulty is a major issue. This organizational issue is foremost constraint for achievement of POP and successful running of business operations on regular basis (Shah, Abbas, & Qureshi, 2016). The market prevailing competition, organizational psychological issues, cynicism, ethical and moral penetrating dilemmas situations are also other major organizational challenges (Walumbwa, Luthans, Avey, & Oke, 2011).

Research also shows that there are multiple solutions to accommodate these types of organizational situations. One of the best is to adopt AL style, which is also answer for organizational success and issues (Eisenbeiss, 2012; Bass & Steidlmeier, 1999). Some previous studies show that the AL engrosses ethical and organizational psychological issues through its Self-awareness approach (Okpara, ACIA, Edwin-PhD, & Mfl, 2015). The services sector organizational leadership regularly incorporate institutional efforts to address behavioural
problems with ambitions to employees’ career growth. These efforts towards the supremacy of extensive tenure development are present throughout the occupational path of banking services industry (Ansar-ul-Haq & Kuchinke, 2016; Mwange, 2010). Research in hand tested organizational behavioural and ethical issues problem with newly proposed research model. For this purpose, impact of AL on POP with moderation of Moral Intensity (MI) and mediation of EDM remained prime objective of research in hand. The objective was to address the research gap identified in literature (Hannah, Lester, & Vogelgesang, 2005; Cianci et al., 2014).

To understand the background of problem literature revealed that there is an ancient prevalent concept Authenticity stemmed the AL style (Avolio & Gardner, 2005; Ilies, Morgeson, & Nahrgang, 2005). Authenticity itself is a complete construct having pre-defined meanings accumulated with entrenched in diverse levels of sincerity (Liu, Cutcherr, & Grant, 2015). It is dealing with internally concentrated deep cultured moral awareness concept using AL (Franklin, 2010; Sekoere, 2015). Organizations remain confident on prearranged practicing organizational values, gradually engraved in developed culture through knowledge management (Mwaura, 2017). However, the cultivation of a big hope for organizational members and employees career growth is an additive property (Mubarak & Noor, 2018). It is based on human resource development practices, individual involvement, exploring their personal expectations, thoughts and anxieties in extreme hones and harmless leadership styles being practiced in organizations (Harper, 2015).
The research of Walumbwa and Wernsing (2013) reveals that an ultimate global occurrence of organizations can be derived through performance organizational members. The emphasis of south Asian nations efforts in banking services through AL efforts has already reported in literature as a major global and regional revenue contributor (Kuznets, 1988). The research further shows that more than seventy per cent of global revenue comes from under reference Asian countries service sector organizations (Klapper, Amit, & Guillen, 2010). The modern service sector and business researchers have linked these performances and behavioural organizational issues with AL style and proposed it as an organizational solution for the achievement of POP (Sekoere, 2015).

According to Shukla (2014) AL style impacts POP through involvement of multiple organizational level leaderships layers. It is a newly emerged leadership style since last decade (Hassan & Ahmed, 2011; George, 2003) stemmed through the Authenticity construct in prehistoric western cultures (Person, 1942). This concept has also been presented as a hot topic in the academic research area of recognized Positive Organizational Psychology. It was emerged after the rise of human organizational issues systems (Roe, 2017). The modern banking service industry based organizations strategic level challenges like other organizational, moral, ethical and AL styles need to be given more importance (Carter & Greer, 2013). These styles aligned with a vision to handle such types of emerging challenges of individuals, leaders and organizations. Research also boards that these are part of day to day stimulations for a competitive business (Parasuraman, Zeithaml, & Berry, 1985). Therefore, be
maintained for a service industry which may unambiguous in the different business world (Hassan & Ahmed, 2011).

The word competition is a broadly used term and understandable for survival of modern services providing organizations essentially equipped with contemporary tactics (Demchak, 1991). Research shows that those organizations familiarize with competition, keep associated with risk and knowledge management of modest area survive. However, if unaligned competitive global business environment gets them absorb (Karmarkar, 2004). The rivalry and perfect competition also hide these type organizations from global business world (Nolan, 2001) in other words merge them into other big joint dominating in market and holding large business share (Lado, Boyd, & Hanlon, 1997).

In recent years the Pakistan’s banking service industry has witnessed Union Banks merger into the Standard Chartered Bank Limited (Arshad, 2012). The AL style is a contemporary emerging and extensively investigated leadership style got attention around the world after 2003 (George, 2003). It was a newly growing idea based on authenticity, servant leadership, ethical leadership and behavioral leadership theories in literature (Jensen & Luthans, 2006). Authenticity research shows that it is primarily addressing combinations of individual’s personal experiences, sentiments, judgments, perceptions and standards (Mcshane & Cunningham, 2012).

Based on these referenced standards POP is an outcome of leadership style (Wang, Sui, Luthans, & Wu, 2014). It also concentrates on organizational members that what an individual really think, believe, and perform in
organizational work settings (Bello, 2012). Moreover, emphasizing on appreciation of ethical and moral practices in organizations it is appropriate for the society at large that these acts also be in command to present authentic, ethical and moral self-based practices (Thomas, 2007). The research also shows that proper directions depend on the individual’s inside ethical believes and genuine perceptions (Rego et al., 2012). The construct AL is predominantly grounded in ancient Greek thinking “To thins own self be true” (Mcshane & Cunningham, 2012). According to learned details shown in historical research area, definition is available with body of knowledge instituting AL. The Avolio and Gartner (2005) and previous empirical researches have already quoted foundations of AL connecting to the construct authenticity (Walumbwa, Luthans, Avey, & Oke, 2011; Banks, McCauley, Gardner, & Guler, 2016). However, some authors divided authenticity construct dimensions as a four-component model (Ilies, 2005). Some researchers separately named these facets as relational orientation, unbiased processing, awareness and behaviour (Karnis & Goldman, 2005).

As a fundamental principle these facets were initially built on authenticity construct also treated as base of AL style (Avolio & Gardner, 2005). The traditional researchers linked these facets to AL style known as the dimensions of this emerging leadership style (Luthans, Norman, & Hughes, 2006). Most of the time researchers used it as an equipment of modern research in business world (Rego, Sousa, Marques, & Cunha, 2012). The behavioural and organizational exploration researches addressed organizational moral and ethical issues for performance measures (Peterson et al., 2012).
Hence it reveals that this construct is a definite question of legitimacy, unaffectedness, dependability, honesty, and purity, based on determination to probe further to deal with decision making and EDM situations (Chattopadhyay, 2012). Authenticity actually promotes self-awareness in individual’s character which is a reflection practiced by an authentic leader to form an organizational culture (Leroy et al., 2015). According to Carroll & Buchholtz (2014) the last two decades have witnessed ethical and moral behaviours believe in organizational environment. Therefore, by focusing organizational performance increased needs these are seem to be surprising manners arising through special emphasis on ethics, moral and EDM concepts in organizations (Trevino, Weaver, & Reynolds, 2006). Research further shows AL style’s vital importance, needs, impact on organizational members’ personalities, followership and their moral development (Ouma, 2017).

Its importance is in organizational decision-making dealing with ethical and moral dilemma situations through EDM process (May et al., 2003). These are core issues in ever changing individual behaviours concentrating organizations and business enterprises (Pierce, Kostova, & Dirks, 2001). The literature supports organizational citizenship behaviours in different types of researches and accordingly their positive impact on POP (Walumbwa & Schaubroeck, 2009). Studies have also shown impressive results of AL style on POP with psychological impact through effect of MI and EDM (Cianci, Hannah, Roberts, & Tsakumis, 2014). The AL style plays an important and pivotal role for achievement of POP. Therefore, reach up to the mark performance, developing
organizations dominant in the competitive market is necessary to connect research on the basis of these related facts and associated of variables.

The research in hand proposed impact of AL on POP with moderated mediation effect of MI and EDM in the banks of Hazara region, KP, Pakistan. Research also revealed that AL construct sometimes interchangeably used by researchers as authentic moral leadership style due to its natural relationship with authentic, moral and ethical self. Therefore, it is also known as a contemporary and moral leadership style as compare to other leadership styles (May et al., 2003).

The under-reference leadership style has interred connected properties of authentic moral self to deal followers in an ideal way. It also fascinates and appeals these organizational members towards tasks on a concrete and shared vision of an authentic leader (Zhang et al., 2012). The literature reviews particular to this area of research revealed that there is an established relationship between POP and EDM constructs (Trevino, 1986). Accordingly, there is a positive change which can be seen in negative attitudes of individuals. It also included the leader follower relationships in organizational work settings emphasizing the managerial context. According to above referenced managerial point of view it is related to AL style, EDM mediation, MI moderation for the achievement of POP fostering the business and organizational performance (Wu, 2002). These particular relationships are actually related to inside organizational problems and prevailing competitive business challenges. In organizations the leaders having authentic behaviours always try to protect them from un-ethical decisions as
indistinguishable implementations to EDM principles. In nut shell the MI construct revealed with a moderating influence on POP and EDM through AL style. It has also been found that during this modular arrangement the construct EDM as a process is directly getting influence of MI construct. Therefore, this construct directly influences individual’s performance which affects POP. Therefore, the construct AL and its dimensions itself impact the perceived morality, ethics and authenticity. The authentic moral leader has good practicing concept of ethics and moral self-schemas with the abstraction power of EDM. The literature shows that authentic moral leadership and AL have similar foundations. These terms are used in different researches interchangeably constructed on authentic, moral and ethical concepts related to self-awareness.

As identified earlier the AL demarcated in four elementary dimensions. These are also defined as facets of construct AL and shown in literature for understanding as dimensions of this construct. These dimensions are defined as self-awareness, relational transparency, balanced processing of information and internalized moral perspective (Walumbwa et al., 2008). The research in hand is focused on attempting the exploration of impression relating to AL. It has also focused the impact on POP with moderation role of MI and mediating effect of EDM. There is a research gap in existing literature with a special emphasis on individual’s organizational performance and AL behaviour. This is particularly beneficial to banking service organizations practicing business in Hazara region situated in Northern region of Pakistan. However, its practical benefits to the country, remaining world and serving to different cultures are based on validity
and reliability as proven in different adopted and tested scales. Therefore, the basic objective of this research is to make a valuable contribution to the services sector business and its related areas. Ethical organizational cultural development is an additive property of this research and the other arguments countervailing to those factors remained as focus of research also addressed through a newly connected relationship (Schaubroeck et al., 2012). In different explanations the research in hand investigated and explored impact of AL on POP with the moderation effect of MI and mediation of EDM. It has come in to experience that most of the time the researches remained focused on authentic leaders. However, research in hand focused POP addressing with dimensions like moral component of AL through the mediation of EDM and moderation of MI constructs in distinct and collective manners revealed in the literature (Bhal & Dadhich, 2011).

Research on AL also revealed that MI with higher concentration effect in a situation takes the charge of this construct (Cianci et al., 2014). Therefore, the moderating variable sometimes takes the charge of independent variable indicated in the research in hand and rendering to the higher MI during the organizational situations (Bhatacherjee, 2012). The focus of research in hand discoursed these types of situations in service sector organizations and predominantly banking sector addresses AL with its impact on POP through moderation of MI and mediation of EDM. As boarded earlier the key focus of this research study is services industry. The particular focus is on national public and private banking organization including Islamic banking practicing in Haripur, Abbottabad and Mansehra districts of the KP province of Pakistan. This is a famous region these
days and is situated on international silk route to China. In future, economic corridor throughout the Islamic republic of Pakistan with huge potential banking service needs on this one world one belt road.

1.2 Problem Identification

Authentic Leadership (AL) plays an important and effective role to achieve Perceived Organizational Performance (POP). There are different service sector organizations achieving organizational goals through adopting effective leadership styles at strategic level. Amongst top leadership style result oriented organizations is the banking industry. Services sector research shows that it is a fast-growing industry around the globe. According to Rehman and Raoof (2010) World Bank (WB) has reported this sector as second best performer between south Asian nations. Research studies (Khan, Hameed, & Khan, 2017; Aliyu, Hassan, Mohd Yusof, & Naiimi, 2017) also presented that competition in this industry is rapidly growing as enormous future challenge for service sector. The recent pressure on Pakistan’s economy, rapid fluctuating financial and non-financial strategies dealing with this sector brought attention of researchers and academicians towards banking service industry to address this emerging research gap. The above-mentioned situation brought major organizational behavioural challenges to the services industry, particularly doing the routine business to achieve up to the mark performance for survival in competitive global market. Some of challenges are complex in nature like the increase in work load, job enlargement, Ethical Decision-Making (EDM) issues, moral/ethical dilemmas and high turnover difficulty for organizations and leaders (Bashir & Ismail, 2010;
Khattak et al., 2011). Moreover, these situations created major hindrance for essential achievement of Perceived Organizational Performance (POP) for institutional survival. These efforts are important to strengthened and justify a need of Authentic Leadership (AL) for handling these types of situations (Bello, 2012; Hassan & Ahmed, 2011).

The banking sector of Pakistan is a part of international financial system and cannot distinct itself from global occurring change for customers’ satisfaction and quality assurance (Jamal & Naseer, 2003). The customer’s desires, service satisfaction and attraction towards the banking services products became central focus of banking services business around the globe (Mohsan et al., 2011; Hafeez & Muhammad, 2012). It has established organizational need of strategic leadership to be more authentic and ethical towards organizations/members to achieve better POP. Accordingly, the focus of research in hand is on AL style also symbolized as authentic moral leadership. This leadership style is influenced through positive organizational psychology. Dealing leaders followers’ relationships individually for best achievement of remarkable POP. According to Hannah, Avolio & Walumbwa (2011) the MI with its moderation effect on EDM during the decision making process to handle organizational moral and ethical issues in particular morally charged ethical/moral dilemma situations effect organizational performance.

Research in hand revealed that this situation moderates impact of AL style on POP. The previous research elaborated its overall impact on organizational performance (Wong et al., 2010). Furthermore, research studies
also show that banking services organizations face intense competition during development of innovative financial services. Similarly, the retention of staff/organizational members in South Asia competitive banking services environment is also a big organizational challenge.

The banking service sector organizations are facing direct impact on business performance. Hence this situation establishes a need to incorporate AL style for organizational goal achievement through human capital for achievement of an effective POP. The strategic manager has an authentic leader role for organizations and is directly affecting organizational performance. The State Bank of Pakistan (SBP) reports revealed organizational leadership roles difference which impact revenue growth and profits in remarkable way.

Research in hand as impact of AL style through moderated mediation effect of MI and EDM is an incremental model to the body of knowledge. It has been tested on banking service organizations providing services business in Hazara region, KP, Pakistan. The research gap is identified in Cianci, Hannah, Roberts and Tsakumis (2014) research “The effects of Authentic Leadership on follower’s Ethical Decision Making in face of temptation: An experimental study” published in the Leadership Quarterly.

1.3 Problem Statement

AL plays an influential role by encouraging employees to achieve best performance for their organizations. Successful Organizations always rely on well in time EDM including moral decisions by organizational strategic leadership. Similarly, the AL style protects interests of organizational members through
timely taken financial decisions. It is expected from leadership to be authentic through higher morality and must engage in EDM process to enhance POP in a transparent manner. This situation requires empirical investigation by incorporating modern research tools and techniques. The AL style is a behavioural, moral self-processing and ethics-based construct between different types of leadership styles. In past decade AL emerged in literature as an excellent solution to address ethical and moral dilemma situation in organizational psychological environments (Bill, 2003). AL got focused in academia more like other leadership styles including transformational leadership, transactional leadership, servant leadership, ethical leadership styles etc. Different research studies show that the authentic, moral and ethical issues always generate diverse types of behavioural, moral and ethical situations with perception-based psychological problems in organizations. Research in hand focused banking services industry managers to accomplish POP through AL, MI and EDM.

This stress management impacts on competition handling efforts, always overcomes through enormous influence and make it a little bit difficult to run business efficiently for achievement of POP (Dale & Fox, 2008). There is another concept in human behavioural ethics/positive organizational psychology known as MI. This construct impacts AL to measure organizational individual’s performance during EDM process and moderates the impact of AL on POP (Carroll & Buchholtz, 2014).

The research in hand is addressing different types of behavioural situations in organizations emerged during organizational EDM process by the
authentic leaders practicing AL style. Hence the impact of AL style on POP through moderated mediation effect of MI and EDM is the key ingredient of this research. MI in ethical organizational culture has its impact on EDM process (Valentine & Hollingsworth, 2012). Therefore, research in hand is a new hypothetical test for different types of authentic and moral leadership styles.

1.4 Rationale of Study

Authentic leader’s EDM process impacts POP due to highly developed ethical and moral self-based schematic personality entrenched traits duly embedded in an authentic leader’s character (Rego et al., 2012). These leaders also engage organizational members and followers by attracting their perceptions about leader and organization. They set different practical personality-based examples and always lead from the front. However, these perceptions are growing under MI levels of feeling in morally charged organizational ethical dilemma situations (Cianci, 2014). These perceptions may also be developed and be more charged at any time due to highly unpredictable human behaviours.

The activation of different dimensions of MI categorized as magnitude of consequences, concentration of effect, probability of effect, social census, proximity and temporal immediacy related to the moral issue under reference create a charged moral and ethical based situation. The previous researches in this area have also shown that with intensification of MI an authentic leader can motivate organizational members to behave morally and show moral and ethical character (Flannery & May, 1994; May & Pauli, 2002). The authentic moral self-reactive processes faced with ethical and moral dilemma situations that have
highly salient levels of MI may make it more difficult and understandable. These are sometimes substitution for the effects of different leadership style particularly ethical, authentic, servant and transformational leaderships. Resultantly moderates the effects of AL on POP through EDM process relating to authentic leader and his followers (Algera & Lips-Wiersma, 2012). The authentic leaders use their various embedded moral and ethical powers to motivate organizational members. They include their followers to decrease and overcome the gap between their values, conflicts and already developed organizational culture (Azanza, Moriano, & Molero, 2013).

Authentic leaders predominantly perform by exercising their expert-based position of power. This power applies through participatory methods like helping followers to become more adaptive and reflective while facing different cultural values. Authentic leaders have reputation amongst followers of ethical and moral leadership practices. Therefore, they secure a place in the hearts of followers at high levels attributed to credibility and trust. This trust in return promotes followers’ acceptance of expert powers along with their obvious referent power and participatory style of perceived leadership style and leader’s personality (Peterson et al., 2012). These authentic and moral leaders also encourage the development of follower’s moral capabilities to be embedded in their personalities. It is the quality of authentic leaders to provide solutions relating to different organizational level decisions based created tensions. They ensure that followers can identify and eliminate their values conflicts through succession planning processes (Walumbwa et al., 2011).
Moreover, these types of leaders can help to address such types of tensions through open a moral and ethics-based discussion by exemplifying contrasting personal examples of the highest ethical and moral developed character (Laschinger & Fida, 2014). A clear sense of purpose shared among organizational members and followers given by the AL develops an emotional connection with the organization. This is reflected by its presence in the local and global markets. It sums up commitment to developing deeper relationships with its clients and customers, its values, conduct and focus on building a sustainable organizational business (Hmieleski, Cole & Baron, 2012).

The employee volunteering is a core component of the organizational community strategy. This is only possible when an authentic leader shows him through self-awareness schemas with an eager strength. Therefore, individuals in organizations perform well with authentic, moral and ethical capacity and enhance POP. Similarly, these individuals do collective efforts through leaders who are most important factor in POP and also objective performance (Goetsch & Davis, 2014).

The study focused from the start to check the AL dealing with followers’ behaviours, attitudes, values, culture and organizational vision given by the leader himself. Hence the concentration of this research is how authentic leaders’ personality, traits, self-awareness based moral and ethical schemas impacts POP through moderation of MI and mediation of EDM process. Therefore, the intervention of MI particularly plays a moderation role which will also be shown in this research. Resultantly the measurement of behavior is a
major component in POP constructs (Pan & Sparks, 2012). As an individual organizational member, the employee perceives that ethical decisions affect his inner cognitive behaviour and power of perception. It interacts with internal mechanism which is totally based on moral self, ethical system, authenticity, self-awareness and internalized moral perspective addressing all dimensions of AL.

These are processed through previous organizational experiences including organizational environment and time based developed culture. On the basis of above quoted different details and with the help of these results, it is an established fact which invites MI to act in accordance with its dimensional model. If it is addressed and engaged properly by using individual dimensional impact and simplified by the authentic leader moral self-qualities. However, if the actual harm effect is low intensity there is required to be researched more detailed in this construct not only as a whole but also addressed for each individual dimension.

1.5 Research Questions
1. How Authentic Leadership Impacts Perceived Organizational Performance?
2. What is moderating effect of Moral Intensity on Ethical Decision Making to impact Perceived Organizational Performance?
3. What is mediating role of Ethical Decision Making amongst Authentic Leadership and Perceived Organizational Performance?
4. How moderating effects of Moral Intensity and mediating role of Ethical Decision-Making Impacts Perceived Organizational Performance?

1.6 Research Objectives
1. To find out how Authentic Leadership significantly impacts Perceived Organizational Performance.
2. To analyse the role of Moral Intensity as moderator between Authentic Leadership and Ethical Decision Making.

3. To investigate the mediating effects of Ethical Decision-Making between Authentic Leadership and Perceived Organizational Performance.

4. To measure the Authentic Leadership impact on Perceived Organizational Performance through moderated mediation of MI and EDM in connection with national, scheduled public and private banks in the selected regional area of Pakistan.

1.7. **Significance of Study**

The services sector of a country is a regular contributor and plays a major role in nation’s economy. Today’s global competition, task and mega environments and changing markets are always in demand of authentic and moral leadership practices in organizations to achieve positive organizational performance. As established in business literature AL is a newly emerged leadership style since last decade. Previous research revealed its positive role in EDM process for achievement of POP. Research in hand is testing AL impact on POP through moderated mediation effect of MI and EDM while addressing the literature gap.

As MI moderates the effects of AL on EDM in a positive manners resultantly organizational members reflect positive POP which reveals services industry to excel regional economic growth of Pakistan. Literature support is evident that AL helps in achieving positive POP. MI impacts with its moderating character to EDM process and address different types of ethical dilemmas in a way to change the behaviour of individuals to work effectively for better
outcomes of POP. The banking service industry has been considered for this research due to some of the following reasons. According to the proposed research model based on previous researches (Cianci et al., 2014) the role of AL in continuously changing organizational environment of banking services industry at global level and in Pakistan is more influential than ever before. AL plays an effective role through EDM process particularly in banking services organizations. Research also expresses that this business industry is positively performing in a very high competition at local and international markets.

There are different types of banks distinctly practicing business throughout Pakistan. The research study enables services sector of Pakistan to get new and unique inkling of latest and modern type of Authentic leadership style. This research is focused on AL style and ensures proactive measures. In order to tackle the changing competitive market dynamics processing through EDM process in the presence of MI as an outcome to achieve positive POP. Study enables organizational leaders to impact follower’s performance by making the ethical decisions through EDM as an outcome of POP. Mostly researches focused on objective performance based on secondary data however focus of this research is Perceived Organizational Performance concentrated primarily collected data from Hazara Division, KP province of Pakistan.

1.8. Delimitation of Study

The Banking Services Industry is a vast business sector which cannot be covered due to many reasons i.e. resources, geographical limitations, time limitations and so on. The major focus of research in hand is to test the impact of
AL on POP through moderated mediation effect of MI and EDM related to Banking Services Industry providing services in Hazara Region, KP, Pakistan. Secondly the study focused bank employees in managerial and leadership roles and involved practicing AL through MI and EDM for achievement of POP.

1.9. Organization of Dissertation

This research comprises of 6 chapters. The sequence of the chapters is detailed in below lines. Introductory chapter is addressing the background of study with some of its historical context related to previous researches. The headings, like problem identification, problem statement, rationale of study, research questions, research objectives, delimitation and significance of research are also part of this chapter and discussed with required details. The second chapter titled as literature review comprised of previous studies extracted knowledge in relevant field. It is based on detailed work evaluation on independent variable AL with its four dimensions in detail. similarly AL relationships with the moderating variable MI its each dimension with one to one, one to many and many to many relationships, mediating variable EDM including its dimensions and relations are also described. All variables of research in hand addressed individually through their effects on dependent variable POP and its facets including the relations as slightly discussed in above mentioned lines.

This chapter also discusses the inter relationship amongst all of the above variables under this specific study, including their individual relationships, previous historical base, theoretical foundations and latest studies. The chapter including latest researches relating to the topic particularly based on facts for the
identified research gap. At the end this chapter especially focused and embarks with emphasis on last many years extensive research in this field predominantly on the subject related area with modern and old research literature available covering all aspects and dimensions of the topic available to the researchers in the body of knowledge. To proceed further for the future recommendations of research in international and national level literature.

The third chapter of research in hand embarks on the research context and framework. This chapter also addresses AL behaviour, EDM in organizations, banking industry in Pakistan with organizational context, introduction to KP, province in research context, Hazara as research study region, banking structure in KP, proposed study model and operationalization of variables including all other variables like dependent variable, moderating variable and mediating variable, research hypothesises. At last but not the least chapter summary describes brief details for skimming of readers. The fourth chapter is research methodology start with a brief introduction, research design, population of research, its sample size and data collection procedures, data foundations and collection procedures, analysis techniques, instrumentation, pilot study, reliability of IV, DV, MO, and M, correlations, considerations, data collection approaches, computational tools for data analysis and at the end chapter summary. This Fifth chapter provides details on preliminary data analysis, common method bias, validity and reliability analysis, confirmatory factor analysis and mean comparison. The sixth chapter is regression analysis and hypothesis testing it starts with introduction, Regression analysis, initial regression equations, correlations, assumptions, empirical

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hypotheses testing, mediation, moderation results and diagrams. At the end of this chapter the researcher briefly summarized this chapter for an overview of readers to get a glanced understanding of this research.

The sixth chapter is titled as Findings and discussion this chapter starts with the introduction of variables. This Chapter of this research is based on detailed discussion, like other researchers at Ph.D. level. This chapter initially opens to discuss the findings by putting them together with previous researches on this subject. Independent variable, moderating variable, mediating variable and dependent variable discussed with the basis of previous investigations. All hypothesis of the research in hand with impact and results are also part of discussion chapter for better understanding the results. The seventh chapter of this research embarks on conclusion, future recommendations.

1.10. Chapter Summary

Taking start with contextual background on banking service sector, this chapter elaborates variables and their relationships. Next section identifies the problem and referring connectivity with literature on AL, MI, EDM and POP. It refers on organizational ethical problems models and linked with referred higher MI and its impact on POP. The next section is problem statement, defining details and identified in problem. Further the rationale of this study explains study relations with previous research and the authentic leader traits. Further framed research questions of the study and following research objectives. Significance is next section elaborates research objectives. The delimitations are in a separate section. At the end organization and summary of the dissertation are discussed.
CHAPTER 2
LITERATURE REVIEW

2.1 Introduction

This chapter establishes exploration of literature pertinent to Authentic Leadership (AL), Perceived Organizational Performance (POP), Moral Intensity (MI) and Ethical Decision Making (EDM) to address research in hand. Accordingly, the ideas, variables, dimensions of variables and identified constructs utilized as foundation of examination in planned investigation prototype are explored in detail in accordance with research norms (Webster & Watson, 2002).

The purpose of this research was to examine previous related researches for better understanding of in hand new research problem as per identified research gap. Researcher takes start with an overview of broad area, the leadership, leadership styles emphasis on AL (Aronson, 2001; Angus-Leppan et al., 2010; Asrar ul Haq, 2014, 2016). This chapter describes details of AL and its relations to other research variables (Walumbwa, 2008).

Establishing focus of chapter is the connectivity amongst other variables, different dimensions, definitions, operationalization and base line leadership theories related to AL style (Avoilio & Gardner, 2005). Researcher reviewed literature according to established norms and principles of research by giving priority to research in hand (Azanza et al., 2013). Below lines reveals a comprehensive literature review on AL as independent variable, MI as moderating variable, EDM as mediating variable and POP as dependent variable (Begley,
Accordingly, the definitions of above mentioned variables, related theories, direct, indirect linkages, internally connected effects and other impacting factors are also part of this review. Authentic Leadership Impacts Perceived Organizational Performance, moderation of Moral Intensity and mediating effect of Ethical Decision Making are also reviewed (Hsiuing, 2012; Imran, Rizvi, & Ali, 2011; Leitsch, 2006; May & Pauli, 2002).

Connecting all the primary objectives of this research was to seek answers of proposed research questions and research objectives mentioned in introductory chapter. Finally focusing as per title of research, Impact of Authentic Leadership on Perceived Organizational Performance a moderated mediation of Moral Intensity and Ethical Decision-Making is outcome of research in hand. To understand Authentic Leadership this chapter particularly discusses the construct Authenticity (McShane & Cunningham, 2012). The construct Authenticity in literature stems Authentic Leadership and its style (Kernis, 2003; Hannah, et al., 2004).

The concept of authentic, moral and ethical self has also been focused in detail with the help of previous literature and related research studies. It establishes authentic, moral and ethical effect of Authentic Leadership on Perceived Organizational Performance with moderated mediation effect of Moral Intensity and Ethical Decision Making (May et al., 2003; Hannah, Lester, & Vogelgesang, 2005). The detailed review of literature focus topic from general to specific by incorporating previous knowledge base tested in this particular field.
2.2 Introduction to Leadership

The research focus is Authentic Leadership therefore before examining further a thorough review of previous literature related to different styles of leadership connected to AL establishes direction for identified research problem. It is valuable to this research that researcher must examine some of the previous related and tested studies (Walumbwa, 2008; Rest, 1986; Fry, 2000, 200a; Delaney & Huselid, 1996; Chally & Loriz, 1998). These studies also shown previous management sciences research literature in detail for future research guidance. Moreover, reliable and validated scales have been adopted from these studies.

The field of leadership has always taken as a keen area of interest for organizational research and utilized for solution of institutional problems through different kinds of research investigations. There are different leadership styles in practice for bring success to organizational business through leadership styles to meet competitive world needs. According to Khan and Anjum (2013) the leadership is an integral part of organizational success strategically providing vision and believes in gaining competitive advantage.

The focus of research in hand is services sector the banking industry which is a big contributor to the business world (George, Hass, & Pentland, 2014). Research revealed that organizational existence in different part of the world markets always beached and regarded on their leaderships vision, styles, development of human resources and human capital retention in organizations (McCall, 1986; Yukl, 1981; House et al., 2004; Fielder & Garcia, 1987). Similarly
it is based on loyalty, long term bonding to organizations and establishes a relationship for successful organizational subjective performance (Uzkurt et al., 2013). Human behaviours play influential roles to bring organizations protuberant success in competitive markets at global level. Moreover, non-competitive organizations get evaporated from the market seen in current fast growing, ever-changing and dynamic business world (Kogut, 1985).

The Positive Organization Behavioural Psychological Sciences literature proves that without visionary, authentic and successful leadership style organizations are unable to flourish in competitive business environment (Luthans et al., 2001; Mintzburg, 1989). It has also proved in previous researches that organizational success is selection of positive, visionary and effective leadership style. The effective and visionary leadership practices for purposeful achievement of organizational success are real answer to this question (Bass & Avolio, 1990).

2.3. **Defining Leadership**

There are different definitions of leadership in previous literature (House et al., 2004; Northhous, 2018). A comprehensive explanation to this terminology is the quality of organization’s strategic level administrative management. It takes visionary, goal oriented, time based, authentic, moral and ethical decision which influence others to achieve an excellent organizational level performance (Hsiung, 2012). The term leadership was coined as a significant theme in the arena of administrative and behavioural sciences (Bensimon, 1989). It plays an influential role through self-motivated effects all over managerial, individual and collective organizational relations (Antonacopoulou, 2006). It is
the capability of an organization to implement to work as a team determination influenced through management competency (Vandaie, 2008). According to Obiwuru et al. (2011) effective leadership styles is an outstanding leading light for the purpose of motivation follower’s talent for increasing organizational effectiveness. Some authors have boarded on leadership literature and styles that it is an ever green field. The leadership has capacity being an important topic representing management sciences fields particularly organizational, behavioural and ethical sciences addressing social and human sciences behaviours (Damanpour, Walker, & Avellaneda, 2009).

The leadership impacts enthusiastically and combined determinations based on its management qualities. However, personality interaction to organizations exposes leaders during decision making episodes (Boyd & Taylor, 1998). Many researchers demarcated leadership definitions as distinct performance and a single behaviour to control clusters for the accomplishment of mutual goals (Coons & Stogdill, 1957).

The exceptional leaders motivate follower’s potential for development of organizational effectiveness (Avolio & Gardner, 2005) they facilitate progression during attainment of goals. Some of the researchers explained leadership styles directly and elaborated this term as an actual approach to clue potential in followers of an organization (Lord & Brown, 2013; Barsade & Gibson, 2007). However, literature divulges that researchers in past many decades could not absorbed consensus on actual leadership definition (Hackman & Wageman, 2007). Accordance to other different fields leadership is normally
castoff in daily life routine words. But when its emphasis becomes particular on proper description or meaning, it becomes difficult to get consensus on one meaning (Scordato, 2016). Many other implications brought in distinction to make firm conclusion on leadership definition. These are leadership impacts, characters, qualities and professions (Gartner et al., 2010). The exploration further exposed that researchers proposed motivation as a component of leadership. It is linked to develop and promote organizational members talent for progression and improvement in organizations. However, there are so many explanation points towards association amongst overall organizational performance and the leadership styles (Fry, 2003).

Research also revealed that leadership definitions are dissimilar to each other. The reasons are background, impact, effect, environment, culture, drive and engaged human behaviours (Rycroft-Malone, 2013). Historically it has also been observed that leadership roots are in the start of human society system particularly focusing last two centuries of leadership development (Rost, 1993; Davidson, 2018). Hence it is established from literature that these definitions revolve around business, organizational environmental settings, operational settings, employees’ inspiration systems practicing by individual leaders, mangers and their management styles.

Additionally, there is a paradigm shift in an influence of controlling and dominating approach to contented work atmosphere. It is in reality the delegation of powers to individuals with incentives and career vertical development approach (Wallerstein, 2002). This change gave birth to another
approach known as Development of Management Philosophies (Fritzsche & Becker, 1984; Premeaux & Mondy, 1993). The ancient Arabian leaders, topologists, Greeks and even all other nations of mankind on the earth have their collective concentrations on leadership brought similarities to its distinct definitions (Wren, 2013). Research in hand is focused on Authentic Leadership style and its impact Perceived Organizational Performance through moderated mediation of Moral Intensity and Ethical Decision Making.

There are multiple reasons concerning influential leadership style which the recent era of business incorporating vigorously. It included businesses modernization, digital technology oriented competitive environment, contentions based on performance, declining revenues and imaginative devastation of prevailing proficiencies (Venkataraman et al., 2016). The research investigations on this area recommended that influential leadership styles conducts are helpful. These conducts enable the enhancement of Perceived Organizational Performance whenever organizations express innovative strategies-based tasks (Renz, 2016).

Investment in human resources approach changed recent epoch of organizations to spend and create human capital (Becker, 1994; Huselid, 1995; Barro, 2001; Purce, 2014). Leadership thinking for investment on human capital ever diverted growth and evolution of management philosophy with profound concentration on it. Recent research on AL, its styles with positive psychology shows deep essence of leadership in modern organizations (Tan, 2014). Recent era leaders’ needs are more dynamic and complex than ever before in the history of mankind. There are no new laws essential to get rid of business disasters,
missionary authentic leader, get companies at top with innovation to grab big market share but the devoted and authentic leadership (George, 2010). Authentic leaders create vast investor’s worth than monetarily receptiveness in businesses with integrity and everlasting accomplishment (Georg, 2007).

2.4 Theoretical Support to Leadership Styles

This section explains detailed theories of leadership to review the literature for better understanding related to leadership styles. These are different topic related leadership theories including servant leadership theory, ethical leadership theory and authentic leadership theory (Northouse, 2018). It also describes comprehensively and in depth review on the AL theory (Hassan & Ahmed, 2011) to understand for identified gap (Cianci et al., 2014) and theoretical relationship between AL, MI, EDM and POP (Zhu, May, & Avolio, 2004; Brown & Trevino, 2006; Bass & Steidlmeier, 1999; Avolio & Gardner, 2005; Luthans, Norman, & Hughes, 2006; Hannah, Avolio, & Walumbwa, 2011). Leadership is quality for any type of organizational strategic management to adopt in time authentic decisions by influencing other organizational members for excellent POP and organizational performance (Hsiung, 2012). Previous researches show that researchers in past decades could not built consensus on leadership definition (Hackman & Wageman, 2007). Just like other fields, leadership is normally seems like a daily routine and monotonous word.

But when its prominence becomes certain to proper explanation and meaning, it comes to be difficult to secure or rely on a singular meaning (Scordato, 2016). Many other connotations brought emphasis to agree firm
conclusion on leadership definition these are leadership impact, character, qualities and profession (Gartner et al., 2010). Literature reveals that leadership definitions are dissimilar to each other due to its contextual reason, background, impact, environment, culture, motivation and selling of behaviours to organizations and particularly the followers (Gill, 2012). The leadership ideology of investment on human capital diverted growth and evolution of management philosophy towards new leader’s needs. It is now focused and felt more than ever before. However in organizations without discussing the sizes now it is direly indispensable as ever caressed before. Literature revealed that in modern AL practices had shown the positive and developmental changes in organizations (Ofori, 2008). The advantages of AL proved as most beneficial as ever before as compare to other leadership styles in practice (Leroy, Anseel, Gardner, & Sels, 2015).

2.5 The Foundations of Leadership Styles

Reviewed literature revealed that there are different theoretical foundations to leadership styles discussed in section 2.4. However, the purpose was to provide theoretical foundations and value to research in hand. These are reviewed through available literature with the body of knowledge. Accordingly, the main objective was to establish and comprehend through an individual focus. This focus must be for current research and presence of mind to study organizational behavioural, ethical and moral leadership decision making area. AL is focus for understanding this research in accordance with following introduction of different leadership theories providing base to understand it.
2.5.1. **The Trait Leadership Theory**

The trait theory of leadership explains cohesions in leader’s personality by evaluating psychological stability, moral, ethical embedded traits and presence in public through EDM tangibly (Krikpatrick & Locke, 1991). Literature further explains that during the era of 30’s it was an emergence time of this meadow. The human behaviours ever remained unpredictable therefore only behaviour qualities dimensions may not be taken as dependable for research but some other factors should also be included (Allport, 1937). The trait theory has its basis on the notion that individuals are instinctive and grown with definite potentials. These potentials outclass and articulate them in a shape for way they travelled towards leadership characters (Zaccaro, Foti, & Kenny, 1991). Accordingly, these abilities are mental power, wisdom towards obligation, innovation, standards, morals and ethics to push for action as an identified leader (Walumbwa & Schaubroeck, 2009). There are many personalities pointed out by researchers especially the psychologists to support these notions (Deary & Whiteman, 2003). In recent year’s research shows that positive individualisms may also linked with leadership. However, there is nothing to be conscript and categorizes the personalities for extraordinary leadership or assurance of ideal leadership accomplishment in all circumstances (Lussier & Achua, 2012).

2.5.2. **The Contingency Leadership Theory**

Contingency theory of leadership elaborates leadership as no individual finest to foremost. Its importance is on success of leadership and corresponding leadership style (Fiedler, 2006). Theory believes no individualism
and qualities generalized for all situations. It means that no similar conditions of work are comparable for others previously elaborated in human behaviours. These behaviours are always different and unique in nature but no flair of leadership is only firm solution in generalized circumstances (Judge et al., 2007). It depends on different conditions and environments, leader may not be able to influence always on organizational settings including forces at work (Kahai et al., 1997).

2.5.3. The Behavioural Leadership Theory

This theory is particularly related to research in hand due to its authentic, moral, ethical and decision making behaviours of leaders and followers. Theory supports ideology of practicality in leaders which distinguished them by activities. It also contains perception-based strokes of leaders for a particular state. In contrast to the theory of great man, this theory articulates that leaders are developed and not created by birth. However, this theory is not focused on leaders’ character or personality traits but concentrates only on practical movements of individual. New research on this theory states that there is an emphasis on learning, perception and practical involvement to become an actual leader (Ancona & Bresman, 2013).

These above mentioned notions further elaborates that leaders always seeks from their lives paths and experiences (Theoharis, 2007; Birn, 1999). Moreover, the perception time leader acts according to his authentic moral self and self-awareness. He or she tries to know others through their internalized moral perspective based on self-schematic moral development. However, this leader also utilize followers for balanced processing of information means getting
information through others and analyse it on merit. This type of leader is authentic leader process information in a balanced manner to take ethical decisions based on high moral grounds. In nut shell the actual thing is transparency which a leader desires to show. The decision making is not very simple it is science of complex variables. The core thing as part of behavioural theory is change of behaviour in a leader due to these behaviours based activities get shape for future just like learning by doing through perception. The behaviour is presenter of reflection which gets its creation through perception as final outcome like decision making in a positive manner. The decisions always seen as basis of impact on others leader can put influence on others for better organizational level performance as an outcome.

2.5.4. The Servant Leadership Theory

The Servant leadership theory embarks on leader’s traits and elaborates leader’s character as service provider personality for others. It was introduced during the year 1970 by Robert K. Greenleaf with the emphasis on “The servant as a leader” (Parris; & Peachey, 2013). Greenleaf (2002) has recognized many characteristics of servant leadership including consciousness and influences. This means that enhancement of services to others i.e. control distribution in conclusion on some decision, complete behaviour style towards job and raise of civic sense (Arkin, 2004).

Initially this theory remained superfluous in terms of contemporary behaviour disciplines. These leaders have deficiencies of established agenda, not clear experiential linkage with organizational performance and so on. According
to the research some studies established qualities of servant leader’s extraordinary performance including empirically tested relationship between POP and the leadership (Melchar & Bosco, 2010). There are some other zones in this theory yet required to be discovered e.g. training of servant leaders. However, literature supports its progress and day to day needs (Smith, 2005). Literature shows that the servant leaders improve organizational performance by inspiring, delegating and creating encouraged to supporters and followers (Patton, 2014).

2.6. **Authenticity and Ethical Moral Self**

Researches on ethical leadership, moral leadership and AL styles show keen concerns of academic researchers (Brown & Trevino, 2006). They believe it through positive organizational psychology mind set which is related ethical and moral standards particularly in services sector organizations (Van der Wal & Lasthuizen, 2008). Smearing the relationships to the style of leadership contributed slight to improve connotation or develop its presentation with respect to sprawling environment relating with leader’s style. Therefore, ethical standards, moral values and traditions contribute their individual part to establish effect on leadership styles with specific focus on AL style (Aronson, 2001).

Above introductory paragraph defines term authenticity which influences moral and ethical standards. It aggregates some slightly extra than in actual accurate to perception base individual thinking in organizational environmental settings. With a specified modesty the authentic leaders through ethical and moral self-based on authenticity actually perform moral and EDM based decision because of their authenticity based inner values (Zhu, May, & Avolio, 2004).
The authentic leaders never argue on false justifications in respect of own ethical and moral inadequacies, absence of principle values and improper moralities (Becker, 2009). However inner felt authenticity relating to personality corrects them accordingly. The AL style is therefore, an appropriate and suitable terminology with optimistic indications manages authentic leader with countless arrangements connecting autonomy referring authenticity. The literature on construct authenticity reveals that it is in compliance with ethics and morals of leader’s personality (Duignan, 2014). Additionally, it elaborates leader’s viewpoint is personal, somehow unclear and random but not questionable. The concept has broadly discussed in literature through AL and EDM addressing leader’s follower’s relations focusing banking industry (Novicevic et al., 2006). Research also revealed that when authenticity is fully functional for AL style it contains plentiful supplementary existence according to leader’s moral and ethical self (Metcalfe & Mutlaq, 2011).

The construct authenticity also contains practices of ethical and moral values with honesty, consciences, standards, character, associations, knowledge and high MI, (Ayers, 2008). It is standardized amalgamation containing personality characteristics brand to impact leadership style particularly AL style. However, qualities coincide together within and for leader superficially affecting character particularly authentic leader followers bonding and association. Therefore, during EDM process these are addressing complex organizational dilemmas situations to maintain reliability for authentic leader (Shamir & Eilam, 2005). The authentic leader ethical standard functions towards followers in a way
of his inside embedded empathy. At this stage internalized moral perspective with higher MI charge and bound an authentic leader for ethical decision. This helps in a way of preliminary opinion based on perception engaging morals and ethics schemas (Jones, 1991; Rest, 1986). In fact, it is internal moral self-feeling which delivers inspiration for rationalization of activities and decisions involving himself for followers (Zhu, May & Avolio, 2004). Exploring further research defined construct authenticity as individual leaders accomplished legacy (Bass & Steidlmeier, 1999). It comprises of acceptance of standards yet remained to be recognized. However, moderately problematic and comprehended already defined the meanings as challenging to foster genuinely developed determination and awareness (Gardner et al., 2005).

Major focused mind-set thinking is perception of known morals and ethics in a culture therefore researchers built understanding with these principles. The practicing ethics and moral values are feasible while taking ethical steps for performance achievement (Avolio et al., 2004). Research further revealed that the construct authenticity can also be elaborated as progression finished with built of an authentic leader personality. It improves ethical values encouraging organization to relate members through internalized moral perspective. Some of the researchers generalized this term as turn around the circumstances and treat every individual as exceptional (Aydin, 2016). Principle amongst development’s physiognomies to understand is capability and results promoter for determining individual distinctiveness (Aydin, 2016). The focus of all definitions relating to authenticity is mankind and society emphasizing word authentic. This word has
been coined in English literature books as a concept seeded by Hamlet defined as an insignificant place smaller than a village where someone has truth for himself. Shakespeare (1603) defined this concept as “to thine own self be true” by succeeding daily life just as circulations of days and nights. Meanings of this concept never changed and ever remained firmed. Varga and Guignon (2014) used these as ethical and named very modest way that felt and understood some possessions in reality.

However, elaborated as a pure thinking in mind according to faith which is farther than own perception about finding truth. Summing up the exploration this inner feeling is actually AL quality engraved in personality otherwise human is a waste for humanity having no empathy and feeling. This attracted researcher to check that way which brings moral self to become an authentic leader. It is the human being with core of his heart and effect of morality and EDM qualities. Now organizational behavioural sciences addressing leader’s moral self in a different way that the authentic moral leadership is based on moral self. Research shows that moral self is base for internal personality mechanism inside human being to establish traits for AL.

It is reality which is organized and operational through inner core of individual’s behaviour being an authentic leader. The underlying forces of moral self-regulating impact on personality are found in literature with detailed description by many researchers of positive organizational phycology and behavioural ethical sciences (Avolio & Gardner, 2005; Johns, 2006; Bandura, 2001). The human being comprises of self to present himself with deep and large
remembrance module gifted from all mighty (English, 2007; Broom, 2003). It is based on prearranged through representation configurations and interrelatedness to form a different manoeuvring moral self-perception. It is fast interpreter to calculate and decide about things on the basis of perception even fast decision making capability as compare to other available sources of knowledge (Atkinson & Shiffring, 1968). Research also shows that the authentic leaders attain information based on previous knowledge for processing it through four-dimensional model of AL for their own action during EDM procedural episodes at organizational level (Begley, 2006).

Further exploration of facts in literature relating to authenticity and AL shows that it is fundamentally connected to moral and ethical self (Bass & Steidlmeier, 1999; Taylor, 1992). When ethical self-processing uses the balance processing of information which is a dimension of AL to addresses ethical dilemma situations in an organization shows connectivity with self (Mannix, 1993). Major influence of human own perceptions plays important and effective role as authentic leader (Luthans, Norman, & Hughes, 2006). The vigorous ethical awareness is an integral part of leader’s personality and self-awareness concept connects this dimension of AL with self (Vago & David, 2012). The same situation plays an effective role in the presence of MI to perform EDM more ethically and morally (Ford & Richardson, 2013). It is through practicing true moral self-concept in organizations being an important self-monitoring exercise for leader and organizational members (May et al., 2003). The authentic moral self-perception relating to the AL reveals that the sphere of influence with respect
to moral part apprehended in protracted expression of remembrance (McShane & Von Glinadow, 2013). However, it is also prearranged in brain of an authentic leader result in previous and latter mutually conducts effect EDM process in organizational business decisions (Angus-Lappan, Metcalf, & Benn, 2010). It includes all dimensions of authentic leadership particularly self-awareness. Research shows that whenever authentic leaders meet organizational ethical dilemma situations it works with inner abilities of the AL. Basically inner authenticity creates ability to organize action based on internal feelings by linking it to organization.

The parts which show the moral self-actuality towards authentic leader EDM process, internal mechanisms can be divided into self-awareness for accountability in organizations emphasis on brain association feelings during leadership episodes (Zhu et al., 2004). The above mentioned literature review shows that an authentic leader take ethical decision on moral grounds robotically with inner pinch of mind and reminiscence also remembrance structures of human brain (Moll, Oliveira-Souza, & Eslinger, 2003). At this stage material already stored in human memory illuminate the authentic leader’s ethical moral ability based on reality, magnitude and in accordance with worth of this material. This actually put together pre-developed perception and ethical decision power to come in front for EDM situations with moderated effect of higher MI presence feelings from long lasting remembrance (Jensen & Luthans, 2006; May & Pauli, 2002; Singhapakdi, Vitell, & Kraft, 1996). It is not only situational or conditional but also episodic which comes in front during moral and ethical dilemmas situations.
This means that MI actually get link with authenticity to form the AL with very high moral grounds in a leader during the leadership episodes which not only enlighten their actions but also bound them to take ethical decision based on moral values in an organization (May et al., 2003). According to Alexander and Langer (1990) the process which involved in moral and ethical growth explain to make every effort for collective standards and philosophy not only at individual level but also generalize these values at organizational level resultantly impact organizations and its members towards performance. The researchers (Sharma, 2010; Jhonson, 2007) also put emphasis on the ability and customs of assemblies and personages during the learning and thinking developments. However, with a particular focus on regulation of moral and ethical self-development.

The research shows that quantification of authenticity is based on regular progress aligning ethical measurements facilitating the authentic leader to perform difficult measurements in contrast to vigorous ethical material for the achievement of best ethical decision. Now the morality area of an authentic leader is broadening here with higher MI which bound him for an EDM process. Similarly, the perception-based models also impact decision making processes because of recall information from deep memory. It is point where authentic leader takes ethical decision based on balance processing of information through moral self and perception based recallable memory model.

This is the stage where authentic leaders are fully equipped with power to take ethical decision and apply moral behaviour which shows their moral self. According to the research on ethical and moral behavioural sciences and
psychology persons with rich understanding and knowledge contains very difficult and well systematized representations. This information is called the connectivity internally nip the individuals to draw better conclusions from this data based information for acquaintance management. However, healthy cognitive abilities always working for more and more knowledge and store in memory for future processing and better EDM through moral self during the authentic leadership episodes (Leroy et al., 2015). Additionally, when researcher investigated moral and ethical self in depth it has come to the conclusion that generality relating to individual philosophies basically regulate edges including divergence relating to behaviour dealing with moral and ethical dispensation regularly. Now it impacts the authentic leadership behaviour and style with mediating variable EDM and MI resultantly form the rules for ethical processing for followers and authentic leaders as well. The same thing relates all basis of moral knowledge and excels MI the moderator to act for more EDM and help for better organizational performance by example which is an important trait in leadership (Brown, & Trevino, 2006).

Literature reveals (Godard, 1980) that the term self is not a simple expression it is like an individual to an enterprise based on some actual facts in the heart of a distinct authentic leader which are actually inherent by a person from his family backgrounds. However, research also witnessed that these backgrounds are not in fact based on the authenticity but actually on perception and experience base, in factuality these provides bases for authenticity and moral self-development in an authentic leader. Altruism is basically a human friendship and
nature of social animal or normally known as human being based on mere established ethical and moral AL, but the social animal has a strong memory which shows encouraging moral cognitive abilities in human and its behaviour.

Authentic moral self-based on authenticity has straightforward organization in self-illumination progression. According to the recent organizational psychological research the absolute ethical core awareness based on perceived knowledge ever remained in commemoration. According to its nature and core processing in human brain cause effect on AL particularly authentic leader during EDM occurrences and becomes facilitator for moral perceptive initiator. Based on these the personality traits of authentic leader become more complicated with intelligibility of moral self (Jennings, Mitchell, & Hannah, 2015). Some researchers believe that the term moral self or interchangeably authentic moral self is based on authenticity and consists of different facets of mental models impact EDM process during effecting organizational performance which is directly linked to future development of organizations prevailing the market based perfect ad imperfect competitions (Ramalingam, LaBelle, & Wiedenbeck, 2004).

The AL is a complex variable due Authentic Leaders self-concept which is very strong. Similarly, self-awareness is also a strong dimension of AL but the moral self itself is another complex phenomenon. According to Luthans et al. (2006) the authentic leaders perform moral self-processing through self-awareness, internalized moral perspective, relational transparency and balance processing of information, the dimensions of AL theory. Unpredictability in moral
performance is additional trait according to discussed dimensions of AL which can be applied in a service-based business and banking organization. If researchers evaluate the self deeply it is multifaceted and this property is actually part of self-organization which means it works to check the integrity of moral self. The research also shows that with complicated mental capabilities are traditional in an authentic leader due to vast information and acquaintance in the area of EDM and AL particularly. However, this set of information is based on philosophies and reachable under usual circumstances.

Therefore, this argument can be concluded here that authentic moral leaders having with these capabilities are basically capable to show self during the EDM episodes dealing with moral and ethical dilemmas at organizational level performance evaluation (Brown, & Trevino, 2006). The mental capability of an authentic leader in the authenticity meaning is the aptitude to interpret collective conduct or performance in an organization/business setting in numerous traditions, therefore, the researcher can say in the light of literature that the ability for modification of the perception based facts and figures is essential. This notion leads towards the deduction that leader particularly authentic leaders have the qualities to be pitted against the undesirable implications vice versa desirables addressing internalized moral perspective based on self-awareness trait (Walumbwa et al., 2011).

The researcher focused on the moral self-literature and found that transparency in moral and ethical self is basic unit of self-awareness based on authenticity for an authentic leader. This clarifies the above statements that
discernment based characteristics more clarify the authenticity based on moral self-definitions. The research also focused and revealed that if we look from intricacy point of view this perception relating to moral and ethical self is an organizational spectacle which has no connection with self-essentials or components. However, it also reveals that an authentic leader contains the ideology in his fundamental thinking where these types of leaders have personality based integrity. On the similar grounds the personal knowledge practicing authentic leadership dimensions as stated above many times some time coincides during their depictions in authentic leader’s mental thinking process.

Surprisingly literature also talks on not as much of authentic leaders where they have mere ethical and moral feelings in self however these are short tempered but if as a researcher we look vice versa or more authenticity, it drives extra authentic leaders with having sophisticated level of involvedness of ethical part warehoused in nested retention for a stretched period with clear and firm moral self-concept which impacts intensified action resultantly influence inner moral self and front actions (Sparrowe, 2005). Therefore, at this stage literature truly defined for scholar the main importance and fundamental character of ethical self when these authentic leader practice AL in organization for EDM and moral situation handling. The vigour relating to character and organization of moral and ethical self-ideology remains for clarification with extremely established authentic leader. Additionally, this concept leads the researcher focus on research main questions that mean during the moral and ethical dilemma situations where authentic leader shows moral self and impact EDM with reference to POP.
2.7. Authentic Leadership Impact on Individual’s Organizational Behaviour

In the above cited detailed discussion on authentic, moral and ethical self it has been established that human behaviour is unpredictable and can only be regulated through authentic, moral and ethical self-concept. In previous literature the facts revealed according to the Avolio (2004) the same has also been shown that human behaviour as a one unit or entity is very complex and can be categorized in to different classifications. These classifications are consistency, altruistic actions, transparency and many more. The research on latest grounds shows that these are also known to be the facets of complex human behaviour. Before going deep and comprehensive study of the construct AL it is appropriate that these facets should be discussed in detail for better understanding of AL theory and style.

2.7.1 Transparency

It is terminology in human behaviour sciences means acquiescently developing consideration relating to human being. In accordance with moral and ethical values have certain trust and its reflection through assertiveness. The researcher reviews the dimension of AL, Relational Transparency (RT). This is the main dimension of theory and will also be discussed in detail here the researcher uses it to consider and illuminate the definition of transparency which belongs to complex human behaviour (Rego et al., 2012). Different authors indirectly related the transparency as a behavioural dimension with relational transparency which is actually the main dimension and facet of AL style.
2.7.2 The Behavioural Uniformity

This term is also part of AL representing regularity in human behaviour particularly in an authentic leader. This leadership theory encompasses an AL behaviour which regulates the ethical/moral self. On behalf of internalized moral perspective, the EDM process while addressing moral and ethical dilemma situations in organizations get influence through actual self. Particularly these actions of an authentic leader are based on ethical moral values perception based actions but in the light of ethics including repelling organizational stresses (Gartner et al., 2005). To expose the personal honesty encompasses the AL traits which show the behavioural uniformity however, all these involve the detailed dimensions internalized moral perspective which reveals that focus of authentic leader always stuck with authentic moral self.

2.7.3 Altruism

The altruism is another dimension of authentic moral behaviour of a human being which practicing as an authentic leader. The researchers define it as a professional collective behaviour of an authentic leader while exposing him in front of followers or representing himself for their rights. The altruism is not only a terminology it is actually dealing someone honestly, humbly and being a team leader practice authentically for social welfare of individuals following him. The research also shows that while listing to the moral self and inner values of an authentic leader it is appropriate if he or she some time help others against the internal voice of moral self is an additive property of known as altruistic way of
AL style (Hannah et al., 2005). Leading by emotion, temperament, personality nature by a sympathetically dealing is an additive property of an authentic leader. These leaders always prefer the interests of their followers even then internal voice is different but always bound themselves in the region of moral self.

Relating these altruistic properties of an authentic leader, literature emphasis that impact of these qualities effect EDM process however, this does not mean that this process has its major impact on an authentic leader during leadership episodes while address the above-mentioned situations at organizational level (Avolio & Gartner, 2005). According to the May et al. (2003) the actual focus of AL is cliques while addressing the internalized true moral self for attainment of authenticity which is actually the true dimension and base of AL theory.

The literature reveals that regulating behaviour is hidden agenda of an authentic leader for his followers to prepare them as future authentic leaders with altruistic behaviour (Walumbwa et al, 2008). These behavioural dimensions of AL theory are base for practice of moral self-behaviour and provide opportunity through literature review to study AL impact on other variables like forth coming literature review of AL as Independent variable, ethical decision making as mediating variable, perceived organizational performance or POP as dependent variable including MI as moderating variable in the light of altruistic behaviour of an authentic leader.
2.7.4 Hope

According to Rand & Sigmon (2002) term hope can be categorized as an optimistic promotion, feeling of mind which is developed by a coordinated effort and resulting logic with a fruitful activity. Having dual facets this approach actually impacts authentic leader for better EDM in organizations. The hope is a personality trait of an authentic leader embedded in his personality effecting authentic moral self while regulating it. Research shows that followers or in other words organizational members in service sector organizations particularly banks always look at authentic leader. Therefore, hope is a tool to develop in them motivational thrills for good performance at organizational level, future growth and many more through leadership traits including the term hope.

However, this term hope is in reality a motivational instrument for extreme performance at organizational level and it is the quality of an authentic leader to get them motivate with the help of this tool. Literature also reveals that hope comprises its internal components or in other words facets intervention and conduits. It is a proven fact that researchers can take intervention as the internal moral self-components which already reviewed in above mentioned lines having moral self-details is actually a dimension of authentic moral self. All self-schemes are interrelated through this facets of authentic moral self and regulates the behaviour of an authentic leader during EDM episodes to take good decision and develop performance desire by motivating his or her followers. On the other hand, facet conduit is actually the road to achieve the success in other way it means that from which direction individual or group get realize the actual organizational
goals and performance. The literature also indicates that combining these two facets of hope even deviate leaders and followers not linking them with the main and central mind will power which is a very strong part of authentic moral self-regulation however, providing way to guard wrong doings by personality designs of AL construct based on self at large.

The research also reveals that impact of hope directly deals with mental models, health and condition of an authentic leader. However, the follower particularly in the field of academia resultanty influence EDM during organizational dealings process and through these episodes POP to achieve it in a better way for good and better results (Wenger, McDermott, & Snyder, 2002).

When researcher look in depth with the focus relating to leadership point of view in mind it is a different opinion which is not lonely linked to better performance but also with true and core efforts of the followers for maximum goal achievement. These are actually motivational results developed through the construct hope by which the AL and this construct are essentially an optimistic effort of leadership style. This is latest research while working on this area of leadership styles dealing with ethics, morals and positive organizational psychology (Doh et al, 2016).

2.7.5. Resilience

Authentic leadership style is actually dealing with human behaviour from leader and follower point of view. From both sides this actually reinforces the term resilience which means that how a leaders or follower can deal in flexible
manners at organizational level. From the follower point of view there are certain adversities in organizations while performing in a role for organizational performance unavoidably. The actual control of an organizational member in any role is to quickly get rid of a problematic situation while discharging duties which are actually contributing at micro level in organizational environmental settings like the construction of building and brisk role. It is leadership quality of an authentic leader and a follower to address the challenging task while meeting a fresh challenging situation (Avolio & Gardner, 2005).

The previous researches on AL and resilience show that the new and challenging task is always demanding with many constraints even the use of fresh deodorizer is a tough thing in practical life. However, the resilient behaviour of an authentic leader is actual test and yard stick for leadership style. It shows the developed personality trait and the outcome of actual performance. The optimistic presentation can of resilient conduct donate more and reveals an important transformation in individual behaviour and perceived organizational performance. It is meaningfully the game of prospects which means the extra ordinary or and poor performance potentials from an individual or a leader (Gardner et al., 2004).

However, feelings regarding exemplary performance push organizational members towards extra ordinary performance which shows the keen interest in organization and also a desirable behaviour. It has also been proven from the previous literature on the subject that there is no such tool has yet been developed to measure the connection amongst the authentic leader, its followers in formulated manners. The behaviour is very complex phenomenon
and always based on internal authentic/ethical moral self. Many researchers have tried to measure the construct but there are yet needs to develop and measurement tool. The AL development measurement tools are not yet mature and needs more validity to be done (Avolio, 2004).

2.8. **Perceived Organizational Performance: The Dependent Variable.**

Prior to starting the literature review on dependent variable it is appropriate to know regarding its naming and nature. Mostly the researchers in Management Sciences field as shown in previous literature take organizational performance as sole variable. However, research shows that the organizational performance is vastly used as dependent variable in different types of researches. From the performance point of view this variable has two further sub divisions labelled as financial performance and non-financial performance, subjective performance or Perceived organizational performance (POP). The researcher has taken POP due to its nature of this study on ethical, moral and authentic behaviours findings to limit and focus this vast length of research study on banking service sector organizations in KP, province northern part of Pakistan.

Onwards the researcher literature review is particular to POP available literature with the body of knowledge. POP has been taken as dependent variable for testing AL impact on it with moderated mediation effect of MI and EDM. For this purpose banking services organizations performing business at Abbottabad, Haripur and Mansehra districts of KP, province have been chosen to test this variable relationship. To get desired measured results to answer the identified
research gap in Cianci et al., 2014) research paper POP has been identified as DV for this research study. According to the previous literature and the available knowledge it is an adaptation of philosophies, visualization and assignment to accomplish embattled aims and goals. This thinking brings forward by positioning unprocessed records in an appropriate scheme acquires to be administered and established through anticipated outcomes particularly in re-occurrence monotonously agreed by the strategic management (Bryman, 2004; Ojokuku, Odeto, & Sejuyigbe, 2012; Lee, Cheng, Yeung, & Lai, 2011).

The determination for this philosophy is to achieve definite, quantifiable, clever and attainable managerial objectives. The Purpose indulgence in an organization is the accomplishment and aim to elaborate an impression or hallucination for which association originated and working to achieve its goals from competitive market (Powell, 1995). This is actually the connotation between totally operative and preliminary defined well-organized organizational level performance (Chun et al., 2013).

The terminology POP can be defined as the capacity of a business organization for the accomplishment of those targets set by visionary leadership (Yukl, 2013). These vision oriented goals just like the big business segment in market, profitability, quality of service, new and innovative products and services line and the existence of organization locally and globally are called POP (Berry, 1995; Aaker, 1996; Kaplan & Norton, 2001; Jones, 2010). In another definition it is denoted as means of applicable approach aimed and focused with target for direct organizational achievement (Elena-Iuliana & Maria, 2016). Organizational
performance has been utilized as DV by the different researchers in past empirical studies (Parasuraman, Berry, & Zeithaml, 1991; Sun, Aryee, & Law, 2007; Carter et al., 2013; Carter & Greer, 2013; Goetsch & Davis, 2014; Dhar, 2015).

Elaborating from these researches this variable has been researched as dependent variable for the assessment of what and how a business is performing. It is in relation to its footings evaluating earning revenue, service and excellence of products innovation with comparisons amongst business competitors in market and other research studies. Different authors (Crawford & Bryce, 2003) have coined this term as mirror image of efficiency and effectiveness of organizations and their associates related to innovativeness of these particular organizations. It has also been scaled as organizational reflection in relations with earnings income, revenue, progression, evolution and extension for the different types of business environments.

According to Davis (2007) and Young et al. (2015) there are no principles established in aforementioned research patterned which can be mentioned as POP. However, this variable ever engaged most striking to the scholars as dependent variable due to its vast and complex nature. Comparison has also been observed in above mentioned previous studies. Most of the time researchers focused to compare the performance of one organization performance with other organizations according to their own cultures duly developed through different leadership styles for concerned organizations in banking and other areas of business administration. It has been observed that this variable ever remained an assessment standard for past many decades either in present or will be in
future. The same has also been seen that most of the time researchers took it as a dependent variable to measure subjective performance of an organization in any field of management sciences here subjective performance represents POP (Hwang & Dear-Jang, 2005; Al-Hawari & Ward, 2006; Lytle & Timmerman, 2006). This comprehensive concept is also vital and attractive for senior management of organizations relating to business and products of services sector specially banking. The research in hand also assesses banking organizations empirically by comparing them with other market based competitors. Therefore variable has been utilized as POP as dependent variable for this research (Bolman & Deal, 2017; Bashir & Ismail, 2010; Malik, Nawab, Naeem, & Danish, 2010; Muhammad, Shehzad, & Iqbal, 2011; Imran, Rizvi, & Ali, 2011).

It is broadly accepted that the prosperous organizations are true representative of a worthwhile nation (Porter, 2011; Uzkurt, Kumar, Semih, & Eimanoglu, 2013). The planners at national and international levels reflect these organizations as core of success by showing in terms of societal and monetarily radical development of individual. The last two decades witnessed for the Nobel prizes (Akerlof, 2010). Particularly for the researchers who have focused for organizations and businesses to achieve organizational performance. This may be subjective and objective performance, based on its nature for national development at global level. These days nations are known through their economic success and worth being as good contributor in global economy (Arestises, 1997). In this context the study under reference focused POP relating to banking sector organizations practicing in Abbottabad, Haripur and Mansehra
districts of Hazara division, KP, province northern region on CPEC one belt one road project Pakistan by focusing this research as regional study. As reviewed earlier for this research that the organizations always contribute in economic growth of the country (Acharya et al., 2007; De Bandt, Hartmann, Peydro, 2009; Siddiqui, 2015). Accordingly their role becomes important in going on business (Dalton et al., 1998). Therefore, by taking this notion in to consideration country overall growth always shows a role in the study of economic indicators and economic development. These indicators are GDP and GNP which reveal the economic health of a country and may also be taken as yard stick of economic measurements (Porta et al., 1997).

In fact it is proven role of successful organizations for development of countries. In similar way the country economic growth and measurement of organizations have different roles. The continuous growing organizational performance develops reputation of organizations and in parallel the country growth and name in global economy. Research also revealed that during the last many decades, different research studies used organizational performance as composite dependent variable (March, 1997) for their research however this research is using it as POP to address research gap (Cianci et al., 2014).

There is no available proper definition of organizational performance in literature. Perhaps the reason behind this concept is its complexity in meanings or understanding (Dess, 1984). During the era of fifties organizations were perceived by the concept and on basis of their social systems. Accordingly fulfil their objectives and achievements based on purposeful goals by fulfilling the
community needs as responsible institutions (Georgopoulos & Tannenbaum, 1957). This significant essence was an integral role of organizations. It was time when the organizational leadership remained mainly focused on organizational structure, institutional individuals and nature of related work. It has further been shown that during sixties and seventies decades the organizations were concentrating on HR skills within the task and mega environments and use their own surroundings by imposing restrictions on possessions. The era between 80s and 90s decades remained directly attentive for organizational efficiency and effectiveness (Schinnar et al., 1990).

Research also revealed that actual meaning for emphasis was on use of limited resources and tries to get maximum output. As an outcome of this thinking profit becomes a major indicator of organizational performance. Similarly the organizational performance was taken as whole and in integrated combination objective and subjective performance as organizational development indicators. Therefore, researcher reached on this understanding that these indicators were used for discovering the purpose of different types of organizations in accordance with their level of accomplishments and instrument of measures (Lebans & Euske, 2006).

Connecting above further organizational performance demarcated in different level of literature detailed above. However here researcher elaborate that there are some other meanings related to organizational performance, that is conversion of ideas into reality for attaining positive results (Skerlavaj, 2010). It means that according to its related contents the performance appraises linkage
amongst nominal and actual charges. In other words between reality based performance and understandable results. These are actual connectivity amongst results and accomplished conclusion in broader terms called the effectiveness of an organization (Ostroff & Schmitt, 1993).

It is has also revealed from the body of knowledge that basically subjective performance play an important role in overall organizational performance and is an integral part for organizations positive growth (Snow & Hrebinia, 1980). The successful organizations are individual parts of whole economic system representing a country. Therefore these organizations play an important role in Gross Domestic Product and Gross National Product of the country locally and globally. On the basis of these concepts every year countries need revenues, imports, exports and other important economic activities information for future budgetary measurements ROI calculations and many other financial information particularly banks. These essential economic activities are actually going on throughout fiscal and financial year in organizations (Mujerei, Shahabuddin, & Ahmed, 1993).

To understand global perspective organizations have subsidiaries in other countries for purpose of business activities and earning of profits. Research also showed that businesses are scientifically changing on daily basis differently in diverse cultures (Piercy, 2016; Cohn, 2016). Information technology emergence has made world global village now. Therefore there are big competitive challenges for organizational success in national and international economies. Focusing it the researches also revealed that there is a big role of organizations in
individual’s life starting from bed to office (Melville, Kraemar, & Gurbaxani, 2004). Therefore, it became more essential that organizations should be successful because prosperous organizations are true representatives of a worthwhile nation. In the light of this evaluation the researcher reviewed that the managers and leaders at global level reflect formations and successful organizations as principle of the accomplishment in essential communal, financial and fundamental growth.

Studies uncovered methods used for measuring the organizational performance (Dess & Robinson, 1984). The organizations always settled down for definite planned objectives derived by the investors and individual members of official domes. There is a relationship demonstrates that they use organizational performance as measuring tool and strength for achievement of exact determination of objectives denoted as alleyway goal method (Jabeen, 2011). The linkage between organization and its environment means an area where these associations are working together. The exploration in same manners exemplifies that when an organization took benefit from its business settings by efficiently using smaller amount of properties through business processes it achieves success in taking the competitive advantage (Boman & Deal, 2003).

There are some organizations examples became more successful when investors and leadership role members distinguish them truly efficacious. This means that organizations are strong regulator of knowledge management, risk management and know how to perform effectively and efficiently for achievement of strategic directed goals (Scott & Davis, 2007). There are different societies set their attainable targets in a changed order for miscellaneous opportunities in
altered professional areas. However to measure triumphs and organizational performance criterions should also be relevant to the exacting areas. Because of the interested investors or the genuine owners back their organizations for objective oriented exploit.

The real desire behind this institutional effort is to build the groups as buoyant institutions, steady in response and smoothly operative to achieve their targets. Hence an effective organization owns extraordinary collaborations, internally hard working, and complex teamwork primarily focused with assurance among its sponsors by sharing the overall team efforts and venture based administration of management under strategic guidance of an authentic leader. Researcher talks about litheness and capability related to organization for customer care, brand image and organizational success. It is as an excellent benefit of customer from organizational settings by gaining inside and outside possessions as an investor. It is meaning and really the performance pointers or total worth of an organization. In supplementary arguments same is denoted as the subjective organizational performance and also understandable as POP. On these grounds the indicators display not only worth of organizations but also financial and non-financial performance of the under-reference organizations (Cohen & Bradford, 2005).

The concentration of this scholastic study is absorbed on POP as defined above at different stages. The purpose of this repetition is connectivity of different literature reviewed for POP. Collected works divide it in to two broadly understandable areas, individual performance and quasi-objective performance
which is repetitive mirror image. The literature also demonstrates organizational standing allied with its historical business and institutional performance (Rowe et al., 2003).

There are fact centred and receptive procedures comprises of descriptive information dissimilar from financial organizational performance. It consists of structural standing with other competitors relating to the institutions. Exploration is an intensive that this encompasses a monetary status of the organization linked with its historic performance. An outstanding status which is the upcoming forecaster for comprehensive organizational performance is reinforced by trademark billboard, deteriorates little span of time efficiency and effectiveness (Roberts & Dowling, 2002). These days the study on organizational performance concentrated on institutional brand image, logo, title and its repute in the targeted markets. It has also been proved in other studies that this is the rudimentary criteria for survival in the beleaguered market (Baker, 1993; Zeder, 2015; Wong & Dhanesh, 2017; Al-Nashami & Al-Mamary, 2017). In current scenario there are additional successes oriented and market AL built organizations (Frieden, 2015). These are now reflecting community performance with an equal concentration on objective performance. The basic reason for this performance in these days is that they are symbolized as the Triple Bottom Line (TBL) assessment commonality (Mish & Scammon, 2010).

It is to regulate and control government policies in interrelated financial sector in addition to professed or individualized organizational performance. The inspection of research in hand also cantered on same
confirmation that the subjective performance, POP and perception oriented organizational performance enhanced the anti-blooper ratio. Hence by letting deficiency of social reasoning to show bigger character but objectivity decreases the bias and rigidity in reality.

The rigidity has also converged with the reinforced concepts by the researches of the reputation index. Consequently this under debate index appraises exactly the magnitude performance other than under confab inattentive and its proportions described prior to this concept (McGuire et al., 1990). On its basis academicians can rely on the self-report procedures for dealing with hidden performance theories. The philanthropic widespread talk is centred to genuineness and straightforwardness. Detailing through quasi-objective procedures the front view is obligatory to ask but the subjective self-report queries are traditional to an imaginative performance as a broadly understood concept.

Hence according to above all reviewed literature, this blend of conventional and modern approach is not meant for that reason connected to any incontestable relevant commentary. Bestowing to the inquiry these are integrally comparative as made known in the under orientation example. However the surveyed people for equating performance of one organization to another perfect competitor in the local flea market are distinct. Concentrating another problem in the subjective organizational methods is the tangible and correlated mental partialities. These are based on human perception-oriented errors leading bias as something influence insight constructed performance like window dressing in accounting or planted engineered figures (Rosenzweig, 2007).
Based on this notion there are some essential mental prejudices which can more sizably cause for an encouragement with these insincere superficial methods. These explicitly beached measures under discussion by the members of related institution and other organizations point out POP. Hence it is plausible that this debate is rendering to these found results as discussed in above reviewed information. The scholar may not assess the under argument option of vague methods as a finest substitute but literature review is essential to report previous studies.

As connected to previous available information it must have to ponder the adjustments amongst subjective and objective procedures being as suitable and appropriate substitute. Concentration of subjective performance, it is understood in the feature from the relevant material that the performance measurement is essential component of an efficacious organization. It is essential to foresee its authenticity built performance at each level of leadership from within by perusing every time to compete its environment for existence in future. It is not only for the presence but also for the measures of the accomplishments, utilization of investments for organizational purpose, quality assurance, customer orientation and brand image safety which represents POP.

According to recent business emerging methodology connoted as globalization which brought competition in the related predominant market places. Similarly the technological advancement is rapidly changing role of organizations without waiting and limiting time. Permitting to this examination and wait for others means that providing edge to perfect and concrete competitor.
To meet this genuine challenge, organizations plan for a blend of subjective and objective performance measures. These are not only checking points for their performance but also exists in extreme competitive market to safe guard the possibility of brand image and name. It is balanced scorecard or performance related strategy referring organizational survival (Raphael & Man, 2013). The studies on this exacting arena expressed that the blend of POP and objective constructed organizational performance now became the bindings internationally practicing trades (Clegg, Coupasson, & Phillips, 2006; Aras & Crowther, 2011).

However it discloses that without these researchers are unable to interpret genuine pictorial discovered performance of under debated organizations. It is essential to meet the competitive requirement for the organizational representations (Kaplan & Norton, 1996). It has also been understood from many initial concepts that the different participants of organizations get benefit of this broadly assorted approach. It concludes that these are your clients, customers, investors, managers, staff members and other stakeholders.

In this affection the research spectacles that members of debated organization get the impact by this deliberated combination of measures. The same is branded in name of customer satisfaction, quality of products, services and related brand image of an organization (Kaplan & Norton, 1992). As per highlighted and stated above the attention of this investigative study is POP. Therefore, motivation of this research literature review is on POP. In view of this impression, it is strongly understandable the desired subjective measures
absolutely linked with overall organizational performance. As literature revealed
this linkage may not be strong but varies from organizations to organizations
depending on organizational environmental needs, size and area of practice for
successful business. It is a blend revealed in research study outcomes as particular
(Hoque & James, 2000).

Concentrating further it has also found that in literature to support
executives ideology there is a composed score structure under the umbrella of
performance measurement systems to evaluate reasonable plans. Another
exceptional property is that the same should be planned and embedded with
subjective performance not mere with objective. Including objective procedures
casing dissimilar characteristics that interpret approach hooked on comprehensible
integration of organizational performance methods. These are reasonable
techniques in accordance with strategic leadership broad organizational visionary
capacity (Chenhall, 2005).

The researcher has acknowledged three unified dimensions of entirely
interconnected and planned performance structures. The first is a linked among
plan and the processes. The second is concentration on client relationships third is
related to the provision of trainings and human resource development practices. It
has also been felt that an additional research investigation likewise can display
comparative use of both types either the objective or perceived methods decision.
In the comparable approach dissimilar methods require unlike strong suit and
flaws relating to organizational performance of the business in practice (Chow &
Steve, 2006). The independent methods are subjective while the objective in
parallel says that the financial are also covering and representing organizational performance. In this regard the examples of quality of service, new product development, ability to retain employees as a resource for the development of AL, marketing of products and grabbing major market share emphasizing the POP (Briggs, Claiborone, & Cole, 2006).

Forecasting organizational success these measures are helping management to safeguard better performance. It is specific for the satisfaction point of view of customers and members of organization. These are also interrelated to each other and have greater impact on EDM process. In addition to these facts the client gratification related to assess management POP denoted as performance measures (Mashruwala & Banker, 2007).

The POP and procedures are suitable for line managers and the supervisory levels of management and leaderships. It is to retain steadiness in their work diverted towards the improvement of performance. This also encourages individuals and the members of organization to perform authentically but also graft a great attraction towards their organizational work. This should be continued for a longer period in a settled atmosphere and betterment of organizational success. It is a loyal attitude for the best performance in organization where they are performing with entire satisfaction and trusting AL (Dikolli & Sedatole, 2007). After exploration of these but not ignorable facts it has now empirically proved that services sector organizations are mostly dependent on quality of service (Dick, 2007; Parasuraman, Berry, & Zeithaml, 1991). It is particular for research in hand and under discussion banking industry
in Pakistan and the globe (Naeem & Arif, 2011). The Clients always concentrate organizational processes i.e. facility provided to the workers, cantered on their experience and styles for delivery of work. The employees always measured through perception of customer during interaction and this measure POP and AL impact on it (Foely, 2008).

2.9. **Authentic leadership: The Independent Variable**

This research is based on causal relationships IV impact DV through Moral intensity as MO and EDM as M amongst IV and DV. The independent variable in this research is AL determined in previous literature review described it through above paragraphs mentioned in this chapter. This construct now onwards will be reviewed further with more previous literature support.

In some of previous studies variable sometimes interchangeably characterized as authentic moral leadership due to its morality based theory (May, Chan, Hodges, & Avolio, 2003). According to Kihlstrom et al. (2003) this leadership style is also related to positive organizational psychology, organizational behaviour literature and social relationships area of Management sciences. The basic concept in different areas of literature termed as authenticity (Kreber, Klampfleitner, McCune, Bayne, & Knottelbelt, 2007) stems this leadership style.

Reason is its use and fame in human internalized moral self-relating to positive organizational psychology which is also representing a dimension internalized moral perspective of AL. However, this style has construct, based on authenticity with its well-known four dimensions Self-awareness, internalized
moral perspective, Balance processing of information and Relational transparency.

The same has also specifically elaborated with comprehensive details in forthcoming literature review. Additionally penetration to literature and its assessment as an independent variable for this particular research is emphasised. The focus is on identified research gap as acknowledged in introductory chapter of this research (Cianci et al., 2014). According to previous literature this idea was gradually coined during last three decades (Avolio & Gardner, 2005). However this leadership style has got more attention in the start of last decade (George, 2003). It is a recent period but has customarily focused with emphasis on internalized moral, ethical and authentic issues in business enterprises after 9/11 twin towers incident in USA. The main issue for these organizations was psychological behaviours firmly emphasized during the economic recession prevailed in USA. There was huge influence all over the world due to its waves spread around the globe in a very short time for damaging each type of business enterprises around the globe (Amoore, De Goede, 2008; Maria, 2009).

The above mentioned detailed introductory paragraphs directed track for researcher to follow through a comprehensive literature review for AL. Accordingly it has been placed and related to literature. As previously introduced the authenticity is base line theory for AL however ethical leadership and transformational leadership theory are also basis for AL theory (Walumbwa et al., 2008). AL emerged with four dimensions represented as self-awareness, internalized moral perspective, relational transparency and balances processing of
information also recognized as facets of AL (Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008). Now this construct and its interrelated concepts have focused the researcher on literature relating to both constructs evaluations. It has also been deeply focused and predominantly probes that term authenticity as a construct having its relation with moral self-rooted properties famously coined in the old western philosophies (Harter, 2002). This term broadly used as a construct in ancient Greeks philosophies revealed in the literature as “be true to oneself” and “To thine own self be true” (Franzese, 2007). Many researchers of AL including positive organizational psychology have used this variable in researches as a construct for exploration in different arenas. Some researchers have partially directed their researches for the exploration of this authenticity construct (Avolio & Gardner, 2005; Walumbwa et al, 2008). On the other hand concept has broadly used in numerous leadership theories facilitated organizations to improve employee’s behaviours. It has also developed understanding to AL style and its needs in their organizations for leadership based on legacy and succession planning (Azansa, 2013).

To achieve answers to research in handed for a positive conclusion construct AL style played a pivotal role as IV. It has also an important role to act as a main protagonist for succession planning elaborated above for developing legacy of AL construct. However, it is dominant ability of an authentic leader actually perform as a main stream leader in organization practicing personality traits (Peterson et al., 2012; Avolio & Gardner, 2005). Reviewed through certain essential details and the construct authenticity has established base for recent
studies. These are focusing the behavioural, ethical and positive organizational psychology researches. These areas are connected by researcher to find common link for understanding and filling the identified research gap. The other related social sciences moral and ethical leadership studies in particular having emphasis moral self-dimension in a broader sense. It is mainly the beginning of AL style having prominence to its direct connectivity with unpredictable and complex human behaviour. It can also be seen in recent modern developed services sector business organizations practicing throughout the globe (Walumbwa, 2008).

According to Walumbwa (2005) an authentic leader with its internal self-based schemas and self-regulation properties actually acts according to own ethical and moral self-property. He regulates own values, self-based perceptions and try to improve business oriented environmental settings for followers to perform well and achieve maximum POP. Therefore the researcher reached on achievements of results in the light of facts that he or she has regular and unswerving controlled thoughts from the core of believes relating to an authentic leader. At this stage the researcher’s emphasis is on related focused review. For better understanding researcher now became able to connect this broad self-oriented concept of authenticity to AL. It possesses one’s own personal know-hows depending on the self-studies which are excessively bottomless and massively spread in the world of literature.

Moreover, these leaders work with judgments, sentiments, desires, inclinations, and beliefs. However progressions taken by the sanction to know lone self and performing in unity with the factual and true authentic moral self are
additional properties (Walumbwa et al, 2008). The literature further shows that AL is comprehensively known as a systematic procedure pulled from inner affirmative abilities in organizational perspective (Luthans & Avolio, 2003).

According to Walumbwa et al (2008) the construct AL dimensions are representing the authenticity concept mostly focused on authentic moral and ethical self. Researcher focused on the authentic leaders and their personality traits they are known individuals who are team leaders in organizations. They are well aware of their authentic, moral and ethical self and complex schemas relating to this concept. It depends on authentic leader’s personality that what he or she trust inside and reflect transparency, truthfulness, honesty and ethical practices in front of followers. These practices are heartedly creating eminent level of faith, courage, constructive feelings and cheerfulness among himself/herself and his/her followers (Avolio et al., 2005). Authentic leaders are intensely familiar of their own self based thinking process and emphasizing internal and external behavioural design with complete awareness of ethical lookout, acquaintance, ability and highest authentic moral and ethical leadership qualities.

Focusing the concept presented in above quoted lines also defined in discussion through dimensions of AL the concentration of research in hand is engrossed on AL style. It is a very complex internal ethical moral self-construct and development of an authentic leader is the particularly emphasis of research in hand. Therefore for explanation of concept through independent variable used in research the researcher has absorbed how to explain and demonstrate link of this concept. It is in the light of contextual information on the subject witnessed in
previous literature dealing with moral and ethical situations during leadership episodes in business and service sector organizations particularly banking business. As reviewed from established in many studies relating to human psychology ethical and moral values are engraved in the personality of human being. These take starts impacting character immediate after birth of an individual with own environments and cultures.

Accordingly, the grownup age set mental models and moral standards in an individual progressing with refined capacities of beliefs, civilization, and community learning processes. Furthermore the observations based processing which an individual stores in his long term memory. The perception based memorization process during whole life span which he or she passes through (Singhal & Rogers, 2012). The research also proved that there are universally accepted truths including religious beliefs and values (Hill et al., 2000; Saroglou, Delpieree, & Dermelle, 2004). These truths are commonalities amongst the different cultures and societies. There are certain examples as theft is bad in each society, religion and culture. In the similar sense taking others right in your control or others property right snatching is bad in each religion, society and culture.

Other examples can also be taken like the murder of a human is universally seems to be the killing of mankind and so on the different levels of criminology also taken as the universal truths (Pashukanis, 2017). However, when research talks about the morals and ethics with social and cultural values then it diverts. The motivation theory distracts towards individual authentic, ethical and
moral self alone because he or she is basic unit of the society and promotes philosophy for further humankind best practices. It is happened by avoiding any type bad impact on society and culture where he or she is supposed to be living, practicing, working or interacting with other people in environmental settings (Gergen, 2012).

The review gets concentration by stressing on the other dimension of construct AL. This variable has also relevant dimension balanced processing of information which deals with an impartial assessment of any evidence, data, news, report and even a word relating to individuals. Researchers boarded the absence of denials, amplifications, false hoods or unawareness of inner experiences and outer assessments of the authentic moral self through ethical practices. It has also been added an acceptance of individual potency and faintness, negative and positive qualities including objective of these concepts (Kernis, 2003). This is not all about this dimension a very massive discussion can also be written from literature. However there is a requirement for particular focus of this research which bound the researcher to be remaining in between the lines particularly the research concerned. Future researchers briefly use these dimensions of construct with valid informational focus for their new researches.

The third dimension of AL construct is internalized moral perspective defining that inner and internal regulation of authentic, moral and ethical self of human being is based on his perception process through complex moral, ethical self in depth approaches. This consists of action conducted by human being as an authentic leader in between the appearances of behaviours, arrogance as a
prominence on individuals’ true ethical, authentic and moral self. Performing as an authentic individual it refers to performing in accordance with values, traditions, penchants and wants for others rather than acting only for satisfying others or avoiding the drawbacks by not acting incorrectly. The term internalized moral perception or perspective is defined as an adopted and integrated self-regulation pattern based on real internal memorized perception in other words guided through internal moral, authentic and ethical standards. These are including individual values versus group values, organizational norms and other societal pressures which an individual bare during the leadership episodes. These can be in business settings of service sector organizations like banking practicing for their constructive business in a particular culture (Walumbwa et al., 2008).

The next dimension of AL is relational transparency states that the paying value for others, working towards with reaching clarity and sincerity in the relationships is transparency. The Goldman and Kernis (2002) stated that term authenticity with its associations comprise of the vigorous progression of enlightening individual’s inner faith. It is an actual improvement of reciprocated genuineness and belief. Therefore, genuine associates see the others’ real undesirable and encouraging expressions. Comparing this property related to definition in the construct AL the individuals’ behaviour should always be natural not fake and is actually based on some research. Debating thoroughly and apart from the other AL components, the relational authenticity closely related to the main dimension of AL self-awareness and in a similar pattern the objective evaluation and authentic behaviour (Ilies et al., 2005).
The term authenticity elaborates meanings as being sincere and not making a false show. AL adopted dimension relational transparency with the relationship to others for understanding this construct from authenticity (Kernis, 2003). The construct AL as an independent variable of the research in hand actually relates to psychological capabilities of leaders and their follower explained in the dimension self-awareness. Therefore, based on this notion the discussion can never be lasted on this particular literature and its review however there is a need to elaborate this concept more as another research gap exists in literature. From the above it is however, paved the way for further enhancement in AL and its style (Luthans & Avolio, 2003). By focusing details the literature also reveals some additional questions it can be written in other words less criticism on the definition of AL theory and its related styles. However the reason behind criticism is that it encompasses limited areas, for example the traits, behaviours and attributes relating to AL style. Some other authors have proved in their researches through different details in some dissimilar approaches.

However main discussion ever remained focused on these particular facts like other supporting theories relating to leadership styles as emerged from time to time and added to literature (Cooper et al, 2005). With a thorough, in depth and critical literature review on AL theory and its style it can now be concluded here that discussed four dimensions and facets of independent variable are not only the basis of AL style but also establishing authenticity concepts in the light of previous researches (Illies, et al., 2005).
By highlighting the attention researcher deeply investigated and keenly observed first dimension of independent variable the self-awareness. It is revealed from literature that this is in reality a concept of one’s inner strength and weakness to fight and satisfy his authentic, moral and ethical self as an individual member of the organization and society. Accordingly if the authentic leader knows his strengths and limitations then he or she can control his or her emotions from with the strength of awareness and regulate insight which is closely related to the others thinking and the actual rights breathing around him or herself.

With a particular focus this dimension point individual’s knowledge about himself or herself means his/her own qualities, values, feelings about others and followers including himself with cognitive abilities and capabilities in his personality as an authentic leader. Predominantly the dimension self-awareness is highly evolving process through which authentic leaders become self-aware of their competencies, understanding and individual practices in front of their followers. This regularly practicing thing is actually helpful for an authentic leader to connect and communicate through self-replication according to authentic, moral and ethical self as a central apparatus or instrument same, leads for achievement and attainment of transparency. The researcher can say in other words dimension relational transparency in kith and kin to basic individual values and believes as an authentic leader individual quality and inner property of character (Gardner et al., 2005).
Summarizing this concept in short the dimension self-awareness can be defined differently as awareness of an individual’s own possessed self-based knowledge, experience and capabilities. For this purpose to understand sole aptitudes, strengths, wisdom of determination, principle standards, philosophies, needs, sense of own actuality that what creates certainty within a situation and true to the authentic moral self. Therefore, based on these driven personal beliefs are a never-ending band and excursion ever remains in endless debate to deal with concept relating to AL.

Next dimension is balance processing of information this dimension has been defined in literature as concept of positivity related to internal feeling like internal thinking, capabilities and familiarity of individual to act without knowing and accommodating the unsuccessful external actions (Rogers, 1990). Linking concept balance processing of information to other dimension like self-awareness addresses self-practices of an authentic leader. The authentic leaders never mislead, amplify or overlook the composed information. They keep eyes open with focused internalized processed data based on previous perceptions, information and similar natural situations practicing through internalized moral perspective. These leaders always look in to the matter with a very attentive manner and deeply analyse situation going towards both sides (Walumbwa et al, 2008). It is actual processing means progressive enlighten meanings particularly communicated discussion about themselves in any way they think (Gardner et al., 2005). Research further shows that the term balanced processing of information is
the heart of personal integrity or individual collectiveness and character. According to the research in hand influencing construct EDM in same way as a main dimension of AL.

Construct AL explains through previous literature that this dimension related to the individual’s action it also deals with avoidance from trouble, hurt or misfortune. Therefore based on this notion it is revealed that synthetic or artificial leaders allows outside influences to regulate and control them for performance. However, research further shows that the authentic leaders create a balance between their environments and own true authentic moral and ethical self-schemas. With the help of all these qualities, these leaders become well aware of results by practicing internalized moral perspective involving their own behaviours and internal settings (Kernis, 2003).

The Relational transparency means giving importance to openness and truthfulness. It has relation to the self-exposure, trust and mutual understanding. Result truthfulness, devotion and skill to handle mistakes to deal with willingly apologizing. This develops a sincere and constructive relationship between authentic leaders and their followers. The area which required to be explored is AL and use of authentic moral self through AL style. It addresses other under consideration variables of research in hand utilized as mediating variable EDM, moderating variable MI and POP. Higher moral character of authentic leader and authentic moral leader has focused with full of stress on these relationships. It shows that these leaders
proved and has high moral character at individual and as human being as a member of the society (Walumbwa et al, 2008).

According to the recent modern researchers related academic area encompassed moral component of AL. The notions are therefore, be taken as its core part founded on leader’s EDM, deep perception and feelings of exact difference related of good or bad (Bass et al., 1999). So accordingly when a relationship is measured by showing behaviour through individual’s actions is different from the broader character tem morality. But at the same time it represents ethical behaviour and its surrounded promotion amongst individuals in both ways either or otherwise to strengthen mediating variable EDM process (Brown et al., 2005). So at the final stage it becomes as a moderated mediation development through the construct MI however, resulting for perceived organizational performance or POP. It represents the research in hand focus and linked as hypothesized in model of this in hand research.

The authentic, ethical and moral self-concept previously discussed with details above in this research is first and core dimension self-awareness of under discussion Independent variable AL theory and its style (Lord & Brown, 2004). By briefing it and bolted in nutshell to define moral component of AL in the words as it is a use of self-sacrificing, honest leadership through vastly established leadership style by using self-regulatory impression to accomplish organizational goals over the honest facets of leader within a management sphere. The particular researchers relating to this academic area have also
explored different cultures ethical, moral, authentic and social values effects. These researchers have tested and written with well-defined literature through social learning theory (Bandura, 1977). To elaborate further the researchers have studied at micro level, which also revealed it that the moral component of AL theory and style has an overall impact through the values of different cultures and found ethics as global truth just to be known as inside the organizations at different levels (Weick., el al, 1979). Now at this stage and for the community wisdom method authentic leaders form authentic, ethical and moral based self-concept relating further to the own level of authentic, moral and ethical values (Brown, 2004).

It shows in other words that these are the meanings which express that an authentic leader measures him as a best fit on highly developed authentic, ethical and moral grounds. The basic reason behind that is researcher who has seen through the above discussed literature that moral perception is actually the basis for ethical decision-making EDM process in business oriented organizations. Now the question of moral and true perception relates ethical decision-making EDM process to the core/Independent concept of AL and already known as authenticity construct. The term authenticity explained differently in previous reviewed literature is Independent level for authentic, moral and ethical self. This concept leads to change the entire behaviour of an authentic leader as an individual and leader but also shown in leader follower exchange mentoring and influencing behaviours. After a firm base these changed complex behaviours move authentic leader towards authentic, ethical
and moral self-regulation schemas. This is the decider stage which actually relates the main component and its basic needs to AL as of its core, central and main dimension. The inner, internal or in other words internal self-awareness practically implemented and based on mindfulness with determination. Now at this stage the same thing has to be known as very visible liveliness of an AL. This reveals that the reflection and knowledge increase levels of complexity in an authentic leader’s personality traits and practices as an example for the followers (Joiner, & Josephs, 2007).

2.9.1. Historical Development of Authentic Leadership Concept

The researcher has tried to explain the concept of AL as independent variable with relation to its roots in authenticity and other requirements of hypothetical model for research in hand. The below lines explain AL theory in its historical development and context that how this theory has emerged and became distinct from other leadership theories. The concept correlates it with other variables explained in different sections of this research. According to Luthans & Avolio (2003) AL has been developed from the root concept of authenticity. Shamir and Eilam (2005) criticized idea of AL. The established critiques were resilience, self-reliance and hope or in other words categorized optimistic emotional abilities in a leader. These critiques have played a marvellous role for the development of AL theory and style. After passing two years the warm debate in academic research remained alive to reach on fruitful discussion. It was further suggested that
dimensions of AL must have been emphasised and examined in detail. This particular construct can develop more effective leaders for organizational success (Illies et al., 2005). This leadership style got more attention of the academicians resultanty in the same years after inclusion of four basic dimension self-awareness, balance processing of information, internalized moral perspective and relational transparency, another self-based model of AL got emerged. This model was based on above noted dimensions, positive organizational psychology and comprehensively the very ancient concept authenticity. The positive moral self-based perspective was also included in the appearance of AL theory and style.

However, these concepts familiarized the theory for future organizational psychological issues and EDM procedures better for the measuring and motivating individuals as future leader in the light of positive and perceived organizational performance (Avolio & Gardner, 2005). Sparrow (2005) brought the attention towards AL theory and development its philosophy. His research included this idea in to the historical development of AL theory and style as a decisive prerequisite.

The basic development of construct authenticity distinguished again and emerged in to the AL concept. This theory became extension of ancient concepts due to the authentic, moral and ethical self-based basis and the individual with own perception and authentic moral self. However, these concepts are now emerged in AL theory (Walumbwa, 2007).
2.9.2. **Authentic Leadership in Organizational Context**

Most recent era including last two decades witnessed the dire need of a leadership style which can deal with the organizational psychological problems. It is particular to service sector business the banking industry. Main aim ever remained to handle and manage stress in organization because of its internally linking property with turn out, brain drain, personal and intrinsic issues of people working in organizations (Munusamy, 2012; Daft, 2014). For this many model academic solutions were presented. However research shows that focus remained on AL style due to its main link with positive organizational psychology (Clapp-Smith, Vogelegesang, & Avey, 2009).

According to the Luthans (2002) the positive organizational behaviour concentration is on individual level in business organizations and particularly service sector organizations. This low to high level attention made it possible to address organizations as a whole entity including leaders and followers in combination or as one entity. The leaders always focused on organizational performance by their individual performance due to inbuilt psychological capital qualities which push them internally for involvement to achieve organizational goals. This attribute work in organizational context and POP get emerged in positive manner by the motivational techniques of an authentic leader (Gardner *et al.*, 2005). The organizational context literature in banking shows that the vision set by an authentic leader in organizations may be focused with follower development (Asrarul-Haq, 2014). The role of authentic leader for future organizational leadership needs is actually an
example of succession planning. It is actually legacy formation by an authentic leader, therefore, this property of and authentic leader develops ethical and moral organizational culture for business working environment (Yasir & Mohammad, 2016). There is a comprehensive introduction and in organizational context available in section 3.3 and 3.4 of research in hand.

2.10. Ethical Decision Making EDM: The Mediating Variable

The research in hand modelled the mediating variable of this research which is proposed as EDM. The concept delineated from different literature reviews and also labelled for the development of an ethical verdict which has larger impacts fundamentally tolerable by the organizational cultures. The same notion is based on permissible, lawful, authentic, moral and ethical standings. The literature shows that philosophy and humanity broadly admit this conclusion or verdict to establish need of EDM in the literature (Baginski et al., 2002). Prior to explaining further it is appropriate to understand mediation. Mediation suggests a condition where the consequence of independent variable on dependent variable can best be clarified employing a mediator. It is due to independent variable and emerged itself a reason for dependent variable. This relationship can be defined as in figure 2.1 below

![Diagram showing mediation processes]

*Figure 2-1 showing mediation processes*
According to Baron and Kenny (1986) mediation model explained in Hayes (2016) X and Y relationships can be in significant correlation between IV and DV showing total effect. There should be significant correlation between IV and the mediator M. Similarly there must be significant correlation between mediator M and DV. The last condition is when controlled for the effect of mediator M on DV, the direct effect of IV on DV become either insignificant indicating full mediation or is significantly reduced indicating partial mediation. According to this research the deviating structures that consequence for EDM growth which encompasses of emotional ethical development, specialized regulator holding organizational business performances, self-esteem, schooling, sexual role and as segment of the society at large (Shapiro & Stefkovich, 2016). Past three decades persisted and observed the research based developments on decent, authentic moral and ethical hugely and principled performances in professional institutional settings and organizational environmental settings (Newman et al., 2015).

The previous researches and different investigations on this subject show that there is a lot of research work available in this area. The same has been added as impact and repository in organization based of knowledge scholastically, non- academically with manufacturing and community exploration developments. Bass and Steidlmeier (1999) showed that literature reveals a very worthwhile effort for enterprises and trades distinctly working and commonly using knowledge base. Although dealing and facing authentic, ethical and moral problems in different organizational settings and banking in
particular. These organizations exclusively dealing with daily based ethical dilemmas conditions in heavily demanding behavioural and ethical organizational settings. In the light of above directing lines this particular research has concentrated with the mediating effect of EDM paradigm amongst AL and POP. This particular research is specific to the regional research which is connecting to the service sector emphasizing the banking sector while practicing and performing banking business with its operations in Hazara Division, KP a northern region, Islamic Republic of Pakistan.

As research and its reviewed literature show that there are so many hypothetical frame works existing in the body of knowledge (Glade & Young, 2005; Shanka, 2012). These frame works are actually concerning EDM construct as mediator and its related concepts. Generally it was constructed on initial research given by of Rest (1986) in his famous model particularly called the four staged theory. This model and theory added to literature during the late eighties. This was the era which has encompassed with authentic, ethical and moral concerns, moral intention, moral behaviour and also moral judgments. Concerning to this and immoral and unethical rehearse in employed, business settings including their behavioural environmental settings were a big anxiety cause. These were running through subsequently based previous context and numerous periods impartial to the similar acquisition of personnel organizational based employment (Vance & Paik, 2015). The authentic, ethical and moral problems based on human nature are erstwhile either baptized authentic, moral and ethical dilemma
situations emerged in organizational atmosphere (Crane & Matten, 2016). These organizational situations at initial stage should be addressed accordingly however at juncture later on predictable to be a very big authentic, moral and ethical issue and become large impact on each type of organizational performance (Eisenbeiss, 2012). According to the literature these organizational situations must be recognized as moral, authentic and ethical dilemmas. However replaced meanings and used as a consequential authentic, moral, ethical and right concerns (Rest, 1986).

As the previous research on this area shows that soon after recognizing this stage, the involved person scholastically enters phases for the next step as already shown in the Rest’s model, known and characterized as the moral judgment stage which is also termed as mental ethical and moral growth stage (Trevino, 1986). It has also been proven that after this stage there is yet motionless and the ethical and moral valuation technique to be haggard on sketched the foundation. The same has become dwelling on a concrete examination however with the widespread discrepancy of the percentage. This is also same as unbiased and like calculations validated in the process of authentic, moral and ethical decision-making EDM construct (Brown & Trevino, 2014).

Exploring the literature on EDM and completely focusing the practicality of performance the researcher deduced that comprising constitutional rights and accountabilities jumbled numerous moral philosophers for the more emphasis on unique and simple moral
apprehensions of ethically charged authentic, moral and ethical action (Challans, 2010). In a similar fashion for this research the previous studies reveals by focusing on research relating to EDM has strained to enumerate the stage for which individuals practice unique method relating to authentic, moral and ethical coherent vice versa.

Further by exploration in connection with this it has been linked that for examining privileges of persons including righteousness towards classification in dissimilar formations and controlled conduct the reasoning employed by administrators was essentially functioning and also drifted by the practicality which is grounded technique afterwards there is an impartiality perspective proved to be seen in previous literature (Easterby-Smith, Thorpe & Jackson, 2012). Therefore after this clarification and the summing up for the initial level literature review on the construct EDM and reaching a little bit towards the desired results. It has also been revealed that individual’s convention other than in one principled environmental setting for the brand a solitary ethical, authentic and moral deduction.

The moral, authentic and ethical administrator observes a completely virtuous valuation system to principle the underpinning of a moral, authentic and ethical determination for the connotation supposed. Further on subsequent and Independent to the factual including a principled performance for a comprehensive motive that intentions are really utmost predictors of some individual who is carefully succeeding the performances according to the philosophy of a coherent act (Lynne et al., 1995).
The research also provide detailed know how for the construct EDM as an ethical, authentic and morally charged development model for an individual leader who can be an authentic leader having authentic, moral and ethical self-based schemas in his personality as an individual. On the similar grounds it further elaborates the numerous level progresses as these developments are taken to be obligated influences on persons as individuals and in the AL roles in and organization. In other words it can also be elaborated further that it is linked to their contextual and honest EDM in different trades already stated in above mentioned lines (Shapiro & Stefkovich, 2016).

Reviewing further research also embarks on one of the foremost complications in authentic, moral and EDM process by using the same construct. As it shows that it is authentic, ethical and moral problem beached during an ethical, authentic and moral environmental settings. There are person and professionals who brand an option amongst them which is fundamentally evaluated counteractive or in other words non-remedial movements. Now at this stage of literature review and on firmly linking grounds the research has absorbed many concepts on authentic, ethical and morally charged problems in specific organizational settings. However by addressing almost these types of situations it has seems to be a little bit fashioned. Therefore on the alternative grounds the same has also been elaborated as an elucidated or in other words converted in to the altered or changed behavioural conducts. In other words the same notion as a most
ambiguous with common sense addressed by the forthcoming literature backed proven point of view. The most important difficulty in ethical, authentic and morally charged matters is the behavioural understanding because of its un-predictable nature. In other words additionally tight spot related and linked grounded methodology as maximum in those are never before or never ever happened and seen in previously indicated environmental settings. On the similar fashion it has never been transpired for the preceding and may not be able to be measured with selected grouping assemblies (Clegg, Kornberger & Pitsis, 2015).

According to the literature reviewed on this particular subject matter whenever person encounters with the same like thinking of concentration it aggravates the style of understanding structured from his schema based perception. This is not only internal feeling from where that individual takes the advantage of that particular situation and draw comprehensible elucidations for authorization to adventure but also other factors influencing his internal authentic, moral and ethical self-regulations to decide individually that what is right action at this point in time situation (Maitlis & Christianson, 2014). Exploring further on the similar grounds the literature also reveals and link a relationship amongst the both constructs the mediator and the moderator already focused and used in this particular investigative research named as EDM and the MI. Actually the construct MI measurements along with its dimensions or facets originated with the mere spoken words and primarily shown in collected works. Therefore both of these constructs, EDM
development with relation to the MI have established the numeral phases to be tangled with (Morrison & McDonald, 2013). Therefore on the basis of similar grounds and by the reviewing of literature in further detail. It has also recognized here that are two dissimilar concepts available in previous literature and chosen for further research while addressing the relationship of AL, MI, EDM and POP. Therefore these variables are known as authentic, moral and self-awareness based linking with highly charged MI situations in organizational and environmental settings based on individual settings (Morris, 2014).

Some other facts backed by the literature also revealed that there is a happening of association between MI and authentic, ethical and moral judgment. In the same way it is a together amalgamation of special effects focusing on moral, authentic and EDM procedure and construct. Elaborating the literature further it has also been seen that the growth in the principle issues in business or organizational settings of recent day’s organizations grows with an immense research query for the dire investigation on organizational morally charged EDM based systems.

In recent days the same has been witnessed in United States and the other world that it has also been developed as a specific community discipline for the professional ecospheres. In the similar directions and the way authentic, ethical and moral constituent of AL shows mostly dominant essence for the institutions and organizational based business settings to deal with forth coming contests not only in academia but also at organizational
level even during on job and off job trainings relating to individual organizational members and authentic, ethical and moral leadership. Literature also focus the Supporters and organizational employees including its members having met with a moral or ethical dilemma situation for them where it can be exercised numerous possibilities to select amongst them and surrounded by the variability of resolutions at their own business oriented environmental settings (Crain *et al.*, 2014). According to the research on this particular area the ethical, moral and authentic delinquent or in other words moral and ethical situation is rudimentary trouble for principle decision-making individuals or leaders.

The concept is different for a person or for those corporate settings where these brands have been termed as the superior amongst these numerous fundamentally evaluated remedies. Continuing further these concept in other words counteractive arrangements faced through same types of situations. This explanation has already been researched in the previous related literature during the 90s era (Robin *et al.*, 1996).

Embarking individually on above it is therefore the moral, authentic and EDM processes prominences with the ethical disagreements. Typically deceptive and interpreting the problems under research by the several means of manipulating imminent moral conclusion and its construction. In a same way and similar fashion, these situations are known to be the perplexing because of their non-existence eternally for the former or from the front leading period presence. That means no actuality or ability to be categorized
as and mostly having moral or principled questions devouring an authentic, moral and ethical dilemma situation (Ferrell & Fraedrich, 2015). The different researches on this particular topic have also embarked on positive organizational psychology construct with MI and its related facets. Furthermore in the same fashion, concentrations are the central part of authentic, moral and ethical matter which snatches the control of triggered and ethically charged dilemma situation in organizations during EDM processes. Now it has already been established in above mentioned literature review that this construct plays the role as a moderator including its facets and emphases an energetic impact on EDM developments while addressing them directly particularly in service sector organizations (Moores & Chang, 2006).

Additionally the research also reveals that MI of a particular matter impacts with its dimensional effect by its gratitude as authentic, moral and ethical issue or elaborating further some of its content. This content which is actually its interpretation point during addressing that particular situation as already focused in above mentioned discussions.

Therefore the research with concrete attention embarks on additional estimation ascends at this particular time frame. So this articulated the responses to dissimilar or distinctly connected ethical and moral hitches validate the behaviours for provision a different situation to unlike the complications at organizational levels (Moores & Chang, 2006). The persons or individuals and in similar words members of the organizations having
with a dissimilar backgrounds evaluate the authentic, moral and ethical principles as a novel method from event opinion. This judgment presumed the assortment of authentic, moral and ethical difficulties particularly in the industries type business and organizational environmental settings. It is actually the suitable thing which proceeds for a gamble which are persuaded decisions reasonably intertwined with numerous honourable and ethical principles.

The difficult and predominantly complicated provision of these prosperities may possibly incite morals and ethics specially linked to justice unlike rattle of the attentiveness situations. These situations might fascinate on organizational members, employees or the individual’s maintenance for the authentic, moral and ethical principles squeezed in narcissism.

2.11. Moral Intensity (MI): The Moderating Variable

The moderator is a variable denoted as MO in research stipulates a condition when a given independent variable is related to independent variable. According to Hayes (2013) this moderator explains when dependent variable and independent variable are related to each other. This is an interaction effect in which moderator changes magnitude amongst two variables. The moderator effects by enhancing when increasing and increase the effects of independent variable on outcome dependent variable (Bhaterjee, 2012). Below figure 2-2 explains the effects of moderation.
According to research in hand the moderating variable used in this research study is Moral intensity coded as MI also available in the previous literature (Rausch, Lindquist, & Steckel, 2014). This is an important construct proved empirically and relates to the positive human psychology and individuals multi-dimensional personality (Jones, 1991). According to different sources and the body of knowledge its dimensions and facets relates to human beings internal emotions, perceptions and experience based feelings (Morris & McDonald, 1995, 2013, 2014). These are directly established on personal awareness oriented cultural, authentic, moral and ethical values learned internally by regulating authentic, cognitive abilities as human being and the authentic, moral and ethical self-internal personality schemas (Brown & Trevino, 2006).

With the help of in depth and absolutely comprehensive literature by defining this construct MI. The researcher knows that it is available in the previous literature and recognized to be spineless consciousness, sensation or inside virtuous charged forces. These forces are those which inspire the verdicts ethically, charge them on authentic, moral and ethical grounds. In
other words it has already been discussed and proven empirically in the previous available literature on this subject and also termed as a decree, generally understood, related to the gradation through by which a decision is authentically, morally and ethically charged (Barnett, 2001).

Adding some more concepts based on new knowledge and experience from different cultures to this under conversation idea for understanding further, it is actually a human behaviour based theory and constructs (Barnett & Valentines, 2004). This construct may also capture the notch of badly behaved and connected authentic, moral and ethical overbearing particularly in a specific ethically, morally and authentic situation either in business environment or anywhere else.

The exploration of research study in hands is focusing the construct MI. To check the impact on POP it is tested as moderating variable for research under discussion. With particular focus on service sector organizations and distinctly the banking services organizations. It is also individually emphasizing on selected banks providing business being national and international organizations in Hazara division, northern region of KP, Pakistan. By exploring it has been established from a comprehensive and thorough literature review revealed on this very thorough and known construct it has been achieved for speaking to embark on dimensions of MI with its link with EDM as moderator. Having this effort the researcher has further found the relations of MI particularly relating with research in hand and in previous literature as a unique topic and singular research with
organizational psychological focus (Singhapakdi, Vitell, & Kraft, 1996). In this regard it has further been established that this is an important concept already available in the texts grounded on and having at least six separate facets engaging with authentic, moral and ethical problems in organizational settings in different ways for their solutions. But here the researcher not only adopted the scales but adapted according to the needs of local environmental needs.

According to the research and this particular focus predominantly this construct included the EDM developments in a precise manner while addressing the previously discussed authentic, ethical and moral dilemmas situation handlings in different organizational environments (Carlson et al., 2002). However, in the extensive literature review it has also been proven from previous researches that this construct on fundamental grounds has no association with the egoisms connecting to a decision maker, nor associated for a particular identified situation throughout enduring process of EDM process (Cohen, Pant, & Sharp, 2001).

Based on these established comprehensive facts let us take to investigate and elaborate this concept as a whole construct in detail where texts have significantly been elaborated this specific paradigm called or known as the MI. The same construct has also been distracted as a six facets hypothesis and the other related philosophies. Further it has also accompanying to the right apprehension related to the distinct human behaviours while interacting with in the organizations. Therefore it is not
referred to the talents of conclusion creators or the situational context professed privileged the ethical decision maker (Cohen et al., 2004). Therefore according to the previous literature reviewed on this subject the foundations of current idea was originated in the literature and coined in the authentic, ethical and moral thinking processes with stress on principally agreed concept within the impression of proportionality relevance and connected to the determination of the complaint, the inexorableness of volumes, the ability of the decision maker to influence the going on activities (Jones, 1991). However, this construct has not been consisting of only smokescreens for honest or just moral decision takers, just like decent development, self-oriented respect, forte, profession necessity, any other institutional properties e.g. institutional standards and organizational philosophies (Trevion, 1986).

This introduced multidimensional construct named as MI was initially developed for the cognitive human behaviour regulations related area only called the criminal justice structure (Lynch, 2002). However, somewhere in to the previous body of knowledge it has also been enlightened with some details that this particular construct has disadvantage fundamentally comparable to the brutality of the misconduct which as member of society or organizations an individual commits from inside (Davis, 1998). However, relating this concept on the same, notions, ground in accordance with the previous researches. These researches are related to the different cultures and by using these with reliable scales.
The scholars thoroughly checked the terminology entitled as moral issue with comprehensive and extensive manner. Establishing on this notion which has the decision influences to all similar and violation with respect to authentic, moral and ethical administrator and which is same obligate unprincipled constituent of the identical construct. It has also been shown that most of the time the term institutional selections upset individuals higher than on an infinitesimal problem. Therefore, relating to this situation however aggravates in the overall scenario as a whole or aggregate. Research shows that in the business and particularly service sector organizations, people always make extra activisms over any type of moral and ethical problem as the matter of ethics, societal, some religious and morals (Ferrell & Fraedrich, 2015).

Focusing the research on this particular point the researcher tried to establish and shows a proper linkage among ethical rational tactics and the verdicts of authentic, morals and so called organizational ethics. If as a researcher it has been deduced from the results based on previous studies to the related area then it can also be found here clearer as a large specimen of the society. This specimen can be termed as harassment and somewhere in little unreligious society the sexual harassment annoyance in service sector organizational settings (Glomb et al., 1997). In this situation which is also relating to the different types of business environments anywhere sufferer can contain a bitter situation at job and its paid expenses actuality controlled through an artificial behaviour and endurable sense (York, 1989).
Therefore establishing above facts comprehensively elaborated in the above mentioned lines this is a concept related to the morals of human in a particular culture operationally defined in literature with its title name having six different multidimensional facets and declared as the stretch to the individual character called MI. This is also related with thorough individual level details of the aforementioned dimensions in the forthcoming paragraphs as shown in details on below lines through a comprehensive literature review to explain its relationship with this particular research as a moderating variable. For the literature review and research with ethical foundations the operationalization of variables relating to the study is an indispensable need for any new research in the area of social sciences and management sciences (Rickards, 2007). In this regard the researcher has established these requirements to operationalize this variable in detail additionally so dimension by dimension detail in this literature review and in chapter three in a different way other than traditional thesis writings will also be given. In this regard linkage for the relevance of study and the continuity of review it has been elaborated further in next few lines.

The first dimension connecting to this construct is called magnitude of consequences similarly named in the previous literature. Therefore, this dimension has been defined in different meanings as the unit of grievance linking to the actual act as expected to root sufferers or individuals of the stroke at first stage. In other words this dimension is addressing the individual who has directly affected with first knock from the front. According to the
research on this particular topic addressing human positive organizational psychology the severer concerns directly affected from the smash in relation of a given act because of the huge and at very larger or most higher related MI seems effecting individual with this directly related dimension in this construct as the initiator of morality (Hamric & Blackhall, 2007).

Making the first opinion in the light of the previous literature review it can also be explained with relevant details. With some additional information and in other words it can also be defined with literary meanings where it is transcribed as the whole damage, bulk and advantage as a consequent from an authentic, moral and ethical decision (Jones, 1991). The related literature also supports that this rational belongs to human beings actual in born nature because the moral and ethical perceptions take some injuries or harms very serious and intense manners. This means that charging the dilemmas with morally and more ethically due to their intensity other than an action having low harm and less serious results is the main concern to control the organizational level situation particularly (Barnett & Valentine, 2004). In the most of the literature exploration on this particular dimensions research elaborated in the framework of damages or in converses welfares to others relative than concentration on the magnitudes to the ethical decision makers while making an ethical decision based on morals and norms of the organization and particular rules framed on this matter (Gurley & Nijhawan, 2007). Conferring to the above cited literature reviewed for this particular research the decision handler and makers ever observe some details here with
the ideal results, like smart monetary benefits linked through a morally doubtful substitute. In continuation to this they are probable to hunt a fewer best judgments if the same is promising to their perceived organizational performance POP. It is further for explanation to previous concept that if a person can also be recognized as a substitute or being a greatest moral alternate. Then it is still propos and indicates towards the difference of opinion based on the definite chosen cultural values in a related works setting as per organizations rules and regulations.

There can be substantial, considerable and optimistic implications to own authentic, ethical and moral self and according to the way of a consequences by selecting the fewer moral substitutes in an ethical and moral charged situation developed in any organization. Definitely, in this situation the problems and welfares appear for decision makers more difficult, dependent extra inclined with and to the unpredictable stages of its valuable strength (Hunt, & Vitell, 1986).

In the light of this notion it can also be explained from the other side related to MI dimension particularly when researcher looks at the magnitude of consequences as understood phenomenon from managerial point of view. This situation further seems as very harmful observation and also results with an ethical and moral charged problem situation. On the basis of these observations it has also been established through literature as a fact here that these managers become more lenient towards that specific and particular situation according to their work settings because of its intensity
(Schweppes & Good, 1999). Finally reaching the review at this stage the research stretched at the point where researchers cannot understand that how these managers answer to these questions as established on some situational basis when they encounter with such kind of problems inside their own organizations. Therefore relying on the foundations of available facts the term magnitude of consequence is the only measurable and actual unit of harm which is expected to deeply find out as yard stick for root victims of the first hit or stroke along with its intensity instinctive by them.

At this stage it has been expected from the literature and the other related sources where the researcher reached at the point where it can be concluded by this opinion that the perception based things might address mainly the specific harm in a particular situation. It is however proven with the help of a proper way or vice versa in the collected works of witnessing the current research findings (Vitell & Patwardhan, 2008). Reviewing further for establishing the research goals and with details operationalizing this construct including facets the second dimension of MI construct becomes under discussion and is also termed as the social consensus. According to the literature this dimension can be defined as an amount of community arrangements where an anticipated action is malicious unethical, authentic or moral (Jones, 1991).

The research shows that by looking distinct facets of MI, the potential established by culture in its own definition is that if an act ethically, morally and authentically suitable then it drops the concentration of
MI on individual and organization. It may be in the situation of that particular principle stroke or knock to the thirst. On the same pattern equally communal arrangement, which reveals that an act is ethically, morally and authentically incorrect, higher the MI of the knock as already proven in above and previous literature review during elaboration in above mentioned lines.

The MI facet social consensus is actually the forecaster and a sub variable of an authentic, moral and ethical decision which has also been seen during research review and proven reliable in the second stage of famous research outcomes known as James Rest’s model 1986 (O’Fallon & Butterfield, 2005). Furthermore, on the basis of review it has also been established that when the researcher talk for transitory learning in terms of generic research other than the topic this term refers to a pact of a social cluster regarding an act for the understanding or which is christened as an immoral or well-formed based intention.

The supplementary review of literature pulled out an additional term social cluster. It can also be presented as the entire cultural reason, which is actually an elaboration behind previous concept. This is a truth that the whole society always reacts against unlawful action. This action is actual formation of this particular concept (Brandon et al., 1984). Accordingly connecting this fact further for more clarity the researcher deeply look in to this matter as per requirement of the facet which is already termed as social consensus reliably by means of reference to the higher MI situation. It further mentions towards an important act that worth as authentic, moral and ethical
seems wrong for the whole society or a particular culture. Hence talking according to facts and withstanding of wisdom based thinking process there is a big trouble to exercise as an authentic, ethical and moral leader. There is a problem which is not similar and aligned according to the situation but also according to those circumstances of which a judgment compact the possibility. It means that there is some doubt occurs at this stage to see by means of more and detailed elaboration and towards the clearance of this particular situational doubt. In a specific and particular condition, the demand rises, whether an individual sense what are decants and on the other side some immoral ethics or moral and ethical values prevailing in a specific culture, business or organizational environmental settings. Therefore the research in this particular area also shows that the unlawful judgments may also be excluded in many situations instead of giving the immoral and unethical decisions by the decision makers of those particular situations (Laczniak, & Inderrieden, 1987).

From here onwards and furthermore working on the related area of this related construct same like thinking also reveals that targeted society or an organization has strong social consensus against unlawful decisions due to their large impact and impression on the culture and environment as a whole. Therefore, answering properly in specific condition has been chosen according to the essentials of moral feelings and rules and regulations framed for that particular organization or culture. Now at this stage it has to be seen as a compromise of what really the correct act was and what is against the
norms of above discussed feelings. Additionally reviewing the facets in the literature the researcher explored that in MI for which the researchers has used another facet termed in to the literature as probability of effect. This is actually the third dimension essentially related to the construct of famous MI. Therefore rendering here to the research needs and literature reviewed facts it is not only termed as the probability of effect but also understandable to be as how much impact get an individual connected to an ethical, moral dilemma in a particular situation and according to the needs of MI construct where actual intensity formed by the intensity of the harm (Singhapakdi, Vitell, & Kraft, 1996).

Now onwards starting exploration of the facts on the basis of literature evidence actual reliability based certainties under this particular discussion here it can be expounded with a practical example relating to a medical store for better understanding of this dimension. The situation based on concrete evidence which shows that if a medical store owner sells a medicine even on a prescription to a known drug abuser, then it has greater probability of injury then selling it to an ordinary person of the society or culture. Now on the basis of these notions the results of a moral act would be the actual outcome of magnitude of consequences. These consequences on the basis of available facts predict the probability of this kind of expected damage and harm for an individual in an organizational setting. Now in short, the literature also proves that the individuals may not be good estimator of probabilities of effect (Kahneman et al, 1982).
After detailed defining at this stage the term from other literature it can also be characterized that there is a possibility that can be guessed degrees and scale of injury or benefit which will happen and also become a cause of reason, which also predicted the actual damage. Resultantly this is an unusual phenomenon in terms and becomes a possibility for the lexicon of MI to become raised in this particular situation.

Taking the other stance and its significant it in other words, it can also be elaborated and explained that a dual meaning of the possibility that exploit in grilling will truly occurred. Therefore the performance under consideration will essentially cause the reason to injury or advantage anticipated in that particular situation. However, according to the previous literature this term is actually concerned with the occurrence of a particular event. When researcher talk in terms of MI it is the essential part of this reliable construct and also motive behind it which is seems to be an authentic, moral and ethical judgment.

As revealed under the other dimension termed as magnitude of consequences in an ethical, moral and authentic situation, the probability of effect takes the charge due to its properly proven ethical intensity based action. If there is any type of benefit then it seems to be addresses in the direction of that particular hurt which occurs because of the prevailing situation and due to its prediction based capacity or occurrence nature (Leitsch, 2006). On further reviewing it has also been seen that the literature also embarks on other terminologies including the fourth dimension of under
discussion construct MI which is coined as temporal immediacy. Actually this is the language considered to be as intermission of the time and somewhere denoted as particular period of chronological urgency. This is actually counted for current held recently and commencement of actual implications connecting to a moral conduct discussed squabble under the particular circumstances and also mandatory for this construct requirement (McMahon et al., 2007). For the elaboration of this facet the researcher has tried to present an example here from own local culture where the research is grounded particularly in public sector or government sectors organizations. As per data based on its availability it has been shown that the employees or individual organizational members of government public sector organizations are receiving house requisition facility also termed as house hiring facility for the houses acquired by the government but for their residences. If these officials are owner of self-houses and also comparing those officials not having even a rented house or residence for their living.

Continuing further if the government from any budgetary constraint or policy decide her for the pull out of this essential perquisite or seems as perk for employees then it will cause countless temporal immediacy for those organizational member or employees particularly for those who did not even have their own houses. On the basis of this implementation which is a cause of government justification will resultantly be a constituent of higher MI. Therefore it can be deduced from the facet of any connected ins and outs particularly recognized drive happens in approaching with larger spread
throughout the organization in forthcoming time period it will also largely impact perceived organizational performance. Research also discloses that there must be a dual interconnected motives relating to this under conversation concept. Based on these facts there is another example available for understanding this perception from famous concept of time value of money. However, in most of the corporate finance books this example is quoted for concept that a dollar in custody now has an additional value, which emanates day after tomorrow. These examples show the relationships of situations with MI similar to chronological measurement of time and connected to anticipate its significance.

Elaborating this construct furtherer term concentration of effect is preserved in the literature as fifth dimension of broader construct MI which is under discussion. The expression concentrated and particularly defines a condition, which thoroughly investigates the contradictory sense of the characters accused by an act connected to a quantified measures (McMahon et al., 2007). In a similar sagacity, as describe to be series of personages influence through an unambiguous happening. Research also reveals that persons with this high impact also get indicted through little consequence but the judgment significance is additional operative in environmental setting (Valentine & Hollingsworth, 2012).

On the same pattern of literature review the sixth dimension or facet of this construct, MI, is known as proximity. It is denoted as consciousness of an association, which a moral or ethical mediator holds for
the fatalities or also denoted as ethical moralities. Taking examples from local organizational environment researcher defines here and embarks on the shortage of food items in Pakistan. For this purpose the particular area is Khyber Pakhtunkhawa, the KP province having more moral and ethical proximity other than trade going on in Afghanistan (Ahmed, 2009). This expression according to the perceptions also understands characters carefulness of the individuals around this notion and not to be termed as proximity.

Accordingly if it has been seen in terms of the overall part of the MI construct which is however having it as an essential dimension proven reliable in previous academic literature (Singhapakdi, 1996). In addition to the research on this topic which also shows that, on lawful grounds the character step of proximity turns around communal, traditional, psychosomatic and physical variables. However, literature supports this notion as an overall terminology used here. Therefore from the previous studies on the subject it is for or in a solitary amalgamation. With some other variables like EDM in previous reliable literature termed as Proximity (Charles Fried, 1976).

After this establishment of dimension another term according to the research on this particular review is denoted as the concentration of effect. For this particular purpose the previous investigators and the researchers found number of individuals affected through performance of the certain enormousness conflicting with its meaning. However, If the investigators
already found that business persons contracts in property and during the dealing make false transactions with other individuals then at the large number of population impacts more concentrated effect. However other than its impact on the whole which is connected through it just as an accommodation provider institution. Now being as the portion of MI in terms of individual perception relates to the previous notion particularly the contract.

Concluding above review of literature on the construct MI it is a proven fact based formation. The same formation shows that this is a multi-facts paradigm, denote ethical, moral and authentic apprehensions. To clarify these it is therefore revealed in above discussed literature that these apprehensions which are clarified with facts. These facts have now been proven with the literature support included six contrivances similar to the magnitude of consequences, probability of effect, social consensus, temporal immediacy, proximity and concentration of effect. On the basis of literature reference understandable and proven to be termed as the facets relating to big concept MI dealing with anthropological performance, collective wisdom, awareness and reflection (Valentine & Hollingsworth, 2012).

2.12. Authentic Leadership and Perceived Organizational Performance

leadership attitudes in service sector organizational behavioural moral and ethics point of understanding. On a little bit early the research as presented in the former literature to foster AL style and its impact on subjective organizational performance (Asrarul-Haq, 2014). The construct has been introduced as an innovative style of leadership for different types of organizational performance and studies of individual behaviours with impact on performance through followers and leaders combination towards organizational objective and sometimes interchangeably called as the non-financial performance (Eid et al., 2012). The followers, employees and organizational members get deep involvement with intense to their interest towards competitive organizational thought provoking objectives but feel shy when meet with some hindrances or obstacle in front of them. These hindrances keep them involve in a thinking process individually and internally on similar grounds psychologically at organizational level (Harvey et al., 2014).

In organizational environment with concentrative efforts through AL style the leaders promote their followers for further decision making processes at their own interactive levels. This directly focused effort resultantly foster with perceived and positive organizational performance to meet the competitive requirements of organizations in terms of economic settings. These possessions promote organizational loyalty in their members and keep them intact for long time with organization with core of the heart (Jauhari & Singh, 2013). The research proves that AL promotes extremely
strong individuals with the ability to handle multi-layered circumstances and from the corner to corner overall presence and their considerations respectively.

This fact has properly proven in literature for those flexible authentic leaders and their followers in organization who can familiarize the real circumstances to their followers they develop extra grown and a positive professional impact psychologically. Therefore results impact perceived organizational performance or in other same identifications directly and straight towards the understandings (Fransen et al., 2015). In the organizational perspective, ambiguity becomes clearer if the authentic leader impact with dimensions of self-awareness. On the basis of this facet indirectly influence business performance either subjective or objective through impact on followers with different life flairs or backgrounds. These leaders strongly influence the followers because of their relational transparency to develop leadership abilities in to the followers for future occurrences where they promote vertically as successful organizational authentic leaders. This result again not only addresses the perception based organizational performance but financial performance also (Lee, Lee & Seo, 2015).

There are numerous motives which establish the association amongst AL and the perceived organizational performance or defined as POP. Research establishes some of the connotations in detail on the root of contextual grounds (Zhang et al., 2012). AL style play a commanding and extensively massive role in perceived organizational performance or called
non-financial performance (POP) by involving the organizational followership with motivation and loud speaking EDM practices to meet tough competition for the existence of organizations in competitive market where the organizations set for future growth (Spitzmuller & Ilies, 2010).

Literature support the EDM behaviour of leaders in banking service organizations and other service industry to inspire, expedite, and away interferences of doing business to meet with contests by the followers improved organizational performance (Wong & Laschinger, 2013). Academicians in modern research have established that authentic leadership style has major significance on perceived organizational performance same as denoted like POP. They also named it as motivating moral organizational leadership strength. Therefore the structural AL strength keeps organizations to meet with competitive advantage successfully (Hatch & Cunliffe, 2013). They promote visualization according to self-awareness, relational transparency with internalized moral perspective and balanced processing of information by linking these facets to organizational quality factors, market share and focused customer satisfaction. Their actual purpose is concentration on Perceived Organizational Performance and also declared as POP through effective and efficient organizational members.

These authentic leaders facilitate association between performance and the rewards. Here the research combined especially the service industry and banking sector in particular for most emphasis (Pinder, 2014). In a similar grounds Robertson (2006) recognized in his contend that once certain
institutions pursue the well-organized traditions to support their visions to overtake others, they need a venerable attitude to concentrate materialize the impact of leadership style just like exemplified the AL style. Authentic leaders being as the team leader’s role are expected and supposed for performance as central and fundamental protagonist to establish organizational authentic, ethical and moral environment which results in determining the combined standards, policies and rules at organizational level. These approaches with an influential leadership style and the mind-set provide an advantage to build and develop teams muddle through prevailing organizational atmospheres and synchronize overall combined accomplishments.

Now from the sufficient literature review the researcher can understand that under discussion leadership style focused with emphasis and particularly AL point of view which has already delivered appealing comprehensions mad about association amongst AL and the individuals integrated efforts based perceived organizational performance so far defined as the non-financial performance (Peter, 2016). The previous researches on this particular topic and whole subject in relation to the organizational positive psychological leadership styles addressing authentic, moral and EDM philosophy by making it sure to be discovered the organizational premeditated person of leadership style consider in what way for engagement of AL prototypes. On the basis reviewed literature now researcher is in the position to address the authentic, moral and ethical behaviours engraved in
the AL performance for the progress of overall organizational performance including POP as described in above mentioned reviewed literature (Obiwuru et al., 2011).

The reason behind this is basically an impalpable belongings mainly absorbed is the only leadership styles, organizational environment including its philosophy, organizational members proficiency with capability, and above then all these the enthusiasm looks like progressively more the major and pin point independent foundations of forte for the successful organizations. Those prove themselves to achieve organizational goals in very smart ways with the human resource specially trained and knowledge oriented through AL style. This style actually is a major source of association individuals progressions which is for resultantly achieve Perceived Organizational Performance also demarcated as POP with overall achievement of organizational performance as a link between the success and performance (McColl- Kennedy and Anderson, 2002). The research scholar has re-examined the previous literature in vast depth and put focused on actual desired area in former research work managed anticipation in the area of management and leadership hypotheses those have relevance and related straight impact on consumer contentment, organizational employees consummation, and POP.

In a broad-spectrum, though, the paraphernalia of AL style on perceived organizational performance and also called the POP with MI moderation and EDM mediation has yet to be explored in the field of positive
organizational leadership with moral and ethical areas still the subject of research including future recommended studies. Some of the researchers have their own point of view that it is to be critically analysed as most of the leadership researches concentrating unreasonably happening to manager and employee associations towards the segregation of numerous additional meanings that these managers involved in leadership episodes at organizational level to accomplish performance.

On the basis of these facts for the elimination of environmental and directorial changes which are very decisive to arbitrate the AL style and perceived organizational performance correlations, in an analogous way researched literature also criticized and highlighted an additional difficult through current researches in the particular area embarking on AL style which also illustrates that effects of this style of leadership be contingent and reliant on in detailed investigation (Avolio, Walumbwa, & Weber, 2009).

The literature on leadership also differentiated and concerning to small scale investigative researches which emphases continuously the leadership style in person connecting to relative followers and operational level managers. Therefore it is according to the similar way focusing on unimportant scaled research which concentrates on the complete organizational level of study including organizational settings. Some of the supplementary scholars have likewise recommended that authentic leaders with their AL style affect mutually their followers and organizational members including goals achievement at organizational level as overall
organizational performance (Jung & Avolio, 1999). These authors also explored in research and established the omitted acquaintances in thoughtful manner the affiliation amongst AL with other leadership styles and overall perceived organizational performance same comportments called POP and determined that even though an imagined or perceived leadership style based performance recognized association of both and also recommended by particular academics. However, the existing conclusions are unconvincing and problematic to deduce the debated results.

Considering the more effects of leadership style on organizational members and POP are correspondingly significant subject to AL style which is also observed by the certain academics by way of a fundamental motivating factors for cultivating of an organizational performance. Influential leadership always to be a persuasive foundation for follower’s AL involved in EDM with moral and ethics of organizational growth and unrelenting reasonable improvement for POP to get the more perfection (Khan, 2010). There is a link between the leadership styles like AL and transactional leadership styles (Gardner et al., 2005).

This link basically provide advantages at organizational level to accomplish contemporary goals further professionally through connecting organizational members/followers enactment to punish and remuneration systems by means of safeguarding the followers rights and protecting them from the occurrence of ethical dilemmas situations through EDM in MI episodes. This becomes effective and influential on overall performance
including POP with the help of leadership styles. The idealistic authentic and moral leaders always construct a premeditated visualization with their perception on forth coming time situations. Therefore these leaders apply their practiced leadership style particularly the AL style to transfer towards the positive thinking in the shape of future prediction concluded and surrounding with the practice of representation. It is prototypical towards the revelation through performing unswervingly and shape assurance in the direction of the hallucination (Avolio et al., 2005). The research represents that different investigators like Walumbwa et al. (2005), proposed that imaginary leadership helps to impact perceived organizational performance or finally known as POP becomes the outcome in elevation altitudes of consistency, obligation, faith, inspiration. This actually as a result affects the overall organizational performance at organizational level during competitions with other organizations.

Preceding further the research also goes on board on motivational theory employed by the authentic leader and establishes a link of organizational performance with this leadership philosophy. This linkage impacts on individuals and group performers in organizations as collective performance indicator and promotes new culture in organization particularly in banking service organizations where common interest is essential for overall POP. But how it is possible, the literature supports it as an authentic leader follower relationship or actual translation of AL style dream in to organizational followers (Starnawska, 2015). Based on these facts the
research also gives concentrations to organizational performance through intentional moral and ethical role of AL and reveals that how leadership incidents employ this role to improve POP. The basic reason behind this is imperceptible character of the AL style including its smartness, the philosophy, inspirations for followers and its capability. Now the organizational prototype transference is customer focused in banking service industry as the attention of this research which is under discussion also supported by the literature (Draft, 2014). To establish the direct link between AL style and POP this research particularly continued focused on perceived or subjective or the POP. This is actually a linkage of AL style with subjective performance. Therefore literature establishes the hypothesis \( H_1 \).

\[ H_1: \quad \text{Authentic Leadership is significantly and positively correlated with Perceived Organizational Performance.} \]

**2.13. Relationship between Authentic Leadership and Ethical Decision Making**

Social standards act as a significant part ingrained by communal uniqueness through EDM paradigm and the process is actually related to the organizations (Trevino & Linda, 1986). In the previous history of literature the EDM practice in business always remained attentive in particular as the communal petition (Jones, 1991). According to the AL theory the ethical human behaviour is stemmed on the of hypothesis authenticity related to a distinct or the authentic moral self- reflections concerning to an individual towards the organization where he or she is related to. Therefore this relationship shows connectivity and according to studies with their previous
results the perceived organizational performance and also defined in the literature as the POP. The role of authentic leaders have become more moral, ethical and increase its intensity to act ethical and moral with positive behaviour when interacting with in organizations (Mayer et al., 2012). The referred ethical standards invite AL style because of its direct relationship with positive organizational psychology and human behavioural organizational ethics for the both organizational leadership and it’s connectively with followers.

The AL style mostly gets involved in authentic, moral and ethical decisions taken by an authentic leader during organizational business performance measurement dealing with others. When the researcher put more firm concentration on EDM paradigm while mixing it’s concepts with AL many relationships and facets individually and integrally come under contemplation for new research. As it reflects other many subdivisions especially altruism, resilience, ethical and moral self and internalized moral perspective, how to ethically act and many other concepts of these theories connecting both constructs (Shapiro & Stefkovich, 2016).

The research in these areas also found that there are no other transactional constituent of AL style. Therefore this dominant effort emphasizes the EDM procedure with its strong and concrete relation amongst both of these considered constructs to be a justification for addressing the same type of leadership style. Now at this stage the question arises here whether it is sufficient for diminishing the unethical decision in these types of
organizations or vice versa. Therefore by considering this specific type of literature which also shows the dimensions of ethical decision-making EDM and the AL connected with more stress through the external influences of either discussed internal mechanisms while dealing with such type of organizational happenings interacting with EDM episodes (Hannah, Avolio, & Walumbwa, 2011).

The research also provides the details through facts that without both these paradigms the link of an ethical dilemma prevailing in organizations cannot be addressed or established at first stage. Due to the morally developed AL behaviours it is a known fact that this leadership style always set basis on moderated mediation effect of MI in under discussion situation and put most of the influence on follower’s individual performance which resultantly disclose the perceived organizational performance and also known as the POP. Therefore relating to this esteem the literature further demonstrates the enhanced high moral and ethical standards studies including moderating variable the MI and mediator EDM under the influence of AL theory which is an emerging style in moral leadership or authentic moral leadership (Hanna et al, 2004).

The entirely engrossed research relating to AL style and EDM constructs has seen to be limited in the entire available literature. According to the Westerman and Yamamura (2007) there is a an established linkage present in the literature between different leadership styles and EDM where the authors have also used EDM model for the establishment of a relationship
amongst AL style and EDM construct through different human behavioural approaches. This is in reality a firmed and established linkage, recognized to be as validated in the under discussion research hypothesis. Trevino and Brown (2006) also established in their study that authentic, moral and ethical leadership styles are completely interrelated to the followership process of EDM construct. Yair and Toubiana (2012) have discovered in their studies and found that the leadership style with organizational point of view effectively affect EDM process. The same notion have also support the researcher’s $H_2$ hypothesis indicated in introductory chapter of this research and established for the research in hand which states that the AL impact on EDM as a development. This explanation influencing on the process is therefore based on the management ration to spend their time and examine the past experiences according to an ethical dilemma’s condition prevailing for the most people oriented business organizations (Druker, 1960).

$H_2$: Authentic Leadership is significantly associated with Ethical Decision Making

2.14 Ethical Decision Making and the Perceived Organizational Performance.

The different reviews of literature have illustrated that the EDM is also known as a scientific process. In this process where all of the evident facts just gathered at its initialization stage and set to be examined prior to make and reach on any final conclusion. Therefore establishing on these steps, all of the consequences connecting to conclusion with reference to
employees or so called the organizational members get to be scrutinized in a
systematic manner with numerous and multiple types of consequences of the
final stage for the under reference decision. The Service sector organizations
principally banking service organizations specifically take these decisions
very sharply with the provision of less time interval while performing the
daily business activities.

Therefore to handle these types of situations and the
multifaceted harms especially the huge debated dilemmas soundings take
place amongst all organizational level managements synergizing the internal
business and organizational mechanisms. Therefore addressing to common
but necessary issues the organizational meetings and decision authorities
appraise innumerable thoughtful evidences with the long-time discussions
and arguments found available organizational possessions to reach at a final
and appropriate ethical decision (Agheorghiesei et al., 2014).

Working with the large national and international organizations the
existence dubiousness is certainly unavoidable in the recent business era. This
established fact promotes thinking amongst organizational members,
employees and workers that how management is dealing them referenced
with institutional level organizational ethical, authentic or moral humanity
based arisen problems. In the provided environmental based work settings the
moral and ethical issues between different organizational members,
participants, employees and workers always prevail due to the commonality
of regulations and their wordy interpretations according to some one’s own
understandings of organizational policy based rules. Accordingly by the abiding’s of these rules for a particular business in this area the management becomes under puzzling situation to deal with mostly the moral and ethical problematic situations and finally implement an EDM process for addressing these as a final solution for overall situation. The decisions taken by the management always impacts on employees, workers and organizational members predominantly working in those organizational settings and provided environments.

Therefore on the foundation of the under reference results impact their performance which is a contributory towards organizational performance. This is actually a perceivable thing well before time in this scenario with its major impact on organizational customers and other stakeholders during moral and ethical episodes with their major influential results on organizational business growth (Goetsch & Davis, 2014).

The rigorous research on this broadly accepted topic also illustrates that the organizational development theories set initial foundations for the institutional environments and firm these facts that at the strategic management level of any type of organizational settings including service sector banking organizations and also denoted as the service industry not only provide a broader vision to their members but also set moral and EDM procedures and related moral oriented regulations for their strategic, tactical and operational leadership (Thiel et al., 2012). It is also established fact that the strategic management delegates powers towards the downwards
leadership at organizational level for the tactical and operational levels to implement strategic vision already set, explained, displayed and planned to take ethical decision under this decided policy based framework according to organizational and environmental settings especially in banking service industry. The accountability, social norms and organizational values with transparent ethical decisions reflect perceived organizational performance which can also be represented as the POP. However these ethical decisions should also be compatible and aligned with the ethical and moral organizational standards (Ferrel & Fraedrich, 2015).

The illegitimate, immoral and sometimes symbolized as the unprincipled or unethical decisions taken by some operational level senior managers or the supervisory level management staffs become a price paying phenomenon for the perceived organizational performance and the POP. Finally these decisions not only impacts the organizational image in public, customers, employees, workers and its members but also badly damage the organizational level subjective or perceived performance. The research has correspondingly witnessed it as the big organizational downfall which resultantly initiates the ruthless performance as a price in response to proven unethical practice which set for and during the organizational business activities in daily routines (Kish-Gephart et al., 2010).

The psychological inquiry of what is accurate or in other understandings represented as erroneous human behaviour is related to moral and ethical responsibility. Therefore it is also concerned to the theory with
backing of the ethics and the morals standards deal these situations witnessed in the literature (Shaw & Barry, 2015). The decisions at large triumph with the multidimensional interrelated constructs. Therefore every situation not always need the services of the professional of this particular field to get desirable outcomes from the consequences of an ethical decision-making EDM process but it is an established and the firmed fact that the good and expert decisions being as a part of the organizational values and ethics always constructed on the logical and standardized thinking with moral and ethical developments. Hence on this it is established that there should be an extra care embedded in organizational rules, settings, organizational culture, values, moors and traditions with relation to their practicing zones become very fruitful for which any type of organizational performance is a necessary outcome.

Thinking on the routine services provided to the customers for business sometimes become conflicts between backers and organizational members resultantly complicate ethical decision-making process with relevance to POP. Literature sometimes names these as the moral authoritarianism elaborating true or untrue in relation to the raised problem either ethical or moral (Desjardins & McCall, 2014). Continuing this hypothesis on ethical rules in any organization are not meant for only good performance but for values and humanity as well because organizational settings are always for the human beings. However, in some special situations procedures cannot dishonour only for sympathy, as there are some cultural
and ethical bindings which are beyond the organizational control but have an impact at large scale. The ethical and moral doctrines provide major sensible decision making scenarios and the convincing standards based on particular cultural area with its values, personalities or for the situation in those norms and conditions can be applied for but in particular with no hard and fast rules of thumb (Kantowitz et al., 2014).

The previous studies researched on this filed rendering with the literature support to estimate ethical and moral arrangements. These moral and ethical provisions are relating to the perceived organizational performance and in similar manners known as the POP connected with the Ethical decision-making EDM paradigms. Similar to this comparative methodology backed with chronological settings, traditional and ethical patronages give provision to this idea with literature cover that ethical, moral and relatedness where individuals perform as human being is actually correct according to their own cultures. Here the original query arises again relating to ethics and morals. This provides answers to the researcher by utilizing the relativity of culture and human needs accordingly (Nussbaum, 2014).

Hypothesis and arguments from former reviewed literature exposes that a difference of opinion amongst the researcher’s point of view firmed the notion that POP mostly based on ethical, moral organizational cultural decision-making course. The extreme ethical standards in organizational cultures impacts POP. Individual’s contribution towards organizational subjective performance in a competitive environment in the region where
they are practicing impact through EDM arrangement. So connecting this to the other side of this concept, employees of organizations satisfactorily working in an ethical environment get mental satisfaction through ethical and moral organizational values based system (Williams, 2013). On the similar grounds some of the literature shows that moral and ethical actions may have less impact on limited term based performance but it has impact on long term on POP. Therefore based on facts the notion lead to establish our second and third hypothesizes H2 and H5 stated in introductory chapter and below written again.

\[ H_3: \text{Ethical Decision Making impacts Perceived Organizational Performance} \]

\[ H_4: \text{Ethical Decision Making mediates the relationship between Authentic Leadership and Perceived Organizational Performance.} \]

2.15. Ethical Decision Making and the Moral Intensity

Research in hand integrated the EDM as mediating variable and the MI paradigms as the moderating variable for thorough investigation in this precise researchable area. Backing on the contextual grounds, it exposes that EDM procedure is constantly contracted the impact of relatively connected situations. In the light of this phenomenon these situations influencing this associated construct during the desired leadership episodes inside the organizational environments on the whole in banking and service industry predominantly (Haines & Leonard, 2004). The different types of organizations always facing problematic types of ethical and moral
complications, but this construct of EDM development always remain unable to distinguish the authentic uncontrollable situations, which have the intense moral constituent. On these established facts to handle and launching a link of EDM as mediator the recommended literature has shown that known moderator as a construct MI with all of its dimensions differently introduces and improve the part of ethical and moral inversely for research to deal with moral dilemmas in organizations (Jones, 1991).

The previous literature on this topic also supports that moral and ethical atmosphere in institutions specifically the banking service organizations has typical impact and different on EDM practice (Johnson, 2013). The authentic moral patterns institute principles of subjective or also known as non-financial organizational performance POP predominantly set independence for EDM incidents in banking service organizations. Connecting this fact these referred organizations have their own set of patterns in exercise for a particular area dealing with ethnic, cultural and set valued environmental settings. However created on the MI concept ethical and moral standards are very impressive for these types of businesses in specific organizations explicitly for banking service organizational settings (Thiel et al., 2012).

AL gets moderated impact of MI when authentic leader involves him in EDM process through ethical decided conclusions. Consequently there is a change prevails in the conducts and finally its impact on POP. In accordance with adapted measures for research and detailed literature review
the research for this study on high MI with its moderation role put positive impact on individual behaviour of an authentic leader. Therefore his actions put influence on changing the organizational setting and also alter his keen observation for the problem in front of him as an authentic leader. On the basis of these development leader himself takes ethical decision for specific situation fostering positive POP addressing the gap of this research (Cianci et al., 2014).

The construct MI is essentially addressing physiognomies connecting to the problem as predisposed by already mediated ethical decision. Side by side MI show prominence on pellucidity bound authentic leader to reach at an ethical and moral decision for situation developed through dilemma on the whole. The actual purpose behind all of these occurrences is previously questioned and finally impact on POP. Finally this state of affairs dealing with individual, employee or member of organization and this is also addressing again the gap identified by researcher positive towards the research in hand.

Similarly, the research on this particular subject also demonstrates that there are some individual qualities like male and female discrimination influences, schooling, level of ethical growth and the provided institutional inside environmental features like teamwork and the ethic moral rules impact ethical decision making progression at organizational level (Crossan, Mazutis, & Seijts, 2013). However talking about the behaviour which is an identical multifaceted mechanism to be determined just as many other factors
like individual backgrounds have direct impact on perception of authentic leader therefore establishing on this the EDM get influenced by the cognitive and environmental factors also impacting the human behaviour. It has also been seen that with the different backgrounds and experiences by an authentic leaders have long lasting impact on their personalities which resultantly affect EDM practices by them in organizations. Hence all of these in combination of MI dimensions facilitate authentic leader to make his own mind-set towards the moral situation faced for his EDM for good performance in both of the ways means organization and individual (Shapiro & Stefcovich, 2016).

Referring the MI construct the aforementioned research also discovered that constructed on professed qualities relating to EDM the judgments always push some situational degree towards the decision maker for better judgments to take an appropriate decision in a tough situation. As denoted in previous linkages of this research basically high MI proposed the notion regarding conclusion reached upon when it is actually moral or ethical however dependent on supposed qualities relating to concerned reality based perceivable matter (Valentine, & Hollingsworth, 2012).

The concentration of research in hand is the individual as an authentic leader similarly the follower as member of organization. The relationship amongst the variables is logical as the Independent variable of this study is AL and moderator is MI in the midst of EDM and AL with a final impact on dependent variable POP. As stated earlier in this study the worldwide literature proved that higher MI sometimes take charge of
Independent variable so called in this research as AL to act as Independent variable. The literature shows that the moderating variable sometimes takes the charge of independent variable just like here in these variables established linkage as per presented model in the end of this chapter (Bhattacharyya, 2007).

The literature review described that there is limited work investigated and added to the body of knowledge by using both paradigms but quality of work distinctly available in previously worked researches and is presented there if some researchers used it in combination of both universal constructs like their mediation and moderation.

The MI dimensions at some places addressed by different authors individually or in to the dual combinations, the some used three or four of them with different results. These mechanisms have established good results in the field of behavioural sciences and the positive organizational psychology depending upon perceived and proven combinations of both these under debated constructs (May & Pauli, 2002). Hence on the basis of this literature review it has been establish our fifth hypothesis H5.

\[ H_5: \text{Moral Intensity moderates the relationship between Authentic Leadership and Perceived Organizational Performance. In case of higher Moral Intensity effects are higher amongst Authentic Leadership and Perceived Organizational Performance.} \]
2.16. Chapter Summary

This chapter provides theoretical foundations to this study through literature review. The focus of research is on relationship among AL style, the MI, EDM and POP. A comprehensive overview on each variable and its dimensions is also given emphasis grounded on literature review from different sources of knowledge. The main objective of this literature review is to answer the questions relating to identified research gap in this investigation.

The prior researches partially focused only on moderating impact of MI with its established relation of AL and EDM to POP. The previous researches have focused and reviewed to define and discussed in detail for support of the Independent variable called AL. The main focus is on research to support the model which is linking Independent variable, mediating variable, moderating variable and dependent variable. At the end this chapter established links amongst the variables as one to one relationship, one to many relationship and many to many relationship dimension by dimension to understand actual relationship amongst the variables with literature support.
CHAPTER 3
RESEARCH CONTEXT AND FRAMEWORK

3.1. Introduction

Influential leaders significantly impact organizational performance through self-awareness, character, personality traits, authenticity and in-depth involvement in Ethical Decision Making (EDM) process. Leaders influence individuals and organizational performance by engagement of authentic moral behaviours and leading from the front. A sensible use of power advances leader’s own profession. It provides economic improvements opportunities for organizations practicing authentic and moral behaviours in organizations (Erkutlu & Chafra, 2013; Rigotti, 2009; Zhao, Wayne, Glibkowski, & Bravo, 2007).

Authentic Leadership (AL) is newly emerged form of leadership stemmed on positive organizational psychology, a blend of transformational and ethical leadership styles (Wherry, 2012). This theory conforms the previous ideas about effective leadership styles. It remains concerned to practice ethical and moral values in organizations with highest level of Moral Intensity (MI) during Ethical Decision Making (EDM) process (Cianci, Hannah, Roberts, & Tsakumis, 2014).

Researchers have floated ideas about Authentic Leadership theory in recent decades (George, 2003). Authors explained it through different researches in broad field of leadership (Avolio, Gardner, Walumbwa, Luthans, & Mayo, 2004). This chapter explains AL style in Pakistan banking services organizational
context. Further its impact on Perceived Organizational Performance (POP) with moderated mediation effect of MI and EDM. To meet the research requirements researcher conveniently selected 10 banks of Abbottabad, Haripur and Mansehra districts of Hazara region, KP province of Pakistan. Moreover chapter explains proposed model, definitions and explanations of variables with hypotheses of research to establish doctoral level research study for contribution to the body of knowledge.

3.2. **Leadership in Organizations**

Leadership in organizational context necessitates blend of behavioral, moral, ethical and cognitive features in leaders’ personality which influences others by impacting them in a constructive way (Vries & Trecy, 2002). According to Higgs and Rowland (2001) the leaders’ organizational learning is highly significant to his behaviour helps organizational level change management process. It reveals from research that change learnt by the leaders actually penetrates in their behaviours. Additionally, it improves cognitive abilities in leader’s personality and outcomes with followers’ development, improved organizational working environment and return a better POP.

Further it proves that there is a self-motivated association amongst leader and the organizational context. Some research studies show that there is no single formula which individually works for organizational performance (Higgs & Rowland, 2003). However, AL style is a mix of transformational and ethical leadership styles. In organizational settings it accomplishes performance through broader institutional framework, internal and external changed environments
(Bass & Avolio, 1996). Research further shows that leadership’s organizational context provides background for creating a working environment to achieve healthier POP. However, in reality it creating an ethical culture in organizations based on leaders’ moral values which enables EDM process stronger particularly in higher MI situations to achieve POP.

Research also discloses that there is a mutual impact amongst the leadership style and organizational culture. According to Mazutis and Slawinski (2008) sometimes organizations perceive through strategic leaderships’ values, culture, preferences, knowledge and experiences. In a similar nature study on organizational research Avolio and Gartner (2005) found that leaders are integral part of organizational structure. The reason for determining organizational culture is not for organization only, It is also essential for leader’s own career profile and future development.

3.2.1. Authentic Leadership and Behaviour

After reviewing different literatures on leadership particularly on AL the researcher found that leadership behaviour is a complex phenomenon. There is no simple rule to categorize particular leadership behaviour which can be described for all leadership styles. Research in leadership area defined it in its own way. Therefore, it is impossible for any researcher to combine all and even similar results for a particular outcome. Why this type of problem arises, the fact is that each author uses its own approaches in research to identify the similar type of behaviours revealed in other studies (Yukl, 2013).
In social sciences research, behaviours are considered as constructs rather than characteristics in a leader’s personality. These characteristics are assumed through perceived behaviours to acknowledge others’ observations. However, it does not happen in an unprejudiced point of view. Therefore, becomes a cause of difficult understanding for the study of leadership’s behavior refers to a particular situation based on perception. Researchers also found that there are different types of leadership behaviours. These can be categorized as change-oriented behaviours, task-oriented behaviours, and participative leadership behaviour. The change-oriented behaviour is mainly related to those previous researches which are associated with theories emphasizing and relying on organizational change management. The theories based on transformational leadership and charismatic leadership are examples from different studies particularly conducted on the immediate start of the 21st century (Yukl, Gordon, & Taber, 2002). Research shows that the change-oriented behaviour is an extension of previous researches and providing understanding about influential leadership.

The task-oriented behaviour is related to undertaking the task through a well-organized technique. However, the relations-oriented behaviour is principally connected to the common belief, job satisfaction, team identification and organization in particular. The third behaviour category is recognized in previous leadership researches is participative leadership behaviour. Some authors have defined as democratic leadership behaviour and empowering leadership behaviour. It is basically a participative method delegating other team members to participate in decision making by giving input regarding decision at organizational
level. According to the Vroom and Yetton (1973) this decision directly affects them in organizational environment where they are performing accordingly. Based on this information of previous researches the effective authentic and moral leaders emerged through blend of transformational and ethical leadership style can impact followers for better POP by recognizing them. This is recognition of their followers’ task oriented job performance, contribution, achievements, improved performance, commendable failed efforts, no recognition of few best performers and timely recognition.

3.2.2. Ethical Decision Making in Organizations

The ethical and moral dilemma situations are big challenges for organizational leadership and dealt in a particular way through AL style. It is personality trait and quality of leaders to deal with these types of situations in organizations particularly during EDM process. The referenced situations directly impact POP therefore, best solution is to have a personality encoded with predefined leadership role. Particularly the individuals with a role in business level formulated strategies and policies having broad organizational level vision (Yammarino et al, 2013). Different research studies show that the ethical behaviour is unconditional prerequisite for strategic organizational authentic leaders (DiGrande, Neria, Brackbill, Pulliam, & Galiea, 2011). However, the same behaviour cannot be generalized everywhere. Research also indicated that reflected behaviour at work place does not mean that same person has a comparable behavior in his personal life. The leaders are responsible individuals expected to maintain utmost level of ethical and moral values while performing in
organizations (Li & Madson, 2011). The studies conducted on organizational leadership during the era of 1950’s having a traditional point of view explained similar types of concepts in detail. These connecting ethics are based on some authentic perceptions. Therefore, grounded on this philosophy it is also associated with business performance (Drucker, 1954). Hence behaviours affect business through their regulations of ethical and moral grounds and as outcome impact POP (Hijal-Moghrabi, Sabharwal, & Berman, 2017).

Research on organizational leadership also proves that individuals, leaders in particular are sole responsible for followers’ behaviour. However, the institutions cannot be given blame of appropriate or in appropriate behaviours in corporate culture particularly in banking industry or so-called Banking service industry (Dacin, Dacin, & Tracey, 2011). There are influences and pressures make leaders to take some unethical decision in banking service industry. The overall performance is do and die situation in banking industry leader having any type of personality trait to make well in time decision for survival (Stenmark & Mumford, 2011). But every leader including authentic leader must fix the same rules on his personality which are meant for other organizational members. This does not mean that the leader is beyond and above those regulations which are meant for behaviour regulations and value system (Kossek et al., 2011).

3.2.3. **Code of Financial Ethical Values in Banks**

The code of Financial Ethical Values in banks in organizational context is as under. Every bank can practice in Pakistan under the regulation policy of SBP. The SBP has issued code of financial ethics and values to the
banking sector. According to Table 4-1 listing the code of ethics and ethical financial values are placed in Appendix-D. The organizational context in accordance with Pakistani environments is explained in next section.

3.3. Banking Industry in Pakistan (Organizational Context)

Pakistan banking industry has seen drastic changes since it came into being starting since 1947 onwards. In preliminary stages there was a severe shortage of funds and other resources. The causes were political and mostly the major component was socioeconomic condition of newly emerged country on global map. The problem was unqualified and unavailable human resources inadequate people in particular to establish the service sector business and shape banking industry. Fortunately, government had established its state bank on 1st July, 1948 to take the responsibility of financial sector of country.

At later stage government of Pakistan had passed an act the State bank act 1956. The major attraction of this act was invitation to private sector for establishment of banking and financial services throughout the country to facilitate the whole nation. However according to the temperament of nation and some lenient policies this era up to 1960 was remained famous for noncompetitive, unlawful acts and corrupt practices. Barki and Niazi (2003) studied that with the passage of time and authenticity of leadership got improved this sector performance which made it back bone of the country economy.

Another menace came in the year 1974 when banking service industry got nationalized by the government of Pakistan. During the period of 1974 to 1978 performance of this industry badly affected the cause was government
protection of employees. This protection has created a stereo type behaviour in employees resulted in bad and substandard performance ended on privatization in 1992 (Ahmed et al., 2010). The privatization policy of government was based on liberalization which has attracted foreign direct investors in invest in Pakistan banking service industry. It was a fruitful opportunity for this industry due to emergence of competitive environment in banking services of Pakistan. The main objective behind this effort was improved subjective and objective organizational performance to improve poor performance of government banks (La Porta et al., 2002; Clark et al., 2003). However, research in this filed conducted by Otchere (2003) proved that privatizations of banks in lower middle class income countries like Pakistan cannot improve performance due to over staffing and increasing burden of debt.

Despite difficulties the recent status of banking service industry shows good and improved organizational performance. According to the 2017 reports of State bank of Pakistan the banking industry growth is robust and is around 16% it is on YoY basis the CAR ratio is 15.4% which is above than minimum requirement of 10.65%. However, the bank stated that in order to deliver better performance banks must have to change the macroeconomic environment by calibrating their business models due to forthcoming opportunity of China Pakistan economic corridor (CPEC). The research in hand is basically focused on Hazara region, Northern strip of KP province, Pakistan already described in previous chapters.
3.4. Introduction to KP Province (Research Context)

The province Khyber Pakhtunkhawa officially abbreviated as KP, Pakistan consists of 26 districts. It is famous province located at north western region of Pakistan on the Afghanistan border was previously named NWFP until 2010. According to the facts and figures it is the third largest populous and economic province of Pakistan, however, from its size point of view it is smallest province of Pakistan. It is 10.5% of the whole Pakistan’s economy size with 11.9% of total country population (Clause, Diamond, & Mills, 2003). There are different ethnic communities in this province named as Pashtuns, Hazarewals, Kohistanis and Chitrals. The major proportion of KP province is Pashto speakers, research shows that 73.9% people are speaking this language. Similarly, 18% are Hindko speakers, 3.9% are Saraiki speakers, 1% Punjabi speakers, 1% Khowar, 1% Kohistani, 0.8% Urdu and remaining other languages.

Further these quoted figures can also be appeared as the Pashto speakers are from Yousafzai dialect mostly living in Swat, Upper Dir, Lower Dir, Malakand, Shangla, Buner, Swabi, Mardan,Charsadda, Nowshera, Torghar, Mansehra, Balakot, Battagam and Peshawer districts. The Khattak dialect is in Kohat, Hangu, Karak and the Marwat dialects are in Lakki Marwat, some parts of D.I. Khan, Tehsil Pahar Pur and Panyala. Moreover, the Bannuchi dialect is in Bannu district and the Gandapuri dialects are Gandapur Pashtuns tribe living in D.I.Khan and Kulachi etc. The Hindko language is spoken by the majority in Hazara Division and also by a considerable population in Peshawar, Kohat and Nowshera districts as well. The Haripur, Abbottabad and
Mansehra districts are major focus of research in hand due to CEPC project which brought leadership attention towards an efficient banking industry in these districts. Below provincial map classified by survey of Pakistan for KP province marked research study region with **yellow colour**.

![Map of KP and FATA, Pakistan identify research region in yellow.](image)

**Figure 3-1: Map of KP and FATA, Pakistan identify research region in yellow.**

### 3.4.1 Introduction to Research Region (*The Hazara Division*)

The Hazara region remained a district of Peshawar division former NWFP province until 1976. Later it became Hazara division consists of 6 districts Haripur, Abbottabad, Mansehra, Torghar (Kala Dhaka), Batagram and Kohistan. The researcher started travel for research exploration purpose from Islamabad to the whole region under study. The door step of this region is district Haripur adjacent to federal capital Islamabad immediate behind famous Margala hills. The district Haripur lies along with Karakorum highway also famous silk route becoming gateway to Hazara region and CEPC. This district has an industrial area of Hattar industrial estate which also attracted banking service industry for doing business in this region. The researcher has conveniently selected 10 different
sampled banks with 50 branches spread in Haripur district as a part of research in hand, below the map classified by survey of Pakistan for district Haripur showinglections of these bank branches.

Figure 3-2: Haripur of Hazara division KP, Pakistan. District.1 of Research

After passing through district Haripur the next selected district is Abbottabad. It is on one of the famous name Major James Abbot who remained first deputy commissioner of British dynasty during 1849 to 1853 (Taj, 2004). The fame of this beautiful city is Pakistan Military Academy situated in Kakul at
Abbottabad providing an excellent leadership to Pakistan army. This city has also almost each type of banking services in the district and every bank is presence can also be seen here. The researcher has taken 52 bank branches of from 10 sampled banks for present research study, below is classified map of district Abbottabad.

![Map of Abbottabad District](image)

*Figure 3-3: Abbottabad of Hazara Division KP, Pakistan. District 2 of Research*

The next district of research study region after Abbottabad is district Mansehra. It is famous on the name of Man Singh who was one of the leading generals during Akbar regime. This district was also establishing during 1976 and later further subdivided in to two districts Mansehra and Batagram. The district Batagram was separated due to far flung territorial area and control in the year 1993. The researcher has also taken 32 practicing bank branches amongst 10
different conveniently selected sampled banking organizations smoothly providing business in this district as per below classified map by Survey of Pakistan for district Mansehra.

![Map of Mansehra District](image)

*Figure 3-4: Mansehra of Hazara Division KP, Pakistan. District 3 of Research*

### 3.4.2 Banking Structure in KP Province of Pakistan

The banking industry is performing its business throughout the country and on same patterns KP province has also served with variety of banking organizations. This province has its own bank named Bank of Khyber. This bank was established through an act of KP province parliament during the year 1991 and later in the year 1994 was declared as a schedule bank like other scheduled banks of Pakistan particularly in KP province. This bank is one of the government
banks amongst other four public sectors banks performing business with more than 150 branches for the betterment and economy of the province, country and south Asian region. According to the State Bank of Pakistan lists (2017) 32 public and private banks are providing business in KP, province, Pakistan. The famous amongst all these are National Bank of Pakistan, Habib Bank Limited, Allied Bank, Askari Bank, Muslim Commercial Bank, Bank Al-Flah, Meezan Bank, Bank of Khyber, JS Bank, First Women Bank, Bank Al-Barka limited, Summit Bank, etc. These banks are performing and getting progress day by day through Authentic Leadership in a manner through provision of better banking products to people of this region. Amongst most of these banks are generating a very good amount of revenues which is contributing towards the economy of Pakistan and south Asian region. Islamic banks are also performing among all conventional banks because the religious touch in this region is also educating people regarding Islamic banking products (Lee & Ullah, 2011). The researcher has selected two Islamic banks practicing in this region named as Meezan Bank and Bank Al-Flah Limited (Table 4-1) to also check the performance of Islamic banking services in this particular region.

3.5. Proposed Research Framework

The previous research and literature review on proposed model developed an understanding that models of any research for the solution of a particular problem generate comfort for researchers to relate available theories for solution. The models also develop understanding of the problem while theories clarify the hypothecs and further forecast the research problem. The Fred
Kerlinger (1986) defines theory as “a set of interrelated constructs (concepts), definitions, and propositions that present a systematic view of phenomena by specifying relations among variables with the purpose of explaining and predicting phenomena.” Authentic Leadership impacts organizational members in a positive manner for the achievement of organizational goals and POP.

The proposed Research Framework.

Figure 3-5. Conceptual Framework of Study
3.6 Variables of Research and Operational Definitions

3.6.1 Authentic Leadership (Independent Variable)

Authentic Leadership is an optimistic leadership reveals leaders’ inside affirmative conduct connected to praise optimistic progress. These leaders are self-assured, confident, positive, strong, translucent, ethical and moral. They have the property to provide excellent growth of their followers towards leadership (Luthans, & Avolio, 2003).

This brief definition set path for other researchers to explore AL style, therefore, authors focused on dimensions to define AL with some opinions as alternatives. In every definition authors comprehended with exceptional knowledge, but always focusing one of its aspect or facet of AL theory. It is a development drained from encouraging emotional aptitudes and vastly established organizational background consequences in countless self-regulations especially optimistic performances on behalf of leaders and their followers nurturing constructive individual growth (Walumbwa et al, 2008).

It can be defined a progression for leaders cognizant to reflect and perform as professed by their followers with focus on dimensions’ self-awareness, internalized moral perspective, balanced processing of information and relational transparency (Ilies et al, 2005). This leadership style offers compassionate and optimistic atmosphere somewhere attitude is cultivated. AL impacts others with categorical reliance on their chunk, optimistic passions and assurance to nurture self-willpower and progression of cliques (Avolio & Gardner, 2005). AL has four dimensions as described in brief above. To understand operational definition of
this construct in detail as Independent variable of this study these dimensions are self-awareness, internalized moral perspective, balanced processing of information and relational transparency operationally defined as under: -

3.6.1.1 **Self-Awareness (SA)**

This dimension elaborate leader knows himself, how he confidence on his personality by recognizing his own individualities, morals and ethics, approaches, and intellects. This dimension comprises of familiarity of leader with his intrinsic inconsistency facets impacting his contemplations, spirits, movements and performances. This has also been labelled as a developing method through which a leader comprehends his exceptional competencies, acquaintances and understandings specifically connected with the role to be performed in front of others to accomplish intelligibility in reference to fundamental morals, ethics, spiritual and psychological prototypes (Gardner et al., 2005).

3.6.1.2 **Balance Processing of Information (BPI)**

The term balanced processing of information or in other words an impartial assessment of any evidence, data, news, report and words relating to leaders or followers. It is an absence of denials, amplifications, false hoods or unawareness of inner experiences and outer assessments of the authentic moral self. Balance of processing (BPI) adds an acceptance for individuals’ potency or faintness, negative or positive qualities and being objective about all these directly or indirectly relating to them (Kernis, 2003). The main question which arises here is the authentic leader equally devoted to focus mutually optimistic and reproachful considerations. The balance processing of information gives answer to
it as the inner core of an individual’s truthfulness and based on this fact about his personality. This means that the meaningfully manipulating situation as premeditated meaningful movements of authentic, moral and ethical leaders towards EDM process in organizations (Ilies et al., 2005).

3.6.1.3 Internalize Moral Perspective (IMP)

According to third dimension of AL called internalized moral perspective contains substitute in rendering to comportments, superciliousness with prominence on person’s factual personality. Accomplishment authentic refers to performing in accordance with the morals, partialities and desires for others rather than stand-in only for satisfying others or evading the disadvantages by not acting imperfectly internalized moral perception demarcated as an accepted and combined self-regulation decoration, and it directed by internal ethical values and standards versus collection, organizational, and societal pressures (Walumbwa et al., 2008). Internalized moral perspective actually is the controlling procedure for conformation of ethics with purpose and activities. In nutshell it consists of motivations, objectives and morals totally crystal clear to admirers by prominent guiding them along with set specimens from front. It is a true demo of reliability amongst championed philosophies and viewpoints in custom, a monitoring arrangement should from within ambition and not answer or feedback of outside influential drivers. Particularly, talking about inner morals and expected results (Gardner et al., 2005).
3.6.1.4 Relational Transparency (RT)

Relational transparency is fourth dimension of AL it is based on stated to paying value for, working towards and reaching clarity and sincerity in the relationships. During the year 2002, Goldman and Kernis stated that “the authenticity in the relationships include the active process of revealing one’s heart, the development of mutual sincerity and trust; thus sincere friends will see the others’ real negative and positive faces”. In authentic relationships, the individuals’ behaviour should be natural, not fake. Apart from the other AL components, the relational authenticity closely related to self-awareness, objective evaluation and authentic behaviour (Ilies et al., 2005). In short, the authenticity in relationships means being sincere and not making a false show (Kernis, 2003).

Table 3-1: Explanation of variable – Dimensions of Authentic Leadership

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-Awareness</td>
<td>The ability to take an honest look at your life without attachment to it being right or wrong (Ford, 2017)</td>
</tr>
<tr>
<td>Balance Processing of Information</td>
<td>The assessment of purpose or information prior to taking a decision, through encouraging others to test one’s values.</td>
</tr>
<tr>
<td>Internalized Moral Perspective</td>
<td>True towards own values, articulating others by sharing personal information in front of them.</td>
</tr>
<tr>
<td>Relational Transparency</td>
<td>Moral and ethical self-regulation stemmed on internal moral values against the values given by organizational culture expressed through Ethical Decision Making and authentic moral behaviour.</td>
</tr>
</tbody>
</table>
3.6.2 Ethical Decision Making (*Mediating Variable*)

Ethical decision-making is mediating variable of this research. This construct demarcated as a process of a moral decision that is acceptable to whole society on legal and ethical grounds. In other words, the culture and society accept this decision (Chau & Siu 2000). The distinct features that influence moral or ethical decision-making process contain mental ethical development, business power including entrepreneurial behaviour, self-esteem, education, gender and phase (Trevino, 1986).

Last 30 year’s era remained witnessed and focused the research processes on moral/ethical behaviours in business organizations, also contributed to the body of knowledge academically, non-academically through industrial and social research processes. It is useful for today’s businesses while addressing with ethical and moral issues, especially addressing to moral or ethical dilemmas situations in organizations. This specific research is focused the role of ethical decision-making construct on its mediating role between AL and Perceived Organizational Performance/non-financial performance (POP) particular to the regional research relating to banking sector with its operations in Hazara Division, KP region, Islamic Republic of Pakistan.

Many theoretical frame works available in literature relating to ethical decision-making construct, mostly based on four basic stages of James Rest model, presented in 1986 comprised of moral issue, moral judgment, moral behaviour and moral intention. Unethical practices in working places are a great concern since last many decades just like hiring workforce (Cole, 1999). The
moral and ethical issue sometimes interchangeably called ethical dilemma, appeared from environment at first level and then recognized as an ethical problem, here the moral dilemma interchangeably derived as moral issue (Rest, 1986). After this level, the individual academically step in to moral judgment level called mental ethical growth (Trevino, 1986).

Still, the ethical assessment method drew on the basis got place in practical investigation notwithstanding the broad argument of part such assessments show in ethical decision-making (Ferrell et al., 1989). The usefulness of an act including privileges and responsibilities tangled many ethical theorists to be one of the basic moral concerns of act (Velasquez, 1988). Literature shows that research on ethical decision-making has tried to quantify the level to which persons use one form of ethical rational or otherwise. In this regard to check the rights of individuals along with justice system in different organizations and management behaviour, logic used by managers was actually effective, trailed by a rights-based method and then a fairness viewpoint (Fritzsche & Becker, 1984).

In nutshell, it divulges that person’s habit more than one ethical context to make a single moral judgment. The ethical manager perceives ethical assessment method to lead the foundation of an ethical purpose because of meaning believed next principal to real and ethical performance for a reason that aims are greatest forecasters of person who is following acts in the theory of reasoned action (Ajzen, 1991). Ethical decision-making process involved many developments. These developments have impacts on individual, their background and moral decision- making affairs. One of the major difficulties in ethical
decision-making is moral problem based in ethical condition. An individual or business makes a choice between essentially assessed counteractive or no remedial actions (Ferrell & Fraedrich, 1991). Here research focused on moral issues, most of the time these are vogue. In other words, it explained as transformed in different ways or in meanings, from forthcoming point of view, mostly ambiguous. Major problem in moral issues is behavioural interpretation due to their non-conventional or dilemma based approach as most of them are first time in nature and never occurred prior and cannot be assessed with some classification structures (Clegg et al., 2006). When individual meets with this state of mind it provokes manner of intellect building from side to side, which the persons edge that position and make coherent explanations for permission to exploit (Maitlis, 2005).

Research shows connection between EDM and MI constructs. MI dimensions found addressed in literature. The EDM process with MI relation had number of steps to be involved (May & Pauli, 2002). Literature also established that there are two different constructs, moral awareness and MI. There exists a relationship amongst moral judgment and MI, both combination effects on ethical decision-making process. Increase in ethical challenges in organizations is a big question of research on ethical decision-making. It became particular social science in business world. In a similar fashion, moral component of AL plays central role in organizations to meet these challenges. Followers with ethical dilemma have options to choose within variety of solutions (Laurin & Albui, 2007).
Moral problem or ethical condition is basic difficulty for ethical decision-making construct individual or business that makes a choice between many essentially assessed corrective or in corrective actions (Ferrell & Fraedrich, 1991). Ethical decision focuses moral disputes mostly misleading and translating issue in hand by many means influencing forthcoming ethical decision-making. In a similar fashion these are challenging due to non-occurrence ever before or first time appearance, not being able to classify and most of them have moral or ethical issues holding an ethical predicament (Dutton & Dukerich, 1991).

When research talk about MI, moderating variable of this study, it focuses the moral issue and takes charge of provoked dilemma. This variable firm as a moderator with its entire six dimensions and focuses vigorous influence on moral or ethical decision-making process (Kish-Gepnant et al, 2010). Research shows that MI of a matter impacts on its gratitude as moral/ethical issue or some of its content, which is actually its interpretation point. Research also focused on another opinion arises here that spoken reactions to different ethical problems authenticate personalities for allocation dissimilar conditions to different problems (Premeaux, 2004). The individuals with different environments and dissimilar organizations assess moral standards as a new way from situational point of view assumed the variety of moral problems in businesses. It is appropriate to take a chance that convinced matters rationally interlinked with various moral beliefs. Problem particularly intricate delivery of welfares may provoke standards connected to fairness even if clash of concentration circumstances may have absorbed on person’s care to moral standards stuck in vanity. Based on different
studies literature recommended that persons display substantial differences in moral intelects transversely moral issues due to distinct insides arouse different estimations and moral cognitive standards.

Table 3-2: Explanation of MV – Dimensions of Ethical Decision Making

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognizing Moral Dilemmas</td>
<td>The first and most important step in recognizing moral dilemma for addressing it. It is easy to get off on the wrong track, or to jump to premature conclusions. Take some time to consider the nature of the problem and how you know it’s a problem. Use your ethical sensitivity. (Polisena et al., 2015)</td>
</tr>
<tr>
<td>Making Moral Judgement</td>
<td>Identifying and acknowledging own values, assumptions, commitments and biases are a critical process. Self-gut feelings and personal motivations can have a profound effect on your decisions. Consider these objectively to make sure your decision-making process is based on the most important considerations, and results in the best decision, all things considered. (Polisena et al., 2015)</td>
</tr>
<tr>
<td>Forming Moral Intensions</td>
<td>Now that you’ve considered the dilemma and your own position on it, think about the question a little further. What is the nature of the conflict and the problem that needs to be solved? Ethical dilemmas are often framed using the word “should”.</td>
</tr>
<tr>
<td>Implementing Moral Behaviour</td>
<td>The implementation may be different for organizational problems. If your situation concerns organizational issues like resource allocation, policy, conflict of interest or other things not directly involving an individual’s care then implement it.</td>
</tr>
</tbody>
</table>

3.6.3 Moral Intensity (Moderating Variable)

MI is a construct dimensions of silent awareness, sensation or inner moral value forces, which effect a judgment ethically, emotional. It is a ruling, usually unwritten, as to the degree to which a verdict is ethically charged. It captures the amount of delinquent associated principled authoritarian in a state. Research in hand is predominantly accentuating on MI as moderating variable.
Available literature shows it as a paradigm partaking six different facets engaged with ethical and moral concerns and decisions making methods. This is not related to the arrogances of decision maker, nor for a specific state during enduring development of decision-making. By description this concept, MI preoccupied as a six dimensional philosophies, linked to the moral and ethical apprehension, but not to the aptitudes of decision maker or the situational context professed privileged the decision maker. This theory was originating in moral viewpoint with importance on primarily in the idea of proportionality describes to the steadfastness of the condition, the predictability of magnitudes, the ability of the decision maker to impression on actions (Jones, 1991). It did not include personae of moral or ethical decision makers, like moral growth, self-image, strength, field requirement, any other organizational features e.g. organizational values and culture (Trevion, 1986).

MI based in criminal justice system where the literature explains it that penalty essentially similar to the cruelty of the wrongdoing somebody commits (Davis, 1998). If researchers deeply look the term moral issue extensively, it has decision impacts to others like violation on behalf of moral manager, which have amoral component. Most of the organizational choices hurt greater on a minute matter and provoke in total. In organizations, people always make activisms over any type of moral problem. There is a connection between moral thinking plans and decision standards. The big example is sexual harassment, where victim has a bad position on work and its costs being handled (York, 1989).
3.6.3.1 Magnitude of Consequences

The first dimension of this paradigm means piece of grievance of genuine action as predictable to core preys of the lash. The severer apprehensions of a given act MI will be high. Research also says that, it is defined with phrasebook connotations as the unabridged harm or plus resultant from an ethical decision (Jones, 1991). This have its place to social actuality nature because the insights take some grievances or ills very extremely and control more ethical due to their concentration than an action with low serious results (Barnett & Valentine, 2004). Thorough going literature investigation on this dimension investigated in the context of damages or welfares to others relatively than concentrating on the magnitudes to decision-makers (Gurley & Nijhawan, 2007). If decision-makers observe ideal results, like smart monetary benefits linked through a morally doubtful substitute, they are probable to hunt a fewer best judgment if it is promising to their performance. A person can recognize a substitute being the greatest moral alternate then, still, propose toward indicate different due to definite chosen values.

There can be substantial optimistic significances to own self by way of a consequence of selecting the fewer moral substitutes. Definitely, the problems and welfares to decision-makers appears problem dependent and inclined to unpredictable stages of strength (Hunt, & Vitell, 1986). When magnitude of consequences seen from managerial point of view it seems harmful observation results with a moral problem so these managers become more lenient towards that particular situation (Schweppes & Good, 1999). Here researchers cannot
understand that how these managers answer when encounter with such kind of problem. Therefore, magnitude of consequence is the actual unit of harm expected to root victims of the stroke. It can be concluded here that perception based things might address the harm in that situation in a proper way or otherwise in the light of current research.

### 3.6.3.2 Social Consensus

Social consensus is second dimension of MI construct, which defined as amount of community arrangement that an anticipated action is malicious or moral (Jones, 1991). Promise by culture that an act is ethically suitable drops the MI of the stroke. Equally, communal arrangement that an act is ethically not correct higher the MI of the whack. Social consensus is the forecaster variable of moral decision in the second stage of James Rest’s model (O’Fallon & Butterfield, 2005). When we talk in terms of generic research this term refers to a pact of a social cluster regarding an act, which is immoral or worthy. This social cluster can be the entire culture reason behind it is that the whole society always reacts towards unlawful action. When we see social consensus in terms of higher MI it refers to an act, which is morally and ethically wrong towards the whole society.

In repute of wisdom, a big trouble to exercise morally because of circumstances of a judgment compact the possibility that doubt occurs. In a specific condition, the demand rises, whether an individual sense what are decent or immoral ethics. Unlawful judgments should be excluded in many situations instead of immoral decisions (Laczniak, & Inderrieden, 1987). This reveals that
society has strong social consensus against unlawful decisions due to large impression on the society. Therefore, answer properly in specific condition chosen essentials has a compromise of what really was the correct act.

3.6.3.3 Probability of Effect

In MI, researchers used the term probability of effect. It is third dimension of this construct. The results of a moral act would be the outcome of magnitude of consequences, predict the probability of this kind of damage (Kahneman et al, 1982). Defining this term from other literature it is possibility that can guess degrees and scale of injury or benefit that will happen and reason, which guessed the damage, is unusual which possible MI to become high. In other words, it can be said that a dual meaning of possibility that exploit in grilling will truly occurred and the performance under consideration will essentially the reason to injury or advantage anticipated. This term concerned with the occurrence of an event, in MI it is the part of this construct and the motive behind it is judgment. In an ethical situation, under the other dimension magnitude of consequences, the probability that take charge due to its action, if there is a benefit it addresses towards the hurt due to its prediction capacity or nature.

3.6.3.4 Temporal Immediacy

The fourth dimension of MI is temporal immediacy. This term is known to be the interval of time among current and beginning of consequences of an ethical action in argument (Jones, 1991). From government sectors example of employees taken who are getting payment for requisition hiring of houses on behalf of government having their own houses and on the other side those
employees who have not their own shelters. By withdrawal of this facility then there will be a greater temporal immediacy on them who did not have self-houses. So it will be a component of MI for any two related reasons as if known will occur in future and second has expansion in future. There should be two interrelated reason for this term, here for this term an example from time value of money taken. A currency in hand today is more worthwhile than a currency come after tomorrow or onwards. It reveals in terms of MI like temporal length of time can be affiliated with forecasted consequence.

3.6.3.5 Concentration of Effect

The fifth dimension of construct MI is concentration of effect. In research this terminology means there is a situation which studies the opposite meaning through which some individuals charged by an action of a specified scale (Jones, 1991). This can also be defined as the number of individuals’ impact by a particular action. Research shows that number of people with this impact is charged with low effect but the decision effect is more (Carlson et al, 2002).

3.6.3.6 Proximity

The last dimension of MI termed as proximity. This term meaning is a sensation of relationship that an ethical mediator has for victims. For example in the days of shortage sale of wheat in Punjab has more ethical proximity than sale in Kandahar Afghanistan. When the word perception sees the individuals caution about persons who were near to them then it is not called proximity in MI. However when researchers talk in legal terms it is actually the role of proximity which revolves around social, cultural, psychological and physical variables but
for the term, we use these in a single combination Proximity (Charles, 1976). In concentration of effect, researchers seen number of persons influenced by an act of some specific magnitude opposite and against the definition. In another example if researchers deal in property and a fake deal with some people in a big population have more concentrated effect than it has with all. It can be understood through an example of a housing society, however the part of MI is here due to intuition of individuals.

This construct is a multi-dimensional construct which denotes moral concern, it is in detail comprised of six different level mechanisms. These mechanisms are also comparable to the other dimensions i.e. magnitude of consequences, probability of effect, social consensus, temporal immediacy, proximity and concentration of effect. These are elaborated as dimensions of MI particularly based on human behaviour, common sense, perception and observations. The above mentioned terms are in detail explained to understand the proper operationalization of moderating variable MI.

The below mentioned Table 3-3 explains Moral Intensity dimensions in nut shell.
### Table 3-3: Explanation of variable – Dimensions of Moral Intensity

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Magnitude of Consequences</td>
<td>The dimension term magnitude of consequences refers to anticipated level of impact of a consequence of a given action. (Jones &amp; Rayan, 1997)</td>
</tr>
<tr>
<td>Social consensus</td>
<td>The extent where members of a society agree that an act is good or bad and the probability of effect is the rise and fall of Moral Intensity depending on how likely people think the consequences are.</td>
</tr>
<tr>
<td>Probability of effect</td>
<td>This refers to the psychological effect resulting from the reduction of probability from certainty to probable. An idea introduced in prospect theory (Tversky &amp; Kahneman 1986).</td>
</tr>
<tr>
<td>Temporal immediacy</td>
<td>The time amongst an act and its consequences that act produces. (Morris &amp; McDonald, 2013)</td>
</tr>
<tr>
<td>Concentration of effect</td>
<td>There is a situation which studies the opposite meaning through which some individuals charged by an action of a specified scale (Jones, 1991)</td>
</tr>
<tr>
<td>Proximity</td>
<td>This term meaning is a sensation of relationship that an ethical mediator has for victims (Charles, 1976)</td>
</tr>
</tbody>
</table>
### Table 3-4: Explanation of Variable – Dimensions of POP

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Quality of services of my organization played major role in performance.</td>
<td>The degree to which the service’s features conform to the organization’s specifications and requirements. From customer’s perspective, service quality means how well the service meets or exceeds expectations. (Eridil &amp; Yildiz, 2011)</td>
</tr>
<tr>
<td>Development of new services is major contributor in performance.</td>
<td>Introduction of distinct products and services to attract customers is the major contributor for Perceived Organizational Performance if used for measurement (Griffin, 1996).</td>
</tr>
<tr>
<td>Ability to attract employee is the key quality of an organization</td>
<td>Organizations with higher corporate performance are perceived as more attractive employers than organizations with low (Turban &amp; Greening, 1997)</td>
</tr>
<tr>
<td>Ability to retain employees is a main resource for our leadership.</td>
<td>Authentic Leadership promotes positive employees’ attitudes and behaviours and contributes to organizational performance and retention of employees in organization (Rego et al., 2012)</td>
</tr>
<tr>
<td>Satisfaction of customers or clients revealed central role in good performance</td>
<td>Customer satisfaction is confirmed as a in the relationship between automated service quality and performance. (Al-Hawari &amp; Ward, 2012) This dimension explains relations of leadership and followers in a good organization (Turban &amp; Greening, 1997).</td>
</tr>
<tr>
<td>Relations between management and employees are excellent and exemplary</td>
<td>The purpose of business is to create and keep the customer.(Christopher, Payne, &amp; Ballantyne, 1991) The growth in sales expansion shows positive Perceived Organizational Performance (Griffin, 1996). It also shows that profit increase links with growth which means positive performance also. (Rego et al., 2012)</td>
</tr>
<tr>
<td>Marketing of services are excellent and better than others in market.</td>
<td>Major market share grab shows customer trust on organization results best performance (Eridil &amp; Yildiz, 2011).</td>
</tr>
<tr>
<td>Growth in sales during the past three years expands gradually.</td>
<td></td>
</tr>
<tr>
<td>Profitability of my organization increased during past three years.</td>
<td></td>
</tr>
<tr>
<td>My organization has grabbed major Market Share than others.</td>
<td></td>
</tr>
</tbody>
</table>
3.7. Research Hypotheses

**H1:** Authentic Leadership is positively correlated and significantly impacts Perceived Organizational Performance.

**H2:** Authentic Leadership is significantly correlated and associated with Ethical Decision Making.

**H3:** Ethical Decision Making Impacts Perceived Organizational Performance

**H4:** Ethical Decision Making mediates the relationship between Authentic Leadership and Perceived Organizational Performance

**H5:** Moral Intensity moderates the relationship between Authentic Leadership and Perceived Organizational Performance through Ethical Decision Making. In case of higher Moral Intensity, it affects are higher amongst Authentic Leadership and Ethical Decision Making.

3.8. Chapter Summary

This chapter described an overall context of research in hand and also elaborated the Authentic Leadership impact on Perceived Organizational Performance in Pakistani banking organizations performing business at Hazara region, KP Pakistan. An introduction leader, leadership style, AL and its impact on POP in Hazara region bank has been introduced and discussed in this chapter. There are selected public and private banks introduced. The proposed AL and POP model with moderated mediation effect of MI and EDM has also been figured out in this chapter. This model has provided actual base for further research in this particular area. Accordingly, the variables along with dimensions have also been presented. This presentation is based on statistically test of hypotheses which means to find out answers to the research questions already mentioned in introductory chapter of this research.
CHAPTER 4

RESEARCH METHODOLOGY

4.1. Introduction

This chapter starts with research requirements already revealed in introductory chapter. Accordingly, emphasis is to encounter the answers for problem statement and established research questions. This experimental research was primarily grounded on impact of Authentic Leadership (AL) on Perceived Organizational Performance (POP) a moderated mediation effect of Moral Intensity (MI) and Ethical Decision Making (EDM). The researcher has trailed a detailed defined process and after testing the results answers to research questions and framed problem mounted under identified research gap.

This chapter twitches with discussion on population, the statistical techniques, sampling techniques and computational methods. For choosing suitable sample size from targeted population of banking services industry practicing in Abbottabad, Haripur and Mansehra districts of Hazara division, KP region, Northern Pakistan the researcher paid frequent visits. This region is situated along with famous Silk Route and is the China Pakistan Economic Corridor (CPEC). A detailed discussion on questionnaire including its construction and data collection ability are particular points. On comparable grounds the specific computational techniques for social, administrative and management sciences research testing are also under discussion with technical details and references.
4.2 The Research Design

According to different research studies (Burns & Gorooves, 2003) the term Research Design is a complete stratagem which is applied for integrating all components of research in a comprehensible and rational way. The main focus of this strategy is that how researchers address the research problem successfully. It establishes the whole prototype of research that how researcher collects, measure and analyse data to reach the answers of research questions (De Vaus, 2006). Management Sciences are deeply connected to human organizational behaviour, leadership behaviour and mostly showing concern with individuals' organizational perceptions. How researchers know these perceptions to measure many thing e.g. individual performance, POP, overall organizational performance and so on. The mostly used method for researchers is the survey questionnaire, on spot and planned interviews. It is broadly tested and useful methodology in Social and Management Sciences research (Booysen, 2003; Bryman, 2015).

According to Labaree (2009), research survey can mostly divided in to different types like questionnaire, interviews, cross sectional surveys and longitudinal surveys. The same concept is also acknowledged by dissimilar researchers during different time’s researches (Gerring, 2004; Greenhalgh, Russell, & Kushner, 2015). However, when researcher talks about descriptive study it means that this research is telling the characteristics of a particular population. On the other hand when researcher considers the relational research it means researcher desires to find out connection or relation amongst the variables of targeted research investigation. It is based on data collected from 10 different banks performing business at Hazara Region, KP, Pakistan. So the above
mentioned types are addressed through planned questionnaire particularly designed for this research study in contrived settings to gauge AL impact on POP through moderated mediation effect of MI and EDM.

4.3 Population of Study

Banking sector has been selected for this research since it offers a good platform for evaluating research on leadership and authentic leadership. There are many reasons as this sector is highly competitive and involves customer confidence for huge financial deposits. The visionary leadership engaged in ethical decision making by protecting clients’ interests are highly regulated by the State Bank of Pakistan (SBP). The researcher has paid many visits to Hazara region Khyber Pakhtunkhawa province. The basic purpose was to carry out an unpaid research in its true ethics. It was confined as regional study which is was a limited scope. Actually this research region was advised by the synopsis committee prior to final research approval to dig out AL impact on POP.

The fundamental focus was in future growth of banking organizational needs to handle AL impact on POP for huge business opportunity generated through the CPEC. Research shows that the AL plays an important role for achievement of POP. Hence, the researcher’s interest was to measure AL impact on organizational performance particularly to single out POP. For this far reaching and remote region data was initially collected to conduct testing in the light of developed hypothesizes through distributed questionnaire and data collection. The researcher set targeted population as Assistant Vice Presidents, Senior Managers, Managers and supervisory levels of designated listed banks providing services in
this region. According to the SBP there are more than 30 different scheduled banks providing services throughout Pakistan. To establish sample, 10 banks as per table 4-1 were initially drawn up as sampling frame (Sekran, 2003).

The efforts were made to meet maximum representations of public, private, Islamic and commercial listed banks in sample frame as well as for pilot study at initial stage and later on for all data. The questionnaires were distributed between Senior Managers, Managers and supervisory level employees of these listed national, public and private banks working in Abbottabad, Haripur and Mansehra districts. In nutshell 134 branches were included in sample framed banks throughout the region. Moreover, having more than 5 to 20 employees in leadership role and managerial staff including rural, urban and remote areas of this region were also included for better results and reduction of sampling bias. Region not means a banking services region; it is a broadly used term represents whole geographical area including districts with huge population having different types of living standards. The banking service industry generates handsome targeted revenues from this region, in particular the Hattar Industrial Estate situated in district Haripur also adjacent to Islamabad capital territorial area of Pakistan. The detail provided in maps included in previous chapter.

4.4 Sample, Size and Procedure

To explore further after collection of primary data, the researcher has used convenience sampling technique to conduct tests and desirable results from data. The reason behind adoption of this approach was its easy usage for data manipulation, less expensiveness and purposive in nature. According to different researchers academically it is an easy technique relates to non-probability
sampling techniques (Dsnyei, 2007). However, the chosen groups were addressed to handle low-set and high-set (Muijis, 2004). This sampling approach is less expensive, therefore, requires the limited resources, budget and time constraints. In this research there was one of the major reasons, less provision of time by different levels of the banks leaderships.

The sample was selected from 134 (100%) branches of 10 randomly selected banks. There is an agreement on sample size but less that it should be amongst 30 to 500, however, for a multivariate study there must be more than 10 respondents for each latent variable ((Sekaran, 2003). The data collection at a single point of time for research in hand was not possible. The unit of analysis for this study was already determined as bank employees in managerial roles working in 10 sampled banks and 600 were in total. According to the research of Israel (1992) the minimum sample should be 255. However according to the formula 

\[ N = \frac{N}{1+N} \]

shows the same sample size (Yamane, 1976). The bank employees in all leadership roles cannot manage time and were interviewed according to their convenience of time across the region. The convenience sampling in this study means, the researcher sought appointment from the bank branch managers through telephone, email and personal visits for data collection purpose and then visited different branches at different times over a period of about one year for data collection. Questionnaires were filled by only those bankers who were present in office on that particular day and gave volunteer consent for participation in study. Since, data was collected from all (100%) branches of selected banks and sample size \( n = 600 \) was statistically sufficient from the chosen population of banks in
Hazara Division. The appropriate questionnaires were n=470 after careful scrutiny was a sufficient sample (Sekaran, 2003; 2016). The replication studies in future may involve sample from banks throughout the Khyber Pakhtunkhwa province as well as other provinces to get insights for generalizability of findings throughout the banking sector in Pakistan.

As said earlier the reason behind using this kind of sampling technique is limited time given by the busy banker’s authentic leadership in the far flung remote area and unavoidable circumstances related to different happenings including measurement of behaviours and ethical decision making episodes. The other reason behind selection of this technique is easy access to the data particularly the primary data. Because the organizational members always remain busy in these areas due to shortage of recruited staff. Their jobs are enriched in many branches there are people working different tasks at a time. People of the area desire personal attention due to their affiliations as per cultural and traditional value system of the area. It is essential to get the time of research by these organizational members as per flexible schedule which on convenience sampling allows for research.

However, it is a renowned sampling technique which some time also recognized as haphazard sampling. According to the different definitions denoted as where its contributors are prepared to partake for research (Latham, 2007). The reason behind selection of this type of non-probability sampling techniques is its non- random behaviour and to easily get and interpret data at any available time from the busy organizational members, officers and employees. Here is the case
of 10 different conveniently selected banks with 134 different branches of national and international banks, working in this particular region under research. As the convenience sampling generates common method bias therefore the Harman’s single factor bias technique has been used for validity to eliminate this bias factor.

Explored from the previous literature, research on different sampling techniques shows that the use of complete population is excellent when a researcher wants to launch a detailed, realistic and target oriented research project. But in fact and in reality it is not practicable, as many studies show numerous reasons and one of them is the population’s finite properties. Therefore, it becomes intolerable to include everything available and related to whole population. Therefore, most of the researchers use haphazard or convenience sampling technique (Piiralal et al., 2014). The research also shows that sometimes denoted as the non-random sampling technique, essentially meet to some beleaguered population standards, which is known to be the relaxed user-friendliness, terrestrial closeness, presence at agreed time and readiness to contribute for the objectives of practicable desired research or comprehensive investigation study (Dörnyei, 2007).

There are many other properties of the convenience sampling but in particular framed under discussion is that when researchers concern with its haphazard samples selected elements as fair occurred to be placed where actual research is going complete by the investigator in particular facts gathering. There are many other examples in the previous available literature relating to the convenience or so called haphazard sampling technique. In these techniques like
some research is there regarding areas environment, the researcher may take some information about the roads, trajectories, or nearby some public parks, selected famous public places, stop at some place and start taking data from common people. By many means it is actually a very much time consuming and taking process to get actual reality-based information regarding some particular research. More talking about this technique it can further be added that in this type of non-probability sampling. The same is also essential for the researcher to bind himself because of the concentrations on basic purpose behind convenience sampling technique. This initial objective is to get actual data from those associates who are straight forward and also available just like staff of the research targeted organization, some of the education and training interested leaders in different organizations especially in the banking service industry.

Another property of this type of sampling technique is its uniformity. The similarity of participants additionally means that there is no variance attained from an arbitrary taken sample or engaged from any of the part of the whole population. This is not approachable to the researcher for its convenience (Palinkas et al, 2015). Referring research in hand using this sampling technique the researcher has selected more than 600 members of 134 bank branches from Hazara division (Region) Abbottabad, Haripur and Mansehra districts of KP, Pakistan. The details of branch network of selected sample frame are placed as on next page table 4-1.
Table 4-I: Selected Bank Branches in Research Study Region

<table>
<thead>
<tr>
<th>Banks</th>
<th>Abbottabad</th>
<th>Haripur</th>
<th>Mansehra</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>N.B.P</td>
<td>21</td>
<td>23</td>
<td>11</td>
<td>55</td>
</tr>
<tr>
<td>H.B.L</td>
<td>07</td>
<td>08</td>
<td>05</td>
<td>20</td>
</tr>
<tr>
<td>A.B.L</td>
<td>05</td>
<td>05</td>
<td>02</td>
<td>12</td>
</tr>
<tr>
<td>MCB</td>
<td>08</td>
<td>07</td>
<td>06</td>
<td>21</td>
</tr>
<tr>
<td>A.C.B.L</td>
<td>02</td>
<td>01</td>
<td>02</td>
<td>05</td>
</tr>
<tr>
<td>Meezan Bank</td>
<td>02</td>
<td>01</td>
<td>02</td>
<td>05</td>
</tr>
<tr>
<td>B.O.K</td>
<td>03</td>
<td>02</td>
<td>02</td>
<td>07</td>
</tr>
<tr>
<td>Bank.Al-Flah</td>
<td>02</td>
<td>02</td>
<td>01</td>
<td>05</td>
</tr>
<tr>
<td>JS.Bank</td>
<td>01</td>
<td>01</td>
<td>01</td>
<td>03</td>
</tr>
<tr>
<td>F.W.B</td>
<td>01</td>
<td>00</td>
<td>00</td>
<td>01</td>
</tr>
<tr>
<td>Grand Total</td>
<td>52</td>
<td>50</td>
<td>32</td>
<td>134</td>
</tr>
</tbody>
</table>

In case of compound dissimilarity investigation the sample magnitude should be bigger than ten times of the variables of research investigation or investigation is seems to be adequate and appropriate accordingly (Nakagawa, 2004). The larger sample size in modern research techniques accepted to be better than the smaller selected in size. The unsuitable, insufficient or extreme sample sizes endure to affect the excellence and correctness of the study (Barlett, Kotrlik, & Higgins, 2001). If a researcher keeps in mind having four to five variables of study and predictable likelihood is .05 also anticipated the arithmetic 0.80 the least sample will also be the 262 (West & Aiken, 2003). As discussed in above mentioned lines and in accordance with literature review as conversed the sample size is seeming to be appropriate for assessment, the validity and the reliability of questionnaire with the emphasis on hypothesizes. The brief summary of the related sample size as discussed with details in the study and in accordance with above mentioned banks according to their branches details is shown as under in the table 4-2.
Table 4-2: Distributed Questionnaires

<table>
<thead>
<tr>
<th>Details of Instruments Distributed</th>
<th>In number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questionnaires/ Instruments Circulated</td>
<td>600</td>
<td>100%</td>
</tr>
<tr>
<td>Incomplete and inappropriate received</td>
<td>130</td>
<td>21.66%</td>
</tr>
<tr>
<td>Correct received</td>
<td>470</td>
<td>78.33%</td>
</tr>
</tbody>
</table>

According to the above mentioned tabulated details relating to the sample size six hundred questionnaires and instruments were circulated between the targeted managers and members of the bank’s branches in selected regional area of banking organizations. After collection out of them all returned back later on the desirable fillings which are in calculation 78.33% of the total six hundred distributed instruments. The answer proportion was acceptable according to the research survey techniques. About 130 questionnaires were not properly completed or according to the requirement of research study amongst the total six hundred which is only proportion 21.66% of the total 600. However, 470 questionnaires including 50 of pilot study found correct and initially selected for statistical techniques or test regression investigation with the total percentage of 78.33% instruments.

4.5 Data Foundations and Collection Procedures

The questionnaires or instruments were distributed amongst all the districts of targeted region bank branches of selected sampled banks as detailed above in three districts Abbottabad, Haripur and Mansehra of Hazara division a region in KP northern part of Pakistan. The targeted sources of data were senior managers, managers and some junior managers in leadership roles of designated
bank branches, directly given by the instrumental method used for collection of actual data. Members of one bank were limited and bound to that particular bank and not reflected information relating to other banks in the targeted area. Structured questionnaire was main instrument of primary data collection with five opinions Likert gauge scales displayed with “strongly disagree to strongly agree” here as per details in the questionnaire the digit 1 stands for strongly disagree and the digit 5 stands for strongly agree representing all variables including Independent variable AL, mediating variable EDM, moderating variable MI and dependent variable POP.

The instrument details show the name of bank, it related branch, the city of study and designation of the any targeted respondent. The second part of instrument shows the name of university, some other instruction to the respondent for filling up information with the certificate of confidentiality of data provided by the organizational member or employee of the particular bank according to the professional and legal ethics norms set for this field. Last part shows detailed variables starting from the Independent variable AL, dependent variable POP moderating variable MI, and mediating variable EDM, last question on it.

4.6 Analysis Techniques.

For the research investigation and to encounter the study purposes or aims scholar moves conferring to exploration strategy according to research design or broad planned investigative research based approach. The research design leads us towards the basis of data, its gathering approaches, the sampling methods its size and mechanisms used for examining data and manipulations of
data according to the research requirements (Zikmund, et al., 2013). When the researcher expresses about the research thoroughly, it actually means the research design or the purpose of study, basically its elaboration is the outline of the research based investigation. This guideline provides researcher a pathway to do actual research investigation (Eriksson & Kovalainen, 2015). Basic quintessence of research in hand is to deeply examine hypotheses based on empirical method which means its initially took moves with widespread theory, the supporting title of thesis and initially stemmed on the particular theory with associated opinions (Robson et al., 2016). The main data collection tool in this research is instrument as per annexure “A” already explained with some detail in above mentioned lines.

The same has been developed with the help of supervisor, university professors, seniors and professionals of this amphitheatre. Total of the 600 questionnaires were distributed amongst management and members of all 132 bank branches practicing in Hazara region, KP, districts, Abbottabad, Haripur and Mansehra. Many purposeful visits were part of selecting sample, during the pilot study. This objective of research analysis revealed to test instrument for actual research justification and methods according to latest business research literature (Bryman, 2015).

4.7. Instrumentation and Operationalization

The questionnaire or survey form is foundation for collecting information and a source of primary data. This instrument reveals perception of individuals filling desired information in it. In fact, a research instrument is a sequence of queries with different methods to get data from targeted population.
The data collected through this tool is used to establish and take decision for research inquiry by application of modern digital statistical tools (Poovey, 1993). Research instrument is an economical technique of receiving genuine facts from organization for investigation determinations (Spector, 2001). It is quick methodology based on psychology of targeted audience rejoinder. It contains queries for desirable response in a contrived situation or manner for a desirable objective in limited span of time (Itner, & Larker, 2001).

Most of the researchers use closed ended questions with some scales like strongly disagree to strongly agree or vice versa, dichotomous or yes/no options, ordinal, insignificant etc. Most of the time questionnaire contains a demographic part where some information about targeted audience is placed like their names, designations, organizations, gender, and area like urban or rural (Bhattacherjee, 2012). Like other researches the research in hand is based on questionnaire method which uses primary data. The demographic part Section-A of instrument shows name, age, gender, education, bank name, branch, city and designation of different banks branches members as respondents. Second university name is displayed for actual confirmation and security of data being public sector university and research ethics. In fourth box row wise request is written in questionnaire for proper data provision with guidelines is placed for respondent’s facility including email and mobile numbers of researcher.

The demographic variables are placed under Section A as in different kinds of research investigations certain types of demographic data is fundamentally mandatory to comprehend the physiognomies of the sample on behalf of whole population. Some demographic variables are essentially needed to
be utilized as control variables to understand the group differences or dynamics. The research in hand measured eight demographic characteristics as potential control variables namely Name, Age, Gender, Education, Bank name, Branch, City and Designation. Gender was measured on two categories; male and female. Age was measured using 10 categories from age less than 20 years up to more than 60 years with an interval of 5 years. Highest level of qualification was asked from participants which was categorized into six categories for analysis; matric (10 years of schooling), intermediate (12 years of schooling), graduation (14 years of schooling), masters/BS (16 years of schooling), MS/M.Phil. (18 years of schooling), Ph.D. (More than 18 years of schooling).

Each level of qualification was considered since it shows an increased level of awareness about Authenticity, Leadership, Morals and Ethics. Each Bank Branch was taken as a separate entity since every Bank has its own distinct culture that influences Banker’s welfare and its productive performance. Bankers were asked to mention the number of years they have worked with current organization as well as over- all in public or private sector to correlate experience with perceived level of organizational performance. The participants were categorized into three levels of positions for the purpose of Authentic Leadership analysis; supervisory level or first line management, middle management officers and top management officers. The participants were also categorized according to their geographic location; city of work because each city has some unique socio-cultural characteristics and recreational places that may influence their cultures and living standards of people around there.
Data collection starts from Section–B part-1 onwards which explains responses by the user it is based on four latent variables AL, MI, EDM and POP. The independent variable of the study is Authentic Leadership coded for instrument as “AL” with its four dimensions, Self-awareness “SA” with subsequent four questions to be answered. In a similar fashion second dimension Internalized moral perspective coded as “IMP”, third dimension Balanced Processing of Information coded as “BPI” and fourth dimension Relational Transparency coded as “RT”. Each dimension contains four questions to be answered and as whole there are sixteen questions required to be answered to address the independent variable scale adopted from AL Questionnaire “ALQ” (Walumbwa et al., 2008). Part-2 is address moderating variable moral intensity coded as “MI” with its six dimensions also coded as “MI-1” to “MI-12”. The scale of this moderating variable has been adopted (Frey, 2000a; Frey, 2000b; Shawver, Clements, & Sennetti, 2015). Every dimension like Magnitude of Consequences, Social Consensus, Probability of effect, temporal immediacy, Proximity and Concentration of effect have two questions to be answered by the organizational member from where data is required to be collected.

Part-3 is addressing dependent variable perceived organizational performance coded as “POP” representing its dimensions ranging from 1 to 10 and coded as “POP1” to “POP-10” scale adapted (Delaney & Huselid, 1996). This part starts with questionnaire data collection from participants to address quality of services provided by organization which played major role in performance and ends with organizational market share as compared with other perfect competitive banking organizations in region. The major emphasis is on POP and impact on
this variable as resulted in chapter 6 after data analysis. Part-4 is addressing mediating variable ethical decision making coded as “EDM” with its four dimensions also coded as “RMD” recognized moral dilemma, “MMJ” making moral judgment, “FMI” formal moral intention and “IMB” implementing moral behaviour. All dimensions have sixteen questions four in each to cover the mediating variable. The next step towards research is data collection and pilot testing for this purpose reliability and validity of instrument has been mounted. Research shows that quality research is only possible if the reliability and validity unhurriedly checked in true manners this shows the assortment of validity and reliability described in detail in next chapter on data analysis (Chally & Loriz, 1998).

To collect actual and true primary data questionnaire was translated in Urdu language attached Annex-B. The intention of a linguistic validation process was to obtain a translation of original questionnaire in target language which is theoretically equivalent to the original and easily understood by the people to whom the translated instrument is administered. This is achieved using an internationally accepted translation methodology recommended by Mapi Research Institute outlined below. For local reasons, the translation process may differ in minor respects for some languages as in Hazara region. This translation was carried out in the light of method defined by Professor Martin Roland, Director of the National Primary Care Research and Development Centre, at the University of Manchester, placed at Annex-D. The measurement of scale in this study was Likert Scale developed by Renis Likert (1930). Participants agreement desired is from Strongly disagree to strongly agree. Prior to preceding the pilot study, the
demographic information according to instrument was worked out details are
placed in below table for obtaining the desired results.

**Table 4-3: Demographic profile of participants for Pilot Study**

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Description</th>
<th>Frequency</th>
<th>%age</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Gender</td>
<td>Male</td>
<td>37</td>
<td>74.0 %</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>13</td>
<td>26.0 %</td>
</tr>
<tr>
<td></td>
<td>Valid N</td>
<td>50</td>
<td>100.0 %</td>
</tr>
<tr>
<td>2. Age</td>
<td>21 - 25 Years</td>
<td>4</td>
<td>8.0 %</td>
</tr>
<tr>
<td></td>
<td>26 - 30 Years</td>
<td>9</td>
<td>18.0 %</td>
</tr>
<tr>
<td></td>
<td>31 - 35 Years</td>
<td>20</td>
<td>40.0 %</td>
</tr>
<tr>
<td></td>
<td>36 - 40 Years</td>
<td>5</td>
<td>10.0 %</td>
</tr>
<tr>
<td></td>
<td>41 - 45 Years</td>
<td>4</td>
<td>8.0 %</td>
</tr>
<tr>
<td></td>
<td>46 - 50 Years</td>
<td>6</td>
<td>12.0 %</td>
</tr>
<tr>
<td></td>
<td>51 - 55 Years</td>
<td>2</td>
<td>4.0 %</td>
</tr>
<tr>
<td></td>
<td>Valid N</td>
<td>50</td>
<td>100.0 %</td>
</tr>
<tr>
<td>3. Name</td>
<td>Female</td>
<td>7</td>
<td>14.0 %</td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>43</td>
<td>86.0 %</td>
</tr>
<tr>
<td></td>
<td>Valid N</td>
<td>50</td>
<td>100.0 %</td>
</tr>
<tr>
<td>4. Education</td>
<td>Doctorate</td>
<td>1</td>
<td>2.0 %</td>
</tr>
<tr>
<td></td>
<td>MS/ M.Phil.</td>
<td>7</td>
<td>14.0 %</td>
</tr>
<tr>
<td></td>
<td>Masters</td>
<td>31</td>
<td>62.0 %</td>
</tr>
<tr>
<td></td>
<td>Graduation</td>
<td>7</td>
<td>14.0 %</td>
</tr>
<tr>
<td></td>
<td>Intermediate</td>
<td>4</td>
<td>8.0 %</td>
</tr>
<tr>
<td></td>
<td>Valid N</td>
<td>50</td>
<td>100.0 %</td>
</tr>
<tr>
<td>5. Bank Name</td>
<td>Public</td>
<td>20</td>
<td>40.0 %</td>
</tr>
<tr>
<td></td>
<td>Private</td>
<td>16</td>
<td>32.0 %</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>14</td>
<td>28.0 %</td>
</tr>
<tr>
<td></td>
<td>Valid N</td>
<td>50</td>
<td>100.0 %</td>
</tr>
<tr>
<td>6. Branches</td>
<td>Abbottabad</td>
<td>23</td>
<td>46.0 %</td>
</tr>
<tr>
<td></td>
<td>Haripur</td>
<td>10</td>
<td>20.0 %</td>
</tr>
<tr>
<td></td>
<td>Mansehra</td>
<td>17</td>
<td>34.0 %</td>
</tr>
<tr>
<td></td>
<td>Valid N</td>
<td>50</td>
<td>100.0 %</td>
</tr>
<tr>
<td>7. Designation</td>
<td>Top Management</td>
<td>1</td>
<td>2.0 %</td>
</tr>
<tr>
<td></td>
<td>Middle Management</td>
<td>11</td>
<td>22.0 %</td>
</tr>
<tr>
<td></td>
<td>First Line Management</td>
<td>31</td>
<td>62.0 %</td>
</tr>
<tr>
<td></td>
<td>Operations/Supervisory</td>
<td>7</td>
<td>14.0 %</td>
</tr>
<tr>
<td></td>
<td>Valid N</td>
<td>50</td>
<td>100.0 %</td>
</tr>
<tr>
<td>8. City</td>
<td>Abbottabad</td>
<td>23</td>
<td>46.0 %</td>
</tr>
<tr>
<td></td>
<td>Haripur</td>
<td>10</td>
<td>20.0 %</td>
</tr>
<tr>
<td></td>
<td>Mansehra</td>
<td>17</td>
<td>34.0 %</td>
</tr>
<tr>
<td></td>
<td>Valid N</td>
<td>50</td>
<td>100.0 %</td>
</tr>
</tbody>
</table>
4.8 **Pilot Study**

Pilot study is a famous method for the pretesting of validity and reliability in a research instrument. According to Gravetter and Forzano (2011) it is an assessment of developed instrument. Research shows that this method essentially gives results according to actual claim (Goss & Roberts, 2011; Baker, 1994; Teijlingen, 2001). The scales to measure AL its impact on POP with moderated mediation effect of MI and EDM detailed described in above mentioned section 4.4. Moreover, pilot study is necessity to validate these scales prior to proceeding further for originality of research.

To get true results an established questionnaire was distributed amongst the private and public sector bank branches performing business in three districts of Hazara region. The main objective was to perform pilot study for testing the research instrument by validating and also testing its reliability to reach on actual results. About 50 organizational members from 10 sampled banks employees provided 80 questionnaires. These were related to three districts including Haripur district, Abbottabad district and Mansehra district of Hazara division, a region of KP, Province at Northern strip of Pakistan and gateway to CPEC to represent the whole population for validity and reliability of research instrument. The data collected from above mentioned 50 correctly responded questionnaires for pilot study was processed through SPSS and assessed the instrument reliability. Accordingly, descriptive items, correlation and Coronbach’s Alpha analyses performed. The results showed that instrument is valid and reliable however some grammatical changes required and identified which were also corrected to proceed further for study.
4.8.1 Reliability Statistics of Instrument

<table>
<thead>
<tr>
<th>Reliability Statistics</th>
<th>Coronbach’s α</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authentic Leadership (AL)</td>
<td>.848</td>
</tr>
<tr>
<td>Ethical Decision Making (EDM)</td>
<td>.703</td>
</tr>
<tr>
<td>Perceived Organizational Performance (POP)</td>
<td>.556</td>
</tr>
<tr>
<td>Moral Intensity (MI)</td>
<td>.858</td>
</tr>
</tbody>
</table>

4.9. Validity

The term validly refers to a research instrument’s ability to measure or quantify what is proposed to be measure. It means that the desired research questions get data foundations accordingly. According of Bolarinwa (2015) the prerequisite for an instrument is that it must measure what is supposed to measure. Accordingly, there are many forms of validity for the validation of instrumental designs. The purpose behind these types is to measure Behaviours, Knowledge, Skills, Attitudes and particularly the personality traits of authentic leaders focused in this research (Oluwatayo, 2012).

The validity of a questionnaire cannot be confirmed however; it is vigorous requirement for research studies. The research instrument used in this study was evaluated through pilot study by confirming predictive validity and face validity at initial stage. Later convergent and discriminant validities were also checked prior to test actual research details are in next chapter of research in hand. There are four different types of validity i.e. Construct validity, content validity, criterion related validity and face validity. The most complicated and difficult validity of a research instrument is to establish its construct validity. According to
Kimberlin & Winterstein (2008), the construct validity is judgment which is based on evidence and gathered from different studies adopting specific measuring instruments. Content validity also termed as face validity may be defined as the logical link that exists between different questions of research instruments and objectives of research study. It also indicates judgment that research questionnaire measures what it actually wants to be measure. For content validity it is necessary that there should be a logical link between each item of the scale with specific objectives. Content validity reports how well items developed to operationalize a construct. It gives a representative and suitable sample of all items that might measure construct of interest. There is no such available test which statically determines content validity of the research questionnaire. Content validity of research instrument depends on knowledge and skills of experts who are directly or indirectly involved in research instrument development.

The researcher thoroughly studied previous literature to get information about content validity and related research idea. With the help of research supervisor and subject experts in the field of human resource management, a research instrument of current study is finally developed. To further ensure its validity the instrument was provided to various questionnaire development experts and subject experts in different universities. Therefore, the content validity is got ensured to the best possible extent. Term content validity is magnitude to which essentials of a dimension technique are demonstrative for hypothesis used to quantity (Yaghmaei, 2003). When researcher starts content validity it is actually preliminary assignment of new gauging technique.
4.10 Considerations from Pilot Study

The pilot study provided a workable understanding for further testing of enlarged sample to comprehend organizational member’s responses given in survey questionnaire. Further it has provided opportunity for better data collection, processing and preliminary analysis to complete the actual research. Pilot study results showed valuable understanding of research questions. The outcome of pilot study can be elaborated with some key points for better understanding its purpose and how it concluded the preliminary results to get ease through enlarged sample size. Pilot study provided understanding with validity and reliability of research instrument. The above mentioned results revealed that scales either adopted from authentic leadership questionnaire ALQ (Walumbwa, 2008) adapted for MI, POP and EDM confirmed to the desired statistical standard to establish internal uniformity.

Hence the questionnaire has been established as valid and reliable for further collection of data to help in the main research. The results provided a chance to understand the research design for conveniently selected sampling frame to get proper involvement of organizational members for the achievement of research objectives. The significant results revealed from the pilot study also provided opportunity to run correlation analysis at large amongst variables of study. The study also showed a positive relation amongst authentic leadership, perceived organizational performance, moral intensity and ethical decision making. Now at this stage it has been established that researcher can find out answers to research questions and the research design allows proceeding further
for actual study. The banking organizations are providing business all over the country and it is impossible to get feedback from all. Therefore, the selected region focused for three districts Haripur, Abbottabad and Mansehra for maximum participation.

4.11 Data Collection Approaches

This particular research has been done in Hazara division of KP providence. The questionnaire was distributed amongst 10 conveniently selected sampled banks branches employees including Officers and managerial staff. The research has taken more than two months for complex data collection by paying visits to these districts amongst 134 branches located in city and remote areas of these districts during the month Holy Ramadan, in June, July 2016 and onwards.

As described in above mentioned table 600 questionnaire were distributed amongst the respondents out of which 500 were given back 130 were found incorrect and 470 were found ideal for data analysis which is 78.33% of total distributed and representing major share of population (Christley, 2016) amongst these 50 were tested during pilot study. There are other influences affect response rates of instrument including its complexity, size and length. Research shows that sometimes length of questionnaire becomes problem and cause no response or bad response (Welch & Barlau, 2013). Research considered due to appropriate response from respondents with use of convenience sampling technique however, this technique generates common method bias for which the researcher used statistical technique of Herman’s single factor method to intact the validity of questionnaire detailed in next chapter of this research. Most of the
time researcher just taken the time but could not get data from organizational member or went again to find out a spare time. This hectic job was based on individual stopovers to the area. Almost every branch of sampled banks in the region was planned to be visited by the researcher. This keen and time taking effort has provided opportunity to get data for research analysis. In this regard more than 80 questionnaires were distributed amongst conveniently selected organizational members of 10 sampled banks performing business and providing services in Haripur, Abbottabad and Mansehra districts.

4.12 Computational Tools for Data Analysis

In administrative and social sciences research, computer based popular statistical software is SPSS. Its version 23 has been used for statistical investigation to analyse data by entering it in a specific manner. Testing of all hypotheses has major role for research including Andrew Hayes software PROCESS for mediation of EDM and moderation of MI. Special consideration was prearranged to regression prototypes prior to test empirically hypothesis. With help of statistical modelling detailed analysis is discussed in next chapter. The regression model is based on negative multiple co-linearity, non-auto correlation. Research in hand focused on evocative statistics with calculation of measure central tendencies and dispersions like standard deviation, median, mean, mode, maxima and minima and to get and overview of data frequency distribution was also calculated. The research is focused on testing AL impact on POP with specific emphasis on moderated mediation of MI and EDM.
4.13 Chapter Summary

The main focus of this chapter is to comprehensively elaborate investigative approach of research in hand with its fine points. The emphasis of this chapter is detailed discussion on population, sample, and convenience sampling techniques. The main focus of this chapter is to embark in detail on questionnaire with special reference to design, computational techniques and statistical tools. Data collection and gathering approaches are discussed in details due to its nature addressing banking organizations in Hazara region of KP particularly Abbottabad, Mansehra and Haripur districts. Hypothesis testing is central technique of research as it consists of AL as Independent variable, MI as moderating variable, and EDM as mediating variable and perceived organizational performance or POP as dependent or dependent variable. The statistical techniques particularly inference, multiple and simple regression, correlation for linear relationship among Independent and dependent variables are used.
CHAPTER 5
DATA ANALYSIS

5.1. Introduction

This chapter starts with common method bias, validity and reliability of measurements, internal consistency of research instrument, regression model assumptions, scattered plot of Authentic Leadership (AL) and Perceived Organizational Performance (POP) in presence of moderation of Moral Intensity (MI) and mediation of Ethical Decision Making (EDM). This all is in context of regional study conducted on banks of Hazara division, KP province, Northern region of Pakistan. A survey questionnaire was further distributed after conducting pilot study amongst the conveniently selected sampled bank branches located at Abbottabad, Haripur and Mansehra districts of Hazara Division, KP Pakistan.

The Instrument statements relating to AL were adopted from ALQ (Avolio et al., 2007; Walumbwa, 2008). This chapter highlights results and findings of research study. Before progressing to calculations researcher discusses details relating to reliability and validity developed and elaborated in previous chapter section “Instrumentation” used in pilot study and onwards for conducting research in hand. The Kimberlin & Winterstein (2008) stated that reliability and validity are the key indicators for quality of a research instrument which measures certain phenomena in a particular situation. Warwick & Linninger (1975) also cited in Khattak (2016) reported that research instrument has two main objectives i.e. collection of information and use of information collected by that instrument.
5.2. Descriptive Analysis

In this research descriptive analysis was carried out for each item. The objectives to evaluate data for central tendency, variability, normality, stability, and standard error of sampling distribution were target. Secondly to assess Bankers perception on each study variable for the achievement of research objectives. In statistical techniques the Mean is mostly used as a measure of central tendency of distribution and standard deviation of ±1 approx. 68% values, ±2 approx. 95.5% values and ±3 approx. 99.7% values as a measure of variability indicates normal distribution of data (George & Mallery, 2007).

In this research the same parameters were used for a sample of 470 participants responding on a 5-point likert scale (Likert, 1930). Frequency distribution, bar charts, and histograms for each item were also generated which described a normal distribution of data in this study. Skewness and kurtosis are used to assess deviation of data from normality and symmetry, respectively. A positive or negative skewness indicates presence of higher number of smaller and larger values respectively. A positive or negative kurtosis represents more than normal peakedness or more than normal flatness of distribution. Ideally, the skewness and kurtosis values should be close to zero within ±1 which however may be accepted up to ±2 depending upon nature of application. The extreme values (≤±5) indicate abnormal distribution of data (George & Mallery, 2007). In this research the skewness indicating an acceptable deviation of data from normality. The stability or smaller sampling error of distribution is measured by the standard errors of mean, skewness, and kurtosis. Smaller values indicate greater stability and lower sample errors.
5.3 Common Method Bias

The common method bias revealed in literature is derived as a measurement error (Podaskoff, MacKenzie, Lee, & Podaskoff, 2003; Podaskoff, MacKenzie, & Podaskoff, 2012). There is an intimidating to validity of a research instrument because of convenience sampling technique. So, it is a necessary requirement of research to eliminate bias in data after its collection. Therefore, researcher has applied common method bias prior to validity and reliability analysis of designed research instrument. To address this problem of data bias the Harman’s single factor test has been performed. The requirement of this test was to check all independent variables of study. The research in hand has only one independent variable results of AL are placed below in Table 5-1.

Table 5-1: AL as IV, Extraction Method: Principal Component Analysis.

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
</tr>
<tr>
<td>1</td>
<td>4.845</td>
<td>30.281</td>
</tr>
<tr>
<td>2</td>
<td>2.158</td>
<td>13.487</td>
</tr>
<tr>
<td>3</td>
<td>1.407</td>
<td>8.797</td>
</tr>
<tr>
<td>4</td>
<td>1.151</td>
<td>7.197</td>
</tr>
<tr>
<td>5</td>
<td>.907</td>
<td>5.668</td>
</tr>
<tr>
<td>6</td>
<td>.819</td>
<td>5.122</td>
</tr>
<tr>
<td>7</td>
<td>.726</td>
<td>4.535</td>
</tr>
<tr>
<td>8</td>
<td>.677</td>
<td>4.228</td>
</tr>
<tr>
<td>9</td>
<td>.659</td>
<td>4.121</td>
</tr>
<tr>
<td>10</td>
<td>.532</td>
<td>3.325</td>
</tr>
<tr>
<td>11</td>
<td>.514</td>
<td>3.215</td>
</tr>
<tr>
<td>12</td>
<td>.483</td>
<td>3.021</td>
</tr>
<tr>
<td>13</td>
<td>.449</td>
<td>2.807</td>
</tr>
<tr>
<td>14</td>
<td>.300</td>
<td>1.872</td>
</tr>
<tr>
<td>15</td>
<td>.217</td>
<td>1.356</td>
</tr>
<tr>
<td>16</td>
<td>.155</td>
<td>.969</td>
</tr>
</tbody>
</table>
The above-mentioned table shows results of independent variable AL with its four-dimensional model having 16 components under Eigenvalues variance is **30.281** explained by a single factor. This shows that the common method bias is not a main apprehension for research study as it shows below **50% cut off point**. The SPSS 21 result noted above has been obtained through running un-rotated single factor constraint of factor analysis. Hence it allows researcher to proceed further for testing validity analysis in below Tables 5-2 and 5-3 communalities of AL shown.

*Table 5-2: AL as IV Communalities, The Principal Component Analysis*

<table>
<thead>
<tr>
<th>Questionnaire statements</th>
<th>Communalities</th>
<th>Initial</th>
<th>Extraction</th>
</tr>
</thead>
<tbody>
<tr>
<td>I can list my three greatest weaknesses as decision maker</td>
<td></td>
<td>1.000</td>
<td>.544</td>
</tr>
<tr>
<td>I can list my three greatest strengths in relation to performance</td>
<td></td>
<td>1.000</td>
<td>.633</td>
</tr>
<tr>
<td>I seek feedback as a way of understanding who I really am as a person.</td>
<td></td>
<td>1.000</td>
<td>.464</td>
</tr>
<tr>
<td>I accept the feelings I have about myself in front of others</td>
<td></td>
<td>1.000</td>
<td>.645</td>
</tr>
<tr>
<td>My actions towards people of organization reflect my core values</td>
<td></td>
<td>1.000</td>
<td>.424</td>
</tr>
<tr>
<td>I do not allow group pressure to control me.</td>
<td></td>
<td>1.000</td>
<td>.578</td>
</tr>
<tr>
<td>Other people know where I stand on Controversial issues.</td>
<td></td>
<td>1.000</td>
<td>.034</td>
</tr>
<tr>
<td>My morals guide what I do as a leader.</td>
<td></td>
<td>1.000</td>
<td>.188</td>
</tr>
<tr>
<td>I seek others’ opinions before making up my own mind before taking decision.</td>
<td></td>
<td>1.000</td>
<td>.208</td>
</tr>
<tr>
<td>I listen closely to the ideas of those who disagree with me.</td>
<td></td>
<td>1.000</td>
<td>.210</td>
</tr>
<tr>
<td>I do not emphasize my own point of view at the expense of others.</td>
<td></td>
<td>1.000</td>
<td>.186</td>
</tr>
<tr>
<td>I listen very carefully to the ideas of others before making decisions.</td>
<td></td>
<td>1.000</td>
<td>.298</td>
</tr>
<tr>
<td>I openly share my feelings with others to achieve performance</td>
<td></td>
<td>1.000</td>
<td>.243</td>
</tr>
<tr>
<td>I let others know who I truly am as a person</td>
<td></td>
<td>1.000</td>
<td>.047</td>
</tr>
<tr>
<td>I rarely present a “false” front to others.</td>
<td></td>
<td>1.000</td>
<td>.007</td>
</tr>
<tr>
<td>I admit my mistake to others.</td>
<td></td>
<td>1.000</td>
<td>.163</td>
</tr>
</tbody>
</table>
Some authors further stressed potential problem of common method bias, which describes measurement error that is compounded by sociability of respondents who want to provide positive answers (Chang, Witteloostuijn, & Eden, 2010).

Table 5-3: AL Independent Variable’s Component Matrixa

<table>
<thead>
<tr>
<th>Component Matrixa</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>I can list my three greatest weaknesses as decision maker</td>
<td>.737</td>
</tr>
<tr>
<td>I can list my three greatest strengths in relation to performance</td>
<td>.795</td>
</tr>
<tr>
<td>I seek feedback as a way of understanding who I really am as a person.</td>
<td>.681</td>
</tr>
<tr>
<td>I accept the feelings I have about myself in front of others</td>
<td>.803</td>
</tr>
<tr>
<td>My actions towards people of organization reflect my core values</td>
<td>.651</td>
</tr>
<tr>
<td>I do not allow group pressure to control me.</td>
<td>.760</td>
</tr>
<tr>
<td>Other people know where I stand on Controversial issues.</td>
<td>.184</td>
</tr>
<tr>
<td>My morals guide what I do as a leader.</td>
<td>.433</td>
</tr>
<tr>
<td>I seek others’ opinions before making up my own mind before taking decision.</td>
<td>.456</td>
</tr>
<tr>
<td>I listen closely to the ideas of those who disagree With me.</td>
<td>.458</td>
</tr>
<tr>
<td>I do not emphasize my own point of view at the expense of others.</td>
<td>.432</td>
</tr>
<tr>
<td>I listen very carefully to the ideas of others before making decisions.</td>
<td>.546</td>
</tr>
<tr>
<td>I openly share my feelings with others to achieve performance</td>
<td>.492</td>
</tr>
<tr>
<td>I let others know who I truly am as a person</td>
<td>.216</td>
</tr>
<tr>
<td>I rarely present a “false” front to others.</td>
<td>.081</td>
</tr>
<tr>
<td>I admit my mistake to others.</td>
<td>.404</td>
</tr>
</tbody>
</table>

*Extraction Method: Principal Component Analysis.*

a. 1 component extracted.

In addition to above the researcher has also checked dependent variable perceived organizational performance (POP) for further clarification as per suggested in research (Chang, Witteloostuijn, & Eden, 2010). Table 5-3 explained results like the patterns of independent variable to further confirm that
there is no common method bias question in the collected data where the correct questionnaires were 470 already explained in previous chapters. From here onwards the researcher has explained validity and reliability of research instrument to further strengthen the research. The Table 5-4 below explained initial eigenvalues as 41.678 which is below 50% and confirm that there is no Common Method Bias in dependent variable perceived organizational performance (POP).

*Table 5-4: POP as DV Extraction Method: Principal Component Analysis.*

<table>
<thead>
<tr>
<th>Compts.</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Variance</td>
<td>% of Variance</td>
</tr>
<tr>
<td>1</td>
<td>4.174</td>
<td>41.678</td>
</tr>
<tr>
<td>2</td>
<td>1.100</td>
<td>11.004</td>
</tr>
<tr>
<td>3</td>
<td>1.047</td>
<td>10.465</td>
</tr>
<tr>
<td>4</td>
<td>.954</td>
<td>9.536</td>
</tr>
<tr>
<td>5</td>
<td>.727</td>
<td>7.266</td>
</tr>
<tr>
<td>6</td>
<td>.587</td>
<td>5.867</td>
</tr>
<tr>
<td>7</td>
<td>.514</td>
<td>5.138</td>
</tr>
<tr>
<td>8</td>
<td>.430</td>
<td>4.298</td>
</tr>
<tr>
<td>9</td>
<td>.250</td>
<td>2.499</td>
</tr>
<tr>
<td>10</td>
<td>.219</td>
<td>2.186</td>
</tr>
</tbody>
</table>
5.4 **Validity Analysis**

According to Kimberlin & Winterstein (2008) term validity has defined as an extent to which some instrument measures what is desired to be measured. It may also be characterized as an instrument’s appropriate ability to gauge what researcher wants to quantify is the actual validity. The Smith (1991) defined term validity as degree to which a researcher measures what he actually wants to measure. A research instrument must have validity to collect desired data for endeavoured research. In other words, the only reliability of an instrument is not enough if that instrument has no validity.
5.4.1 Construct Validity

Construct validity denoted to that how an idea, behaviour or construct has been transformed in to accurate authenticity. This coined term further establishes five validities known as content, convergent, face, predictive and discriminant validities (Larkina et al., 2014). The classical model elaborates construct validity as it is integration of validities bases on evidence, alongside content and criterion validity.

5.4.2 Content Validity

Content validity also termed as face validity may be defined as the logical link that exists between different questions of research instruments and objectives of research study. It also indicates judgment that research questionnaire measures what it actually wants to be measure. For content validity it is necessary that there should be a logical link between each item of the scale with specific objectives. Content validity reports how well items developed to operationalize a construct. It gives a representative and suitable sample of all items that might measure construct of interest. There is no such available test which statically determines content validity of the research questionnaire. Content validity of research instrument depends on knowledge and skills of experts who are directly or indirectly involved in research instrument development. The researcher thoroughly studied previous literature to get information about content validity and related research idea. With the help of research supervisor and subject experts in the field of human resource management, a research instrument of current study is finally developed. To further ensure its validity the instrument was provided to
various questionnaire development experts and subject experts in different universities. Therefore, the content validity is got ensured to the best possible extent. Moreover, the term content validity is magnitude to which essentials of a dimension technique are appropriate and demonstrative for hypothesis used to quantity (Yaghmaei, 2003). When researcher starts content validity it is actually preliminary assignment of new gauging technique.

5.4.3. Face Validity

Face validity and content validities are meant for review of experts in the field to check whether the instrument is appropriate for pilot study. The researcher has consulted two to three Associate Professors for face and content validity. The instrumentation section of this research elaborates both types. This term face validity is simplest form of validity sometimes also denoted as logical validity. The similarities of this validity are with face value as it is not scanning but skimming for further analysis of research instrument (Bosley, 2016). Further we can also elaborate the term face validity that is a simplest form of validity where you can smear a artificial and subjective assessment of whether or not your study or test measures what it is supposed to measure. Here in this study we are dealing with subjective performance or POP.

5.4.4. Convergent Validity

The convergent validity measures constructs of study are correlated, therefore, indicated through construct validity which shows an absolute condition for testing causal models of research to answer research questions. The factor analysis is essential tool for determination of construct validity (Atkinson, 2011).
5.4.5. Discriminant validity

Discriminant validity denoted to the obligation that measures of a construct must be equally likely and correlated than their correlations with measures of other constructs. To check this type of validity the researcher has done confirmatory factor analysis to measure discriminant validity. Accordingly, the results are place in table (5-) The results show that square root of AVE for all variables was greater than their correlations with other variable. This indicated discriminant validity by confirming that all latent variables were better explained by their own observed indicators and not explained by indicators of other variables (Hair et al., 2010).

5.5. Reliability of Research Instrument

The reliability of a research instrument communicates facts about the similar results that an instrument produces during repeated trials (Khattak, 2016). In case of conducting research in fields of social sciences and humanities, research instruments always contain unreliability up to certain extent level. But there should be consistency in the results of the research instrument administered during different times. It is essential for a researcher that before administering a research instrument must determine its reliability. This step is essential for conducting research in social sciences (Willmott & Nuttall, 1975). Moreover, reliability referred to tendency of research instrument having consistency in its repeated measurements. During conducting research in hand the researcher described two major reasons for determining reliability of research instrument as under. The first is that it measures the internal stability of a questionnaire during
administration on different times denoted as test-retest reliability in literature (Kenis, 1977). Second, it is used to test equivalence of sets items from the same test called internal consistency. In other words, various observers scoring behaviour or even using same instrument (inter-rate reliability). Researcher has demarcated an acceptable range of the research instrument reliability coefficients ranging from 0.00 to 1.00. The higher coefficients indicate higher reliability of the research instrument, normally the reliability of an instrument greater than 0.6 is acceptable but the reliability greater than 0.8 is considered good (Sekaran & Bogie, 2016). There are four major types of reliability, parallel form reliability, test-retest reliability, internal consistency, and inter-rate reliability. In all these four types of reliability, internal consistency is considered the most important form of reliability for the field of social sciences research.

However, the internal consistency is most important form of reliability. It measures and correlates responses of each question with those questions in research instrument. It means that internal consistency of reliability measures is consistency of responses across subgroup of statements or questions of all statements or questions taken from questionnaire of study. It results in the production of equivalence set of items from same test. Reliability coefficients of the internal consistency are based on assumption that there is a strong and positive correlation exists among different items of research instrument measuring the same construct. The coefficients also provide estimates of the reliability of a measurement. To estimate internal consistency reliability of an instrument, Cronbach’s alpha is considered as a most widely used and acceptable method. There are some other methods of determining reliability of a research instrument.
These are Split-Haves method and Intra Class Correlation Coefficients. However, there are some limitations of Split-Haves methods of reliability (Sreejesh, Anusree, & Mohapatra, 2014). In this research study both Cronbach’s alpha method and intra class correlation coefficients methods are used because of widely used and acceptability. The Cronbach’s alpha is a function of average inter-correlations of items and number of items in a scale, it is however, used for summated scales. In any research study variable having many items improves reliability of research instrument because the determination of reliability of measurement.

Below shown table 5-representing reliability of the different variables which were measured through the research instrument for this study. In details it shows the serial number, variables, Mean, Cronbach’s Alpha and number of items. Here in the research study we have four variables, independent variable, dependant variable, moderating variable and mediating variable.

<table>
<thead>
<tr>
<th>S No.</th>
<th>Variables</th>
<th>Mean</th>
<th>Cronbach’s Alpha</th>
<th>Number of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AL</td>
<td>3.40</td>
<td>.83</td>
<td>16</td>
</tr>
<tr>
<td>2</td>
<td>EDM</td>
<td>3.58</td>
<td>.78</td>
<td>16</td>
</tr>
<tr>
<td>3</td>
<td>POP</td>
<td>3.41</td>
<td>.83</td>
<td>10</td>
</tr>
<tr>
<td>4</td>
<td>MI</td>
<td>3.53</td>
<td>.88</td>
<td>12</td>
</tr>
</tbody>
</table>

Table 5-6 serial 1 to 4 shows the values of Cronbach’s alpha of different variables which are measured through research instruments. Above table indicates that the value of Cronbach’s alpha of all variables is greater than 0.7 and 0.8 which shows that all items used in the study are in acceptable range. George & Mallery (2003) stated that if the value of Cronbach’s alpha is less than 0.5 is
considered to be unacceptable. The values of Cronbach’s alpha greater than 0.6 are acceptable (Lewenthal, 2004) and greater than 0.8 are highly acceptable and considered as good. It is also clarified in the table that instruments used for data collection have a good internal consistency highest value is AL which is 0.83. Conducting exploratory research in social sciences studies revealed that, the values of Cronbach’s alpha greater than 0.7 are also acceptable (Gul, 2014).

The detailed reliability analysis according to independent variable AL with dimensions, moderating variable MI wholly computed, mediating variable EDM and dependant variable POP with dimensions are explained below in table 5-2. Hence on the basis of composite reliability and according to Cronbach’s alpha the developed instrument was trusted for internal consistency and reliability to do further analysis. The table also elaborate number of items checked and represent α value in front of each item of variable dimension. The term validity denotes to the mark where a questionnaire regularly gauges a hypothesis in terms of items and periodic arguments. The Cronbach’s Alpha is a method to calculate reliability used in scales (Stewart et al., 1988). For research in hand correlation coefficient of model variables are placed below to understand through (2-tailed) Pearson’s correlation amongst the variables AL, EDM, POP and.

<table>
<thead>
<tr>
<th>Table 5-7: Pearson’s Correlations Variables Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
</tbody>
</table>

*p < 0.05  **p < 0.01 (2-tailed) for (N= 470)
The above table 5-7 shows correlation coefficients of study model in detail. This model contains one of independent variable, one mediating variable, one moderating variable and one dependent variable to check the moderated mediation effect of moderator and mediator of independent on dependent variable. Perceived Organizational Performance is coded as “POP” is the dependent variable in this model of research. Authentic Leadership is the independent variable of research and is coded as “AL”. The Moral intensity is moderating variable and coded as “MI” and Ethical decision making coded as “EDM” called the mediating variable in research study model. The correlation coefficient between independent variable AL and dependent variable POP is .267 which is actually significant. The table under reference is also representing correlation coefficient between POP and MI, value of correlation is actually .313. It is significant at 95% confidence interval. The correlation between POP and EDM is also significant at 95% confidence level. The two correlation values are relatively high because the dimensions of these variables yielded high scores.

5.6. Factor Analysis

After completion of data preparation, removing bias, completing common method bias through Harman’s single factor method, checking validity and reliability of instrument the researcher has done factor analysis FA. Therefore, to move forward the basic requirements for factor analysis are KMO, Bartlett’s test of Sphericity with its three components i.e. approximate chi square, df and significance. Confirmatory factor analysis most of the time used for construct validity authentication. The researcher has also confirmed all constructs and statistical results are placed in below Table (5-8) these results included AL
with all of dimensions, POP with all dimensions, MI and EDM with all of its dimensions. The factor analysis is a multivariate method validates the different dimensions of a variable duly defined operationally. The basic purpose of CFA is to condense information connected to variables in to smaller factors (Zikmund, 2003). According to Panneerselvam (2012) the total number of factors in CFA is equal to input variables after doing analysis.

5.6.1 KMO measure of sampling adequacy and Bartlett’s test of sphericity

According to the research Kaiser-Meyer-Olkin Measure and Bartlett’s test of sphericity output ranging varies from 0 to 1. The zero indicates sum of partial correlation is mainly comparative to the sum of correlations. Therefore it is considered not suitable for performing the factor analysis however, 1 specifies correlations as excellent which is considerable for CFAs. Research also shows that this method s is a statistical technique meant for evaluation of associations amongst variables basic research model. According to Williams, Onsman and Brown (2010) Kaiser Stages described that a measure > 0.9 is known to be the fabulous, more than 0.8 is meritorious, however > 0.7 is middling, greater than 0.6 is mediocre, greater than 0.5 is miserable, and less than 0.5 is unacceptable. The measure of sampling suitability is for comparison of scales of experimental correlation coefficients in relative to the magnitudes of the partial correlation coefficients. The technique KMO actually is a measure of sampling adequacy which actually examines that whether the partial correlations among items are small. However, in data if researcher found more variables then this technique shortens variables and clusters them with comparable. Research shows that Bartlett’s test manoeuvres and specifies the original correlation matrix as non-
identity matrix. This shows that there is a relationship amongst variables and its significance is at \( p < 0.001 \). Accordingly the minimum range of this test must be > 0.50. Here the basic task is eigenvalues objective means which should be included or excluded i.e. values >1 should be included. The significant value < 0.50 reveals that data is unable to generate identity matrix therefore results become approximately multivariate normal and treated as satisfactory George & Mallery, 2006). Further within a variable there is a common proportion known as commonality which sets by default all values to 1. However after removing some factors the remaining cannot explain variance in data therefore the commonalities explain it after extraction and also identify the commonality level in data. The below Table 5-8 shows these tests relating to all variables of study.

### 5.6.2. Factor Analysis of Dimensions of Authentic Leadership

*Table 5-8: Results of Factor Analysis of the dimensions of Authentic Leadership (IV)*

<table>
<thead>
<tr>
<th>Constructs</th>
<th>KMO</th>
<th>Bartlett’s Test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>( \chi^2 )</td>
</tr>
<tr>
<td>Self-Awareness (SA)</td>
<td>0.670</td>
<td>64.985</td>
</tr>
<tr>
<td>Internalized Moral Perspective (IMP)</td>
<td>0.681</td>
<td>85.450</td>
</tr>
<tr>
<td>Balance Processing of Information (BPI)</td>
<td>0.671</td>
<td>64.984</td>
</tr>
<tr>
<td>Relational Transparency (RT)</td>
<td>0.680</td>
<td>57.104</td>
</tr>
</tbody>
</table>
Table 5-9: Component Analysis of Dimensions

<table>
<thead>
<tr>
<th>Code</th>
<th>Items</th>
<th>Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>SA-1</td>
<td>I can list my three greatest weaknesses as decision maker</td>
<td>.771</td>
</tr>
<tr>
<td>SA-2</td>
<td>I can list my three greatest strengths in relation to performance</td>
<td>.860</td>
</tr>
<tr>
<td>SA-3</td>
<td>I seek feedback as a way of understanding who I really am as a person.</td>
<td>.742</td>
</tr>
<tr>
<td>SA-4</td>
<td>I accept the feelings I have about myself in front of others</td>
<td>.737</td>
</tr>
<tr>
<td>IMP-1</td>
<td>My actions towards people of organization reflect my core values</td>
<td>.877</td>
</tr>
<tr>
<td>IMP-2</td>
<td>I do not allow group pressure to control me.</td>
<td>.622</td>
</tr>
<tr>
<td>IMP-3</td>
<td>Other people know where I stand on Controversial issues.</td>
<td>.891</td>
</tr>
<tr>
<td>IMP-4</td>
<td>My morals guide what I do as a leader.</td>
<td>.804</td>
</tr>
<tr>
<td>BPI-1</td>
<td>I seek others’ opinions before making up my own mind before taking decision.</td>
<td>.773</td>
</tr>
<tr>
<td>BPI-2</td>
<td>I listen closely to the ideas of those who disagree with me.</td>
<td>.860</td>
</tr>
<tr>
<td>BPI-3</td>
<td>I do not emphasize my own point of view at the expense of others.</td>
<td>.744</td>
</tr>
<tr>
<td>BPI-4</td>
<td>I listen very carefully to the ideas of others before making decisions.</td>
<td>.747</td>
</tr>
<tr>
<td>RT-1</td>
<td>I openly share my feelings with others to achieve performance</td>
<td>.731</td>
</tr>
<tr>
<td>RT-2</td>
<td>I let others know who I truly am as a person</td>
<td>.849</td>
</tr>
<tr>
<td>RT-3</td>
<td>I rarely present a “false” front to others.</td>
<td>.736</td>
</tr>
<tr>
<td>RT-4</td>
<td>I admit my mistake to others.</td>
<td>.756</td>
</tr>
</tbody>
</table>

The above Tables 5-8 and 5-9 show independent variable Authentic Leadership KMO values and Bartlett’s Test with all 4 dimensions and 16 component values. The values of components with Varimax using Kaiser Normalization and communalities show the proportion of variance that a factor contributing in the explanation of a specific variable. Here the output of KMO is > 0.6 which is good and acceptable according to literature (Allen & Bennett, 2010). The KMO measures sampling adequacy amount of variance and Bartlett’s measure significance at 0.000 therefore fulfilling requirements of Factor Analysis for research in hand.
5.6.3 Factor Analysis of Dimensions of Moral Intensity

*Table 5-10: Results of Factor Analysis of Moral Intensity, MV of Research*

<table>
<thead>
<tr>
<th>KMO and Bartlett’s Test</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</td>
<td>.801</td>
</tr>
<tr>
<td>Approx. Chi-Square</td>
<td>729.169</td>
</tr>
<tr>
<td>Bartlett's Test of Sphericity</td>
<td>df</td>
</tr>
<tr>
<td></td>
<td>Sig.</td>
</tr>
</tbody>
</table>

*Table 5-11*

Component Analysis of Dimensions of Moral Intensity

<table>
<thead>
<tr>
<th>Code</th>
<th>Items</th>
<th>Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>MI-1</td>
<td>The negative consequences (if any) of the decision will be very serious.</td>
<td>.898</td>
</tr>
<tr>
<td>MI-2</td>
<td>The overall harm (if any) as a result of decision will be very small.</td>
<td>.853</td>
</tr>
<tr>
<td>MI-3</td>
<td>People are not likely to agree about whether the decision was right or wrong.</td>
<td>.767</td>
</tr>
<tr>
<td>MI-4</td>
<td>Most people would agree on what the appropriate decision is this scenario.</td>
<td>.650</td>
</tr>
<tr>
<td>MI-5</td>
<td>There is very small likelihood that the decision will actually cause any harm.</td>
<td>.685</td>
</tr>
<tr>
<td>MI-6</td>
<td>The decision is likely to cause harm.</td>
<td>.844</td>
</tr>
<tr>
<td>MI-7</td>
<td>The decision will not cause any harm in the immediate future.</td>
<td>.773</td>
</tr>
<tr>
<td>MI-8</td>
<td>The negative effects (if any) of the decision will be felt very quickly.</td>
<td>.739</td>
</tr>
<tr>
<td>MI-9</td>
<td>The harmful effects (if any) of the decision will affect people that are close to the decision maker.</td>
<td>.948</td>
</tr>
<tr>
<td>MI-10</td>
<td>The decision maker is unlikely to be close to anyone who might be negatively affected by the decision.</td>
<td>.828</td>
</tr>
<tr>
<td>MI-11</td>
<td>The harmful consequences (if any) of the decision will be concentrated on a small number of people.</td>
<td>.906</td>
</tr>
<tr>
<td>MI-12</td>
<td>Any negative effects of the decision will be spread across a large number of individuals.</td>
<td>.869</td>
</tr>
</tbody>
</table>

The above tables 5-10 and 5-11 show the moderating variable, KMO and Bartlett’s Test with all dimensions /component values. The values of components output of KMO is > 0.8 which is very good and lies in acceptable region and Bartlett’s measure significance at .000 fulfilling requirements of Factor Analysis for research in hand.
5.6.4. Factor Analysis of Dimensions of Perceived Organizational Performance

Table 5-12: Results of Factor Analysis of POP (DV)

<table>
<thead>
<tr>
<th>Code</th>
<th>Items</th>
<th>Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>POP-1</td>
<td>The Quality of services of my organization played major role in performance.</td>
<td>.882</td>
</tr>
<tr>
<td>POP-2</td>
<td>Development of new services is major contributor in performance.</td>
<td>.854</td>
</tr>
<tr>
<td>POP-3</td>
<td>Ability to attract employees is the key quality of this organization</td>
<td>.771</td>
</tr>
<tr>
<td>POP-4</td>
<td>Ability to retain employees is a main resource for our leadership.</td>
<td>.647</td>
</tr>
<tr>
<td>POP-5</td>
<td>Satisfaction of customers or clients revealed central role in good performance.</td>
<td>.714</td>
</tr>
<tr>
<td>POP-6</td>
<td>Relations between management and employees are excellent and exemplary.</td>
<td>.847</td>
</tr>
<tr>
<td>POP-7</td>
<td>Marketing of services are excellent and better than others in market.</td>
<td>.783</td>
</tr>
<tr>
<td>POP-8</td>
<td>Growth in sales during the past three years expands gradually.</td>
<td>.733</td>
</tr>
<tr>
<td>POP-9</td>
<td>Profitability of my organization increased during past three years.</td>
<td>.944</td>
</tr>
<tr>
<td>POP-10</td>
<td>My organization has grabbed major Market Share than others.</td>
<td>.854</td>
</tr>
</tbody>
</table>

The above-mentioned tables 5-11 and 5-12 are showing values of IV of research in hand. In these tables, KMO and Bartlett’s Test show values with all dimensions /components. The values of these components revealed that output of KMO is > 0.8. Hence it is a good value falls in acceptable region. Bartlett’s measures are at significance level which is .000 fulfilling requirements of Factor Analysis for this particular research.
5.6.5. Factor Analysis of Ethical Decision Making

*Table 5-14: Factor Analysis of Dimensions of Ethical Decision Making MV*

<table>
<thead>
<tr>
<th>Constructs</th>
<th>KMO</th>
<th>Bartlett’s Test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recognized Moral Dilemma</td>
<td>.670</td>
<td>64.985</td>
</tr>
<tr>
<td>Making Moral Judgment</td>
<td>.675</td>
<td>127.423</td>
</tr>
<tr>
<td>Formal Moral Intention</td>
<td>.673</td>
<td>64.988</td>
</tr>
<tr>
<td>Implementing Moral Behaviour</td>
<td>.680</td>
<td>57.104</td>
</tr>
</tbody>
</table>

The above mentioned Table 5-13 and below-mentioned Tables 5-14 are showing values of mediating variable. Accordingly, KMO and Bartlett’s Test show component analysis of all dimensions. These components revealed that output of KMO is > 0.68. Hence it is good and falls in acceptable region. The Bartlett’s measures significance is .000 fulfilling requirements of Factor Analysis for this particular research.
Table 5-14: Component analysis of EDM dimensions shown in table 5-14

<table>
<thead>
<tr>
<th>Code</th>
<th>Items</th>
<th>Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>RDM-1</td>
<td>People in my department sympathize with someone who is having difficulties in their job.</td>
<td>.771</td>
</tr>
<tr>
<td>RDM-2</td>
<td>People around here in this organization are aware of ethical issues.</td>
<td>.860</td>
</tr>
<tr>
<td>RDM-3</td>
<td>People are really sensitive what ethical issues are concerned.</td>
<td>.742</td>
</tr>
<tr>
<td>RDM-4</td>
<td>People wouldn’t recognize an ethical dilemma unless it concerns breaking the law.</td>
<td>.737</td>
</tr>
<tr>
<td>MMJ-1</td>
<td>Moral Values of my Organization are very high.</td>
<td>.906</td>
</tr>
<tr>
<td>MMJ-2</td>
<td>Ethical Environment is conducive in my organization</td>
<td>.566</td>
</tr>
<tr>
<td>MMJ-3</td>
<td>In my department people are willing to break the rules in order to advance in the organization</td>
<td>.930</td>
</tr>
<tr>
<td>MMJ-4</td>
<td>People in my department value wisdom over wealth.</td>
<td>.816</td>
</tr>
<tr>
<td>FMI-1</td>
<td>People around here feel bad for someone who is being taken advantage of.</td>
<td>.771</td>
</tr>
<tr>
<td>FMI-2</td>
<td>People in my department recognize a moral dilemma right away.</td>
<td>.860</td>
</tr>
<tr>
<td>FMI-3</td>
<td>Around here achievement is valued more than commitment and loyalty.</td>
<td>.742</td>
</tr>
<tr>
<td>FMI-4</td>
<td>Authority is considered more important than fairness.</td>
<td>.737</td>
</tr>
<tr>
<td>IMB-1</td>
<td>If a rule or law is broken, people around here are quick to notice</td>
<td>.731</td>
</tr>
<tr>
<td>IMB-2</td>
<td>People around here do not pay attention to ethical issues.</td>
<td>.849</td>
</tr>
<tr>
<td>IMB-3</td>
<td>In my department people strive to obtain power and control even if it means to compromise ethical values.</td>
<td>.736</td>
</tr>
<tr>
<td>IMB-4</td>
<td>Around here power is more important than honesty.</td>
<td>.756</td>
</tr>
</tbody>
</table>
5.7. **Regression Analysis**

According to research questions and hypothesises of this study the researcher is now running regression. Prior to it in the previous chapter preliminary data analysis, validity, reliability, common method bias and factor analysis were performed. It is appropriate that before running regression analyses following assumptions relating to regression model are necessary to be discussed and elaborated separately for accurate results (Gogtay, Deshpanday, & Thatte, 2017). The researcher has learnt from personal and perceived experiences that there are different causes and effects in routine life and both are equally interconnected factors. The proper know how of these factors helps human to make daily life and organizational decisions ethically to solve problems. Purpose of regression analysis is to find strengths and directions of associations by assuming outcome on which variables can trust, clarified through used independent variables. The research instrument’s reliability and validity also conform results of primary collected data. Researcher took start with initial regression analysis assumptions.

5.8. **Initial regression equations used in study**

Testing of statistical hypothesizes coming in next sections and presenting regression as structural model. The below equations are dealing direct, mediation and moderation relationships according to previous researches (Hayes, 2013; Kenny, 2013).

A. Relationship between independent variable (X) and dependent variable (Y).
\[ Y = \alpha + \beta_x X + \varepsilon \]

B. Relationship between independent variable (X) and mediator (M).

\[ Y = \alpha + \beta_x X + \varepsilon \]

C. Relationship between independent variable (X) and dependent variable (Y) when controlling for the mediator (M).

\[ M = \beta_x X + \beta_m M + \varepsilon \]

D. Relationship between independent variable (X) and dependent variable (Y) when controlling for moderator (Z) and its interaction with independent variable (XZ).

\[ Y = \alpha + \beta_x X + \beta_z X + \beta_{xz} XZ + \varepsilon \]

*Where as*

Y is the predicted variable

\( \beta \) is the regression coefficient of variables in the model

X is the predictor variables

M is the mediator variable

Z is the moderating variable

XZ is the interaction of independent variable and moderating variable, and

\( \varepsilon \) is the residual or error term.

5.8.1. **Assumption 1: Dependent Variable Should be Measured on Interval Scale or Ratio.**

Researcher takes start with first assumption of regression analysis for further understanding and achievement of results. According to previous researches this regression model assumption 1 elaborates that the dependent variable should be measured on interval scale or ratio. To achieve this purpose a survey questionnaire was administered for primary data collection for this
research study. Accordingly, five points Likert Scale ranging from “1” Strongly disagrees to “5” strongly agree was used to measure all 54 responses which revealed that data for this study was collected on interval scale or ratio. Research shows that some minor differences exist among researchers relating to Likert Scale but Jamieson (2004) stated that Likert Scale may be considered as an ordinal scale. However, the researchers (Allen & Seaman, 2007; Brown, 2011) strongly support Likert Scale as an interval scale or ratio. Hence there is a consensus amongst researchers that a scale should be assessed on five points to make it as an interval scale. Therefore, in this research study five-point Likert Scale was used for each individual item presented in approved questionnaire for the measurement of respondent responses. On the basis of this conclusion this research study meets the first assumption of regression to conduct analysis for desired results.

5.8.2. Assumption 2: There Should be No Autocorrelation in Data

This assumption elaborates that the responses of study sample should be independent from observations and there should be no autocorrelation in data. There is a referenced statistical test to check this phenomenon known as Durbin Watson (Nerlove & Wallis, 1966) which tells about autocorrelation in data range value of Durbin Watson varies from 0 to 4. Where value of Durbin Watson is equal or less than 2 represent no autocorrelation issue on other hand value is greater than 2 represent negative autocorrelation (Gul, 2014). It’s most acceptable range values meet 1.5 to 2.5 (Garson, 2012). Following table represents Durbin Watson results of study variables. The value of Durbin Watson lays in the acceptable range concludes that there is no issue of autocorrelation in data.
Table 5-15: Durbin Watson Statistics for Model

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent Variable</th>
<th>Durbin Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>AL</td>
<td>POP</td>
<td>1.58</td>
</tr>
</tbody>
</table>

Table 5-15 represents Durbin Watson Statistics of research study which revealed the independent variable AL and dependent variable POP results. According to this table as mentioned above value of Durbin Watson is 1.58 lies in acceptable range from 1.5 to 2.5 as presented above according to previous researches (Johson & Wichern, 2006). This proves that there is no issue of autocorrelation in presented data amongst AL and POP.

5.8.3. Assumption 3: There Should be Homoscedasticity in the Data

Third assumption of regression model states that there should be homoscedasticity in the data. This assumption also explains that if the regression line moves upward the residual should also be remain same throughout the line. To check this assumption plot standardized residuals against unstandardized predicted values homoscedasticity in data should be checked through graphical representation. For this purpose test of homoscedasticity in data plot “ZPRED” on X-axis and plot “ZRESID” on Y-axis adds trend line to it. In case where the slope of trend line equals to zero, near to zero or trend line is parallel to X-axis then it will show that there is homoscedasticity in data. The Figure 6-1 scatter diagram shows that the trend line has almost zero slopes which mean that data have homoscedasticity which fulfils assumption of linear regression.
5.8.4. Scatter Plot of Regression Residuals: Authentic Leadership and Perceived Organizational Performance

The standardized predicted value and residuals of AL and POP are shown in the following Figure 5-1. The two main points can also be noted in scatter plot, R² value of scattered plot and slope of regression line between two values. The researcher has mentioned in above details that the data having homoscedasticity in case of revealed slope on the regression line should be shown as zero. It is reflected in below scattered diagram Figure 5-1 that the slope of regression line is zero. Similarly, the value of R² is small which also represent homoscedasticity in data. Therefore, researcher can show the scattered plot ranging from -2 to 2.

Figure 5-1 Scatter plots of residuals between AL and POP
5.8.5. **Assumption 4: Data Should be Normally Distributed**

Last and fourth assumption in this research shows that in cases of both simple and multiple regression models data should be normally distributed. For linear regression model there are various views regarding normality of data. According to (Gujarati, 2012) the residuals of regression should be normally distributed if not all variables must normally distributed. Various econometrics tests like Skewness & Kurtosis values, Normal P-P Plot, and Histogram are used to check normality of data. According to Lee and Lomax (2005) the effects of Skewness and Kurtosis terms decreases where the selected sample size is greater than 200. The value of Skewness and Kurtosis is more influential in case where the sample size is 50 or less. The most commonly used statistical values for Skewness and Kurtosis values are + (-) 1.96 to + (-) 2.85. Ghasemi & Zahediasl (2012) also stated that in case where a sample is equal to 200 or greater with small standard errors, the Skewness and kurtosis criteria should also be changed to + (-) 2.58 instead of + (-) 1.96.

Refereeing above mentioned details these researchers also concluded that for a very large sample size no criterion applied for Skewness and kurtosis. The data of the current research study is normally distributed and also based on above stated criterion which is in detailed elaborated in above lines with thorough details. Moreover, the normality of residuals has also been checked in a comprehensive manner and up to the satisfactory level. Therefore, the histogram of residuals with superimposed normal curve on it is produced and shown below. Also, normal P – P Plot of the residuals are produced for this purpose which elaborates the results plotted on it.
Normality statistic table of the Study Variables

Table 5-16: Skewness and Kurtosis Statistics Model for AL and POP

<table>
<thead>
<tr>
<th>Statistics</th>
<th>AL</th>
<th>POP</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>470</td>
<td>470</td>
</tr>
<tr>
<td>Valid Missing</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Skewness</td>
<td>16.911</td>
<td>.326</td>
</tr>
<tr>
<td>Std. Error of Skewness</td>
<td>.113</td>
<td>.113</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>336.187</td>
<td>-.112</td>
</tr>
<tr>
<td>Std. Error of Kurtosis</td>
<td>.225</td>
<td>.225</td>
</tr>
</tbody>
</table>

Table 6-2 above show Skewness and Kurtosis values of the study variables AL and POP. These values fall under acceptable range which represents that data is normally distributed. Therefore, research study fulfils the normality assumption accordingly the histogram of study residuals is reported in Figure 5-2.

Histogram of residuals of research study variables.

The Figure 5-2 represents Histogram of residuals of research study between Independent Variable Authentic Leadership and Dependent Variable Perceived Organizational Performance. The graph is normally distributed with just around the zero value. The mean of the residuals is almost equal to zero as shown in the upper right corner of the histogram in below figure as Mean = -2.67E-15, Std.Dev = 0.999 where N = 470. Therefore, histogram also proves that it is normally distributed. Therefore, it is appropriate to deduce the conclusion that the research study fulfils the regression assumption of normality.
5.8.8. Normal P Plot of Standardized Residuals of the Model

Probability plot is used to visualize how well data fit normal distribution. To visualize fit of normal distribution, examine probability plot and assess how closely data points follow fitted the distribution line. If data is perfectly normal, data points on probability plot form a straight line. From the following figure straight line shows that this research data is normally distributed.
5.9. Empirical Hypotheses Testing of the Model

5.9.1 Correlations Amongst Independent Variable, Mediating Variable, Moderating Variable and Dependent Variable

Before starting the process of overall hypothesis testing let us prior check and examine the correlations amongst all study variables as per below given Table 5-17 to proceed for testing Independent Variable, Dependent Variable, Mediating Variable and Moderating Variable relationships including moderated mediation and so on.
### Table 5-17: Pearson’s Correlations Variables Significance

<table>
<thead>
<tr>
<th></th>
<th>Mean (SD)</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Authentic Leadership</td>
<td>3.465 (1.483)</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Ethical Decision Making</td>
<td>3.561 (.481)</td>
<td>.338**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Perceived Organizational Performance</td>
<td>3.416 (.717)</td>
<td>.267** .442**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Moral Intensity</td>
<td>3.742 (.578)</td>
<td>.169** .347** .313**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*p < 0.05 **p < 0.01 (2-tailed) for (N= 470)

#### 5.9.2. Authentic Leadership and Perceived Organizational Performance Regression Outputs

**H1:** *Authentic Leadership is Positively Correlated and Impacts Perceived Organizational Performance*

### Table 5-18: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R²</th>
<th>Adjusted Square</th>
<th>SEE</th>
<th>Durbin Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.267a</td>
<td>.071</td>
<td>.069</td>
<td>1.43127</td>
<td>1.58</td>
</tr>
</tbody>
</table>

Predictors: (Constant), AL (Authentic Leadership)
Dependent Variable: POP (Perceived Organizational Performance)

The Table 5-18 presents model summary related to H1 through predictors AL and predicted POP of this research. Above mentioned Table 5-18, value of R is .267 and R Square is .071 which shows that AL explains variance in DV, POP. The value according to Durbin Watson is 1.58 which lays in acceptable range of 1.5 to 2.5 shows no issue of autocorrelation in the data. Researcher knows that Durbin Watson test is meant for uncovering of autocorrelation means an association amongst standards disconnected from everyone in a stipulated time interval among the remaining forecasted inaccuracies in a regression line. These values prove hypothesis H1 statement shown in chapter 3 sections 3.7 that AL is positively correlated and significantly impacts POP.
Table 5-19: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>17.239</td>
<td>1</td>
<td>17.239</td>
<td>35.941</td>
<td>.000</td>
</tr>
<tr>
<td>1 Residual</td>
<td>224.478</td>
<td>468</td>
<td>.480</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>241.717</td>
<td>469</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), AL (Authentic Leadership)
b. Dependent Variable: POP (Perceived Organizational Performance)

The Table 5-19 shows ANOVA statistics of AL and POP. Here the F-stat value is 35.941 significant at .000 confidence level. F-stat value shows the overall model fitness. The F test was termed in the name of Sir Ronald Fisher. This test calculates two variance ratios just like measure of dispersion. This means that from average or arithmetic mean dispersion. In simple words researcher understands how much away data is distributed from Arithmetic Mean represents higher dispersion in enormous values used in different circumstances because of its flexibility. However, used for testing significance in a tested regression model for evaluation of miscellaneous representations from ordinary to specific mean to determine the impartiality. This distribution naming F-distribution is in reality the mean square ratio represents estimates of whole population and sampled data from its variance according to the degree of freedom utilized to compute the desired estimates. The above significant value indicates that the $R^2$ value discussed in the Table 5-18 is a true value and there is no sampling error. The regression mean square value is 17.239 and the residual mean square value is 224.478 which result in F-value 35.941 as discussed above being the same argument. The test was applied to compute F statistics for determination of results amongst the independent variable AL, DV, POP as predictors and DV.
### Table 5-20: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients</th>
<th>Coefficients</th>
<th>t</th>
<th>sig</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Standard Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Const.</td>
<td>2.969</td>
<td>.081</td>
<td>36.544</td>
<td>.000</td>
</tr>
<tr>
<td>AL</td>
<td>.129</td>
<td>.022</td>
<td>.267</td>
<td>5.995</td>
</tr>
</tbody>
</table>

The above mentioned table 5-20 shows the regression coefficients of independent variable AL and dependent variable POP. The t-value of AL is 5.995 which show independent variable is statistically significant at 95% confidence interval on 0.05. The coefficient of AL is .081 which means that a unit change in independent variable AL will bring .081 changes in dependent variable POP which determines that AL is positively and significantly associated with POP. Therefore, the hypothesis $H_1$ of this research study is significant and states that AL impacts POP is accepted.

### 5.10. The effects of Mediation

Prior to start the mediation process researcher checked correlations significance amongst AL, EDM, MI and POP which found significant and shown in below Table 6-7. According to research the mediation is a process through which an independent variable influences dependent variable. In this study AL is primarily defined as independent variable (X) and POP is dependent variable (Y). The EDM is mediating variable (M) and Moral Intensity as Moderator (W). According to Baron and Kenny (1986) the variable that transmits antecedents to an outcome through indirect pathway is known as mediating variable. The mediator always influenced through predictor (Kraemer et al., 2001). Here
mediation process was tested for analysis through regression model in accordance with fulfilling its assumptions. An extensive regression oriented statistical process recognized the below lines four conditions as necessary and desired to test the mediation models (Baron & Kenny, 1986; Hayes, 2013).

1. Significant correlation between IV and DV showing total effect.
2. Significant correlation between IV and the mediator (M).
3. Significant correlation between mediator (M) and DV.
4. When controlled for the effect of mediator (M) on DV, the direct effect of IV on DV become either insignificant (indicating full mediation) or is significantly reduced (indicating partial mediation).

Below table 5-21 explains the Baron and Kenny (1986) mediation model as incorporated.

**Table 5-21: Mediation Model Steps**

<table>
<thead>
<tr>
<th>Steps</th>
<th>Analysis</th>
<th>Visual Depiction</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Conduct regression analysis X predicting Y for testing path c, Y = B0+B1X+ε</td>
<td><img src="c" alt="Diagram" /></td>
</tr>
<tr>
<td>2</td>
<td>Conduct regression analysis X predicting M for testing path, a, M = B0+B1X+ε</td>
<td><img src="a" alt="Diagram" /></td>
</tr>
<tr>
<td>3</td>
<td>Conduct regression analysis M predicting Y for significance b, M = B0+B1M+ε</td>
<td><img src="b" alt="Diagram" /></td>
</tr>
<tr>
<td>1</td>
<td>Conduct multiple regression X and M Predicting Y, Y= B0+B1X+ B2M+ε</td>
<td><img src="c'" alt="Diagram" /></td>
</tr>
</tbody>
</table>

**5.10.1. The Mediating Role of EDM amongst AL and POP.**

**H4:** Ethical Decision Making Mediates the Relationship Between Authentic Leadership and Perceived Organizational Performance

This section explains the role of EDM as mediating variable M amongst AL as independent variable and dependent variable POP. According to Hayes (2016) There should be one predictor variable and one predicted variable
for one time or in one model. The researcher runs regression analysis in the light of Hayes mediation effects through PROCESS software model 4 installed in SPSS 21. According to research proposed model there is one independent variable AL presented as X and one dependent variable POP presented as Y in the presence of mediator EDM presented as M. To achieve the desired results next sections follows the process of four mediation steps as per Table 5-21. According to the Baron and Kenny (1986) four steps to check the mediating effects researcher has followed each step individually. The first step is to find out actual relationship between independent variable AL (X) and dependent variable POP (Y) and finding path “c” without mediator EDM (M). In second step independent variable AL (X) has been taken as independent and EDM (M) as dependent variable for this step researcher represented path ‘a’. Similarly considering the third step of research model to establish path ‘b’ the mediating variable EDM (M) of research in hand has been taken as independent EDM (X) and actual dependent variable POP (Y) to check the relationship amongst both for path “b”.

In this step the mediating variable EDM explains this relationship amongst variables as significant to meet further requirements of research. The fourth step conducts multiple regression analysis with AL (X) and EDM (M) predicting POP (Y). The PROCESS software was used as per (Hayes, 2012) to confirm the output shown in the tables as step 3 & 4 use same regression equation (Kenny, 1986). According to above mentioned author Total Mediation meets steps1, 2, 3 and finds that C’ is equal to zero. However, Partial Mediation meets steps 1, 2, 3 and finds C’ is smaller in absolute value than C. The modern approach tells us about the decomposition of effects and shows Total effects =
Direct effects + Indirect effects or simply $c = c' + ab$. Here the Indirect effect or “ab” provides one number that summarises the amount of mediation. Below figure 6-4 shows the actual output generated for this research during Hayes model 4 testing of mediation amongst AL, EDM and POP. As indicated in above mentioned lines for better understanding the researcher has followed mediation process as per below illustration. When researcher uses independent variable AL to check the relationship with dependent variable POP it gives the path “c”. Further when AL checked with the mediator EDM and EDM supposed to be as dependent variable it gives path “a”. Similarly by taking mediator EDM as independent variable and dependent variable POP as dependent it gives the path “b” here mediator M on Y controlling for X for obtaining result for path “b”. At the end and last step which is step four is X on Y or AL on POP controlling for M or EDM and obtain path” c”.

Accordingly, steps coming in below lines show the results as referred in (Baron & Kenny, 1986). Moreover, the figure 5-4 shows the whole mediation procedure which is revealed in above and below mentioned tables. Similarly, the four steps approaches have been denoted below (Baron & Kenny, 1986). After this explanation and the PROCESS results actual steps performed on data shown in Table 5-7 discussed in next section. Step 1: $X \rightarrow Y$ (test path $c$) Step 2: $X \rightarrow M$ (test path $a$) Step 3: $M$ (and $X$) $\rightarrow Y$ (test path $b$) Step 4: $X$ (and $M$) $\rightarrow Y$ (test path $c'$) and Steps 3 and 4 use the same regression equation.
Figure 5-4: Showing actual output of mediation EDM amongst AL and POP

According to research in hand the term total effects represent relationship of Independent Variable Authentic Leadership and Dependent Variable Perceived Organizational Performance without mediation is significant. The below mentioned Table 5-8 shows Model summary however the coefficients are shown in Table 5-9 to further understand the mediation process steps.

Table 5-22 Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>SEE</th>
<th>Change Statistics</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.267</td>
<td>.071</td>
<td>.069</td>
<td>.69257</td>
<td>.071</td>
<td>35.941</td>
<td>1</td>
<td>468</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Authentic Leadership
b. Dependent Variable: Perceived Organizational Performance

Above mentioned table 5-22 shows model summary as R, R², Adjusted R Square, Std.Error of Estimate and Change Statistics of AL and POP. R² value is .071 which reveals the AL variance in dependent variable POP. F-Stat value indicates model fitness which is 35.941 means research model direct relationship amongst AL and POP significance confirmed through p value which is .000 < .05 proves model fitness. The value of AL is significantly related to POP, however, without presence of mediator EDM which is total effect amongst AL and POP there is a significance relationship amongst AL and POP. It is tested without mediation to obtained path “c” which is a direct relationship amongst AL and dependent variable POP. It does not mean that mediation has not been applied but a per literature (Baron & Kenny, 1986) is method to follow the steps towards mediation.
Step No.2. Relationship between Independent Variable Authentic Leadership and Mediating Variable Ethical Decision Making by taking it as Dependent Variable path “a”.

H2: Authentic Leadership is significantly associated with Ethical Decision Making.

Table 5-23: Model Summary

<table>
<thead>
<tr>
<th></th>
<th>R</th>
<th>R²</th>
<th>MSE</th>
<th>F</th>
<th>df1</th>
<th>df2</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.3383</td>
<td>.1145</td>
<td>20.56</td>
<td>60.4979</td>
<td>1.0000</td>
<td>468.0000</td>
<td>.0000</td>
</tr>
</tbody>
</table>

Outcome: EDM

The table 5-23 shows model summary of significant association amongst predictor Authentic Leadership and predicted Ethical Decision Making. As revealed above the R² value is .1145 which shows that predictor variable Authentic Leadership explains variance in the predicted variable Ethical Decision Making. The F-stat value is 60.4979 which tell the fitness of model. The p value .0000 significantly proves that model is fit accordingly.

Table 5-24: Coefficients

<table>
<thead>
<tr>
<th>Model 1</th>
<th>Coff</th>
<th>se</th>
<th>t</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>constant</td>
<td>3.1807</td>
<td>.0532</td>
<td>59.8009</td>
<td>.0000</td>
<td>3.0761</td>
<td>3.2852</td>
</tr>
<tr>
<td>AL</td>
<td>.1098</td>
<td>.0141</td>
<td>7.7780</td>
<td>.0000</td>
<td>.0820</td>
<td>.1375</td>
</tr>
</tbody>
</table>

Outcome: EDM

Proving details of proposed hypothesis H2 above explains regression coefficients of predictor and predicted variables. It is evident from this table that Authentic Leadership is significantly correlated and associated with Ethical Decision Making. Hence the requirement for mediation analysis achieved in accordance with Baron and Kenny (1986) model according to path ‘a’ found significant. More over researcher deduces the result for reporting to research in hand and move further to step 3 of mediation process for checking the relationship amongst Ethical Decision Making as Independent Variable and Perceived Organizational Performance as Dependent Variable for path ‘b’ significance.
Step No.3. Relationship between EDM as Independent Variable and POP as Dependent Variables for Checking Results of Mediation path “b”

**H₃:** Ethical Decision-Making Impacts Perceived Organizational Performance

**Table 5-25: Model Summary**

<table>
<thead>
<tr>
<th></th>
<th>R</th>
<th>R²</th>
<th>MSE</th>
<th>F</th>
<th>df1</th>
<th>df2</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome: POP</td>
<td>.4591</td>
<td>.2107</td>
<td>.4085</td>
<td>62.3660</td>
<td>2.00</td>
<td>467.0000</td>
<td>.0000</td>
</tr>
</tbody>
</table>

The above table 5-25 shows the values of R, R², MSE, F, df1, df2 and p. The value of R² is 0.2107 which shows that the predictor variable Ethical Decision Making explains variance in dependent variable Perceived Organizational Performance. F-stat value tells about model fitness here F value is 62.3660 this value indicates fitness of research model confirmed by p value which is .0000. In case where the p value is less than 0.05 is a positive indication for fitness of research model.

**Table 5-26: Coefficients**

<table>
<thead>
<tr>
<th>Model 1</th>
<th>Coff</th>
<th>se</th>
<th>t</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>constant</td>
<td>1.0861</td>
<td>.2204</td>
<td>4.9281</td>
<td>.0000</td>
<td>.6530</td>
<td>1.5192</td>
</tr>
<tr>
<td>EDM</td>
<td>.5920</td>
<td>.0652</td>
<td>9.0846</td>
<td>.0000</td>
<td>.4639</td>
<td>.7200</td>
</tr>
</tbody>
</table>

Outcome: POP

The above table 5-26 shows values of Predictor and Predicted Variables. It is evident from this table that EDM as IV is significantly related and positively impacts POP. It confirms path ‘b’ and meets the requirements of Baron and Kenny (1986) mediation analysis. This path is representing EDM as (IV) and POP as (DV). However, in reality both variables are tested for mediation analysis to completely check the mediation relationship amongst AL and POP. Both found significant which shows that mediator EDM is significant.
Step No.4. Direct Effects Amongst Authentic Leadership (X) and POP (Y) with mediation EDM (M) path “c’”.

The term Direct Effect represents the relationship of independent variable AL (X) and dependent variable POP (Y) with mediation of mediating variable EDM (M) tells us the full mediation, partial mediation or no mediation. Researcher checks path “c’” which reveals the partial mediation effects of EDM amongst AL and POP.

Table 5-27 Model Summary

<table>
<thead>
<tr>
<th>R</th>
<th>R²</th>
<th>MSE</th>
<th>F</th>
<th>df1</th>
<th>df2</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>.4591</td>
<td>.2107</td>
<td>.4085</td>
<td>62.3660</td>
<td>2.00</td>
<td>467.0000</td>
<td>.0000</td>
</tr>
</tbody>
</table>

Outcome: POP

The above Table 5-27 shows the values of R, R², F, and p. The value of R² is .2107 which shows that the predictor variable AL explains the variance in dependent variable POP. The F-stat value tells about model fitness. Here the F value is 62.3660. This high value of F indicates that our research model is extremely fit. It is also confirmed by p value. In case where the p – value .0000 is less than 0.05 indicate that research model is fit which shows the model success of research in hand.

Table 5-28 Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Coeff</th>
<th>se</th>
<th>t</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>1.0861</td>
<td>.2204</td>
<td>4.9281</td>
<td>.0000</td>
<td>.6530</td>
<td>1.5192</td>
</tr>
<tr>
<td>AL</td>
<td>.0643</td>
<td>.0211</td>
<td>3.0395</td>
<td>.0025</td>
<td>.0227</td>
<td>.1058</td>
</tr>
<tr>
<td>EDM</td>
<td>.5920</td>
<td>.0652</td>
<td>9.0846</td>
<td>.0000</td>
<td>.4639</td>
<td>.7200</td>
</tr>
</tbody>
</table>

Outcome variable: POP
Table 5-28 shows regression coefficients of AL and POP. The relationship between EDM and POP is significant at p<.05 in the presence of mediator EDM. Therefore, it is found that EDM partially mediates relationship between AL and POP. In this case indirect effect size is 0.0650 which is statistically greater than zero. However the effect of EDM does not change the relationship between AL and POP therefore EDM partially mediates the relationship between AL and POP and proves research model. This model proposed mediation effect of EDM which has now partially proved. The direct effect of independent variable on dependent variable (.0643) and indirect effect through mediator EDM (.0650) are significant (p<.05). Researcher also confirmed mediating effect of EDM by conducting SOBEL test table 5-29 shows significant result of SOBEL test.

**Statistical diagram**

Indirect effect of X on Y through M = ab = .0650  
Direct effect of X on Y = c' = .0643  
Total effect of X on Y = c = .1293

*Figure 5-5 Showing Mediation Process of AL, EDM and POP*
Table 5-29: SOBEL Test

<table>
<thead>
<tr>
<th>Effects</th>
<th>SE</th>
<th>Z</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.0650</td>
<td>.0110</td>
<td>5.8878</td>
<td>.0000</td>
</tr>
</tbody>
</table>

After completion of all mediation process and SOBEL test amongst the variables now researcher can plot the mediation process diagram for further clarification. Diagrams help reader to understand the results therefore figure 5-5 explains the results of mediation process of AL $\rightarrow$ EDM $\rightarrow$ POP.

5.11 The effects of Moderation

A strong way of giving value to research is enhancement the business research designs by inserting or introducing moderating variable amongst IV and DV (Namazi & Namazi, 2016). A moderator is variable mostly denoted as MO plays the role of third variable amongst IV and DV and can artificially be created by manipulation of conditions like negative or positive conditions of quality (Ro, 2012). This variable MO affects the relationship strength of independent and dependent variables particularly correlations amongst them. In this section the researcher tests the moderating effect of MI proposed as moderating variable of research in hand elaborating relationship between AL and POP. Moreover the moderator explains when the independent variable and dependent variables are related to each other and affects correlation. The moderation applies an interaction effect, whereas introduction of moderator changes the direction or in other words magnitude of the relationship between two variables.
5.11.1 Relationship between Authentic leadership and Perceived Organizational Performance with Moderator Moral Intensity.

H5: Moral Intensity Moderates the Relationship between Authentic Leadership and Perceived Organizational Performance. In case of High Moral Intensity its Effects are Higher amongst AL and POP.

Table 5-30: Model Summary

<table>
<thead>
<tr>
<th></th>
<th>R</th>
<th>R²</th>
<th>MSE</th>
<th>F</th>
<th>df1</th>
<th>df2</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.6364</td>
<td>.4050</td>
<td>.1387</td>
<td>105.7419</td>
<td>3.0000</td>
<td>466.0000</td>
<td>.0000</td>
</tr>
</tbody>
</table>

Outcome: POP

Above mentioned Table 5-30 shows the values of R, R², MSE, F, df1, df2, and p. As shown in the table R² value is .4050 which shows that independent variable AL explains 40% variance in dependent variable POP. The F value is 105.7419 which tell about model fitness. Normally the value of F greater than 10 shows the model fitness. However, there is no such agreement regarding the standard of F Stat value. Normally greater value of F represents the good case amongst researchers. In this case the higher F value indicates fitness of proposed research model.

The researcher also confirmed it from p value which is .0000 if p value is less than 0.05 it reveals model fitness. In this case p value is .0000 which is less than .0.05 shows that proposed research model is fit for moderator evaluation study and moderator moderates in this research amongst AL and POP. Figures 5-6 and 5-7 explain the moderator and its effect and interaction.
The above Table 5-31 shows the relationship between Authentic Leadership and Perceived Organizational Performance with moderating variable Moral Intensity. In the last row of table shows the interaction effect of MI as moderating variable. As shown in above mentioned table MI is significantly and positively related with POP where \( p < 0.05 \) as moderator amongst both. The AL has a positive and significant relationship with POP. The most important point should be noted here is \( p \) value of interaction term moreover in last two columns no zero lies amongst confidence interval LLCI and ULCI values that are .3342 and .4573. Accordingly, the \( p \) value of interaction term (int_1) is significant therefore researcher can deduce that the moderator MI moderates the relationship between independent variable AL and dependent variable POP.

Therefore, as shown in above table 6-18 the \( p \) value of interaction term is significant with 95% per cent confidence interval. Hence MI moderates the relationship between AL and POP. On the basis of these significant results the researcher accepts the current study hypothesis \( H_5 \).
Figure 5-6 showing MI moderation effects amongst AL and POP

As stated in above mentioned paragraph figures 5-6 and 5-7 explains the moderation impact of moderator Moral Intensity (W) on EDM. Basically, this
moderator impacts EDM directly through path “b” and in combination of independent variable through path “c” and is tested in Hayes model 1 of moderation analysis section 6.6.1 above. The details are mentioned in Tables 5-30 and 5-31 above during the testing of hypothesis 5 of this research study. Basic purpose of above mentioned figure 6-6 is to elaborate the grounds which prove the moderation at level one. Side by side moving the research conceptual Framework at figure 3-5 which is further elaborated in statistical diagram of the Research Framework of total model in figure 5-8. The figure 5-8 shows the Hayes model 7 tested for moderated mediation effect of Authentic Leadership and Perceived Organizational Performance through moderator Moral Intensity and mediator Ethical Decision Making.

5.11.2 Relationship of AL and POP: A Moderated Mediation Model of MI and EDM Based on Hayes Model 7.

![Figure 5-8 Showing Statistical Diagram of Research Framework]
Figure 5-9 Showing SPSS output for Hayes Model 7 Moderated Mediation
The moderated-mediation shows significant direct effect of AL on POP (.0643), indirect effect at values of moderator MI as .0496, .1851, and .3206, and index of moderated-mediation as .2343. This indicates that indirect effect of AL on POP through EDM increases with the increase in moderator MI. The higher moral intensity will enforce the effect of authentic leadership on ethical decision making and perceived organizational performance.

Figure 5-9 statistical diagram of research framework is showing all five hypotheses of research (H1 to H5) representing moderated mediation as per model 7 (Hayes, 2012). The Model 7 results are as per SPSS output in figure 6-8 representing fitness of model. Accordingly the study shows Partial mediation of Ethical Decision Making Amongst Authentic Leadership and Perceived Organizational Performance with moderating effects of Moral Intensity. It is complete answer to research as per topic of thesis duly assigned through research proposal approved topic.

5.12. **Comparison of Performance as per AL, POP, EDM and MI Between Public and Private Sector Banks.**

The table 5-32 below shows comparison between public and private sector banks. The results of t-test are placed in table, after taking an independent sample from collected data getting significant and positive results of research hypotheses.

The findings suggested that there is no significant differences of Authentic Leadership (mean difference = .188, t(468) = 1.236, p > .05), Ethical Decision Making (mean difference = -.040, t(468) = -.807, p > .05), Perceived Organizational Performance (mean difference = -.050, t(468) = -.674, p > .05),
and Moral Intensity (mean difference = .054, t(468) = .909, p > .05) in public and private sector banks in this research study. This indicates that all banks, irrespective of their public or private status, are competing under similar corporate cultures in compliance of regulations and governance by the State Bank of Pakistan.

Table 5-32: Comparison of Public and Private Banks as per Research Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Bank Sector</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>t-val</th>
<th>df</th>
<th>sig. (2-tailed)</th>
<th>Mean Diff.</th>
</tr>
</thead>
<tbody>
<tr>
<td>AL</td>
<td>Public</td>
<td>132</td>
<td>3.601</td>
<td>2.641</td>
<td>1.2</td>
<td>468</td>
<td>0.217</td>
<td>0.188</td>
</tr>
<tr>
<td></td>
<td>Private</td>
<td>338</td>
<td>3.413</td>
<td>0.585</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EDM</td>
<td>Public</td>
<td>132</td>
<td>3.532</td>
<td>0.474</td>
<td>-</td>
<td>468</td>
<td>0.420</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Private</td>
<td>338</td>
<td>3.572</td>
<td>0.484</td>
<td>0.8</td>
<td>07</td>
<td>0.040</td>
<td>0.040</td>
</tr>
<tr>
<td>POP</td>
<td>Public</td>
<td>132</td>
<td>3.381</td>
<td>0.750</td>
<td>-</td>
<td>468</td>
<td>0.500</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Private</td>
<td>338</td>
<td>3.431</td>
<td>0.705</td>
<td>0.6</td>
<td>74</td>
<td>0.050</td>
<td>0.050</td>
</tr>
<tr>
<td>MI</td>
<td>Public</td>
<td>132</td>
<td>3.781</td>
<td>0.579</td>
<td>0.9</td>
<td>468</td>
<td>0.364</td>
<td>0.054</td>
</tr>
<tr>
<td></td>
<td>Private</td>
<td>338</td>
<td>3.727</td>
<td>0.578</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CHAPTER 6

FINDINGS AND DISCUSSION

6.1. Introduction

Primary objective of this research study was to answer the research questions established for research in section 1.5 of introductory chapter. Leading purpose of discussion is explaining meanings of results to the reader by using primary data analysis, correlation analysis, regression analysis, moderated mediation analysis and descriptive detailed outcome analysis.

The primary data was collected using reliable and validated research instrument developed through adopted scales for this specific objective by survey method. Details of questionnaire development are placed in section 4.7 of chapter 4. After careful collection, data was examined and treated through common method bias technique using Herman’s single factor bias due to use of convenience sampling technique results placed in section 5.2 chapter 5.

The primary data was normalized through different techniques including Common Method Bias and analyzed for results through regression analysis. The regression assumptions were also used for analysis to check proposed hypotheses for answers through empirical support against proposed research questions of section 1.6 of chapter 1. Moreover the empirical results of study were examined to answer these research questions and identify the significant relationship amongst variables.
This chapter is primarily organized in four key areas, how Authentic Leadership (AL) impacts Perceived Organizational Performance (POP), what is mediating effect of Ethical Decision Making (EDM) on POP, what is moderating effect of Moral Intensity (MI) on EDM and its further impact on POP, what is mediating effect of EDM between AL and POP and how moderated mediation effects of MI and EDM impacts POP. The findings suggest no significant differences in public and private sector banks as shown in Table 5-32 of chapter 5.

6.2 Authentic Leadership, POP, MI and EDM Relationship.

The researcher remained focused on results of this study after comprehensive data analysis. Previous researches connected for obtaining new results in accordance with research ethical norms as directed in future directions of these researches particularly in identified research gap (Cianci et al., 2014). Accordingly, it has been established thorough research in hand that AL impacts POP with effects of MI and EDM (Harvey, Martinko, & Gardner, 2006, 2014).

Ethical values, Authentic Leadership and organisational norms always increase organizational performance and it leads EDM to achieve the significant and positive POP. According to McGrath and MacMillan (2000) the organizational challenges can bitterly be resolved to meet competitive environment with better impact of leadership style on organizational performance. By looking in to this scenario research in hand revealed effects of AL style impact on POP in a positive and significant way. Therefore this style found significantly and positively associated with POP. The Chuang (2009) shows that leadership style not only stimulates the follower’s perceptive point of view but also enhance
their competence level and impacts on POP. According to May et al. (2003) AL has moral and ethical capacity, it bounds authentic leader and followers to take an ethical decision which impacts performance positively and motivate followers to perform well in organizations. Avolio et al. (2009) established some initial results of AL and mediation effect of EDM on organizational performance. However, researcher focused on more effecting ethical and moral behaviours through AL. Jensen and Luthans (2006) showed AL impacts with ethical processing and mediation of EDM foster positive POP. Contextual theoretical foundations based results were also derived and tested this new combination for research in hand.

In a similar way Avolio & Gardner (2005) also proved significant association of AL and POP in developmental model of AL theory. This research study found that EDM and POP are positively and significantly related to each other through moderated mediation role of MI and EDM amongst AL and POP. The representation of Durbin Watson Statistics shows 1.58 results amongst AL and POP during direct testing. According to research the range of this test should remain in terms of values ranging from 1.5 to 2.5 (Fomby & Guilkey, 1978; Gul, 2014). Moreover the mediation process of this research also showed this relationship significant (Hayes, 2016).

Table 5-25 statistical results of regression revealed $R = 0.712$ and $R^2$ as 0.506 explains AL 50.6% that means no issue of auto correlation amongst this relationship. Therefore AL significantly impacts POP answered the first research question that how AL impacts POP.
6.3 The Theoretical and Practical Effects of Mediation

According to Baron and Kenny (1986) the variable that communicates backgrounds to a dependent variable through indirect pathway is mediating variable denoted as M this mediator always influenced through predictor (Kraemer et al., 2001). The research in hand focused with third research question mentioned in section 1.6 of introductory chapter that what is mediating effect of EDM amongst AL and POP. According to results placed in section 5.9 of chapter five the mediation has been tested in SPSS 21 through PROCESS software (Hayes, 2013).

Accordingly correlation amongst AL and POP revealed total effects and significant correlation found amongst AL and EDM. As controlled for the effect of EDM on POP, the direct effect of AL on POP became significant indicated partial mediation these relationships have been tested practically and theoretically to answer the third research question of research in hand (Baron & Kenny, 1986; Hayes, 2013). Results revealed as per table 5-20 to 5-30 are explaining the relationship significant and positive figures 5-5 to 5-9 are also interpreting the results. Practically when an authentic leader takes ethical decisions it directly affects followers in a working environment. These behaviour impact followers’ behaviors towards organizations and resultantly outcome POP get upward trend.

6.4 The Theoretical and Practical Effects of Moderation

According to Namazi and Namazi (2016) introduction of moderating variable give value to business and social research. This research focused on
banking service industry which is performing in strong competitive environment. The research on AL with combination of MI as moderator has strong influence to achieve excellent POP (Baron & Kenny, 1986). Accordingly research in hand has test MI as moderator results revealed in accordance with second research question which states as what is moderating effect of Moral intensity and its impact on POP.

The results revealed that MI is maintaining significant relation between AL and POP. It shows that if an authentic leader made ethical decision in an ethical dilemma situation he or she gets influence through MI which resultanty effects over all organizational performance and POP in particular. Moreover if situation of MI is higher the decision will be more authentic and effect of MI on POP is more moderated and influential. Theoretically it is an extension of Cianci et al., (2014) work proved that it comes also from the follower’s side high MI which moderates the effect of AL on follower’s decision making process and sometimes become substitute of leadership. The similar work has also been done by Bhaterjee (2012). Practically in banking service organizations researcher felt the situation during interview process and tested model of research in hand as per figure 5-5, 5-6 and 5-7 of chapter 5. These situations are similar in nature as revealed through primary data and on spot interviews. This proves the second established research question of research study in hand. If an authentic leader or authentic follower feels the situation authentically he or she becomes authentic through in character embedded authenticity, authentic moral self and authentic leadership dimension self-awareness.
6.5 **Effect of Moral Intensity and Ethical Decision Making on Perceived Organizational Performance**

The proposed relationship was elaborated above in distinct style. The basic research model was to test impact of AL on POP with moderated mediation effects of MI and EDM. According to Hayes (2013, 2016) to test the research conceptual model in chapter three placed at Figure 3-5 there are relationships of MI moderation according to model 1 and EDM mediation according to model 4. By combining both models the impact results in significant relationship of the total model in chapter 5 figure 5-8. It shows moderated mediation effects of MI and EDM on POP as per Hays model 7 which are significant and also tested individually. The fourth research question states that how moderating effects of MI and mediating effect of EDM impacts POP. The fitness of model revealed answer to this research question.

Connecting above mentioned results with previous researches set the direction of research in hand, its usefulness and practical applicability. The researcher further links this research with previous studies according to IV, DV, MO and M. The independent variable AL of research under consideration is an incipient leadership style derived from authenticity (Leroy *et al.*, 2015). Therefore, research in hand has been is associated to address the gap for research questions as mentioned above. According to Harter (2002) the foundations of AL style stemmed through authenticity construct. Khan (2010) found that organizational members with a leader followers bonding impact an overall organizational performance. However, researcher tested AL and POP model
which revealed subjective performance. In these days competitive world POP is more important in the shape of brand image, quality, and customer satisfaction and so on the combination of AL and POP flourishes the business but research in hand showed ethical and moral norms are connected with AL and POP. The concentration of AL style deals with organizational members it impacting them through ethical decisions and moral feelings. The basic idea behind these practices is to motivate organizational members practice ethical and moral self to achieve performance as key outcome in organizational context.

Similarly Drinks and Ferrin (2002) discovered that the positive follower’s commitment towards organizational performance through AL directly influences POP and also help for objective performance. Avolio et al., (2004) found authentic leaders are good perceivers in maintaining relations with others. However, the followers through exercising AL dimensions internalized moral perspective, balanced processing of information, relational transparency and self-awareness directly impacts EDM and results POP. The Gartner et al. (2005) examined and deduced that optimism, resiliency, ethical and moral inbuilt behaviours with future thinking authentic leaders impacts organizational members. Further findings of Avolio and Gartner (2005) explored that there are some other influencing personality traits in authentic leader. They explored self-determinations and esteem should be originated as transformation towards the followers with direct impact on POP. Politis (2006) embarked on personal abilities absorbed through perception of AL style which enable the leaders and followers to think equally. This research also explored this gap and found
significant results. Slawinski and Mazutis (2008) established in their research that from organizational members point of view AL cataracts downwards throughout the organization. Therefore, each level of employee impacts other with buzz words which also influence organizational performance however EDM and MI influences accordingly. Tapara (2011) established that AL is significantly associated with POP results Boas and Cavazotte (2011) also explored the relationship and research in hand also answered the same through first research question practically tested on banking service industry at Hazara, KP province. These researchers also investigated that AL is positively associated with individual performance results POP. The unintended relation to follower emotional relationship with authentic leaders also impacts organizational performance. The Höchli (2012) also embarked on AL and follower relationship in a comparable scenario similar as proved in this research.

According to Carlson et al. (2002) MI moderates impact of leadership on EDM. Ballantine (1971) established in his study MI role as moderator on EDM in context of authentic moral leadership influence organizational performance. May and Pauli (2002) proved in a research investigation that MI facets play an important part in influencing recognize moral dilemmas, which can easily have derived from this study that these impacts POP. Cianci, Hannah, Robrets, & Tsakumis, (2014) addressed in their research that MI in organizational performance context addresses EDM in case of higher MI. The decision taken by authentic leaders and followers become more moral and ethical if AL and EDM get moderated through MI. The same research established gap to conduct research
like under discussion with AL as independent variable. Scott and Davis (2015) have taken leadership style effecting POP. Carroll & Buchholtz (2014) also established behavioural ethics dire needs in similar fashion to discharge dilemmas resultanty impact organizational members’ ethical decisional behaviour which impacting POP. According to Bhatacherjee (2012) in case of high impact of moderator it takes the charge of independent variable. In this research AL role got influenced through the moderation of MI has been tested by the researcher and found significant effect as reported above.

6.6 Chapter Summary

This chapter started with brief introduction of research in hand. Findings details are mentioned in section 7.1 and the relationships discussed with a little detail. The links got established with past, previous and current studies through similar types of researches. Tested model relationships in the light of research questions are also remained under discussion to present the material linkages for readers to understand the research in hand. The theoretical and practical effects of moderation and mediation have also been checked. Furthermore, the total model IV and DV with MO and M has also been discussed for better understanding of this research study and its application to the banking service industry.
CHAPTER 7

CONCLUSION AND FUTURE RECOMMENDATIONS

7.1 Conclusion

The primary objective of this research was to answer research questions formulated in introductory chapter addressing research gap in leadership literature focusing Authentic Leadership (AL) style. The prime emphasis was to find out impact of AL on Perceived Organizational Performance (POP) with moderated mediation effects of Moral Intensity (MI) and Ethical Decision Making (EDM). To find out answers through proposed research between latent variables, the researcher has chosen banking service industry having scheduled public, private and Islamic banks of Hazara Division, KP province of Pakistan as a regional study. The reason for choosing banking sector was better baking leadership practices, growth and emerging business opportunities from one belt one road project of Islamic Republic of Pakistan and Peoples Republic of China. Banking sector is a fast growing area with a massive level of competition in services industry and a major part of global corporate systems. Through its AL contribution in CPEC these days invited researcher’s attention towards this research gap to get answer to bridge literature with new contribution in business and service sector.

7.2 Managerial Implications

The finding research in hand offer considerable and noteworthy managerial implications. In order to develop good authentic leader followers’ relationship, the following different behaviours can enhance POP through better code of ethics implementation in organizations.
Firstly, the AL practices may be added to the code of ethics issued by
the bank/organization’s strategic leadership as a policy document. Moral and
behavioural ethics may also be emphasized and given additional importance in
regular routine business operations to achieve performance. The research in hand
found positive relationship amongst AL and POP. It can also be implemented by
the managers in leadership and EDM roles. Similarly, it may be executed through
authentic moral self-practices of manager himself being an authentic leader and be
the planned part of succession planning.

Secondly, as the authentic moral self-practices are measures of vast
emerging field, the organizational psychology. Regularly dealing ethical/moral
dilemma situations in organizations, these should also be considered as core
implementation component. This research revealed that addressing situations under
consideration positively impact POP. The research further explored that AL
primary role becomes moderated due to high level of MI. This construct charges the
high moral and ethical behaviours due to prevailing situation by EDM in
organizations. The emotional intelligence and controls are newly emerging as a
social science of emotional intelligence. Therefore, engagement of employees by
the managers in EDM process affects the overall organizational performance.

Thirdly, Managers are globally considered prerequisite trained in
leadership roles to be heedful for choosing people on the basis of performance
only. Resultantly, if they are not addressing moral and ethical issues in
organizations intelligently, POP may not be achieved in a corrective way. The
assurance of an authentic behaviour is essential for construction of imaginative
moral self-related practice. It may be delivered by simplifying prevailing
circumstances influenced through EDM finally impacting POP. The managers
with roles as Authentic Leaders must promote moral-self practices in their
followers. Moreover, it is also important for responsible managers to encourage positive individual performance and innovations by simplifying processes in organizational objectives contexts.

Fourthly, the paramount is that these managers must reflect them as authentic leaders and be shown as protagonists. They out loud and encourage followers that without their efforts organization may not be able to flourish. On the other hand, managers as potential authentic leaders should individually make it evident and lead their workforces for achievement of POP. It is beyond their personal feelings but should be embedded and in accordance with organizational settings. For this commotion there may be an escorted way to provide incentives.

Lastly, on the basis of these approaches authentic leaders are able to height followers’ perceptive and inner ethics with moral self which foster significant POP. Authentic leaders must boost their followers and promote hope by charging them morally at organizational level. These leaders can improve organizational member POP to eliminate distress and nervousness which may ascend followers from the ambiguity of moral practices.

### 7.3 Theoretical Contribution

The proposed holistic model has been tested in this research added value to the existing body of knowledge. The study concluded with the help of academically validated statistical tests, quantitative techniques, moderation, mediation and moderated mediation models 1, 4 and 7 (Hayes, 2013). The preliminary conventions of simple and multiple regression models were originated and recognized reasonably acknowledged. It is the only study in Pakistan particularly on northern part of the country testing AL, MI, EDM and POP in combination and new research model with a significant contribution to the body of knowledge. Moreover, it first ever examined banking sector of Hazara region
of Pakistan. In accordance with research ethics and norms reliability of research instrument along with its instrumental validity have also been tested. Similarly, prior to loading all responses a comprehensive and excruciating pilot study was done. It was leading preliminary distributed first 80 ensured returned 50 correctly filled instruments. Resultantly, this study reflected rationale and highly encouraging results. After testing all 50 participants out of 80 for accuracy and authentic values reduced falsehoods to get desirable satisfactory results by set a guide line for more data collection. Findings suggest that AL and POP have significant relationships through moderated mediation of MI and EDM. Hence as per proposed hypothesises all four variables were statistically noteworthy forecasters of outcome POP in banking service industry practicing in Hazara division, KP region of Pakistan.

The senior, middle and operational level managers of the scheduled commercial, private and Islamic banks exhibit the AL positive practices in order to enhance the POP in banking services organizational context. Similarly, these Managers’ leadership roles to earn profitable banking organizational performance found significant. It was also demonstrated by these leaders that AL style with moderated mediation of MI and EDM effects on followers positively for the determination improved POP. The results of research in hand also stated that these effects are accordingly aligned with chronological research findings. The field of AL is a broad area in leadership styles also influence on Human Resources and positive organizational psychological behaviours.

7.4 Practical Implications

The researcher presented results derived and obtained after statistical calculations from primary collected data. This effort discovered that AL impacts on POP through moderated mediation effect of MI and EDM. It was also discovered
from data that it benefits to banking sector organizations of regional area and so. It is also strengthening the hands-on worth of research investigating in the context of AL and POP. Research in hand also revealed that senior, middle and operational level Managers are in a role of strategic, tactical and operational level leadership. They must acquire the assistance of AL to further explore their authentic moral self and ethical values according to their organizational context and develop EDM norms in the light of this research.

Similarly, by choosing and emerging as imaginative personalities, researcher may not be able to claim at this stage an association between AL and POP completely clutches as additional monotonous, behaviours at personal level other than researched in this investigation and mostly targeted the managerial level. Researcher also recommended that most of the service sector organizations must cultivate an AL based practicing environment, predominantly for the followers for a positive change which reveals the significant POP.

Ischan and Naktiyoket (2014) originated that effective leadership style influences the POP in situations where its impressions directly impact the behaviours. However, the researcher investigated with emphasis on impact of AL style which is an established datum. Therefore, research absorbed on moderated mediation effect of MI and EDM. Managers are trained in built personality as prerequisite to be heedful that choosing people on the basis of their performance only. However, they are not addressing moral and ethical issues in organizations which are never be assurance of Authentic and constructive behaviour. It is essential for construction of imaginative moral self-related practice for their followers that can actually deliver by simplifying their circumstances influenced through ethical decision which finally impacting POP. The Managers with roles of Authentic Leaders must promote moral-self practices in their followers and other
organizational members. It is also important for responsible Managers to encourage positive individual level performance simplifying their environments in organizational context. It is actually for the development of high moral practices to handle the dilemma arise in higher MI situations to take grip and bring EDM process aligned for positive POP in organizations. These Authentic Leaders are also influential in association to provide an ethical and moral atmosphere. It can also encourage and sustain ethical and moral behaviour smearing AL philosophies.

Ethical Decision-Making behaviours are likely to form an encouraging environment for the improved and significant POP. The paramount is that these Managers in leadership role must function as Authentic Leaders and be shown as protagonists. They out loud encourage followers and organizational members that without their efforts organization may not be able to flourish. On the other hand, these Managers and potential Authentic Leaders should individually make it evident and direct their workforces for a skilful POP.

It is beyond their personal feelings but should be embedded and in accordance with organizational settings. For this commotion there must be an escorted way to provide incentives. On the basis of these approaches Authentic Leaders are able to height followers’ perceptive and inner ethics with moral self which foster significant POP. Authentic Leaders must boost their followers and provide hope also charge them morally and ethically at organizational level. These leaders can improve organizational member POP to eliminate distress and nervousness which may ascend followers from the ambiguity of moral practices impacting POP.
7.5. Limitations of Study

This research was limited to AL, MI, EDM and POP of banking service industry. It was stranded on banking services sector practicing in Abbottabad, Haripur and Mansehra districts of KP province Hazara region, as per State Bank of Pakistan (SBP) policies and was limited to address POP of banks in region only. According to Scott and Davis (2015) Organizational Performance in both ways subject and objective represents performance as a sole variable. However, the identified research gap in (Cianci et al., 2014) focused and limits researcher on AL style and its impact on POP. The known dimensions of AL, Self-awareness, Internalized Moral Perspective, Relational Transparency and Balance Processing of Information were also taken individually. Moreover, the researcher further kept focus on dimension of Authentic Moral Self which is an area of research using authenticity. The research area of Authenticity and AL however, remained a little unaddressed due to empirical complexity. As a regional study focus remained on local languages like Urdu however, the academic requirement was English only which also limited the research and researcher. As this area was mostly consisting of people feel comfortable to provide information in their own language. However, researcher interviewed participants in Urdu languages and converted it to English to meet the academic requirements.

The interaction between researcher and bank branches employees remained comfortable, as data providers were directly interviewed in English and Urdu languages. The Instrument was prepared and built in English language however for addressing difficulties to provide understanding of the people interview method was also used in Urdu language. In the end the focus of the study remained on Managerial level in particular and lower level employees of bank branches in the regional area.
7.6. Future Research Recommendations

The data was collected from all (100%) branches of selected banks sample size (n=470) was statistically sufficient and more than viable size for best output of primary data. The findings of research are generalizable to chosen population of banks in Hazara Region. The replication studies in future may involve sample from all banks working throughout the Khyber Pakhtunkhwa province as well as other provinces to get insights for generalizability of findings throughout the banking sector in Pakistan. According to the previous research norms it is a known fact that the future research recommendations always cultivate the basis of the boundaries and limitations of the research study. Some of these are also discussed in introductory chapter of research in hand. The major vulnerability of this research study is that it has only measured the AL style and not measured the effects of other leadership styles on POP.

The leadership theory is a broad discipline and comprises of other leadership styles just like Transactional leadership, Transformational leadership, Laissez faire leadership style, Charismatic leadership style, Ethical leadership style, Servant leadership style and so on. Therefore, the future researchers can also measure the impact of AL on POP through mediated moderation of MI and EDM. Moreover, they can also take MI as an independent variable in lieu of Moderating variable. Similarly, mediation and moderation effect of EDM with these specified leadership styles can also be investigated as potential future research problems. The behaviours and EDM area is the great concern of modern businesses. There is a dire need for its consideration particularly in developing countries to address financial growth. The presented study examined impact of AL style on POP and measured the Subjective Performance only. Findings from previous literature show that collected primary data is a major source to measure the human behavioural ethics in
organizations. In future researchers may also be able to conduct study for effects of AL on Organizational Performance as a sole variable. It can be extended to other geographical area of the country. They can investigate through adoption of same scales in accordance by adjusting other cultures requirements and societal rules. The present research study was on services industry particular to national scheduled public and private sector banks practicing at Haripur, Abbottabad and Mansehra districts of Hazara region KP Northern Province of Pakistan. In future the researchers may also select other business organizations exclusively including avionics, telecommunications, FBR, information technology and other Government and private sector Organizations. These organizations are dealing with similar and distinct types of environments, working conditions and relying on competitive leadership strategies.

This regional study provided the basis for further research studies at provincial, country, and international levels. It also serves the basis through its results, impacts and effects based on banking industry facts. The researcher has established hypotheses with particular focus on top, middle and operational managerial levels of banking services industry. In future the researchers can reproduce these conclusions on other organizational levels with different occupational settings. The researcher also presumes that comparable outcomes will also be instituted in other managerial and institutional settings. The future researchers can also check the AL and POP difference amongst the other different international banks working in Pakistan and abroad. As it may be a difference between both AL and POP for different banks based on their internal environments.
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## Ph.D. Research Questionnaire
National University of Modern Languages, Islamabad

Respected Sir/ Madam, I hope this questionnaire finds you in good health. I am a PhD scholar conducting research on the topic “Impact of Authentic Leadership on Perceived Organizational Performance: A Moderated Mediation Effect of Moral Intensity and Ethical Decision Making”. This questionnaire contains items about different dimensions of Authentic Leadership, Moral Intensity, Ethical Decision Making and Organizational and Subjective Performance. There are no rights or wrong responses, so please answer honestly. Use the following scale when responding to each statement by writing the number from the scale below that you feel most accurately characterizes your response to the statement:

- All information submitted to this study will be treated as confidential.
- I will treat all organizational data as highly confidential.
- Respondents will not be identified in any published reports or papers.

You are requested to return filled questionnaire as soon as possible. If you have any questions or comments about this study, please feel free to contact me through Email: mtahir1968@gmail.com cell: 0322-5555698 Landline 051-8351390

### A

Name:………………………Gender:…………………Age:…………………………Education:………………
Bank Name: …………………Branch: …………………City: …………………Designation:………………

### B

The range of answers is from:

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

### PART 1

**Authentic Leadership (AL)** (Walumbwa, 2008)

**Self-Awareness (SA)**

SA1 I can list my three greatest weaknesses as decision maker.
SA2 I can list my three greatest strengths in relation to performance.
SA3 I seek feedback as a way of understanding who I really am as a person.
SA4 I accept the feelings I have about myself in front of others.

**Internalized Moral Perspective (IMP)**

IMP1 My actions towards people of organization reflect my core values.
IMP2 I do not allow group pressure to control me.
IMP3 Other people know where I stand on Controversial issues.
IMP4 My morals guide what I do as a leader.

**Balanced Processing of Information (BPI)**

BPI1 I seek others’ opinions before making up my own mind before taking decision.
BPI2 I listen closely to the ideas of those who disagree With me.
BPI3 I do not emphasize my own point of view at the expense of others.
BPI4 I listen very carefully to the ideas of others before making decisions.

**Relational Transparency (RT)**

RT1 I openly share my feelings with others to achieve performance.
RT2 I let others know who I truly am as a person.
RT3 I rarely present a “false” front to others.
RT4 I admit my mistake to others.
### PART 2

**Moral Intensity (MI)**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>MI1</td>
<td>The negative consequences (if any) of the decision will be very Serious.</td>
</tr>
<tr>
<td>MI2</td>
<td>The overall harm (if any) as a result of decision will be very small.</td>
</tr>
<tr>
<td>MI3</td>
<td>People are not likely to agree about whether the decision was right or wrong.</td>
</tr>
<tr>
<td>MI4</td>
<td>Most people would agree on what the appropriate decision is this scenario.</td>
</tr>
<tr>
<td>MI5</td>
<td>There is very small likelihood that the decision will actually cause any harm.</td>
</tr>
<tr>
<td>MI6</td>
<td>The decision is likely to cause harm.</td>
</tr>
<tr>
<td>MI7</td>
<td>The decision will not cause any harm in the immediate future.</td>
</tr>
<tr>
<td>MI8</td>
<td>The negative effects (if any) of the decision will be felt very quickly.</td>
</tr>
<tr>
<td>MI9</td>
<td>The harmful effects (if any) of the decision will affect people that are close to the decision maker.</td>
</tr>
<tr>
<td>MI10</td>
<td>The decision maker is unlikely to be close to anyone who might be negatively affected by the decision.</td>
</tr>
<tr>
<td>MI11</td>
<td>The harmful consequences (if any) of the decision will be concentrated on a small number of people.</td>
</tr>
<tr>
<td>MI12</td>
<td>Any negative effects of the decision will be spread across a large number of individuals.</td>
</tr>
</tbody>
</table>

### PART 3

**Perceived Organizational Performance (POP)**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>POP1</td>
<td>The Quality of services of my organization played major role in performance.</td>
</tr>
<tr>
<td>POP2</td>
<td>Development of new services is major contributor in performance.</td>
</tr>
<tr>
<td>POP3</td>
<td>Ability to attract employees is the key quality of this organization.</td>
</tr>
<tr>
<td>POP4</td>
<td>Ability to retain employees is a main resource for our leadership.</td>
</tr>
<tr>
<td>POP5</td>
<td>Satisfaction of customers or clients revealed central role in good performance.</td>
</tr>
<tr>
<td>POP6</td>
<td>Relations between management and employees are excellent and exemplary.</td>
</tr>
<tr>
<td>POP7</td>
<td>Marketing of services are excellent and better than others in market.</td>
</tr>
<tr>
<td>POP8</td>
<td>Growth in sales during the past three years expands gradually.</td>
</tr>
<tr>
<td>POP9</td>
<td>Profitability of my organization increased during past three years.</td>
</tr>
<tr>
<td>POP10</td>
<td>My organization has grabbed major Market Share than others.</td>
</tr>
</tbody>
</table>

### PART 4

**Ethical Decision Making (EDM)**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>RDM1</td>
<td>People in my department sympathize with someone who is having difficulties in their job.</td>
</tr>
<tr>
<td>RDM2</td>
<td>People around here in this organization are aware of ethical issues.</td>
</tr>
<tr>
<td>RDM3</td>
<td>People are really sensitive what ethical issues are concerned.</td>
</tr>
<tr>
<td>RDM4</td>
<td>People wouldn’t recognize an ethical dilemma unless it concerns breaking the law.</td>
</tr>
<tr>
<td>MMJ1</td>
<td>Moral Values of my Organization are very high</td>
</tr>
<tr>
<td>MMJ2</td>
<td>Ethical Environment is conducive in my organization</td>
</tr>
<tr>
<td>------</td>
<td>---------------------------------------------------</td>
</tr>
<tr>
<td>MMJ3</td>
<td>In my department people are willing to break the rules in order to advance in the organization.</td>
</tr>
<tr>
<td>MMJ4</td>
<td>People in my department value wisdom over wealth.</td>
</tr>
<tr>
<td><strong>Forming Moral Intention (FMI)</strong></td>
<td></td>
</tr>
<tr>
<td>FMI1</td>
<td>People around here feel bad for someone who is being taken advantage of.</td>
</tr>
<tr>
<td>FMI2</td>
<td>People in my department recognize a moral dilemma right away.</td>
</tr>
<tr>
<td>FMI3</td>
<td>Around here achievement is valued more than commitment and loyalty.</td>
</tr>
<tr>
<td>FMI4</td>
<td>Authority is considered more important than fairness.</td>
</tr>
<tr>
<td><strong>Implementing Moral Behaviour (IMB)</strong></td>
<td></td>
</tr>
<tr>
<td>IMB1</td>
<td>If a rule or law is broken, people around here are quick to notice.</td>
</tr>
<tr>
<td>IMB2</td>
<td>People around here do not pay attention to ethical issues.</td>
</tr>
<tr>
<td>IMB3</td>
<td>In my department people strive to obtain power and control even if it means to compromise ethical values.</td>
</tr>
<tr>
<td>IMB4</td>
<td>Around here power is more important than honesty.</td>
</tr>
</tbody>
</table>
سوالنامہ برائے پی ایچ ڈی ریسرچ

نیشنل یونیورسٹی آف ماڈرن لینگویجز اسلام آباد

محترم جناب/محترمہ میں امید کرتا ہوں کہ آپ صحبت سے ہیں۔ میں ایک پی ایچ ڈی ریسرچ کر رہا ہوں تاکہ موضوع "مستند قیادت کے اداراتی کارکردگی پر اثرات: ایک معتدل اخلاقی شدت اور اخلاقی فیصلہ سازی" پر با کام لگاں۔

سوالنامہ میں متعلقہ اخلاقی قیادت، اداراتی کارکردگی اور اخلاقی فیصلہ سازی پر مفتاحہ ہے۔ اس میں کونی صحیح یا غلط جواب نہیں اس لئے ایمان داری سے نبیہہ ہے۔ اس میں کونی بے پوز، پوز ہے۔ اس سے امانت ہے کہ مکمل سوالنامہ جلد واپس کر دیں کے طور ہوں کہ سوال کی صورت میں مندرج نمبر پر رابطہ کریں۔

ای میل: 0322-5555698 mtahir1968@gmail.com

1

نام: ____________________________ جنس: ____________________________ عمر: ____________________________ تعلیم: ____________________________

بنک کا نام: ____________________________ راج: ____________________________ شہر: ____________________________

سلسلہ نمبر

مضبوط رسائی 1 2 3 4 5 مضبوط نارضائی

**خود شعور (SA)**

| SA1 | میں فیصلہ کرنے والے کے طور پر اپنے تیار کمزوریوں کو فہرسہ کر سکتا ہوں | 1 | 2 | 3 | 4 | 5 |
| SA2 | میں فیصلہ کرنے والے کے طور پر اپنے مضبوطیوں کو فہرسہ کر سکتا ہوں | 1 | 2 | 3 | 4 | 5 |
| SA3 | میں فرد کی طرف پر ان کے اپنے کوہ پہچان وہ ہو | 1 | 2 | 3 | 4 | 5 |
| SA4 | میں فرد کی طرف پر ان کی جنابات کو دوسروں کی سامنے قبول کرنا ہوں | 1 | 2 | 3 | 4 | 5 |

**اداری فیصلہ (IMP)**

| IMP1 | ادارے کے لوک کے لئے میرا کام مویں بنایا اقدام کو ظاہر کرتا ہوں | 1 | 2 | 3 | 4 | 5 |
| IMP2 | میری طرف کے دیاؤ کو کتنیں کی اجازت نہیں دیتا | 1 | 2 | 3 | 4 | 5 |
| IMP3 | دوسرے لوک کو معلوم ہے کہ میری مضامین کی تھا کہاں وہ ہو | 1 | 2 | 3 | 4 | 5 |
| IMP4 | میری اخلاقیات بطور اہل میری رہنمائی کرتی ہیں | 1 | 2 | 3 | 4 | 5 |

**متوازن پروسیجین برائے اطلاعات (BPI)**

| BPI1 | میں اپنا دماغ بنانے سے پہلے میری دوسرے کو طلب کرتا ہوں | 1 | 2 | 3 | 4 | 5 |
| BPI2 | میں اپنا ہم خیال لوکون کی رائے سے منفق ہوتا ہوں | 1 | 2 | 3 | 4 | 5 |
| BPI3 | میں اپنا نقصان تصور نہیں کرنا ہوں | 1 | 2 | 3 | 4 | 5 |
| BPI4 | میں فطرت کرنا ہے کہ دوسرے کی خیالات کو غور سے سنانا ہو | 1 | 2 | 3 | 4 | 5 |

**متعلقہ شفافیت (RT)**

| RT1 | میں کار دکھا کر کے نے اپنے حیدب دوسرے کو سامنے رکھنا ہوں | 1 | 2 | 3 | 4 | 5 |
| RT2 | میں اپنا دماغ کے سامنے رکھنا ہو تاکہ وہ مجھے طور پر نہیں ہو | 1 | 2 | 3 | 4 | 5 |
| RT3 | میں شاید ہو غلط چیز دوسرے کے سامنے رکھنا ہوں | 1 | 2 | 3 | 4 | 5 |
| RT4 | میں دوسرے کے سامنے اپنی غلطی تسلیم کرنا ہوں | 1 | 2 | 3 | 4 | 5 |

**خطا کی شفافیت (MI)**

| MI1 | فیصلہ کی صورت میں منفی نتائج (آخر کونی) یہ تو ہے شدیدہ ہو کے | 1 | 2 | 3 | 4 | 5 |
| MI2 | فیصلہ کی صورت میں (آخر کونی) نتائج یہ تو ہے کم حسوس ہو کے | 1 | 2 | 3 | 4 | 5 |
کی لوک اس بات پر منافق نہیں ہیں کہ فیصلہ صحیح ہے۔

زیادہ لوک اس بات پر اتفاق کریں کہ اس منظر نامی میں ہی فیصلہ درست ہے۔

اس بات کا کم امکان ہے کہ فیصلہ نقصان کا باعث ہے۔

یہ فیصلہ نقصان کا باعث بن سکتا ہے۔

میرے ادارے میں اخلاقیہ سازی

1. میرے شعبہ میں لوگ اس بات پر منافق نہیں ہیں کہ فیصلہ صحیح ہے۔
2. میرے شعبہ میں لوگ اس بات پر منافق نہیں ہیں کہ فیصلہ نقصان ہے۔
3. میرے شعبہ میں لوگ اس بات پر منافق نہیں ہیں کہ فیصلہ نقصان کا باعث بن گا۔
4. لوگ اخلاقیہ سازی کو تسليم نہیں کرتے گا۔
5. میرے ادارے میں اخلاقیہ سازی کا باعث ہے۔
| MMJ2 | میرے ادارے میں اخلاقی ماحول سازگار ہے۔ |
| MMJ3 | میرے محکمہ میں لوگ کارکردگی بڑھاتے ہیں کے لئے قانون توڑنے کو تیار ہیں۔ |
| MMJ4 | میرے محکمہ میں لوگ دانش کی قدر دولت سے زیادہ کرتے ہیں۔ |
| **اخلاقی مقصد کا قیام (FMI)** | |
| FM11 | اگر کوئی ناجائز فائدہ لے تو اردوگرد کے لوگ بھا منائے ہیں۔ |
| FM12 | میرے شعبہ میں لوگ اخلاقی برہمی کو محسوس کرتے ہیں۔ |
| FM13 | بہان کامیابی کی اہمیت وفاداری سے زیادہ ہے۔ |
| **FM14 | انہائی ہی کی اہمیت انضاف ہیں۔ اخلاقی طرز عمل کو ناکاف کرنے** |
| IMB1 | اگر کوئی قانون توڑا جاتا ہے تو لوگ جلد ہی اس کا نوٹس لیتے ہیں۔ |
| IMB2 | بہان اردوگرد کی لوگ اخلاقی مسئلہ پر توجہ نہیں دیتے۔ |
| IMB3 | میرے ادارے میں لوگ طاقت اور اختیار کے لئی اخلاقیات جھوٹ دینے ہیں۔ |
| **IMB4 | بہان طاقت ایمان داری کے مقابلے میں زیادہ اہم ہے۔** |
Annexure-C

Translation method used by MAPI Research Institute, 27 rue de la Villette, 69003 Lyon, France. Web: www.mapi-research-inst.com. E-mail institut@mapi.fr

There are a number of approaches to translating questionnaires of this type. They are described and discussed in:


The majority of the translations and adaptations of the Roland Morris Disability Questionnaire were produced by MAPI, a research organisation in Lyons, France. The MAPI method of translation is summarized as follows:

1.1 Standard linguistic validation process

The standard linguistic validation process recommended by Mapi Research Institute comprises the following steps:

Conceptual analysis of the original instrument in collaboration with the developer to define the notions investigated through each item. The developer is also involved throughout the linguistic validation process whenever further clarification is needed.

1.1.2. Recruitment and briefing of a consultant in each target country as project manager and supervisor of the translation process.

1.1.3. Forward translation step

a. Production of two independent forward translations of the original questionnaire by two professional translators, native speakers of the target language and fluent in the source language.

b. Production of a reconciled language version on the basis of the two forward translations and of a report in English explaining translation decisions.

c. Review of the report by Mapi Research Institute and discussion with the consultant.

1.1.4. Backward translation step

a. Production of a backward translation of the reconciled language version into the source language by one professional translator, native speaker of the source language and fluent in the target language.
b. Comparison of the backward translation and the original, analysis of the discrepancies encountered, resulting, if necessary, in changes in the reconciled translation in the target language, and subsequent production of a second language version.

c. Production of a report in English explaining translation decisions.

d. Review of the backward translation and report by Mapi Research Institute and discussion with the consultant.

1.1.5. Pilot testing

1.1.5.1. Cognitive Debriefing

a. Test of the second language version on a small sample of individual’s representative of the target population and native target language speakers, in order to assess the clarity, appropriateness of wording and acceptability of the translated questionnaire.

b. Production of the third language version based on the results of the clinician's review and respondents' feedback, followed by a report in English explaining translation decisions made.

c. Review of the report by Mapi Research Institute and discussion with the consultant, resulting in the third language version.

1.1.6. International harmonization

a. When more than one language is involved, comparison of all translations with one another and with the original, during a meeting with translators representing each target language in order to ensure conceptual equivalence in all versions.

b. Discussion of suggestions made during international harmonization with the consultant, resulting in the fourth language version.

1.1.7. Proof-reading

a. Proof-reading of the fourth language version by the consultant and by one translator, native speaker of the target language.

b. Discussion of proof-reading results with the consultant, resulting in the final language version.
1.2. Adjusted linguistic validation process

For some languages that are close to one another (e.g. British English and American English), the complete standard linguistic validation process with forward and backward translation steps may not be appropriate. For such cases, an adjusted linguistic validation process has been established.

The forward and backward translation steps are replaced by an adaptation step, where the work is based on a version considered as the "mother language" version.

The subsequent steps are identical to those used in the standard linguistic validation process.

This adjusted process is as follows:

1.2.1. Conceptual analysis
See 1.1.1.

1.2.2. Recruitment and briefing of a consultant in each target country as project manager and supervisor of the translation process.

1.2.3. Adaptation step

a. Review of the "mother language" version by the consultant to check its suitability for the linguistic and cultural context of the target country, leading to the establishment of a first country-specific version.

b. Production of a report in English explaining the decisions made.

c. Review of the report by Mapi Research Institute and discussion with the consultant.
Appendix-D

CODE OF CONDUCT FOR THE
EMPLOYEES OF NATIONAL BANK OF
PAKISTAN

1. CODE OF CONDUCT – NBP EMPLOYEES

1.1. Introduction
This Code of Conduct applies to all NBP employees in all locations of the Bank. It lays down
the basic parameters of acceptable behavior for NBP employees, which each employee must
adopt during the course of their employment with the Bank. As NBP employees, each one of
us has to make sincere effort to contribute towards the achievement of NBP business targets
and goals, and to maintain the public’s trust and preserve the quality of the work
environment.
The Code of Conduct has a strong linkage with the Mission, Vision, Core Values and Goal of
NBP. The same are presented below

1.1.1 Vision
To be a leading bank for partnering in financial growth through innovation and service.

1.1.2 Mission
To be a catalyst for economic growth, serving the nation for diversified product offering, innovation,
superior service quality, universal banking capabilities, multiple delivery channels, investment in
people and processes and work towards sustainable higher returns for stakeholders.

1.1.3 Core Values
People: We will continue to value our people and will reward performance
Service: Our main focus will be on providing superior service quality through diversification
and development.
Integrity: We will not compromise on integrity, zero tolerance for corruption and believe in
doing the right thing.
Respect: We respect our customers’ needs, beliefs and values, working towards their benefit.
Excellence: We will continue to strive for excellence in all that we do.

1.1.4 Goal
To enhance profitability and maximization of NBP share through increasing leverage of
existing customer base and diversified range of products.

The Code of Conduct for NBP employees is based on the following six principles. These
principles have to be deeply ingrained in our personalities and displayed in our day-to-day
interaction with colleagues as well external customers. We must…

a. Act honestly and with integrity
b. Comply with the law
c. Treat others with respect
d. Safeguard the confidentiality of information
e. Avoid conflicts of interest
f. Respect the organization

1.2 Purpose of Code.
The Code of Conduct (the “Code”) is to define the commitment that the Bank expects of its employees to know in clear terms what acts, conducts and practices are considered ethical, and clearly describe the appropriate behavior that all employees are required to adopt in order to safeguard the reputation enjoyed by the Bank and its subsidiaries, both in Pakistan and abroad. It also describes, where considered necessary, the omissions that would be against the Code.

1.3 Application
This Code applies to all employees of the Bank and its subsidiaries. It applies equally to interns, consultants, agents, and service providers who are engaged/retained by the Bank. A copy of the NBP’s Code of Conduct will be provided to all concerned so that they know the applicable provisions and undertake to follow these in the course of their employment/and/or business relationship with the Bank. The rules set out in this Code are to be applied at all times and in all places when carrying out Bank duties, be they of a professional or social nature.

1.4 Compliance with this Code
If an employee fails to comply with this Code or applicable laws, rules or regulations (including the rules and regulations of the SBP) he or she will be subject to disciplinary measures, including (with respect to employees) discharge from the Bank. Violations of this Code may also constitute violations of law and may result in civil or criminal penalties for such person, and such person's supervisors. The competent authority will determine, or designate appropriate persons to determine, appropriate actions to be taken in the event of a violation of this Code. In determining what action is appropriate in a particular case, the competent authority or its designee will consider the following aspects:

a. nature and severity of the violation
b. whether the violation was a single occurrence or repeated occurrences
c. whether the violation was intentional or inadvertent
d. whether the individual in question had been advised prior to the violation as to the proper course of action, and
e. whether or not the individual in question had committed other violations in the past.

2. Basic Principles

2.1 Act with Honesty and Integrity
As a member of NBP team, you may deal regularly with clients, suppliers, auditors, attorneys, colleagues, government officials, competitors and others. Everyone has a right to expect that you will act with complete honesty, integrity and fairness in all regards. The Bank views these fundamental principles as important. As a financial services organization, whose success in the marketplace depends upon the highest standards of ethical conduct, the Bank views them as especially critical.

For example, when you engage the services of others for NBP, such as accountants, attorneys, or other professionals, or when you purchase supplies or equipment for NBP, your choice should be made on the basis of the quality of the service and the competitiveness of the price. Remember that our reputation depends on your exercise of fairness and good judgment.

2.2 Comply with the law
The laws of Pakistan shall always be obeyed by all NBP employees. At no time will we participate in any illegal activity or activity that may appear illegal, including activities outside our functions, and we will always comply with the legislation and regulations applicable to the Bank (the “Law”), in accordance with the law of land (i.e.) the law of the land the employee is stationed at).
a. We will at all times act in compliance with the letter and the spirit of the Law and avoid acts or voluntary omissions that could result in violation of the Law.

b. Our bye-laws, permanent instructions, policies, procedures and other sector codes of professional conduct in effect at the Bank will all be drafted in accordance with the Law. We must respect them at all times. Employees who work in certain sectors of activity are also bound to abide by the rules of conduct specific to their sector.

c. We will make sure that all operations, transactions and other actions carried out in foreign country comply with the respective legislation and any other legislation of a country or territory associated with such action. We will follow the applicable foreign legislation and we will not take any action intended to contravene these laws and regulations.

d. We will act with the utmost caution when giving monies to foreign public officials. It is our duty to keep abreast of applicable Laws and all relations with such officials will comply with the relevant laws in effect in the foreign country.

2.3 Treat others with respect
We require objectivity in your dealings with others and in our decision-making. You should treat all clients, applicants for employment, colleagues, suppliers and others, kindly, fairly, courteously and respectfully.

2.4 Non-Discrimination
NBP will not tolerate discrimination in any form, or any dishonest, unethical or inappropriate behavior. NBP’s policy is to ensure a harmonious environment with equal employment opportunity for all, regardless of age, gender, race, religion, color, national origin and marital status and that client and prospective clients are not discriminated against on a prohibited basis. If you believe you have experienced any form of harassment or discrimination, report it immediately to your supervisor/Incharge or to HRM&AG. If you supervise others, you are directly responsible for implementing this policy. In addition, you are expected to maintain a work environment free of any kind of harassment, intimidation and offense.

2.5 Safeguard the confidentiality of information
We expect you to treat information entrusted to us by our clients and employees as you perform your duties for NBP as confidential and privileged. This includes information relating to accounts and loan balances, information concerning the management, financial condition and future plans of our clients’ businesses, employee salary information and information obtained in the course of fiduciary relationships. You must not disclose confidential information to anyone either inside or outside NBP who does not have a clearly legitimate need and right to know the information. Any disclosure of information about a client to unauthorized individuals constitutes a violation of this policy. Duty of confidentiality involves not divulging information to third parties other than in the following circumstances:

- Express permission has been given
- Where the Bank is legally compelled to do so.
- Where there is duty to the public to disclose and
- it’s necessary for the bank to present its case e.g. in court or other circumstances of a related nature
Confidentially applies whether the information has been obtained from those with whom the bank does business or from a source within the bank. Such information should be used for the intended purpose only.

All employees must sign a declaration of confidentially/secrecy and must comply with the procedures and regulation in place within the bank. These procedures/ regulation are designed to manage and segregate confidential information and to prevent its inadvertent spread and misuse.

An employee must not remove any documents containing confidential information from office/ bank premises unless prior approval has been sought from his/ her immediate supervisor.

2.5.1 Disclosure of Information/Transactions (STRs/CTRs) to Outsiders

The employees of the banks/DFIs are strictly prohibited to disclose the fact to the customer or any other quarter that a suspicious transaction or related information is being or has been reported to any authority, except if required by law.

You are required to treat information concerning NBP or any of its clients as confidential. Confidential information obtained as a result of employment with NBP may not be used for the purpose of furthering any private interest or as a means of generating any personal gain or the personal gain of your family, friends, or others. The use or disclosure of such information may result in civil or criminal sanctions.

2.6 Limited Use of Confidential Information

While recognizing the need for a constant flow of information for the smooth operation of NBP, we expect you will not disclose confidential information pertaining to our clients’ affairs to your fellow workers within NBP unless they have a clear business need to know the information for the performance of their duties. You must exercise particular care in communicating confidential information to persons in other teams of NBP who may have different responsibilities or conflicting obligations.

2.7 Avoid conflicts of interest

As part of your employment responsibilities we expect you to act in a way that contributes to the financial success of NBP, enhances its reputation and fosters its client relationships. This requires you to look after your own private financial interests in such a way that you do not profit improperly from your position with NBP.

While you as NBP employees have personal lives and private interests outside your work, as a member of a financial institution you must manage your personal financial and business affairs to avoid conflicts of interest, or even the appearance of any conflict of interest, with the performance of your responsibilities and duties to NBP. When a conflict of interest, or potential conflict of interest, does confront you in the performance of your job, you must immediately disclose its existence to your manager and, if you are an employee of Audit function, you must also immediately disclose its existence to the immediate supervisor as well, fully describing the facts giving rise to the conflict or potential conflict, and excuse yourself from any decision made with respect to the transaction.

Conflict of interest rules apply to all transactions made, directly or indirectly, for your own account or for the account of your immediate family or other family members who share with you the same residence. Your immediate family consists of your spouse and the children, parents and siblings of you and your spouse, whether by blood, marriage, adoption or operation of statutory or common law. You may also have a legal liability if someone outside
your immediate family or outside of those other family members who share with you the same residence obtains a personal gain or advantage on the basis of confidential information they have obtained directly or indirectly from you.

2.8 Use of NBP's Computer Systems
Utilization of NBP's computer systems provides an employee access to confidential client information based on the business/support function(s) being performed. Employees are granted access to the various computer systems to perform their job duties. Each employee is expected to protect the access granted to him or her and to keep any associated passwords confidential at all times. In addition, each employee must only utilize software that has been acquired through proper channels and installed properly by or under the supervision of a technical manager. Unauthorized use of the computer programs or software that has been acquired or used by NBP, including, but not limited to, accessing inappropriate websites, using email in a manner that may be construed by others as harassment or offensive, or disclosing the program or software to, or permitting the use of such program or software by, any other employee or a third party without appropriate authorization, will not be tolerated. Computer usage will be monitored to ensure compliance with NBP's IT Security Policy.

2.9 External Communications
Only designated Senior Management Officials liaisons through Corporate Communications Division are responsible for NBP's relationship and communication with the press and the general public.

Discussions of NBP's structure, financial performance, products and services and position on issues that we wish to share with those outside of NBP are contained in publicly available publications such as our annual and interim reports, press releases, published speeches and statements and marketing brochures. You may request brochures or marketing pieces from the Marketing Team and share them with any external audience. Should you receive any inquiries about NBP from the media, you may not offer comment, except to state that the inquiry may be referred to the Corporate Communications Division.

All proposed public statements or press interviews must be reviewed in advance with Senior Management/Corporate Communications Division. In addition, you must have written approval, secured from the President/CEO of Bank, before giving speeches or publishing written materials, fiction or non-fiction, on subjects related to NBP or its business.

Some non-public information about NBP, its organization, systems and procedures may be considered confidential or proprietary and is therefore inappropriate for external circulation. If you have any questions about whether certain information is public or private, check with Senior Management before disclosing it to anyone outside NBP.

2.10 Employee Information
All credit and personnel inquiries, such as an employee's complete name, job title and length of service, must be referred to HRM&AG, and information concerning an employee will be released only with the consent of the competent authority or when legally required. NBP's policy is not to give employment references other than to provide the employee's complete name, job title, work conduct and length of service.

2.11 Sincerity with NBP/Management and Others
In any organization, mistakes occur and sensitive situations will occasionally arise. When you have knowledge of any questionable or possible illegal act or occurrence involving or affecting NBP, you have an obligation to report the act or occurrence using means made available by the Bank for such purpose. Care should be taken to ensure that only factual events are reported. Any willful misuse of this facility will be treated as gross mis-conduct and the employee may be subjected to disciplinary action as per the Bank’s policy.

We expect you to fully cooperate with internal and independent auditors and counsel in the performance of their designated duties. This means providing them with complete and accurate information at all times.

2.12 Self-Dealing
You are not in any way to represent or exercise any authority on NBP's behalf, grant direct or indirect credit accommodations or make credit recommendations, or act in the capacity of an account officer with respect to any type of transaction for yourself, members of your immediate family, any other family members who reside with you, any individual or organization which has granted to you, a member of your immediate family or any other member of your family who shares with you the same residence a power-of-attorney, or with any other persons, corporations, partnerships, trusts or other organizations in which you, any member of your immediate family or any other family member who resides with you are a fiduciary, an officer, an authorized signer or have a material financial interest. You are not to act, without prior written approval of the immediate supervisor, as:

a. An agent, deputy or attorney in fact on any account of another at NBP. Any application to the immediate supervisor to so act will only be considered based upon your close, personal relationship with the accountholder;

b. An executor, administrator, trustee, guardian, custodian or in any other fiduciary capacity on any account of another at NBP. Any application to the immediate supervisor to so act will only be considered based upon your close, personal relationship with the estate person or persons for whom you are acting as fiduciary; or

c. An official of any organization with the following exceptions: residential cooperative or condominium apartment boards where you live, social, religious, philanthropic or civic organizations, fraternal organizations, neighborhood associations, clubs, colleges or schools or trade or professional organization associated with the financial services industry or your profession. However, registered representatives must notify the Chief Compliance Officer in writing via e-mail prior to assuming any such role.

Requests for approval should be submitted in writing to the immediate supervisor. In all cases where approval is granted, you must disclose to the principal, beneficiary, trustor, court or other third party as the case may be, that you are so functioning solely because of the close personal relationship, and that you are in no way acting as a representative or agent of NBP.

2.13 Respect the Policies of the organization
You are required to be aware of all policies and processes which apply to you as an employee of NBP. These policies and processes are issued by the authorized officials of NBP and modifications may be enforced from time to time. In case of any doubt regarding any applicable policies and/or processes, you may seek clarification from your immediate superior.
or from the Human Resources department. Any willful disregard for approved policies and processes will be treated as mis-conduct.

2.14 Demonstrate Discipline and Decency

Timeliness
NBP expects that employees devote their full attention and energy to official duties during working hours. Employees are required to attend at work as required and not to absent themselves from duty without authorization.

Every employee must demonstrate regularity in attendance and punctuality. You are required to attend to your official duties with due regard for office timings and office discipline as notified by State Bank of Pakistan. Breaks allowed as per NBP rules for lunch and prayers, and for any other purpose, where applicable, should be adhered so that these are not unduly extending beyond permissible limits. Habitual late-comings and absence from duty station will not be tolerated, and any employee found to be guilty of such behavior may be subjected to disciplinary action. Some allowance may be made, on a case to case basis by the immediate superior/ HOD of the employee concerned in case of any hardships faced by any employee, and in all such cases, the onus will be on the employee to submit details of hardships to the superior on a timely basis, and to obtain his approval, which should be based solely on the merits of the case and at the sole discretion of the Head of Department.

2.15 Dress Code

The Bank expects all employees to be appropriately dressed when presenting themselves for work. Employees are required to maintain proper dress code (office attire as may be prescribed by NBP management from time to time) and appear well groomed & presentable all the times. Cleanliness and personal hygiene should also be given due important while attending work. Non Management staff should be in their proper uniforms during office hours. Female employees should ensure that their attire and presence is in accordance with Islamic values and consistent with the cultural norms of the country/region where they are based.

2.16 Acceptance of Gifts from Suppliers or Clients

NBP employees are prohibited from giving, seeking or accepting gifts for oneself or any other person anything of value beyond Rs. 5000 (including services, discounts or entertainment) from clients, suppliers or anyone else in return for any business or service from, or confidential information about, NBP. There are certain exceptions to the general prohibition against giving, seeking or accepting anything of value as follows:

a. Lunches, dinners and other customary entertainment (e.g., sports events, golf, theatre, etc.) provided in the ordinary course of a supplier's or client's business and in situations where we would normally reimburse the cost as a proper business expense;

b. Nominal services or discounts customarily afforded by suppliers or clients in the ordinary course of their business; and

You must report anything of value beyond those items listed above if offered to you, received by you or you anticipate receiving promptly to the Immediate Supervisor for appropriate action including the return of the gift forthwith to the provider.

Penalties including fines and imprisonment may be imposed for violations.

2.17 Borrowing Money from Vendors or Clients

You are not allowed to borrow money from, or lend money to, any of NBP's vendors or clients. This is strictly prohibited. You may, however, receive credit on customary terms in connection with the purchase or lease of goods and services from a commercial establishment that is a vendor or client of NBP. Loans made to officers and employees by other financial institutions that are vendors or clients of NBP, in the course of their business, are allowed.
**DECLARATION OF CODE OF CONDUCT COMPLIANCE**

I, the undersigned hereby confirm having read and fully understood the contents and agree to abide by the “NBP Code of Conduct” issued by the Management of the Bank.

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CODE OF ETHICS & BUSINESS CONDUCT FOR HBL STAFF
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Dear Colleagues,

HBL places great value on all of its assets. Among those assets none has greater value or is of more importance to the Bank than its reputation.

As representatives of the Bank every employee of the Bank has a significant role to play in preserving and nurturing the Bank’s reputation for honesty, integrity, and fair play in dealing with fellow employees, with customers, with regulators, with suppliers and with general public. The Bank expects all the employees to conduct themselves in accordance with the highest standards of personal and professional integrity and to comply with all laws, regulations and corporate policies and procedures.

This code aims to clarify for all staff of the Bank the conduct expected in the performance of our duties, thereby maintaining public trust and confidence in the integrity and professionalism of the services provided by the Bank.

This code of ethics & business conduct is written as a set of general principles rather than detailed prescriptions. It is impossible to address every single circumstance you may face that will require you to ponder the proper ethical approach in any given situation. The successful development of an ethical environment relies upon the sense of responsibility for our own professional behavior taking into consideration the provisions of this code and policies of the Bank.

If there is any doubt as to the applicability of the code, or the appropriate course of action to be adopted, the matter should be discussed with your Functional Head or a Senior Human Resources Representative.

President & CEO
This Code of Ethics and Business Conduct intends to deter wrongdoing and act as a ready reference to all our employees in maintaining compliance with the rules and regulations laid down by HBL and would be a guide in directing the Group’s management to ensure the observance by employees according to the stipulated policy and the values of our Bank and promote the following objectives: -

- Honest and ethical conduct, including ethical handling of actual or apparent conflicts of interests between personal and professional relationships
- Compliance with applicable governmental laws, rules and regulations
- Promote internal reporting to designated persons of violations of the Code; and
- Accountability for non-adherence to the Code
INTRODUCTION

It is the policy of HBL to conduct the business of the bank in full compliance with the laws, rules and regulations of the community in which it operates and to adhere to the highest ethical standards. To these ends, the employees of the bank are expected and directed to manage the business of the bank with:

- the highest ethical standards of integrity and candor in conformity with the Code of Ethics & Business Conduct;
- due diligence and proficiency in all business activities;
- compliance of all legal and regulatory requirements; and
- a manner that no disfavor will reflect on the Bank, both on and off the job.

This Code lays down the principles and sets the tone for proper conduct and ethical behavior in conducting business at HBL. Business units are encouraged to maintain more detailed codes to meet the special requirements of their individual businesses; but such documents must be consistent with this Code.

The Board, the Chairman and the President have ultimate responsibility for ensuring the legality and integrity of the Bank's operations. Day-to-day responsibility lies with line management. But, whatever your position in the Bank, you are personally responsible for ensuring that you act fully in accordance with the Bank’s standards.
OBSERVANCE OF RULES

We expect in our people integrity, honesty and the highest moral principles. Within these general parameters, the Bank does not intend to attempt any control over the private lives of its people or to say how these lives are to be lived.

Character reflects what a person is; reputation denotes what a community considers a person to be. The Bank will not tolerate any conduct, which might be considered as detrimental to the reputation of the Bank. We must rely on a sense of propriety and good judgment in upholding standards, which are always above reproach.

Every employee shall conform to and abide by the rules & regulations of the bank and shall strictly observe, comply with and obey all orders / directives issued by the competent authorities / management from time to time.

APPLICATION OF THE CODE

This Code applies to all staff members of HBL in their decisions and activities within the scope of employment, or when representing the Bank in any capacity. A copy of the Code will be given to every employee for review. Each one of them will be required to sign a written confirmation that they have reviewed, understood and agreed to adhere to the Code. They will be notified of any revision in the Code, if any, through internal circular(s).
OBTAINING GUIDANCE

Copies of the Code may be obtained from Human Resources. For additional information or explanation regarding a particular provision of the code, or if you need guidance in a particular situation, please contact your immediate manager / supervisor. If you are uncomfortable speaking to your supervisor, or require additional guidance after consulting with your supervisor, you are encouraged to contact us at the following e-mail address:

hr.helpline@hbl.com

Or contact:
Human Resources, 19th Floor, HBL Plaza, I.I. Chundrigar Road, Karachi, Pakistan

REPORTING VIOLATIONS OF THE CODE

The success of the Bank is reflected in our decisions and actions. It is the duty and responsibility of each employee to understand and adhere to the principles provided in the Code so that potential issues may be effectively and efficiently resolved and the valuable reputation the Bank has is preserved.

Any known or suspected violation of the Code must immediately be reported. Violations of the Code may result in disciplinary action including, in severe situations, immediate termination of employment. If you know of or suspect a violation of the Code (including actions or failures to act upon), report the matter immediately to your manager, or to the help-line / person mentioned in section Obtaining Guidance. Concerns or complaints, arising in the ordinary course of business, which cannot be resolved with your supervisor, should be directed to the respective Functional Head(s) / contacts mentioned in section Obtaining Guidance.
MAINTAINING OFFICE DECORUM

- You are obligated to comply with the Office work timings and ensure that work commitments are not disrupted.

- You are required to maintain proper dress code (Office Attire) and appear well groomed & presentable all the time. Livery staff should be in their proper uniforms during office hours.

- You should observe high standards of behavior/attitude that includes positive attitude / body language, politeness & optimistic approach. Clumsy / abnormal behavior / short-temperament should be avoided at all times.

- You are responsible for ensuring that your own work area / office surroundings are maintained in a tidy condition.

Strict action will be taken against the person not maintaining office decorum.

CONFIDENTIALITY

Proprietary information (confidential information) about HBL's business or business plans, products and services, marketing methods, technology or systems must never be disclosed to a third party except pursuant to a statute or regulation, or a valid court order.

The Banks owes a strict duty of confidentiality to their customers. You will not disclose to any third party particulars of the identity or financial, business or personal affairs of a customer, unless:

- The customer has given prior written consent
- Disclosure is compelled by a court or statutory authority of competent jurisdiction
- Disclosure is compelled by law, due to money laundering, or by regulatory requirements, or
- Disclosure is necessary to protect the Bank’s interest, for example disclosure to the police in case of suspected fraud.
CONFLICTS OF INTEREST

- You must ensure that your personal interests do not conflict with the duties which you owe to the Bank or which the Bank owes to its customers. In particular, you should never become personally involved in any transaction, negotiation or contract on behalf of an organization with an entity in which you or any of your relative or friend has an interest, without full written disclosure to and prior written approval from the Functional Head concerned. Nor should you accept any employment, consultancy, directorship, or partnership outside the Group without the prior written approval of the President.

- You must avoid any conflict (or even the perception of a conflict) between your personal, social, financial or political interests and the advancement of HBL’s business interests or the interests of its customers.

- You must not participate in reviewing and approving an application for a loan from a corporation of which you are a director.

GIFTS AND INDUCEMENTS

- You are not permitted to accept gift, entertainment, or other favors from existing or prospective customers of the Bank or suppliers as set forth below:

  You are prohibited from soliciting or accepting anything of value from anyone in connection with the business of the Bank. Many customers and suppliers consider reasonable gifts and entertainment as a sensible and acceptable business practice without subjective intent to unduly influence the judgment of bank’s staff members in business matters. It is anticipated that this statement of policy, with its emphasis on how the situation might be reviewed at a later date by a disinterested third party, will enable you to discourage gifts and entertainment falling in the “gray area” without embarrassment to either you or to the customer or the supplier.

This Code is pertinent to following instances:
Whoever;

(1) Corruptly gives, offers, or promises anything of value to any person, with intent to influence or reward a staff member, agent, or attorney of a financial institution in connection with any business or transaction of such institution; or

(2) As a staff member, agent, or attorney of a financial institution, corruptly solicits or demands for the benefit of any person, or corruptly accepts or agrees to accept anything of value from any person, intending to be influenced or rewarded in connection with any business or transaction of such institutions, shall be guilty of an offense.

Exceptions to the general prohibition regarding acceptance of things of value in connection with bank business may include:

(1) Acceptance of gifts, gratuities, amenities or favors based on obvious family or personal relationships (such as those between the parents, children or spouse of a Bank staff member) where the circumstances make it clear that it is those relationships rather than the business of the Bank concerned which are the motivating factors;

(2) Acceptance of meals, refreshments, entertainment (including tickets to sporting events, arts, concerts, etc.), accommodations or travel arrangements, all of reasonable value, in the course of a meeting or other occasion, the purpose of which is to hold bona fide business discussions or to foster better business relations, provided that the expense would be paid for by the Bank as a reasonable business expense if not paid for by another party;

(3) Acceptance of advertising or promotional material of reasonable value, such as pens, pencils, note pads, key chains, calendars, diaries and similar items;

(4) Acceptance of discounts or rebates on merchandise or services that do not exceed those available to other customers;

(5) Acceptance of gifts of reasonable value that are related to commonly recognized events or occasions, such as a promotion, new job,
wedding, retirement, holiday or birthday;

(6) Acceptance of civic, charitable, educational, or religious organization awards for recognition of service and accomplishment;

(7) Items on a case-by-case basis, not identified above, in which a Bank staff member accepts something of value in connection with bank business, provided that such approval is made in writing (directly to the CEO) on the basis of a full written disclosure of all relevant facts and is consistent with Bank’s policies.

- Any business related personal benefit, which you or your family gives or receives, must be reported in writing within three working days to your immediate supervisor or Human Resources Representative. An officer receiving such a report must promptly acknowledge receipt. The underlying principle is that the employee should not derive material gain from the Bank’s business.

- You must not buy or sell stocks, commodities, foreign exchange or securities of any description without enough funds to meet the full cost thereof.

**OUTSIDE PRESSURE**

You must refrain from bringing in outside pressure or influence to attain personal gains within the organization; any such attempt will be subject to Disciplinary Action/Corrective Guidance.

**INSIDER TRADING**

You are advised never to engage in insider trading in securities. This means that you may not deal, advise or arrange for anyone else to deal, in any shares or other securities listed or trade on a recognized Stock Exchange, if you have information which you know or have reason to believe is non-public price sensitive information relating to those securities or the company concerned. This applies to both, whether you have received the information through your work or from any other source.
You must also observe the internal rules on personal trading in securities which the Bank puts in place and which apply to you.

**MONEY LAUNDERING**

The Bank fully supports the international drive against serious crime and is committed to assisting the authorities to identify money-laundering transactions and, where appropriate, to confiscate the proceeds of crime. The Bank has issued detailed guidelines to all business units to enable them to follow the Anti-Money Laundering policy. Make sure that you are familiar with them.

You must report to Compliance Officer of the Bank suspicious activities such as, suspected insider trading, fraud, misappropriation of funds and money laundering.

The key principles include the following:

- The identity of a customer beginning a business relationship or conducting a single transaction should be established from official or other reliable identifying documents. The Golden Rule is to **Know Your Customer**,  

- Business units must keep record of customer identification for at least five years after the account is closed and of transactions for at least five years after their completion, or longer if the local law requires. These documents should be available to the competent authorities in the context of relevant criminal investigations and prosecutions.

- If business units suspect that funds stem from money laundering, they should promptly report those suspicions to the competent authorities and record the circumstances in writing.

- Business units should not forewarn their customers when information relating to them is being reported to the competent authorities.

- When a business unit reports its suspicions to the competent authorities, it should **comply** with their instructions.
CUSTOMERS, VENDORS AND COUNTER PARTIES

You should maintain highest standard of services while dealing with customers and maintain a helpful and cooperative attitude towards them.

In order to safeguard HBL’s reputation for integrity, it is necessary for the employees not only to discipline their own actions but also to be aware of the character and actions of customers, vendors, and counter parties. Care must be exercised in selecting those with whom we deal. Each business of HBL must have processes in place for checking on the credit and character of customers, vendors and counter parties.

PROTECTING BANK’S RESOURCES

All employees are responsible for safeguarding Bank’s and the customers’ tangible and intangible assets including cash, securities, business plans, customer information and physical property and services.

Copying, selling, using and distributing information, software and other forms of intellectual property in violation of license agreements are prohibited.

The use of email, telephone, fax and computers are primarily for business purposes. Personal communication must be kept to a minimum.

Stationery including letterheads is to be strictly used for business purposes only.

DISCRIMINATION OR HARASSMENT

HBL encourages a work environment where our employee’s differences are valued and respected. We promote equality of gender, race and religion and prohibit sexual or any other kind of discrimination, harassment or intimidation whether committed by or against a supervisor, coworker, customer, vendor or visitor.
No employee shall because of race, creed, colour, national/ethical origin, gender/sex, marital status, sexual preference, religion, age or physical disability, be subjected to any discrimination or to any harassment by another employee of the Bank.

If you believe that you are being subjected to discrimination or harassment you should immediately report it to Head Human Resources.

**FRAUD, THEFT OR ILLEGAL ACTIVITIES**

Employees shall be alert and vigilant with respect to frauds, thefts or significant illegal activity committed within the office. If any such activity comes to your attention, you must immediately report the same to your immediate supervisor or Functional Head who will arrange for appropriate follow-up action to be taken. Failure to report any such activity will be subject to disciplinary action.

You must not issue any incorrect account statement, salary certificate or any other information for any customer or staff member.

**ACCURATE RECORD-KEEPING AND REPORTING**

Bank’s books, records, accounts, and reports must accurately reflect its transactions, and must be subject to an adequate system of internal controls and disclosure controls to promote the highest degree of integrity.

An employee must not make a fake claim for reimbursement of any expenses.
MEDIA / PUBLIC SPEAKING

You must obtain the recommendation of your Functional Head and approval of the President before submitting work for publication or making a public speech or appearing in a public interview.

Generally, approval will be granted if the writing or speech furthers HBL’s business interests and does not involve the disclosure of the Bank’s confidential information. It should be ensured that the public comments (either verbal or written) made in a private capacity are not attributed as official comments of the Bank.

COPYRIGHTS

You will not make unauthorized copies of copyrighted materials/bank’s proprietary information such as Bank’s documents, policies, manuals, instructions, computer programs etc. Any work that you undertake for the Bank is the sole property of Bank and that should be kept secret and treated as copyright.

REGULATORS AND AUDITORS

Compliance with laws, regulations and ethical standards is an important element of your obligations to our customers, stockholders, and general public and other staff. It is essential for our success that we take compliance seriously. You as an employee of the Bank should think of compliance as your responsibility and will be held accountable for all compliance related activities.

We must be open and co-operative with our regulators and auditors and keep them fully and promptly informed of everything, which should reasonably be disclosed to them.
ZERO TOLERANCE TO WORKPLACE VIOLENCE

The Bank is committed to creating and maintaining a working, learning, and customer care environment, which is free from violence. Mutual understanding and respect toward all individuals are essential elements for excellence in professionalism, existence of a safe and healthy workplace, and maintenance of a corporate culture, which serves the needs of the community. **The Bank prohibits violent acts or threats of violence.** Any employee, who commits or threatens to commit a violent act, is subject to disciplinary action.

The Bank has zero tolerance for violence against any member of the workforce or its property. Any person who makes threats, exhibits threatening behavior, displays arms / armaments, resorts to spitting and usage of abusive language or engages in violent acts that may damage the Bank property shall be subject to disciplinary action.

The Bank will not tolerate any level of violence in the workplace or in any work related setting. Violations of this code must be referred to the Disciplinary Actions Department immediately.

DRUG-FREE WORKPLACE

HBL is committed to providing a safe work environment and fostering the well-being and health of its employees. This commitment is jeopardized when you illegally use drugs or alcohol on the job, come to work with these substances present in your body, or possess, distribute, or sell drugs in the workplace. Therefore, **It is a violation of Bank policy:**

- To possess, sell, trade, or offer for sale illegal drugs or otherwise engage in the illegal use of drugs or alcohol on the job.

- To report to work under the influence of illegal drugs or alcohol—that is, with illegal drugs or alcohol in your body.
• To use prescription drugs illegally. (However, nothing in this policy precludes the appropriate use of legally prescribed medication.)

It is the responsibility of the respective supervisors to counsel employees whenever they see changes in performance or behavior that suggests an employee is under the influence of alcohol or other drugs. Although it is not the supervisor’s job to diagnose personal problems, he / she should encourage such employees to seek help and advise them about available resources for getting help. Everyone shares responsibility for maintaining a safe work environment. Co-workers should encourage those who use alcohol or other drugs in the workplace to seek help against this menace.

The goal of this code is to balance our respect for individuals with the need to maintain a safe, productive, and drug-free environment. The intent of this policy is to offer a helping hand to those who need it, while sending a clear message that the use of illegal drug and alcohol is incompatible with employment at Habib Bank Limited.

Violations of this policy are subject to disciplinary action up to and including termination from service.

EQUAL EMPLOYMENT OPPORTUNITY (EEO)

HBL is an equal opportunity employer in hiring and promotion practices, benefits and wages. The Bank will not tolerate discrimination against any person on the basis of race, religion, color, gender, age, marital status, national origin, sexual orientation, citizenship, disability (where the applicant or employee is qualified to perform the essential functions of the job with or without reasonable accommodation), or any other basis prohibited by law in recruiting, hiring, placement, promotion, or any other condition of employment.

We treat all our employees, customers, suppliers and others with respect and dignity.
NEPOTISM

While there is no prohibition against the employment of close relatives, the integrity of the personnel process must be maintained. 'Close relative' is defined herein as son, daughter, brother, sister, mother, father, spouse, step relative or in-laws.

Therefore, no one shall serve on a committee; make personal recommendations or decisions, influence any person making decisions such as appointment, retention, transfer, advancement or promotion affecting a close relative.

Furthermore, family relationship (close relative) shall not be considered a criterion in any personnel action such as appointment, retention, tenure, or promotion.

OTHER ACTS OF MISCONDUCT

It is not possible to list all the forms of behaviors that are considered as misconduct or unacceptable in the workplace. The following are examples of infractions of rules of conduct that may result in disciplinary action, up to and including termination of employment:

- Theft, fraud, dishonesty with business or property of the Bank or any other organization / any person inside or outside the Bank or inappropriate removal or possession of property
- Falsification of employment documents / data to obtain employment
- Tampering the office records
- Negligence or improper conduct leading to damage of Bank-owned or customer-owned property or damage to the reputation of the Bank.
- Conviction for a criminal offence within or outside the office.
- Violation of safety or health rules
- Smoking in prohibited areas
- Spitting within Bank’s premises
- Unauthorized absence from duty
- Illegal strike or go slow tactics
- Misuse of Official Stamps / Letterheads / Telephones / Computers & other items
The Bank, at its sole discretion, shall determine what act or omission constitutes misconduct, breach of trust or negligence of duty.

**RESPONSIBILITIES AFTER LEAVING THE BANK**

Staff must not use their position to advance their prospects for future employment, or allow their work to be influenced by plans for or offers of, external employment which would conflict or compromise in any way the best interests of the Bank.

Your professional duty while being employed by the bank was to maintain confidentiality; therefore, you must maintain the same professionalism and secrecy after leaving the employment of the bank and not disclose any official information. Former members of staff should not use or take advantage of personal, confidential or official information, they may have obtained in their capacity as the Bank staff.
MY PERSONAL COMMITMENT TO HBL’S CODE OF ETHICS & BUSINESS CONDUCT

I acknowledge that I have read and understood HBL’s Code of Ethics & Business Conducts. I agree to abide by the principles; policies and laws outlined in the code including any amendments made by the bank and will immediately report any actual or potential violations to Head Human Resources.

Signature

Name

Functional Designation

Function

Branch/Location

Personnel Number

Date

This signed and completed form must be returned to HBL HR Operations Karachi.
Appendix-C
Allied Bank Limited
Code of Ethics

Believing that increased cooperation between Business Licensing Officials and other officials and organizations, locally, nationally, and internationally, is vital to the structure of any business licensing entity, I do hereby subscribe to the following principles and ethics which I affirm will govern my personal conduct as a State Business Licensing Official:

To uphold constitutional government and the laws and Ordinances of my community;

To properly follow all State Business Licensing Rules and Regulations;

To so conduct my public and private life as to be an example to my fellow citizens;

To impart to my profession those standards of quality and integrity that the conduct of the affairs of my office shall be above reproach and merit public confidence in my organization and the public being served;

To strive consistently to improve the administration of the affairs of my office with applicable laws and through sound management practices to produce continued progress to fulfill my responsibilities to my community and others;

To treat taxpayer information as confidential regarding gross sales of a business;

To be sufficiently educated in the license ordinance, applications, fees and permits in order to fully explain them to the public;

To attend educational seminars or other licensing organization meetings regarding licensing changes, education and accreditation;

To treat the tax-paying public equally and fairly in regards to licensing, rates and penalties. To seek or dispense no personal favors;

To be ever mindful of my neutrality and impartiality rendering equal service to all and to extend the same treatment I wish to receive myself;

These things I, as a Business Licensing Official, do pledge to do in the interest and purposes for which our government has been established.

I acknowledge that the ABL/MBL designations are subject to revocation or other action under the Policy and Procedure on Revocation of ABL/MBL Designations, and I agree to abide by that Policy and Procedure.

Signature

Date
Introduction:

MCB Bank’s Vision is to be the leading financial services provider, partnering with customers for a more prosperous and secure future. To achieve this vision, the Board of Directors sets strategic aims of the Bank and provides entrepreneurial leadership within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board formulates values and the highest standards of integrity to ensure that Bank’s obligations to its customers, shareholders and other stakeholders are understood and met. The directors perform their fiduciary duties in a way where conflict between their personal interests and their duty as fiduciaries is avoided. MCB Bank has earned a reputation built on honesty and fairness of its directors and employees.

This Code of Conduct & Ethical Standards (“Code”) require the directors to exercise their powers and carry out their fiduciary duties with a sense of objective judgment and independence in the best interest of the Bank. It is not an exhaustive document but it recognizes directors’ responsibilities within the scope of their authority as set forth in applicable laws, regulations and directives of regulatory authorities as well as in the Memorandum & Articles of Association of the Bank.

The Code applies to all members of the Board of Directors and its main principles outlined in this document are intended to:

- codify a standard of conduct by which all directors are expected to abide by;
- protect the business interests of MCB Bank;
- maintain MCB Bank’s reputation of integrity; and
- ensure compliance with applicable legal and regulatory obligations.

The Directors are entrusted with and are responsible for overseeing the conduct and management of business affairs of the Bank by the Management, in an honest, fair, diligent and ethical manner. The principles in the Code provide for individual and collective responsibility of all directors and require a consistent and high standard of ethical conduct by all directors.

From time to time, a situation may arise that warrants a waiver of one or more provisions of this Code. A director who believes that a waiver may be more appropriate in certain situation should first consult with the Chair and finally get the same approved by the Board.

The Code may be revised from time to time to reflect changing legal, regulatory and ethical standards. After approval by the Board, the current version of this Code shall be made available on the MCB Bank website.
Code of Conduct & Ethical Standards for Directors

1. **Compliance with Laws and Regulations:**

MCB Bank operations are subject to numerous laws and regulations in jurisdictions in which it carries on its business, which have an impact on its products and services. Violation of any law can affect MCB Bank’s reputation and its ability to carry on its business effectively. Directors, who are required to oversee the affairs of the Bank, shall assure that the management is carrying out its affairs prudently in line with existing laws, rules and regulations including Articles of Association.

2. **Ethical Conduct:**

The financial services industry in which MCB Bank operates is built on the highest levels of trust. Integrity is a cornerstone of the business. Directors shall adhere to the principles of fairness, integrity and professionalism and shall discharge their duties with due and reasonable care, skills and diligence and shall exercise independent judgment. They shall not assign their office and any such assignment so made shall be void.

3. **Disclosure of Interest:**

Directors must take care to ensure that they identify and avoid any situation of actual or apparent conflict with the interest of the Bank, whether the situation involves the director directly or a member of his or her immediate family. They shall not achieve or attempt to achieve any undue gain or advantage either to themselves or to their relatives, partners, or associates and if any director is found guilty of making any undue gain, he shall be liable to pay to the Bank an amount equal to that gain.

Further, every director, including his/her spouse and minor children, who is in any way, whether directly or indirectly, concerned with or interested in any contract or arrangement entered into, or to be entered into, by or by the Bank shall disclose the nature of his/her concern or interest at a meeting of the directors and abstain from discussion, voting or otherwise influencing a decision on any matter related to such contract and/or arrangement. If any director has a conflict of interest the directors shall ensure that the quorum of the meeting of the Board shall not be deemed to be present unless at least two independent directors are also present at such meeting in person or through video link when such matter comes up for the first time for consideration of the Board.

4. **Insider Trading:**

Directors shall not deal directly or indirectly in the securities of the Bank whether on their own account or their relative’s account, if they are in possession of any unpublished price sensitive information concerning the Bank. Directors who are in possession of any unpublished price sensitive information shall not communicate directly or indirectly the said information to others who trade on such information.

Where any director or his/her spouse sells, buys or takes any beneficial position, whether directly or indirectly, in the shares of the Bank, he/she shall immediately notify the Company Secretary in writing. Such director shall also deliver a written record of the price, number of shares, form of share certificates, (i.e., whether physical or electronic within the Central Depository System), and nature of transaction to the Company Secretary within four days of effecting the transaction. Further, no director shall, directly or indirectly, deal in the shares of the Bank, in any manner, during the closed period*. 


5. **False or Misleading Statements:**

Directors shall not make a statement or disseminate information, which is misleading or false and/or is likely to induce sale or purchase of securities by any person and/or is likely to affect the market price of the Bank’s shares.

6. **Other Directorship:**

If a Director wishes to become officially involved with any third party corporation or other organization as director, trustee, officer or advisor, the director must inform the Board of Directors through the Company Secretary prior to such involvement.

7. **Protecting or Dealing in Bank’s Assets and Services:**

Directors shall oversee the Management’s control on the Bank’s physical assets and shall ensure that management invests in assets that are required for the purpose of conducting Bank’s business. Directors shall monitor implementation of such policies to ensure that the assets of the Bank are protected from being misused.

Further, directors shall not enter into leasing, renting and sale/purchase of any kind with the Bank. However, this restriction shall not apply in case of purchase by paid directors (executive directors) of vehicles, laptops, mobile phone devices and iPads which remained in their own use, provided such sale is covered under the employees service rules duly approved by the Board and is effected at least at book value at the date of such transaction.

8. **Confidentiality:**

In the financial services industry, confidentiality is fundamental. Customers trust MCB Bank with their confidential information (non-public information), as do employees and suppliers. To safeguard that trust, and to meet legal requirements, each director has a duty to preserve and protect confidential information. A Director’s duty regarding confidentiality continues even after they no longer serve on the Board of MCB Bank.

The duty of confidentiality extends to information not only about MCB Bank but also about MCB Bank’s:

- Customers, including persons who apply for products and services;
- Employees; and
- Suppliers, including proprietary information owned by suppliers.

Confidential information concerning a customer, employee or supplier shall never be disclosed to a third party except pursuant to applicable laws or regulations, or a court order or other legal process, or after the informed consent of the customer, employee and/or supplier in writing.

Likewise, proprietary information about MCB Bank’s business, including marketing plans, agreements, customer lists, databases, trade secrets, intellectual property as well as information about competitive and strategic matters, and material, non-public information such as information about MCB Bank’s
current or projected earnings and new business initiatives shall never be disclosed to a third party except pursuant to a statute or regulation, or a valid court order.

9. **Anti-Competitive Practices:**

Competition fosters a fair and effective financial services industry. Accordingly, directors are expected to comply with competition legislation and may not, on behalf of the Bank, agree with other financial institutions or businesses to (i) fix interest rates, prices, charges or types of services or (ii) avoid competing for customers in particular product categories or geographic markets.

10. **Protecting Shareholders’ Interests:**

Directors shall act in good faith in order to promote the objects of the Bank for the benefit of its members as a whole, and in the best interests of the Bank, its employees, the shareholders the community and for the protection of environment through their supervisory role on the overall conduct of business and operations by the management.

This Code is adopted for compliance by the directors of MCB Bank Ltd. after obtaining approval of the Board of Directors in its meeting held on April 25, 2018 at Lahore and shall come into force immediately.
CODE OF CONDUCT & ETHICAL STANDARDS – ACCEPTANCE

I hereby acknowledge that I have received a copy of MCB Bank Ltd. Code of Conduct and Ethical Standards for directors and declare that I have read, clearly understood and expressly agree to the provisions stated herein and shall abide by the same to the best of my abilities.

Name of Director

Signature ___________________________ Date ___________________
1. Introduction

Present day banking serves an important function in the public eye. Maintaining high standards of service and ethics enables Askari Bank to be perceived as impartial, ethical and independent. All employees of Askari Bank must ensure that their actions and conduct protect and promote the reputation and image of the Bank. Nothing that an employee of the Bank does or says should cause the Bank embarrassment or bring the Bank into disrepute in the public eye, especially as regards the impartiality and fairness of the Bank.

This Code:

1.1 is mandatory for compliance by all employees, whether full or part time, employed by Askari Bank, directly or indirectly through a service contract and wherever located.
1.2 also applies as a general guideline to the Directors, mutatis mutandis.
1.3 sets out minimum standards of good banking practices and lays down core values relating to the lawful and ethical conduct of our business activities and provides guidance to all. While the Code provides guidance on the aspects of integrity and impartiality, it cannot and does not cover every situation an employee may encounter. If an employee is uncertain about what to do in a particular situation, guidance should be sought from the Reporting Officer or the concerned Manager.
1.4 does not alter or replace the duties and responsibilities of some of the employees as specifically defined in Banking and Corporate Laws applicable to Askari Bank.
1.5 may be amended or varied generally or specifically with the approval of the Board of Directors for changes due to regulations, laws and practice.
1.6 is not meant to be a complete record of our relationship with customers. Specific products and services have their own terms and conditions, and these will continue to govern customer relationships with regard to the use of those products and services.

Each Askari Bank employee must be fully aware of the provisions of this Code.

2. General guidelines of conduct

Askari Bank employees shall at all times maintain the good reputation of the Bank and shall:
2.1 Render, with integrity, a responsible and effective service of high quality which is accessible by all customers, present and prospective.
2.2 Not abuse the authority that he or she has as an employee of the Bank, in dealings with customers and other employees reporting to him / her.
2.3 Act judiciously, fairly and impartially to all customers when exercising any discretion in the performance of duties;
2.4 Exercise those powers conferred on them in a responsible manner particularly by:
   2.4.1 performing all their duties impartially without favoring any customer and without regard to status, sex, race, religion, political beliefs or aspirations;
   2.4.2 acting honestly, respectfully, transparently and in an accountable manner;
   2.4.3 treating all persons with equal consideration and objectivity;
   2.4.4 using any discretion vested in them judiciously, sensibly, impartially and reasonably.
2.5 Refrain from divulging any information received in the course of their work and duties unless the performance of duty or the needs of justice require otherwise;
2.6 Refrain from making wrong declaration to the Bank, other employees or customers.
2.7 Resist and report any offers of bribes or other corruption emanating from any source.
2.8 In their private life behave in a manner, which does not bring discredit to or impair the dignity or reputation of the Bank.
2.9 Seek to attain the highest possible standards of performance; interpersonal relationships and exercise care for others in employment related activities.
2.10 Carry out official decisions and policies of the Bank within the ambit of law of the land faithfully and impartially.
2.11 Respect and apply this Code and if they have reason to believe that a violation of this Code, laws or regulations has occurred or is about to occur, report the matter to the Reporting Officer or the concerned Manager.

3. Corporate Culture

The Bank recognizes a staff member’s personal behavior and interaction with others as a vital part of the duties of his / her position. In order to achieve the desired level of performance and corporate objectives, preservation of congenial and professional working environment is encouraged.
Askari Bank seeks to create an environment where all persons are treated equitably and with respect, where person’s rights are respected and where efforts of staff are encouraged and their achievements given due recognition.

4. Professionalism

Professionalism embraces the necessary skills, qualification and knowledge to undertake tasks in a competent manner. The employees at the Bank are expected to carry out their responsibilities in a professional manner at all times. They must conduct financial or other affairs in a prudent manner and should avoid situations that could reflect unfavorably on themselves, Bank or its customers.

5. Customer Relationship

Knowing our customers and their needs is the key to our business success. Fairness, Truthfulness and Transparency governs our customer relationships in determining the transactional terms, conditions, rights and obligations.

All employees must be committed to the continued development of the excellent service culture in which we seek consistently to exceed customers’ expectations. Employees should seek to understand customers’ financial circumstances and needs to be able to provide them with most suitable products and services.

All employees must ensure that any advice given to a customer is honest and fairly expressed and restricted to only those services or products where the Bank has the relevant expertise and authority.

6. Maintaining Confidentiality

Confidential information comprises of (a) any non-public, written or oral, information received directly or indirectly from a customer, prospective customer or a third party with the expectation that such information will be kept confidential and used solely for the business purposes of the customer, prospective customer or the third party; and (b) Askari Bank ‘s proprietary information that includes any analyses or plans created or obtained by any Askari
Bank  Division, Operating Unit or Branch.

All Askari Bank employees have a duty to safeguard confidential information, which may come to their possession during their day-to-day work. Respect for customers’ private affairs, merits the same care as does the protection of the Bank’s own affairs or other interests.

This duty of confidentiality involves not divulging information to third parties other than in the following circumstances:

i. where the customer concerned has given permission to do so;
ii. where the Bank is legally compelled to do so;
iii. where there is a duty to the public to disclose; and
iv. where it is necessary for the Bank to present its case - e.g. in court or in other circumstances of a related nature.

Confidentiality applies whether the information has been obtained from those with whom the Bank does business or from sources within the Bank. All such information should only be used for the purpose for which it is intended and must not be used for the personal benefit of an employee, his / her spouse or family member.

All the employees of the bank are strictly prohibited to disclose the fact to the customer or any other quarter that a suspicious transaction or related information is being or has been reported to any authority, except if required by law.

All employees must sign a declaration of confidentiality / secrecy and must comply with the procedures and regulations.

7. Conflict of Interest

Circumstances should be avoided in which personal interest conflicts, or may appear to conflict, with the interest of the Bank or its customers.

Circumstances may arise where an employee, his / her spouse or family member directly or indirectly hold a business interest which conflicts or may conflict with the Bank’s interest. In order to ensure that the Bank makes objective decisions, employee must declare in advance such interest to the Management through Reporting Officer.

Any involvement in an outside activity or any external position held by an employee:

i. must not give rise to any real or apparent conflict with a customer’s interest;
ii. must not adversely reflect on the Bank; and
iii. must not interfere with an employee’s job performance.

Employees must not negotiate or contract on behalf of the Bank with an enterprise in which they have a direct or indirect interest.

Employees on the payroll of Askari Bank must not undertake any other employment, whether part time, temporary or other, or act as consultant, director or partner of another enterprise except with the prior permission of the President of the Bank.

In case of doubt about whether a particular circumstance / situation would create conflict of interest, employees should first consult their Reporting Officer or the concerned Manager for seeking guidance before taking action.

8. Know your customer

Commonly referred to as KYC, is the process to ensure that the Bank is not used for any unlawful transactions. This is achieved by obtaining sufficient information about the customers to reasonably satisfy us as to their reputation, their standing and the nature of their business activities.

Effective use of ‘know your customer’ discourages money laundering, which uses banks as vehicles to disguise or “launder” the proceeds of criminal activities. Involvement in such activities undermine bank’s integrity, damage its reputation, deter honest customers and leads the bank to severe sanctions.

All employees, particularly working in the customer services areas, must establish the identity of every new customer from reliable identifying documents. For existing customers, they must remain vigilant and aware of:

i. activities not consistent with customer’s business;
ii. unusual characteristics or activities;
iii. attempts to avoid reporting or record keeping requirement; and
iv. unusual or erratic movement of funds.

A suspicion that funds transacted with the Bank stems from illegal activities, must be reported internally to the Reporting Officer or concerned Manager.
9. Personal Investments

Personal transactions are actual or intended transactions, usually in marketable investments, by employees for their own account, or in which employees have direct power to make decisions or influence the decisions of persons connected with them by reason of family or business relationship.

Employees must ensure that no conflict of interest arises between their personal transactions and corporate and customer responsibilities. Employees must never attempt to use their position in Askari Bank to obtain an advantage to buy and sell investments.

Employees in doubt about the propriety of any proposed personal transaction should consult their Reporting Officer or the concerned Manager.

Employees shall not, at any time, carry out:

i. short sales of marketable securities or currencies or any other form of trading which is speculative in nature in their own account or for the account of their spouse or family members.
ii. trading in shares, securities or currencies which involve improper use of unpublished price sensitive information for personal benefit.

10. Relations with Regulators

Relationship with Regulators is one of the most important relations, which Askari Bank maintains with the aim of developing mutual confidence and trust.

All employees must comply in letter and spirit, with legal and regulatory requirements applicable to the activities in which we engage.

In case a regulation appears to conflict with the provision of any other regulation or laws, or compliance appears to be impractical or against the general banking ethics, it must be reported to the competent authority for appropriate action. Under no circumstances a violation of a regulation should be committed.

11. Relationship with competitors

Except in situations where the Bank is participating in a transaction with other bank(s), no employee shall have any agreement, understanding or arrangement with any competitor with respect to pricing of services, profit rates and / or
marketing policies, which may adversely affect the Bank’s business.

12. Gifts and entertainment
Gifts, business entertainment or other benefits from a customer or a supplier / vendor, which appear or may appear to compromise commercial relationships must not be accepted by the employees.

Employees may, however, accept normal business entertainment or promotional items appropriate to the circumstances with prior intimation to the Reporting Officer or the Manager.

In the event that a gift must be accepted for reason of customer’s insistence and sensitivity of relationship, such gifts must be surrendered to the Head of Human Resource along with reasons of acceptance. Under no circumstances an employee shall either directly or indirectly accept any amount of money, however small, as gift, gratuity, subscription or reward from any employee of the Bank, customer, supplier or vendor.

Customers who wish to express gratitude for the services of Askari Bank should be requested to send a letter of appreciation.

13. Political Activities
No employee of the bank shall contribute or lend money or items of any value to any of the political candidates or parties. This also includes using Bank’s facilities, equipment, personnel etc. for the purpose. However, they shall be free to participate in political process as concerned individuals through means of voting. In case of an employee considering assuming any public office, specific information with all related reasons must be provided to the Bank for approval.

14. Fraud, theft or illegal activities
Employees are expected to remain alert and vigilant with respect to frauds, thefts or illegal activities committed within the Bank premises. Any such activity must be immediately reported to the Reporting Officer or the concerned Manager.
15. Compliance

All Askari Bank employees are fully committed to ensuring that all business decisions and actions comply with all applicable laws and regulations and to observing good standards of behavior and practice in accordance with the industry practices. Accordingly, all employees must acquaint themselves with all applicable laws and regulations.

Senior Management will ensure that:

i. all employees are aware of this Code;
ii. no employee will be asked to do anything that would contravene this Code; and
iii. queries and concerns arising under this Code will be dealt with properly and may be addressed to the Human Resource Division at Head office.

16. Request for waiver

Where there is a reasonable likelihood that a contemplated action will violate the provisions of the Code, a waiver thereto must be requested from the Executive Committee through the President & Chief Executive Officer / Reporting Officer. However, waiver shall not be granted except under extra-ordinary circumstances warranting such waiver.

17. Breaches and disciplinary action

Contraventions / violations of this Code will be dealt with in accordance with the Service Rules of Askari Bank as amended from time to time.

18. Insider Trading

Employee shall abide by the “inside trading” laws that prohibit from buying or selling stock with advance knowledge of important company/associates information that is unavailable to the general public. Such information may include proposed mergers or acquisitions, new equity or debt offering.
19. Harassment at workplace

Employees must avoid any behaviours that can be termed as harassment and is found to be offensive, threatening or disturbing to other employees.

“Harassment” means any unwelcome sexual advance, request for sexual favors or other verbal or written communication or physical conduct of a sexual nature or sexually demeaning attitudes, causing interference with work performance or creating an intimidating, hostile or offensive work environment, or the attempt to punish the complainant for refusal to comply to such a request or is made a condition for employment.

The above is unacceptable behavior in the Bank and at the workplace, including in any interaction or situation that is linked to official work or official activity outside the office.

20. Certification

Each employee in the Bank shall be required to read / review this Code at the time of joining and subsequently each year and certify in writing that he / she understands his / her responsibilities to comply with the provisions set forth herein.
STANDARDS OF ETHICS, BUSINESS PRACTICES 
&
CODE OF CONDUCT

The objective is to make and project the Bank as a professionally run and managed successful and profitable Islamic Commercial Bank with high standards, discipline, morals, ethical norms and be recognized as such by others within and outside the country.

To achieve the above objective, all the employees and the directors of the Bank must fully comprehend and follow the standards of ethics, business practices and code of conduct.

STANDARDS OF ETHICS & BUSINESS PRACTICES

The objective of these standards is to promote business practices within Meezan Bank, which are Shariah compliant, fair, reasonable and reflect high standards of ethical behavior.

Summarized below are standards to ensure that each member of the MBL family (employee / directors) understands what is expected from them in carrying out daily banking activities. These standards must always be upheld in day-to-day activities in conducting bank’s business.

The standard of ethics and business practices, which the bank expects from all of its employees, is a condition of employment with the Bank and may be considered at the time of performance appraisal of an employee.

1) GENERAL PRINCIPLES

Business ethics are particularly relevant to banks, given the position of trust and the fiduciary that they occupy. Indeed these are even more important for us, as Meezan Bank is the first Islamic Commercial Bank in Pakistan.

In order to be able to meet this responsibility, Meezan Bank will observe the following:

a) Follow the principles and spirit of Islamic finance.
b) Comply with all the regulatory provisions issued by the State Bank of Pakistan, Bank’s Board of Directors, Shariah supervisory board or any other regulatory bodies.
c) Act fairly and properly.
d) Maintain high standards of integrity in dealings with customers and with other financial institutions.
e) Adhere to a high level of professional practice.
f) Endeavor to develop a highly qualified, experienced and committed team of professionals.

2) FOR DIRECTORS

a) Strive for the achievement of Meezan Bank’s vision and mission.
b) Aim for achieving continuous growth in our earnings for our shareholders.
c) Give due importance to all the decisions taken by our Shariah Supervisory Board.
d) Undertake to ensure existence of effective internal controls and risk management in the Bank.
e) Make available true and accurate information about the management, financial position and general business plans of the Bank to all the shareholders and all those who have legitimate interest in our Bank. Any such information will always be free of misrepresentation, exaggeration and overstatement.
f) Understand complete and accurate financial records and to present them in accordance with all applicable laws and professional accounting standards

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3) **FOR EMPLOYEES**

a) Code of Conduct, during office hours or otherwise, shall always be that of a good citizen.
b) Act with integrity, competence, dignity, and ethically while dealing with the customers, shareholders, vendors and colleagues.
c) Understand and comply with the legal/regulatory requirements and internal policies and procedures of the Bank that applies to the duties assigned to the employee.
d) Never willingly enter into a business transaction, which shall violate any law or principles of Islamic finance.
e) Never use their position to force, induce, coerce, harass and intimidate any other person, including sub-ordinate to provide any force, gift or benefit, whether financial or otherwise, to themselves or others.
f) Avoid professional misconduct involving dishonesty, fraud, deceit or misrepresentation. Any unintentional mistake, wherever possible, shall be immediately rectified and reported to the line manager.
g) Not make use of any information including Bank's trade secrets, proprietary, confidential information, gained in the performance of official Bank duties as a means of making any personal profit, gain or benefit for themselves or connected persons.
h) Immediately report to the management of preexisting personal relationship with any existing or potential customer, industry representative or government employee with whom the Bank has a business relationship. Pending clearance from the management, the employee shall take no further action associated with the business in which a personal relationship exists.
i) Will not use the Bank's services or facilities for private purposes except with prior permission.
j) Conduct Bank’s business with honesty, integrity and in a professional manner.
k) Avoid any action on his / her part that may be repugnant, unethical or unlawful.
l) Avoid any action on his / her part that may be viewed as repugnant, unethical or unlawful by customers or public at large or the Bank itself.
m) Avoid any activities that could involve or lead to involvement in any unlawful or unethical governance practice.
n) Avoid participation in any political activities.
o) Avoid participation in any other subversive activities.
p) Abstain from gambling, betting and wagering contracts.
q) Be Exemplary in personal conduct towards the Bank, the other employees and customers of the Bank.
r) Safeguard the confidential information of the Bank and its customers.
s) Avoid actual or potential conflicts of interests in transactions on behalf of the Bank.
t) Provide accurate and reliable information in records submitted.

4) **DEALING WITH CUSTOMERS**

a) Ensure fairness, truthfulness and transparency in informing customers of the terms, conditions, mutual rights and obligations, which shall govern customer services.
b) Present the relevant information in a fair and truthful manner.
c) Should not divulge proprietary information (any information relating to a customer’s affairs obtained by Meezan Bank in the ordinary course of its business with that customer) to third parties other than where the party concerned has given permission to do so or where a bank is legally compelled to do so or where there is a duty to the public to disclose or where it is necessary for the bank to present its case - e.g. in court or in other circumstances of a related nature.

5) **MARKETING AND ADVERTISING**

a) Marketing and advertising practices will confirm to high Islamic, ethical and professional standards.
b) All statements made in advertising and marketing will be honest and truthful and not such as to mislead or confuse.
c) No information will be omitted which would be essential to the formation of a considered view by the recipient.
6) **GUIDELINES FOR MBL NOMINATED DIRECTORS**

The directorship of an employee in the companies MBL has a stake in, is subject to the following terms and guidelines:

a) The directorship is by virtue of nomination by MBL and not in the individual's personal capacity.
b) An employee nominated for directorship remains the employee of MBL and only represents MBL's interest in the company.
c) For all directorships in individual capacity, prior written clearance should be obtained form President & CEO.
d) An employee acting as director of the company will keep MBL's interest supreme in all decisions regarding the company and ensure effective presence of MBL in the company.
e) If an employee receives any fee exceeding Rs.25,000/- in a Tax year (July 1st to June 30th) on account of Director's Fee or Attendance Fee from any one board membership, the entire Fee will be passed on to Meezan Bank. This amount will not be counted towards the income of employee but will be credited towards MBL's income.
f) The directorship may not be used for availing any personal gain either monetary or otherwise.
g) Reimbursement of expenses, per diem travel cost etc. paid by the company where the employee is a Director is not required to be surrendered to MBL.
CODE OF CONDUCT

1) CONFIDENTIAL INFORMATION
Employees shall maintain strict secrecy regarding the Bank’s affairs and shall not (except so far as is necessary and appropriate in the normal course of their employment) disclose to any person, any information as to the practice, dealing or affairs of the Bank or any of their customers, which may come to their knowledge by reason of their employment.

During the course of employment and after its termination for whatever reason, the employee must not disclose to anyone (nor use for any purpose other than the business of the Bank) any information relating to the Bank or its employees which is not already available to the public, unless authorized to do so. Such information includes customer data, product manuals, technical secrets, confidential research work, technical processes, operating manuals, marketing plans and strategies and other confidential financial or business information of the Bank.

The confidentiality of non-Banking information must also be respected regardless of how an employee comes across it. If an employee receives or holds information, which he/she knows or believes, is confidential to another person/organization, e.g. a competitor or former employer, he/she should not use that information or disclose it to anyone else in the Bank. The distinction between confidential information that should be treated in this way and other non-protected information is not always clear. If in doubt, consult Human Resources Department.

Confidential information concerning a customer or a supplier must never be disclosed to a third party except pursuant to a statute or regulation, or a court order or other legal process, or after receiving consent of the customer or supplier in writing.

Likewise, proprietary MBL information i.e. confidential information about Bank’s business or business plans, products and services, marketing methods, technology or systems, must never be disclosed to a third party except pursuant to a statute or regulation or a valid court order.

For these purposes, “confidential information” is non-public information about MBL or a customer or supplier that would be useful to a competitor or important to an investor in deciding whether to purchase, hold or sell any MBL shares, or the shares of a customer or supplier. The employees are required to maintain “Clean Desk” i.e. leaves no confidential information on the working place/desk/Computer terminals unattended.

The employees of the bank are strictly prohibited to disclose the fact to the customer or any other quarter that a suspicious transaction or related information is being or has been reported to any authority, except if required by law.

2) RECORDING OF INFORMATION
No unrecorded fund or assets of Bank shall be established or maintained for any reason. No false, artificial or misleading entries in the books and records of Bank shall be made for any reason. All reporting of information should be accurate, honest and timely and should be a fair representation of the facts.

3) CONFLICT OF INTEREST
A conflict of interest arises when any employee;

a) Permits the prospect of direct or indirect (e.g. through a family connection) personal gain to influence his/her judgment or actions, or
b) More generally, when he/she favors someone else’s interest over the interests of the Bank and its customers, or

c) He/she favors the interests of customer(s) over the interests of the Bank in the conduct of Bank’s business.

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There it is obligatory that;

a) An employee may not hold a position of director, consultant, employee, representative or agent with any supplier, competitor, customer, individual or organization either doing or seeking to do business with Bank without prior written consent of the Bank’s President & CEO. If any immediate family member holds a position with any organization doing or seeking to do business with the Bank, a written disclosure must be made promptly to line manager/HRD.

b) An employee may not hold any interest in any organization doing business with the Bank without the written consent of Regional Manager or Department Head, unless it is a company/establishment quoted on a Stock Exchange and the interest is less than 1 percent.

All employees must ensure that their personal interests do not conflict with the duties which are owed to Meezan Bank or which Meezan Bank owe to its customers.

This includes engaging in any of the following activities, without the prior written permission / approval of the Chief Operating Officer (COO) / Chief Executive Officer (CEO).

a) Becoming personally involved in any Meezan Bank's transaction;
b) Negotiating or contracting on behalf of MBL with an entity in which the employee or his/her relative has an interest;
c) Accepting any employment or retainer-ship, consultancy or partnership outside the Bank;
d) Getting involved in any activity contrary to the local law(s) or National Security to gain personal benefit(s);
e) Employees must not receive / offer any form of bribe or commit or involve in fraud / forgery. Any employee found involved in such activities shall be liable to the disciplinary action / criminal proceedings.

If any employee wishes to undertake a non-executive director, trustee or supervisory position with external organizations, the employee must obtain the consent of the President & CEO. In considering any requests, the following factors will normally be taken into consideration:

a) The amount of time required to fully discharge the duties of the position, particularly any periods required during normal working hours.
b) Employee’s current workload and performance level. Permission will not be given if it is envisaged that the extra responsibilities will impair employee’s ability to perform his/her role in the Bank or affect his/her health.
c) The nature of the organization offering the position. Permission may be refused if the appointment is considered to be commercially, politically sensitive or exposes the Bank or the employee to charges of commercial indiscipline.
d) The potential within the position for development of key competencies, valuable to the employee or the Bank.

In the event that consent is obtained, any remuneration received for work carried out in normal working hours must be paid to the Bank.

4) HIRING / EMPLOYMENT OF RELATIVES
Meezan Bank will not employ a person in the same Branch/ Hub/ Regional Office/ Area Office/ Head Office Department or any other office/affiliates, in which a relative of the incumbent is already employed. The aim is to avoid/discourage all sorts of conflict of interest, favoritism, nepotism etc.

It may be noted that hiring of relatives may only be allowed if relatives are geographically not stationed at the same Branch / Hub / Regional Office / Head Office Department etc and their working relationship interests should be mutually exclusive. For the sake of clarity, relative in this context means;

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<thead>
<tr>
<th>Son &amp; his spouse[s]</th>
<th>Daughter &amp; her spouse</th>
<th>Father &amp; Mother</th>
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<tbody>
<tr>
<td>Step-father &amp; Step-mother</td>
<td>Sister &amp; her spouse</td>
<td>Brother &amp; his spouse[s]</td>
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<tr>
<td>Employee’s Spouse</td>
<td>Spouse’s sister &amp; brother</td>
<td>Spouse’s parents</td>
</tr>
<tr>
<td>Spouse’s step-parents</td>
<td>Maternal/Paternal Aunt</td>
<td>Maternal/Paternal Uncle</td>
</tr>
<tr>
<td>Niece / Nephew</td>
<td>Grand-Parents / Children</td>
<td>Cousin’s of the first degree</td>
</tr>
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If a candidate being considered for a position at MBL has a relative employed at MBL, this fact should be disclosed by either the candidate or existing employee (relative of the candidate) at the time of hiring. The interviewer should also question the candidate for the same. Provision for this has been made in the “Interview Rating Sheet” that has to be filled as a part of hiring process. In case of a relative already working at MBL, the hiring has to be approved by the President & CEO.

Meezan Bank will not recruit relatives of the employees of EVP II & Above grade. In case of marriage of two MBL staff members or any new relationship developed between two employees by virtue of any marriage in their family; these employees should intimate HR within 15 days of such development. These guidelines apply to all employees (regular / contract) of Meezan Bank Limited.

5) MIS-DECLARATION/ CONCEALMENT OF FACTS
An employee shall not make any mis-declaration or conceal the facts in knowledge. The following are illustrative examples, but are not all-inclusive:

a) An employee issuing an incorrect account statement, salary certificate or any other information for any customer or staff member.
b) An employee issuing a fake claim for reimbursement of any expenses whereby either the expenses are inflated and/or the difference between expenses claimed and actually incurred are pocketed by the staff member.
c) An employee at the time of induction in MBL (i.e. during interview and in testimonials) provided a false, forged, misleading information or concealed, hide, incompletely stated, any information regarding credentials, academic record(s), previous employment(s) and demographic details.

6) NOTIFICATION OF IMPROPER CONDUCT
If an employee believes that someone has acted or may be acting improperly in contravention of the principles set out in the Bank’s Code of Conduct, he/she is encouraged to inform the Bank of these concerns. Such concerns may be over health and safety/security matters, financial malpractice, discrimination or unethical conduct.

In the first instance, the employee should raise concerns with line manager or any senior executive directly above the concerned manager. However, if he/she finds this course of action difficult and feels it would be appropriate to discuss the matter with someone else, he/she should contact Manager Employee Relations at HRD. It is the responsibility of concerned manager or senior executive to:

a) Respond to the concerns (if the manager is already aware of the situation and satisfied that there has been no improper conduct).
b) Conduct an investigation into the matter if it is within his/her area of responsibility and there are grounds for concern; OR raise the issue with Employee Relations Manager in HRD, if the matter is outside his/her area of responsibility.
c) Communicate the outcome of any investigation to the employee. Where action is not taken, an explanation should be provided without disclosing anything of a confidential nature.
d) During any discussion or investigation, it may become apparent that other departments should be consulted by the manager e.g. Internal Audit or Legal or Human Resources. It may also become appropriate to process the matter through other existing procedures (such as the disciplinary action procedure).
e) If an employee, after discussing the matter with employee’s concerned manager or senior executive continues to have concerns, he/she may contact directly to the Internal Audit or Legal or HRD, as described above.
f) An employee will not be penalized for expressing personal concerns in good faith. Raising unfounded allegations with malicious intent, however, is a serious disciplinary matter as is victimizing or deterring employees from raising a concern about improper conduct.

The Bank will endeavor to maintain confidentiality in respect of all concerns raised.
7) **DEALING WITH OUTSIDE AGENCIES**
As a matter of policy, no gift of any value will be offered or made and no lavish entertainment offered or extended to any government or private official or employee. Entertainment of an employee, agent or official of the Government, Private entity is limited to routine lunches or dinners occurring during the conduct of regular business and that only to the extent that it is not in violation of the policy of the Government, Private Entity involved and has duly been sanctioned by the Bank.

8) **KNOW YOUR CUSTOMER, VENDORS AND COUNTER PARTIES**
In order to safeguard the Bank’s reputation and integrity, it is not only necessary for employees to discipline their own actions, it is also necessary to be aware of the character and actions of customers, vendors and counter parties. Care must be exercised in selecting those with whom we deal. Each MBL business must have processes in place for checking on the credit and character of customers, vendors and counter parties. Employees must ensure that the Bank establishes relationship with only those individuals, businesses and entities who have sound reputation and whose true identity has been established. Employees should conduct maximum caution in opening new accounts and before opening, ensures that due diligence steps are completed.

9) **GIFTS & ENTERTAINMENT**
At certain times of the year some customers, suppliers, contractors and consultants to the Bank may present gifts or arrange entertainment for employees. While the sentiments behind such actions are usually genuine, there is a possibility that others may misconstrue them. In a minority of cases such actions may not be in the best interest of good working relationships.

*A good rule of thumb may be to consider the following:
* 
*IF YOU WANT IT- DON’T TAKE IT
* 
*IF YOU DON’T WANT IT – WHY TAKE IT?*

Gifts may be presented locally or internationally in the form of Cash or in kind of Services, either free or discounted.

**PRECAUTIONS/GUIDANCE**
An employee should never allow him/herself to be in a position whereby he/she might be deemed by others to have been influenced in making business decisions as a consequence of accepting a gift or hospitality.

Following are the specific guidelines to be strictly followed:

a) Employees are not allowed to accept gifts from companies or individuals with whom the Bank does business. Examples are:
   i. Kickbacks in cash from customers, suppliers or contractors.
   ii. Gifts from customers, suppliers or contractors.
   iii. Services from customers, suppliers or contractors.
   iv. Invitations to attend functions by customers, suppliers or contractors, especially those with lucky draws involving expensive prizes.
   v. Foreign holidays or tours arranged/paid by customers, suppliers or contractors.
   vi. Gifts with commercial value from travel agents, hotels or insurance companies.

b) Employees are allowed to accept only minor items such as small number of inexpensive items like calendars, diaries, desk pads and pens usually bearing a company logo. In no case should the specialties items be valued at more than Rs.5,000/- in total. The Department Heads / Line Managers should be consulted if any doubts are encountered.

c) If the employees are offered gifts, other than minor items as listed above, they should politely but firmly decline them, referring to Bank policy, if necessary.

d) If gifts are delivered at their houses or workplace and cannot be easily returned without incurring embarrassment, they must hand over gifts to the HRD, which will consider the most appropriate ways of dealing with them.
e) As a recipient of any gift, employee will write to the senders acknowledge receipt of the gifts, inform them of the course of action taken and inform them of the Bank’s policy in acceptance of gifts.
f) Gifts from airlines arising from business travel such as travel bags, pens and toiletry sets will be allowed along with the accrual of air miles in appropriate schemes. Cash reimbursements or deals offering refund or free air tickets or lodging must be returned to the company marking the same.
g) The employee must not accept hospitality unless it is business related. The frequency and scale of business related hospitality should not be significantly greater than what the Bank is likely to reciprocate. Invitations to suppliers’ social events, sports or theater tickets, golf outings, non-business dinners etc. should generally be avoided.
h) Generally, when employees travel to visit a supplier and a lunch/dinner meeting is appropriate, the customer/s supplier will many times pay for it. When the same supplier visits Bank, the concerned unit’s staff should reciprocate with lunch/dinner and turn in an expense report.

10) PURCHASING ACTIVITIES
The staff involved in purchasing department is many times the first or perhaps the only department with which a non-banking person or group has contacts. It is, therefore, essential that all personnel who are directly or indirectly responsible for Bank’s expenditure behave both professionally and ethically. The intent and appearance of unethical or compromising practice in relationships, actions, and communications must be avoided. Many times the way in which an outsider views this department/unit is the way they view the Bank as a whole.

The employee should never use authority or office for personal gain and shall seek to uphold and promote the standing of the Bank and the purchasing department by maintaining a standard of integrity above reproach, in all business relationships both inside and outside the Bank.

11) ENGINEERING WORK FOR THE BANK
On work related to expansion of branch network, employees must adhere to the highest standard of ethical conduct and exercise extreme caution in arranging or supervising contractual work related to construction, erection, renovation installation of electrical / civil / mechanical work, fittings or furniture etc.

Employees must ensure that such relations are strictly in line with the term of the contract and no undue advantage is extended or received from such entities. Should any undue deviation or influence is felt; the same must be brought to the attention of the competent authority for redress.

12) ADVERTISING FOR THE BANK
Advertising staff must also act to the highest standard of ethical conduct in interaction with vendor, advertising firms or media agencies. The jobs entrusted must strictly conform to policies of the Bank in all related dealings.

13) TAKAFUL COVERAGE FOR THE BANK
Most of the takaful coverage companies to generate business for themselves offer a number of inducements to clients. The employee dealing with such entities for coverage of Bank employees, assets, transit items or obtaining policies on behalf of customers for trade finance or consumer products must exercise due care and caution; negotiate the best advantageous coverage at best price without any other consideration for self.

14) OTHER CORPORATE ETHICAL POLICIES
Here are some other important corporate ethical policies and requirements:

a) If an employee wishes to become officially employed with any outside company or other organization as director, employee, consultant or advisor, such employment must first be approved by the President & CEO.
b) An employee must obtain the consent of the Heads of Marketing and PDSC before submitting a work for publication or making a public speech/articles/media presentation (be it print or electronic)/interview. Generally, approval will be granted if the writing or speech furthers the
cause of Islamic banking, furthers legitimate MBL business interests and does not involve the disclosure of confidential information.

c) Our internal ethical standards are the results of shared moral convictions. Rationales such as ‘everyone in the market does it’ or ‘our competitors do it’ cannot be countenanced as permitting deviations from our standards.

d) Compliance with laws, regulations and ethical standards is an important element of our obligations to our customers, our stockholders, the general public and other staff. It is essential to our success that we take compliance seriously. Each employee of the Bank should think of compliance as a personal responsibility and should be expected to be held accountable for all compliance-related activities.

15) **Bribery & Misconduct**
An employee will be guilty of an offence, who, without lawful authority or reasonable excuse:

a) Solicits or accepts any advantage as an inducement or reward for doing or intending to commit any action in relation to the Bank’s affairs or business,
b) Shows or intending to show favors or disfavors to any person in relation to the Bank’s affairs or business;
c) Offers any advantage to any one as an inducement or reward for any favor / disfavor or otherwise,
d) Intends to deceive the Bank by using any receipt, account or other document which is false or erroneous or defective in any way and which to employee’s knowledge is intended to mislead the Bank.
e) Take any cash or near-to-cash benefit from any stake holder of the bank to provide undue advantage.
f) Pay any cash or near-to-cash benefit to any stake holder of the bank to take undue advantage.

16) **Fraud, Theft or Illegal Activities**
Employees shall be alert and vigilant with respect to frauds, thefts or illegal activity committed within the office. If any such activity comes to the attention of an employee, the employee must immediately report the same to the Head of Audit, Head of Operations and Head of Human Resources; who will arrange for appropriate follow-up action to be taken. Failure to report any such activity will be subject to disciplinary action.

17) **Money Laundering**
Bank has set its priority not to become implicated, in any way; with individuals or firms involved in criminal activities and money laundering. The employees are expected to exercise maximum caution in this regard.

The employee should know the customer, be vigilant for unusual circumstances and immediately report any suspected case to the Manager/Area Manager/Regional Manager/Compliance Department/ Audit Department, who will arrange for appropriate follow-up action to be taken. Failure to report any such activity will be subject to disciplinary action.

18) **Courtesy and Manners**
Employees of Meezan Bank Ltd. shall maintain utmost courtesy and exemplary manners when interacting with clients or with each other. Employees are dealing on behalf of the Bank, so they are required to keep high standards of professionalism and ethics. Any violations of this code shall be brought to the attention of supervising officials as well as the Human Resource Department for their information, record and remedial disciplinary action.
19) **Offences & Punishment**
An employee of the Bank that commits breach of the policies, discipline and knowingly does something detrimental to the interest of the Bank, attracts strict disciplinary action that can lead to termination or dismissal as per relevant bank policy. The Bank, at its sole discretion, shall determine what act or omission constitutes misconduct, breach of trust or negligence to assigned duty.

20) **Honesty & Integrity**
Employees shall serve the Bank, devote whole time during office hours and discharge their duties honestly, faithfully and use their utmost endeavors to promote the interest of the Bank. They shall behave with decorum, integrity, show courtesy and attention in all dealings with customers, government officials, senior officers, colleagues, subordinates and general public.

21) **Financial Services Compliance**
Employees shall observe the requirements of legislation / the rules and regulations of the statutory regulatory authorities set out in detail in various compliance bulletins, circulars and notices issued to all offices of the Bank.

22) **Change of Personal Information**
Employees must notify the Bank as early as possible about any change in their personal data e.g. marital status, educational / professional qualification, change of home address, change of group life coverage / provident fund nominee, birth of children, death in the immediate family etc. The appropriate record will be updated accordingly.

23) **Familiarization and Adherence to Rules and Regulations**
Employees must familiarize themselves with the Bank’s rules and regulations, Islamic banking practices, internal procedures, customs, usage and practices pertaining to the Bank’s operations. They are expected to do their utmost to ensure the quality of the Bank’s operation by adherence to all laws, rules, practices and procedures etc. as issued from time to time.

24) **Personal Mail, Telephone Calls, Faxing and Photocopying**
Except in genuine exigencies, Bank facilities should not be used for personal mail, telephone calls, faxing or photocopying. Any ensuing cost incurred may be deducted from the employee’s personal account.

25) **Permission to Leave Station During Disciplinary Action**
Employees under disciplinary action by the bank are required to obtain prior approval of HR Department before leaving their stations for work-related travel, holidays, long weekends, or any other purpose except in extreme exigencies.

26) **Employee’s Identity Card**
Bank’s Identity card gives all employees a unique identity as members of the Meezan Bank Ltd. team. Wearing of ID card by all employees of Meezan Bank Ltd. is compulsory for identification and security reasons. Employees of a third party contractor will not be provided Bank’s ID Cards. However they should also wear ID cards provided by their company.

27) **Participation in Political Organizations**
No employee shall take part in, subscribe in aid of, or assist in any way in any political movement in Pakistan during the office timing at the office premises. No employee shall use official influence in connection with or take part in any election to a legislative body, whether in Pakistan or elsewhere.

28) **Ideology of Pakistan**
No employee shall express views detrimental to the ideology or integrity of Pakistan.

29) **Direct Representations to the High Govt. & MBL Officials**
No employee shall make any personal representations directly to Chairman, Directors or Members of the Board, or Government functionaries. Such representations must be addressed to the President & CEO
through the immediate supervisor of the employee. However this policy does not in any way seek to block a citizen’s redress to the judiciary and other statutory redresses.

30) **DEFAULT IN PAYMENT WITH OTHER BANKS**
According to the State Bank of Pakistan’s Prudential Regulations’ Fit and Proper test for appointment, a person cannot be employed by the Bank as Chief Executive, member of Board of Directors or key Executive if he/she has been in default of payment of dues owed to any financial institution and/or has been declared as defaulter in payment of any taxes in individual capacity or as proprietary concern. Similarly for all other inductions, MBL ensures that the new joiner should not be in heavy debt burden and should not be in default with other financial institutions.

31) **TRANSFER OF SERVICES**
Services of the employees may be transferred at the sole discretion of the Bank at any time in any city where the bank has its operation or intends to start operation. Such transfer may also involve change in the employee designation and official responsibilities.

32) **BANK’S PROPERTY IN THE CUSTODY OF THE EMPLOYEE**
The bank’s property (e.g. accommodation, car, motorcycle, PC / laptop, mobile phone, ID card, etc.), which has been in use / custody of an employee, who is retiring or resigning, shall be handed over to the Administration Department of the bank on or before last working day, unless another date has been approved in writing by the Bank. In the case of an employee being discharged, terminated or dismissed; the bank’s property should be handed over as soon as possible. The responsibility for the collection of the assets lies with Administration Department.

33) **INFRINGEMENTS OF RULES**
An employee guilty of infringing any of the provision of rules shall render himself/herself liable to disciplinary action that could lead to the dismissal from service.

34) **CORE VALUES**
   a) Shariah Compliance;
   b) Integrity;
   c) Professionalism;
   d) Service Excellence;
   e) Social Responsibility.

35) **MEEZAN BANK’S PERSONALITY**
The Bank expects its employees to be:
   a) Sober;
   b) Truthful;
   c) Committed to excellence;
   d) Empathetic;
   e) Professional;
   f) Extremely loyal;
   g) Dependable friend;
   h) Trust worthy business partner;
   i) Committed to the cause of Islamic Banking.

36) **HEALTH & HYGIENE**
Personal Hygiene is the most important aspect of our daily life. The personality is perceived by its degree of neatness. The personal hygiene covers care of Body odor, Bad breath, Teeth, Nails, Ears, Nose, Hair, daily shower, shave (if not keeping proper beard), daily wear washed, clean, pressed cloths etc.

Every employee shall also be responsible to take care of health and the hygiene conditions of the offices / working areas. This not only covers the office decorum, but is also a legal requirement. Employees must:
37) **SMOKING AND CHEWING BETEL LEAVES (PAAN) AT THE OFFICE**

Smoking and chewing of Betel shall be prohibited in all offices of the Bank. Customers may politely be informed of this regulation, introduced in the interest of health and welfare of all concerned as well as for keeping the premises neat, clean and pollution-free. Through these rules, Meezan Bank Ltd. demonstrates to the outside world, that as an institution, it cares for the peoples' health and the environment.

38) **DISCIPLINE & DECORUM**

All staff members working in any Unit shall:

a) Speak in such low volume and pitch that the colleague sitting at the adjoining desks should not be disturbed;

b) Not talk to department staff or colleagues across desks and instead, use intercom facility.

39) **WORKING TIMINGS**

All staff should report for duty on or before official time and should be ready to attend clients' dealings at 9:00 a.m.

Official timings of the Bank are as follows:

<table>
<thead>
<tr>
<th>Week Days</th>
<th>HO/ Area &amp; RO Timing</th>
<th>Branch Timing</th>
<th>8 to 8 Banking Timing</th>
<th>Mid Breaks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday to Thursday</td>
<td>9:00 a.m. to 5:30 p.m.</td>
<td>8:45 a.m. to 5:30 p.m.</td>
<td>7:45 a.m. to 8:30 p.m.</td>
<td>(With 45 minutes lunch / prayer break)</td>
</tr>
<tr>
<td>Friday</td>
<td>9:00 a.m. to 5:30 p.m.</td>
<td>8:45 a.m. to 5:30 p.m.</td>
<td>7:45 a.m. to 8:30 p.m.</td>
<td>(With two hours lunch / prayer break)</td>
</tr>
<tr>
<td>Saturday</td>
<td>9:00 a.m. to 2:00 p.m.</td>
<td>8:45 a.m. to 2:00 p.m.</td>
<td>7:45 a.m. to 2:00 p.m.</td>
<td>(Without break)</td>
</tr>
</tbody>
</table>

Timings during the month of Ramadan shall be followed as per the circular issued by the State Bank of Pakistan. MBL will also follow timings seasonally prescribed by SBP for different parts of country.

There is no grace time allowed and late arrival would be marked even if employee has given prior information of arriving late, unless the late arrival was due to an earlier official appointment or late night official travel etc. Late arrivals for personal reasons will be considered late in any case.

After every 5th late arrival in a month, late-comers will have one casual leave deducted from their leave balance. If there is no casual leave balance available, one annual leave will be deducted. In the event that there is no annual leave available, one day will be marked as leave-without-pay.

For every un-condoned absence, employees will have one casual leave deducted from their leave balance. If there is no casual leave balance available, one annual leave will be deducted. In the event that there is no annual leave available, one day will be marked as leave-without-pay.

The attendance record should be carefully reviewed by each staff as the above mentioned policy will be effected if not rectified with 7 days.

The Branch Manager / Line Managers and Department Heads will cascade the month end attendance
register with all staff in their reporting line for any possible rectification. This being a policy statement, HR will not issue any separate warning for effecting above penalties.

The disciplinary action may be initiated against habitual latecomers and abconders.

40) COMPUTER, E-MAIL, INFORMATION SECURITY

MBL computer system contains an e-mail facility, access rights, information and software, which are intended to promote effective communication within and outside the Bank, on matters relating to its business and facilitate routine information flow and smooth & safe transactions.

The email system should therefore only be used for official/business purpose. All communication and information are the property of MBL and the Bank reserves the right to retrieve the contents of the messages for the purpose of monitoring. The employee shall be held accountable for all activities under his / her password.

The access rights of all employees, contractors and third party users to information and information processing facilities shall be removed upon termination of their employment, contract or agreement, or changed accordingly.

The following policy shall be used for removal of access rights to MBL information assets:

a) The respective HOD / Branch Manager shall be responsible for the removal of access rights for an individual.

b) Upon termination, the access rights of an individual to information assets and services shall be revoked and execution of this activity shall be signed off by the respective HOD / Branch Manager.

c) The respective HOD/Branch Manager shall ensure that access rights are removed including physical and logical access, IDs & passwords, keys, identification cards, information processing facilities. The respective HOD / Branch Manager shall also ensure that terminated employee is removed from all magazine/email subscriptions and also removed from any documentation that identifies them as a current employee of MBL.

d) If a departing employee, contractor or third party user has known passwords for accounts remaining active, these shall be changed upon termination or change of employment, contract or agreement.

e) Access rights for information assets and information processing facilities may be removed even before the employment is terminated or the role is changed, depending on the evaluation of risk factors.

41) TELEPHONE ETIQUETTES

The communication on the phone is an important part of banker’s job. This could be with internal and external clients. It is imperative to communicate effectively; keeping a very important thing in mind that; every phone call is a potential sale.

In order to standardize phone calls handling, the following standard may be observed.

a) Employees are expected to answer all incoming calls within 3 bells.

b) Employees are also expected to attend incoming calls of their colleagues in Branch/ Department/ Vicinity (in their absence) within 3 bells. Also make note of the message from the caller.

c) The standard Meezan Bank Telephone Greeting is; “Assalam-o-aleykum, Meezan Bank, Name of the Receiver”.

d) Every call should be handled with courtesy, friendliness and efficiency.

e) If employee make a commitment, it is the moral obligation and duty that employee meet that commitment (e.g. if employee promise to call back then he/she must do so within the timeframe promised).

f) Keep the customer informed of what the bank is doing or what course of action is being followed.

g) Be courteous and do not give orders to customers.
h) Before putting a customer on hold, ask first and - most importantly- wait for his/ her answer.
i) In case the call is disconnected/ dropped, do not wait for the customer to call, always call back
yourself.
j) In case employee is not able to address the customers concern/query, please ensure that the query is
passed onto the relevant staff after briefing them of the issue.
k) It is important that phone calls for all department heads/ branch managers on their direct numbers/
extensions are attended during their absence. They must therefore designate one individual to
attend such calls.
l) Please ensure that any calls received during absence are returned.
m) When making a call, be sure to first identify yourself and Meezan Bank.
n) Treat the call as if it is a meeting that has a purpose and an agenda.
o) If employee has to put the phone down, do it gently to spare caller's ear.

42) **MOBILE PHONES**

a) Employees should keep their mobile phones on vibration (preferably) or on basic tones while on
duty.
b) Song / instrumental beats or animals tones are strictly prohibited.
c) Employees are advised to take care of their mobile sets in bank premises. The Bank shall not be
responsible if it’s lost.
d) Employees, who have been provided mobile phones by the Bank, shall keep their phones operative
24 hours. Incase of non-compliance, the mobile facility can be withdrawn.

43) **DRESS CODE & PROFESSIONAL ATTIRE**

Attire is a reflection of professionalism as well as that of the Bank’s brand and personality. A professional
business appearance together with a high standard of personal hygiene is expected from all employees. The
Official Dress Code of MBL is professional corporate attire inline with traditional Islamic modesty. At
MBL, every staff member is expected to have a professional business appearance together with a high
standard of personal hygiene.

The dress code & professional attire of both genders are detailed below:

43.1- **DRESS CODE FOR MALE EMPLOYEES**

a) An appropriate dress code includes dress trouser, dress shirt, necktie & dress shoes (black / brown)
on all working days including Fridays. Shalwar Kameez with Sherwani is also allowed.
b) Smart/Business casual is permitted (for Head office staff) on Saturdays only. Smart casual means
Trousers, Shirt (without neckties), T-Shirts (with collars and sleeves) and dress shoes.
c) Employees working in branches & involved in customer dealing shall follow the formal dress code
on Saturdays.
d) Moustache should be trimmed, tidy & well groomed.
e) Hair must be kept short & neatly styled.
f) Proper care of body hygiene is a must.
g) Collar/sleeve less T-shirts, Shalwar Qameez without Sherwani, jeans, sandals, joggers, Slippers are
strictly prohibited.
h) Bracelets and earrings are not permitted.
i) All internees must also follow the same dress code.
j) Non clerical staff i.e. messengers, security guards, tea boys, maintenance staff etc. shall always be
dressed in uniforms.

43.2- **DRESS CODE FOR FEMALE EMPLOYEES**

a) Female employees should dress elegantly with a Headscarf and Abaya, without being ostentatious.
b) An appropriate dress code includes shalwar kameez / any modest dressing, with Abaya.
c) Females staff are required to wear Hijabs (a scarf covering the entire head and hair and a gown
covering sleeves) while on duty, training & on clients’ visit, as required by Islamic injunction.
d) All internees must also follow the same dress code.
e) Female staff is expected to exercise discretion in their choice of make-up & jewelry. Nails should
not be longer than medium & may be polished only with neutral colors.
f) Proper care of body hygiene is a must.

44) **PERSONAL PROPERTY**
Meezan Bank Ltd. is not responsible for the security of employees’ personal possessions. Employees therefore should not leave their valuables unattended at work.

45) **CONCLUDING GUIDANCE**
No Code of Conduct can spell out the appropriate behavior for every situation, nor should it seek to do so. Meezan bank relies on its every employee to make a judgment of what is right and proper in any particular situation.

The following questions to be considered before determining whether taking action is appropriate or not:
   a) Is the action legal and does it complies with the Bank’s policy / standards?
   b) Does action 'feel right'? Could it be justified to others in the Bank or to the Senior Management of the Bank?
   c) Can action be defended if questioned by the management or by the law enforcing agencies?

46) **IMPLEMENTATION**
HRD will issue this Statement of Ethics, Business Practices & Code of Conduct for all existing employees and new joiners for them to go through, understand and sign off being the token of their acceptance and adherence.

Any violation of the above stated points will be subject to disciplinary action. In addition, disciplinary measure will apply to any supervisor who directs or approves violation or has knowledge of them and does not move promptly to correct them in accordance with this document.

47) **REPORTING BREACHES**
All Branch Managers and Department Heads are responsible for ensuring compliance of the above guidelines in their respective branches and departments. The Audit, Compliance and Service Quality staff will ensure to report deviations to the policy in their periodical reports. Any breach of this Code of Conduct to be reported immediately as defined in the text of this document or to the respective Branch Manager with a copy marked to Area and Regional Managers (for Branches/ Area/Regional Offices) and the respective Department Head (for Head Office). In all cases, a copy will also be marked to Head of Audit, Head of Compliance and Head of Human Resources.
THE BOARD OF DIRECTORS, THE BANK
OF KHYBER CODE OF CONDUCT

I, as a Director of the Bank of Khyber, hereinafter called “BoK” and or the Bank,
solemnly affirm that:

• I will conduct myself with the highest standards of ethics, professional integrity
  and dignity in all dealings with the public, clients, investors and employees of
  the Bank and not engage in acts discreditable to the Bank. If I become aware of
  any irregularity that might affect the interests of the Bank, I will inform the
  Board immediately.

• I will avoid all such circumstances in which there is personal interest conflict,
or may appear to be in conflict, with the interest of the Bank or its customers.

• I shall not use my status to seek personal gain from those doing business
  or seeking to do business with BoK, nor accept such gain if offered. I shall not
  accept any gift, favour, entertainment or other benefit the size or frequency of
  which exceeds normal business contacts from a constituent or an employee of the
  Bank or from persons likely to have dealings with the Bank and candidates for
  employment in the Bank.

• I shall not accept any benefit from the estate of, or a trust created by a
  customer, or from an estate or trust of which a Bank’s Company or business
  unit is an executor, administrator or trustee.

• I will maintain the privacy and confidentiality of all the information acquired
  during the course of my Directorship and refrain from disclosing the same
  unless otherwise required by statutory authorities/law. All such information will
  remain as a trust and will only be used for the purpose for which it is intended
  and will not be used for the personal benefit of any individual(s). Inside
  information about Bank’s customers/affairs shall not be used by me for own
  gain, or for that of others either directly or indirectly.

• I will not engage in Money Laundering and will be extremely vigilant in
  protecting BoK from being misused by anyone to launder money by strictly
  complying with “Know your customer” policies & procedures.

• I will, as a personal responsibility safeguard both the tangible and intangible
  assets of BoK and its customer(s) that are under my personal control and will
  not use bank assets for my personal benefits except where permissible and
  customary.
I will also not indulge in any of the following activities.

Borrow money from or in any way place myself under pecuniary obligation to broker or moneylender or a client or employee of the Bank or any firm or person having dealings with the Bank.

Buy or sell stock, shares or securities of any description without funds to meet the full cost in the case of purchase or scripts for delivery in the case of sale. However, I can make a bona-fide investment of my own funds in such stocks, shares and securities as I may wish to buy.

Lend money in my private capacity to a constituent of the Bank or have personal dealings with a constituent in the purchase or sale of bills of exchange, Government paper or any other securities.

Act as agent for an insurance company otherwise than as agent for or on behalf of the Bank.
CODE OF CONDUCT – ETHICS AND BUSINESS PRACTICES

OBJECTIVES

The objective is to make and project the Bank as a professionally run and managed successful and profitable Bank with high standards, morals and ethics and recognized so by others within and outside the country.

To achieve the above objective, all the employees and the directors of the Bank must fully comprehend and follow the standards of ethics and business practices.

STANDARDS

Summarized below are standards to further escalate that each member of the BAL’s family understands what is expected from him / her in carrying out daily Banking activities. These standards must always be upheld in day-to-day activities of individual employee in conducting Bank’s business.

The standard of business conduct and ethics, which the Bank expects from all of its employees, is a condition of employment with the Bank to be reviewed annually at the time of performance appraisal of an employee.

RESPONSIBILITIES OF INDIVIDUAL DIRECTORS

A director shall not be associated with illegal activity especially relating to Banking business, nor he would engage himself in the business of stock exchanges, money changer, or be a member of stock exchange or corporate brokerage house.

A director shall:

- Disclose any conflict of interest.
- Notify in writing the company secretary, if he or his spouse intends to sell or buy or take any position in the shares of the Bank.

A director would always adhere to the highest moral conduct & best business practices and:

- Must devote necessary time and attention for fulfillment of responsibilities.
- Be aware of the Bank’s business, financial conditions and contribute meaningfully to the Board’s objectives.
- Attend Board Meetings.
- Request for additional material and explanation when needed. (do not hesitate to ask questions)
- Understand audit’s and supervisory communications.
- Exercise independent judgment.
- Remain focused on the Bank’s objectives.

OVERALL RESPONSIBILITY OF EMPLOYEES

Each Bank employee has a responsibility to:

- Conduct Bank’s business with honesty, integrity and in a professional manner.
- Avoid any action that may be viewed or be repugnant, unethical or unlawful on his / her part by the customer / public at large or the Bank itself.
- To understand and comply with the legal/regulatory requirements and internal policies and procedures of the Bank that apply to the duties assigned to the employee.
- Avoid any activities that could involve or lead to involvement in any unlawful or unethical governance practice.
- Avoid participation in any political or subversive activities and abstain from gambling, betting and wagering contracts.
- Personal conduct towards the Bank, the other employees and customers of the Bank should be exemplary and he/she is expected to behave with decorum both during office hours and at other times.
- Safeguard the confidential information of the Bank and its customers.

- Avoid actual or potential conflicts of interests in transactions on behalf of the Bank.
- Provide accurate and reliable information in records submitted.
- Promptly report to the Bank any violation of law or ethical principles of the Bank and its policies that come to the employees’ attention.

GENERAL GUIDELINES

1. CONFIDENTIAL INFORMATION

During the course of employment and after its termination for whatever reason, the employee must not disclose to anyone (nor use for any purpose other than the business of the Bank) any information relating to the Bank or its employees which is not already available to the public, unless authorized to do so. Such information includes customer data, product manuals, technical secrets, and confidential research work, technical processes, operating manuals, marketing plans and strategies and other confidential financial or business information of the Bank.

The confidentiality of non-Banking information must also be respected regardless of how an employee comes across it. If an employee receives or holds information which he knows or believes is confidential to another person/organization, e.g. a competitor or former employer, he should not use that information or disclose it to anyone else in the Bank. The distinction between confidential information which should be treated in this way and other non-protected information is not always clear. If in doubt, consult Human Resources Division.

Confidential information concerning a customer or a supplier must never be disclosed to a third party except pursuant to a statute or regulation, or a court order or other legal process, or after receiving consent of the customer or supplier in writing.

Likewise, proprietary BAL information i.e. confidential information about Bank’s business or business plans, products and services, marketing methods, technology or systems, must never be disclosed to a third party except pursuant to a statute or regulation, or a valid, court order.

For these purposes, “confidential information” is non-public information about BAL or a customer or supplier that would be useful to a competitor or important to an investor in deciding whether to purchase, hold or sell any BAL shares, or the shares of a customer or supplier.

2. RECORDING OF INFORMATION

No unrecorded fund or assets of Bank shall be established or maintained for any reason. No false, artificial or misleading entries in the books and records of Bank shall be made for any reason. All reporting of information should be accurate, honest and timely and should be a fair representation of the facts.

3. CONFLICT OF INTEREST

A conflict of interest arises when any employee permits the prospect of direct or indirect (e.g. through a family connection) personal gain to influence his/her judgment or actions or more generally, when he/she favors someone else’s interest over that of the Bank’s or any of such customer in the conduct of Bank’s business.

An employee may not hold a position of director, consultant, employee, representative or agent with any supplier, competitor or organization either doing or seeking to do business with Bank without prior written consent of the Bank’s Central Management Committee, CEO or Board of Directors. If any immediate family member holds a position with any organization doing or seeking to do business with the Bank, a written disclosure must be made promptly to his/her manager/Human Resources Division.

An employee may not hold interest in any organization doing business with the Bank unless it is a company/establishment quoted

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on a Stock Exchange and the interest is less than 1%, without the written consent of his/her manager.

If any employee wishes to undertake a non-executive director, trustee or supervisory position with external organizations, the employee must obtain the consent of the Central Management Committee, Legal & Corporate Affairs Division, CEO or Board of Directors. In considering any requests, the following factors will normally be taken into consideration:

3.1 The amount of time required to fully discharge the duties of the position, particularly any periods required during normal working hours.

3.2 Employee’s current workload and performance level. Permission will not be given if it is envisaged that the extra responsibilities will impair employee’s ability to perform his/her role in the Bank or affect his health.

3.3 The nature of the organization offering the position. Permission may be refused if the appointment is considered to be commercially, politically sensitive or exposes the Bank or the employee to charges of commercial indiscretion.

3.4 The potential within the position for development of key competencies, valuable to the employee or the Bank.

In the event that consent is obtained, any remuneration received for work carried out in normal working hours must be paid to the Bank.

4. MISDECLARATION

An employee shall not make any misdeclaration. A misdeclaration constitutes, amongst other reasons, the following examples:

4.1 An employee issuing an incorrect account statement, salary certificate or any other information for any customer or staff member.

4.2 An employee issuing a false claim for reimbursement of any expenses whereby either the expenses are inflated and/or the difference between salaries claimed for driver/guard etc. and what is actually paid to them is pocketed by the staff member.

5. NOTIFICATION OF IMPROPER CONDUCT

If an employee believes that someone has acted or may be acting improperly in contravention of the principles set out in the Bank’s Code of Conduct, employees are encouraged to inform the Bank of these concerns. Such concerns may be over health and safety matters, financial malpractice, discrimination or unethical conduct.

In the first instance, the employee should raise concerns with his manager or any senior executive directly above the concerned manager. However, if he finds this course of action difficult and feels it would be appropriate to discuss the matter with someone else, he should contact HRD.

It is the responsibility of the concerned manager or senior executive to:

5.1 Respond to the concerns (if the manager is already aware of the situation and satisfied that there has been no improper conduct).

5.2 Conduct an investigation into the matter if it is within his/her area of responsibility and there are grounds for concern. Or raise the issue with the appropriate manager if the matter is outside his/her area of responsibility.

5.3 Communicate the outcome of any investigation to the employee. Where action is not taken, an explanation should be provided without disclosing anything of a confidential nature.

5.4 During any discussion or investigation, it may become apparent that other Divisions should be consulted by the manager e.g. Internal Audit or Legal or Human Resources. It may also become appropriate to process the matter through other existing procedures (such as the disciplinary procedure).

5.5 If, after discussing the matter with employee’s concerned manager or senior executive, and continues to have concerns, he/she may contact directly the Internal Audit or Legal or HRD, as described above.

5.6 An employee will not be penalized for expressing personal concerns in good faith. Raising unfounded allegations with malicious intent, however, is a serious disciplinary matter as it is victimizing or deterring employees from raising a concern about improper conduct.

The Bank will endeavor to maintain confidentiality in respect of all concerns raised.

6. DEALING WITH OUTSIDE AGENCIES

As a matter of policy, no gift of any value will be offered or made and no lavish entertainment offered or extended to any government or private official or employee. Entertainment of an employee, agent or official of the Federal Government, State or Local Government entity is limited to routine lunches or dinners occurring during the conduct of regular business and that only to the extent that it is not in violation of the policy of the Government Entity involved and has duly been sanctioned by the Bank.

7. KNOW YOUR CUSTOMER, VENDORS AND COUNTER PARTIES

In order to safeguard the Bank’s reputation and integrity, it is not only necessary for employees to discipline their own actions, it is also necessary to be aware of the character and actions of customers, vendors and counter parties. Care must be exercised in selecting those with whom we deal, and each Bank Alfalah business must have processes in place for checking on the credit and character of customers, vendors and counter parties.

Employee must ensure that the Bank establishes relationship with only those individuals, businesses and entities who have sound reputation and whose true identity has been established. Employee should conduct maximum caution in opening new accounts and before opening ensures that due diligence steps are completed.

8. GIFTS & ENTERTAINMENT

At certain times of the year some customers, suppliers, contractors and consultants to the Bank may present gifts or arrange entertainment for employees. While the sentiments behind such actions are usually genuine, there is a possibility that they may be misconstrued by others. In a minority of cases such actions may not be in the best interest of good working relationships.

A good rule of thumb may be to consider the following:

IF YOU WANT IT DON’T TAKE IT IF YOU DON’T WANT IT – WHY TAKE IT?

Gifts may be presented locally or internationally in the form of Cash or in kind of services, either free or discounted.

PRECAUTIONS/GUIDANCE

An Employee should never allow him/herself to be in a position whereby he/she might be deemed by others to have been influenced in making business decisions as a consequence of accepting a gift or
hospitability. Following are the specific guidelines to be strictly followed:

8.1 Employees are not allowed to accept gifts from companies or individuals with whom the Bank does business. Examples are:

- Kickbacks in cash from customers, suppliers or contractors.
- Gifts from customers, suppliers or contractors.
- Services from customers, suppliers or contractors.
- Invitations to elaborate functions by customers, suppliers or contractors, especially those with lucky draws involving expensive prizes.
- Foreign holidays or tours arranged/paid by customers, suppliers or contractors.
- Gifts with commercial value from travel agents, hotels, or insurance companies.

8.2 Employees are allowed to accept only minor items such as small number of inexpensive items like calendars, diaries, desk pads and pens usually bearing a company logo. In no case should the specialty items be valued at more than Rs.1,000/= Department Heads should be consulted if any doubts are encountered.

8.3 If the employees are offered gifts, other than minor items as listed above, they should politely but firmly decline them, referring to Bank policy, if necessary.

8.4 If gifts are delivered at their houses or workplace and cannot be easily returned without incurring embarrassment, they must hand over gifts to the Human Resources Division, which will consider the most appropriate ways of dealing with them.

8.5 As a recipient of any gift, employee will write to the senders acknowledge receipt of the gifts, inform them of the course of action taken and inform them of the Bank’s policy in acceptance of gifts.

8.6 Gifts from airlines arising from business travel such as travel bags, pens and toiletry sets will be allowed along with the accrual of air miles in appropriate schemes. Cash reimbursements or deals offering refund or free air tickets or lodging must be returned to the company marking the same.

8.7 The employee must not accept hospitality unless it is business related. The frequency and scale of business related hospitality should not be significantly greater than what the Bank is likely to reciprocate. Invitations to suppliers’ social events, sports or theater tickets, golf outings, non business dinners etc. should generally be avoided.

8.8 Generally, when employees travel to visit a supplier and a lunch/dinner meeting is appropriate, the same supplier visits Bank, the concerned unit’s staff should reciprocate with lunch/dinner and turn in an expense report.

9. PURCHASING ACTIVITIES

The staff involved in purchasing Department is many times the first or perhaps the only Department with which a non-Banking person or group has contacts. It is, therefore, essential that all personnel who are directly or indirectly responsible for Bank’s expenditure behave both professionally and ethically. The intent and appearance of unethical or compromising practice in relationships, actions, and communications must be avoided. Many times the way in which an outsider views this department/unit is the way they view the Bank as a whole.

The following set of guidelines is mandatory for all members of the Department:

- The employee should never use his/her authority or office for personal gain and shall seek to uphold and promote the standing of the Bank and the Purchasing Department by;

- Maintaining a standard of integrity above reproach, in all of their business relationships both inside and outside the Bank.

10. ENGINEERING

On work related to expansion of branch network, employees must adhere to the highest standard of ethical conduct, and exercise extreme caution in arranging or supervising or contractual work related to construction, erection, renovation installation of electrical / civil / mechanical work fittings or furniture etc. Employees must ensure that such relations are strictly in line with the term of the contract and no undue advantage is extended or received from such entities. Should any undue deviation or influence is felt the same must be brought to the attention of the competent authority for redress.

11. ADVERTISING

Advertising staff, must also adhere to the highest standard of ethical conduct in interaction with vendor, advertising firms or newspapers agencies. The jobs entrusted must strictly conform to policies of the Bank in all related dealings.

12. INSURANCE

Most of the insurance companies to generate business for themselves offer a number of inducements to staff. The employee dealing with such entities for coverage of Bank assets, transit items or obtaining policies on behalf of customers for their trade finance or consumer products must exercise due care and caution; negotiate the best advantageous coverage without any other consideration for self.

13. OTHER CORPORATE ETHICAL POLICIES:

Here are some other important corporate ethical policies and requirements:

13.1 If an employee wishes to become officially involved with any outside corporation or other organization as director, trustee, officer, consultant or advisor, such involvement must first be approved by the Central Management Committee or the CEO.

13.2 An employee must obtain the consent of the CEO and Human Resource Head before submitting a work for publication or making a public speech. Generally, approval will be granted if the writing or speech furthers legitimate BAL business interests and does not involve the...

13.3 Our internal ethical standards are the results of shared moral convictions. Rationales such as ‘everyone in the market does it’ or ‘our competitors do it’ cannot be countenanced as permitting deviations from our standards.

13.4 Compliance with laws, regulations and ethical standards is an important element of your obligations to our customers, our stockholders, the general public and, other staff. It is essential to our success that we take compliance seriously. Each employee of the Bank should think of compliance as a personal responsibility and should be expected to be held accountable for all compliance-related activities.
14. Bribery & Misconduct:

An employee will be guilty of an offence, who, without lawful authority or reasonable excuse:

14.1 Solicits or accepts any advantage as an inducement or reward for doing or in tending to commit any action in relation to the Bank’s affairs or business, or

14.2 Showing or intending to show favors or disfavors to any person in relation to the Bank’s affairs or business;

14.3 Offers any advantage to any one as an inducement or reward for or otherwise, or

14.4 Intends to deceive the Bank by using any receipt, account or other document which is false or erroneous or defective in any way and which to his knowledge is intended to mislead the Bank.

15. Fraud, Theft or Illegal Activities

Employees shall be alert and vigilant with respect to frauds, thefts or illegal activity committed within the office. If any such activity comes to the attention of an employee, the employee must immediately report the same to the Manager, Area Manager, Executive-in-Charge/GM/GH and to the Audit Division, who will arrange for appropriate follow-up action to be taken. Failure to report any such activity will be subject to disciplinary action.

16. Money Laundering

Bank has set its priority not to become implicated, in any way, with individuals or firms involved in criminal activities and money laundering and employees are expected to exercise maximum caution in this regard.

The employee should know the customer, be vigilant for unusual circumstances and immediately report any suspected case to the Manager, Area Manager, Executive-in-Charge, General Manager, Group Head and to the Audit Division, who will arrange for appropriate follow-up action to be taken. Failure to report any such activity will be subject to disciplinary action.

17. Offences & Punishment:

When an employee of the Bank commits a breach of the policies, discipline and knowingly does something detrimental to the interest of the Bank, he/she may be subject to immediate termination in accordance with the Bank’s termination policy.

The Bank, in its sole discretion, shall determine what act or omission constitutes misconduct, breach of trust or negligence of duty.

18. Concluding Guidance

In making a decision about the propriety of a particular action, whether or not it is covered specifically by this Bank Code of Conduct, employee should ask himself the following question:

“Would I feel comfortable in explaining this action to my family or close friends or seeing my action reported on the front page of my local newspaper?” The Bank and employees are best served when the answer is an unqualified “Yes”.

19. Implementation

Every year, Bank’s HRD will issue this Statement of Ethics and Business Practice (Code of Conduct) and Employee Certification. This will be circulated to all the management staff in general and to all staff in Head Office and Branches.

Any clear infractions of the above stated points will be subject to disciplinary action, which may include reprimand, demotion or dismissal, depending on the seriousness of the offense. In addition, disciplinary measure will apply to any supervisor who directs or approves infractions or has knowledge of them and does not move promptly to correct them in accordance with this statement.

**Certification Statement**

I certify that I have read and understood the foregoing Statement of Code of Conduct – Ethics and Business Practices approved in the 49th Board meeting held on October 31, 2003.

I agree to abide by the code of conduct as setout under the heading “Responsibilities of Individual Directors”

Signature: _______________________

Name: _______________________

Designation: ___________________  Director

Date: _______________________

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Code of Conduct
PURPOSE

JS Bank’s reputation is a priceless asset that each of us must maintain. Our reputation not only affects whether or not someone will choose to be our customer; it also determines whether we are proud to be associated with the JS Bank — how we feel about coming to work. The Code of Conduct is designed to guide the personal business ethics of each of us.

We expect in our people integrity, honesty and the highest moral principles. Within these general parameters, the Bank does not intend to attempt any control over the private lives of its people or to say how these lives are to be lived.

Character reflects what a person is; reputation denotes what a community considers a person to be. The Bank will not tolerate any conduct, which might be considered as detrimental to the reputation of the Bank. We must rely on a sense of propriety and good judgment in upholding standards, which are always above reproach. It applies to every employee of JS Bank. You are expected to read this document promptly upon receiving it, and to sign and return the Code of Conduct acknowledgment. You also are expected to read and understand the Bank policies that relate to sections of this Code.

In addition to the ethical guidelines included in the Code, there are many laws and regulations that affect our business; you must comply with the requirements of all applicable laws and regulations. This is mandatory for everyone and is not subject to business priorities or individual discretion.

Adherence to the Bank’s Code of Conduct is a condition of your employment. All employees are required to comply with the Code, without exception or waiver.
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Business Ethics and Compliance with the Law
Business Ethics and Compliance with the Law

You must protect and enhance the assets and reputation of JS Bank. Our business is based on a strong tradition of trust. It is the reason our customers come to us. Honesty and integrity are cornerstones of ethical behavior. Trustworthiness and dependability are essential to lasting relationships. Our continued success depends on doing what we promise - promptly, competently and fairly.

In our rapidly evolving businesses, each of us is challenged by a complex environment, which often requires a fast response under pressure. No written policy can anticipate every ethical dilemma or definitively set forth the appropriate action for all business situations. Accordingly, rather than a set of specific rules, this Code, emphasizes a standard of ethical conduct that must permeate all of our business dealings and relationships. JS Bank relies on your good judgment in applying these standards.

You must conduct business in accordance with applicable laws and regulations and the Code.

You should consult the Bank’s Compliance Officer or the Human Resource’s Office whenever you have a question about the legality of a course of action. You must also exercise the utmost care to ensure that all statements you make are accurate.

Managers / Supervisors, by virtue of their positions of authority, must be ethical role models for all employees.

An important part of a manager’s responsibility is to exemplify and exhibit the highest standards of integrity in all dealings with fellow employees, customers, suppliers and the community at large. An equally important responsibility is to obtain employees’ commitment - and develop their ability - to make sound ethical judgments. Managers must communicate the seriousness of the Bank’s expectations for ethical conduct and their own personal support of these expectations. Ethical leadership includes both fostering a work environment that encourages employees to voice concerns or otherwise seek assistance if faced with potentially compromising situations, and supporting those who speak out.

Managers/Supervisors must be alert to any situations or actions that may be unethical or potentially damaging to the Bank’s reputation and must respond appropriately. Managers must take prompt action to address such situations and actions, and must avoid even the appearance of implicit approval.
Treatment of Employees and Others
Treatment of Employees and Others

You must treat colleagues, employees and others with whom you interact with respect and dignity. Treating all employees and others in the workplace with respect and dignity is part of JS Bank’s values that applies to everyone. This is particularly important for leaders, who must be role models for their direct reports. Employees are likely to treat their colleagues, including those whom they manage, as they themselves are treated. The Bank expects leaders to seek out the ideas of employees and to involve them in decisions whenever appropriate. At the same time, once a decision is made, everyone involved is expected to pull together and support it.

Safety, Health and the Environment

You must comply with all applicable laws and Bank policies relating to safety, health and the environment.

The Bank is committed to high standards of safety and employee protection. Meeting this commitment is the responsibility of each JS Bank employee. To that end, the Bank shall comply with all applicable government safety, health and environmental regulations, and establish systems to provide a safe and healthy workplace.

You also are responsible for working safely to avoid risk to yourself and colleagues, identifying and reporting unsafe working conditions or breaches of security, and reporting injuries in the workplace.

Diversity, Equal Employment Opportunity and Freedom from Harassment

You must support the Bank’s commitment to diversity and equal employment opportunity. You also are expected to create a work environment free from intimidation and harassment.

JS Bank seeks and values diversity among its employees, recognizing that a mix of people enriches our Bank and is essential to creativity and business growth. As a bank, we are committed to equal employment opportunity and unbiased treatment of all individuals based on job-related qualifications and without regard to race, color, gender, age, national origin, religion, creed, sexual orientation, gender identity, marital status, citizenship, disability, veteran status or any other basis prohibited by law.

The Bank’s policy is to create a work environment that is free from intimidation and harassment. Intimidation and harassment of employees by coworkers, leaders or outsiders is prohibited. Harassment includes behavior - whether in person or by other means, such as e-mail - that is offensive and interferes with an employee’s work performance or creates an intimidating, hostile or offensive work environment. Examples of potentially offensive behavior include unwelcome sexual advances or remarks; slurs, jokes or disparaging
comments about race, ethnicity or sexual orientation; and business meals or entertainment at sexually suggestive venues.
Conflicts of Interest and Business Opportunities
Conflicts of Interest and Business Opportunities

You must be alert to any situation that could compromise the position of trust you hold as a JS Bank employee, and avoid any kind of conflict between your personal interests and those of JS Bank.

You may engage in outside activities that do not conflict with the Bank’s interests, interfere with the responsibilities of its employees, or damage or misuse its reputation, trademarks, relationships, confidential information or other property.

You must disclose all outside positions or other employment to the Human Resources representative, who will determine if a conflict exists. If a conflict does exist, you will not be permitted to continue in or accept that position or employment.

You should never use your position with the Bank, or information acquired during your employment, in a manner that may create a conflict - (or even the perception of a conflict) - between your personal interests and the interests of the Bank or its customers and clients. You also should be aware that actual or potential conflicts of interest may arise not just from dealings with external parties, such as customers or suppliers, but also from relationships or transactions with managers, direct reports or other employees (e.g., such as receiving loans that are not on generally available terms and conditions). If a conflict or potential conflict arises, you must report it immediately. You may report it to your manager/supervisor or your compliance officer, who will review the matter with the Human Resources representative. You also may report a conflict or potential conflict directly to the Human Resources representative. Any such discussion will be held in confidence to the extent possible and in a spirit of cooperation.

Gifts and Gratuities

You must not solicit, accept or give gifts that may influence business decisions. You must not solicit or accept, directly or indirectly, any cash or monetary equivalents, objects of value or preferential treatment from any person or enterprise that has, or is seeking, business with the Bank where doing so may influence, or appear to influence, your business judgment. Indirect gifts can include gifts to your family members or a charity you support. Conversely, you also must not offer excessive gifts or entertainment to others whose business the Bank may be seeking.

You may accept business-related meals, entertainment, token gifts or favors only when the value involved is not significant that is amount is not more than Rs. 6000/- and clearly will not place you under any real or perceived obligation to the donor. In general, you should pay for your own meal. In no event should you offer or accept business meals, or attend business functions, at establishments featuring sexually suggestive entertainment. Many customers and suppliers consider reasonable gifts and entertainment as a sensible and acceptable business practice without subjective intent to unduly influence the judgment of bank’s employees in business matters. It is anticipated that this statement of policy, with its emphasis on how the situation might be reviewed at a
later date by a disinterested third party, will enable you to discourage gifts and entertainment falling in the “gray area” without embarrassment to either you or to the customer or the supplier.
You are not permitted to accept gift, entertainment, or other favors from existing or prospective customers of the Bank or suppliers as set forth below:

• Corruptly gives, offers, or promises anything of value to any person, with intent to influence or reward a employee, agent, or attorney of a financial institution in connection with any business or transaction of such institution; or

• As a employee, agent, or attorney of a financial institution, corruptly solicits or demands for the benefit of any person, or corruptly accepts or agrees to accept anything of value from any person, intending to be influenced or rewarded in connection with any business or transaction of such institutions, shall be guilty of an offense.

Exceptions to the general prohibition regarding acceptance of things of value in connection with bank business may include:

• Acceptance of gifts, gratuities, amenities or favors based on obvious family or personal relationships (such as those between the parents, children or spouse of a Bank employee) where the circumstances make it clear that it is those relationships rather than the business of the Bank concerned which are the motivating factors;

• Acceptance of meals, refreshments, entertainment (including tickets to sporting events, arts, concerts, etc.), accommodations or travel arrangements, all of reasonable value, in the course of a meeting or other occasion, the purpose of which is to hold bona fide business discussions or to foster better business relations, provided that the expense would be paid for by the Bank as a reasonable business expense if not paid for by another party;

• Acceptance of advertising or promotional material of reasonable value, such as pens, pencils, note pads, key chains, calendars, diaries and similar items;

• Acceptance of discounts or rebates on merchandise or services that do not exceed those available to other customers;

• Acceptance of gifts of reasonable value that are related to commonly recognized events or occasions, such as a promotion, new job, wedding, retirement, holiday or birthday;

• Acceptance of civic, charitable, educational, or religious organization awards for recognition of service and accomplishment;

• Items on a case-by-case basis, not identified above, in which a Bank employee accepts something of value in connection with bank business, provided that such approval is made in writing (directly to the CEO) on the basis of a full written disclosure of all relevant facts and is consistent with Bank’s policies.

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Any business related personal benefit, which you or your family gives or receives, must be reported in writing within three working days to your immediate supervisor or Human Resources Representative. An officer receiving such a report must promptly acknowledge
receipt. The underlying principle is that the employee should not derive material gain from the Bank’s business.

**Family Members Providing Services to the Bank**

You must disclose all instances in which you seek to hire or engage a family member or his or her firm to provide goods or services to the Bank. While there is no prohibition against the employment of close relatives or engagement of his or her firm to provide goods and services to the Bank, the integrity of the personnel process must be maintained. 'Close relative' is defined herein as son, daughter, brother, sister, mother, father, spouse, step relative or in-laws.

Therefore, no one shall serve on a committee; make personal recommendations or decisions, influence any person making decisions such as appointment, retention, transfer, advancement or promotion affecting a close relative.

Furthermore, family relationship (close relative) shall not be considered a criterion in any personnel action such as appointment, retention, tenure, or promotion.
Books and Records
Books and Records

Accuracy and Completeness

You must ensure that the accounting and financial records of the Company meet the highest standards of accuracy and completeness.

Reporting accurate, complete and understandable information about the Bank’s business, earnings and financial condition is an essential responsibility of each employee. It is also your responsibility to make open and full disclosure to, and cooperate fully with, the Bank’s outside accountants in connection with any audit or review of the financial statements of the Bank. If you have reason to believe that any of the Bank’s books and records is not being maintained in an accurate or complete manner, you are required to report this immediately to your manager, the Chief Financial Officer, the Bank Internal Auditor or your Compliance Officer. Similarly, the Bank relies on you to come forward if you feel that you are being pressured to prepare, alter, conceal or destroy documents in violation of Bank policy.

In addition, you must report to any of the individuals mentioned above if you have any reason to believe that someone has made a misleading, incomplete or false statement to an accountant, auditor, attorney or government official in connection with any investigation, audit, examination or filing with any government agency or regulatory body.

Financial Statements and Accounts

You must report transactions accurately, completely and in appropriate detail if you are involved in supplying any kind of supporting documentation, determining account classification or approving transactions. You must record all transactions appropriately to facilitate full accountability for all assets and activities of the Bank and to supply the data needed in connection with the preparation of financial statements. If you are involved in the preparation of the Bank’s financial statements, you must apply generally accepted accounting principles and other applicable accounting standards and rules, so that the statements fairly and completely reflect the operations and financial condition of the Bank.

Travel and Expense Accounts

You may request reimbursement only for actual and reasonable business-related expenses that are properly documented, approved and in accordance with the Bank’s travel and entertainment (T&E) reimbursement policy. You can find the T&E reimbursement policy with Human Resources Department. Managers must ensure that employees adhere to the Bank’s T&E reimbursement policy. If you are a manager, you should review employees’ expense reports and underlying detail for
compliance with the policy. In addition, you are responsible for educating new employees on the T&E policy.
Protection and Proper Use of Bank Property
Protection and Proper Use of Bank Property

You are entrusted with protecting the Bank’s property.

Acts of dishonesty against the Bank or its customers involving theft, destruction or misappropriation of money, property, office equipment, supplies or any other items of value are, of course, prohibited.

Falsification, alteration or substitution of records for the purpose of concealing or aiding such acts is also prohibited. If you suspect someone has committed such an act or if you witness such an act, you should report it immediately to your local security representative.

You must protect and properly use the Bank’s computer equipment, including Internet access. You also must take precautions to properly secure your computer. For example, you should lock your laptop in its docking station, and you should not leave it where it would be vulnerable to theft, such as at a restaurant coat check or in your car. You also should follow the Bank’s procedures for disposing of personal computers, personal digital assistants, mobile phones or other Bank assets.
Outside Pressure
Outside Pressure

You must refrain from bringing in outside pressure or influence to attain personal gains within the organization; any such attempt will be subject to Disciplinary Action/Corrective Guidance.

Influencing Others

You may not use your position to coerce or pressure employees to make contributions or support candidates or political causes. In certain instances, the Bank may encourage employees to support or oppose legislative issues that affect the Bank’s businesses. In no instance, however, may you use your position of authority to make another employee feel compelled or pressured to work for, or on behalf of, any legislation, candidate, political party or committee, to make contributions for any political purpose, or to cast his or her vote one way or the other.
Customer Privacy and Information Security
Customer Privacy and Information Security

You are responsible for protecting the privacy, confidentiality and security of customer information entrusted to the Bank.

In each of our businesses, we are entrusted with important information about our customers – information vital to our ability to provide quality products and services. The Bank owes a strict duty of confidentiality to their customers. You will not disclose to any third party particulars of the identity or financial, business or personal affairs of a customer, except pursuant to a statute or regulation, or a valid court order or unless:

• The customer has given prior written consent

• Disclosure is compelled by a court or statutory authority of competent jurisdiction

• Disclosure is compelled by law, due to money laundering, or by regulatory requirements, or

• Disclosure is necessary to protect the Bank’s interest, for example disclosure to the police in case of suspected fraud.
Intellectual Property
You must protect and, when appropriate, enforce the Bank's intellectual property rights. The Bank's intellectual property is among its most valuable assets. Intellectual property refers to creations of the human mind that are protected by various national laws and international treaties, in a fashion similar to real property (i.e., land). Intellectual property includes copyrights, patents, trademarks, trade secrets, design rights, logos, know-how and other intangible industrial or commercial property.

Confidential Information and Trade Secrets

You must protect confidential information and trade secrets, and prevent such information from being improperly disclosed to others inside or outside the Bank. During the course of your employment, you may learn confidential information about the Bank that is not known to the general public or to competitors. Information of this sort is considered a trade secret if it provides the Bank with a competitive or economic advantage over its competitors. Confidential information or trade secrets may not be disclosed outside the Bank or used for your own or someone else's benefit.

These obligations apply both during, and subsequent to, your employment with JS Bank. When you leave the Bank, you must return any and all copies of materials containing the Bank's confidential information or trade secrets in your possession. Some examples of JS Bank' confidential information or trade secrets include:

- customer lists;
- the terms, discount rates or fees offered to particular customers;
- marketing or strategic plans; and
- software, risk models, tools and other system developments.

Within the Bank, confidential information and trade secrets may be divulged only to other employees who need the information to carry out their duties. When discussing confidential information or trade secrets, you must not do so in places where you can be overheard, such as taxis, elevators, the Bank cafeteria or restaurants. In addition, you should not communicate or transmit confidential information or trade secrets by non-secure methods (e.g., cell phones, non-secure e-mail, hotel faxes, etc.).

Trademarks, Copyrights and Patents
You must protect the Bank's trademarks, copyrights and patents. Publications, documentation, training materials, computer codes, and other works of authorship you develop for the Bank are the types of material that can be protected by copyrights. You may also create, discover or develop software, methods, systems or other
patentable inventions when performing your responsibilities or utilizing information or resources available to you in connection with your employment. To the extent permitted by law, as an employee or a contractor, you agree that all such works of authorship and inventions, whether or not patentable or protectable by copyright, trade secret or trademark, are assigned to the Bank whether they be improvements, derivatives, designs, technologies, written materials, programs or any other works.

Intellectual Property of Others

You must respect the intellectual property belonging to third parties in a manner consistent with that outlined for JS Bank. It is Bank policy to not knowingly infringe upon the intellectual property rights of others. When preparing advertising or promotional materials, using the name or printed materials of another company, or operating a software program on a Bank computer, you must be sure that the use of any third party intellectual property is proper. In addition, you may not copy software or bring in software programs from home. Only software properly licensed by the Bank is permitted on Bank computers.

You also may not copy third-party newsletters or periodicals for broad distribution unless the Bank has a license to do so.

You should not disclose to the Bank, or be asked by the Bank to disclose, confidential information or trade secrets of others (e.g., your former employer). You are not permitted to possess or circulate improperly obtained confidential information or trade secrets belonging to a competitor. Similarly, during the course of performing your responsibilities, you may rightfully obtain information concerning possible transactions with other companies or receive confidential information about other companies. Such information should be respected in a manner consistent with that outlined here and you must not use that information for your own or someone else’s benefit (refer to the Insider Trading section that follows for guidance).
Nonpublic Information and Insider Trading
Nonpublic Information and Insider Trading

It is against Bank policy - and, in many countries, illegal - for you to buy or sell securities of JS Bank or another publicly traded company at a time when you possess "material" nonpublic information about JS Bank or the other company. In the course of your employment, you may become aware of information about JS Bank or other companies that is not public. Using such information for your financial benefit not only is unethical, but also may be illegal. Buying or selling securities of JS Bank or any other company while you possess "material" nonpublic information is known as "insider trading". Passing such information on to someone who buys or sells securities - which is known as "tipping" - is also likely to be illegal, even if you personally never trade in the securities. You may not engage in insider trading or tipping.

The prohibition applies to stock, options, debt securities or any other securities of JS Bank or another company. This prohibition also applies to transfers into or out of the Bank stock fund under a savings and retirement plan. Violations can subject individuals to significant fines and even imprisonment. Employees in certain business units may be subject to additional specific requirements and restrictions on their personal trading as a result of their job responsibilities.

Material Nonpublic Information

You may not trade in the securities of a company about which you possess nonpublic information that would influence your decision to buy, sell or hold those securities.

Material nonpublic information is information about a company that is not known to the general public and that could influence a typical investor's decision to buy, sell or hold that company's securities.

Because the determination of "material" is made on a case-by-case basis depending on particular facts and circumstances, if you have any doubt or concern, you must not trade while you possess such nonpublic information. Examples of nonpublic information about JS Bank or any other company might include:

- the operating or financial results of the company, or of any of its major business units (including estimates of any future earnings or losses);
- the company's negotiations or its entry into an agreement for an acquisition or sale of a substantial business or other significant transaction;
  - development of a major new product or service;
  - an increase or decrease in dividends;
- a stock split or other recapitalization;
• a redemption or purchase by the company of its securities; or
• major management changes.

Remember that information that may not be material to JS Bank because may in fact be material to a smaller company with which we do business.

Information stops being nonpublic when it has been effectively disclosed to the public - for example, by a press release, a filing with the appropriate government regulators, or a webcast - and is followed by a reasonable waiting period for the information to be absorbed by the marketplace.

** Disclosure of Nonpublic Information and Tipping **

You may not disclose nonpublic information to anyone unless that person has a need to know the information in order to perform his or her duties and you believe the person will not misuse the information. If you reveal nonpublic information to anyone (even a family member), and that person then buys or sells securities - or passes that information on to someone else who buys or sells securities - you may be liable for tipping, even if you never personally trade on the information. Liability could arise if you were trying to help someone profit from the information or if you were trying to gain something personally, even if only to impress someone with your knowledge.

** Supervision of Others **

You must be satisfied that those you supervise understand the insider trading prohibition. If you have supervisory authority in connection with a matter that involves material nonpublic information, you must take measures to direct the other employees working on the matter to take appropriate precautions to prevent insider trading violations. For example, you should clearly instruct all members of a working group that they possess material nonpublic information that they may disclose only on a need-to-know basis, and that they are barred from buying or selling securities of the companies to which the information pertains.
Money Laundering and Terrorist Financing
Money Laundering and Terrorist Financing

You must actively guard against the use of the Bank's products and services for purposes of money laundering or for the financing of terrorism or other criminal activity.

Money laundering and terrorist financing have become the focus of considerable attention by governments, international organizations and law enforcement agencies throughout the world. Money laundering is the process by which the proceeds of criminal activity are moved through the financial system in order to hide all traces of their criminal origin. Terrorist financing, by contrast, focuses on the destination and use of funds that may come from legitimate or criminal sources, or a combination of the two.

The Bank fully supports the international drive against serious crime and is committed to assisting the authorities to identify money-laundering transactions and, where appropriate, to confiscate the proceeds of crime.

You must report to Compliance Officer of the Bank suspicious activities such as, suspected insider trading, fraud, misappropriation of funds and money laundering.

Employees who handle cash, banking, securities, investments, insurance, travel or money service and other funds transfer transactions for customers receive training on these policies and procedures. If you perform any of these functions, you must follow your business unit's policies and be alert to identifying the money laundering and terrorist financing risks affecting your business unit. You must be vigilant and exercise good judgment when dealing with unusual customer transactions. You must alert your manager/supervisor to any situation that seems to you to be inappropriate or suspicious. You should not let the customer know that you find the transaction suspicious, although you should ask whatever questions are necessary to better understand the customer's identity, source of funds and reasons for the transaction.

The key principles include the following:

- The identity of a customer beginning a business relationship or conducting a single transaction should be established from official or other reliable identifying documents. The Golden Rule is to Know Your Customer,

- Business units must keep record of customer identification for at least five years after the account is closed and of transactions for at least five years after their completion, or longer if the local law requires. These documents should be available to the competent authorities in the context of relevant criminal investigations and prosecutions.

- If business units suspect that funds stem from money laundering, they should promptly report those suspicions to the competent authorities and record the circumstances in writing.
• Business units should not forewarn their customers when information relating to them is being reported to the competent authorities.
• When a business unit reports its suspicions to the competent authorities, it should comply with their instructions.

You must immediately contact the Compliance Officer if you are approached in any manner by government agencies concerning a money laundering or terrorist financing investigation. There are strict rules specifying time frames for complying with those inquiries, so your immediate action is vital.
Other Acts of Misconduct
Other Acts of Misconduct

It is not possible to list all the forms of behaviors that are considered as misconduct or unacceptable in the workplace. The following are examples of infractions of rules of conduct that may result in disciplinary action, up to and including termination of employment:

- Theft, fraud, dishonesty with business or property of the Bank or any other organization / any person inside or outside the Bank or inappropriate removal or possession of property

- Falsification of employment documents / data to obtain employment

- Tampering the office records

- Negligence or improper conduct leading to damage of Bank-owned or customer-owned property or damage to the reputation of the Bank

- Conviction for a criminal offence within or outside the office

- Violation of safety or health rules

- Smoking in prohibited areas

- Spitting within Bank’s premises

- Unauthorized absence from duty

- Illegal strike or go slow tactics

- Misuse of Official Stamps / Letterheads / Telephones / Computers & other items

The Bank, at its sole discretion, shall determine what act or omission constitutes misconduct, breach of trust or negligence of duty.
Compliance with Code
Compliance with Code

You must read, understand and comply with the Code. If you have any questions, you are responsible for asking your immediate manager/supervisor for clarification.

If you believe that you have violated the Code or any applicable law or regulation, you must report the violation so that the Bank can take appropriate action. The fact that you have reported the violation will be given consideration in determining appropriate disciplinary action, if any. In many cases, a prompt report of a violation can substantially reduce the adverse consequences of a violation for all involved - third parties, the Bank and you.

If you become aware that another employee, at any level of seniority, has, in all likelihood, violated the Code, including any law or regulation applicable to the Bank’s businesses, you have a duty to report that violation so that the Bank can take steps to rectify the problem and prevent a recurrence.

You should report actual or suspected violations to your immediate manager/supervisor, your Human Resources representative, your Compliance Officer or the Internal Auditor. Such reports will be treated confidentially to the extent possible, and you will not be subject to retaliation for reporting a suspected violation in good faith.
Disciplinary Action
Disciplinary Action

If you fail to comply with the Code or any applicable law or regulation, you will be subject to disciplinary action that may include termination.

Disciplinary measures will depend on the circumstances of the violation and will be applied in a manner consistent with the Bank’s policies. Consideration will be given to whether or not a violation was intentional, as well as to the level of good faith shown by an employee in reporting the violation or in cooperating with any resulting investigation or plan of remediation.

Disciplinary action will be taken against any employee who:

• authorizes, directs, approves or participates in violations of the Code of Conduct;
• deliberately fails to report, or conceals, violations of the Code, or deliberately withholds or misstates relevant information concerning a violation of the Code;
• retaliates, directly or indirectly, against any other employee because of a report by that employee of a suspected Code violation;
  • any employee who encourages others to do any of the above; and
• any manager/supervisor who, under the circumstances, should have known about a violation by people under his or her supervision, or who did not act promptly to report and correct a violation.
Responsibilities after Leaving the Bank
Responsibilities after Leaving the Bank

Employee must not use their position to advance their prospects for future employment, or allow their work to be influenced by plans for or offers of, external employment which would conflict or compromise in any way the best interests of the Bank.

Your professional duty while being employed by the bank was to maintain confidentiality; therefore, you must maintain the same professionalism and secrecy after leaving the employment of the bank and not disclose any official information. Former members of employee should not use or take advantage of personal, confidential or official information; they may have obtained in their capacity as the Bank employee.
1. **INTRODUCTION**

The Code of Ethics established by First Women Bank Limited sets the guiding principles through which we operate and conduct our daily business with each other, our shareholders, customers, vendors, FI / DFI and with other companies.

This policy needs to be applicable to all employees who are paid directly by FWBL.

This code of ethics lays down the fundamental principles of personal and professional conduct expected of all employees (permanent, contract, consultant, part-time, daily wages, etc.) serving in First Women Bank Limited ("FWBL").

The standards set out in this code will be regarded as the minimum standards of ethical behavior to be observed by all employees. This Code of Ethics will serve as a model for individual employees, who are free to adopt additional measures as and when required and to integrate it into their existing codes.

2. **UNFAIR PRACTICE**

The employees of FWBL will not indulge her / him self into the following activities:

Buy or sell stock, shares or securities of any description without funds to meet the full cost in the case of purchase or scripts for delivery in the case of sale. However, employee can make a bona-fide investment of her / his own funds in such stocks, shares and securities may wish to buy.

Lend money in her / his private capacity to a constituent of the Bank or have personal dealings with a constituent in the purchase or sale of bills of exchange, Government paper or any other securities.

Guarantee in private capacity the pecuniary obligation of another person or agree to indemnify in such capacity another person from loss.

Act as agent for an insurance company and as agent for or on behalf of the Bank. Be connected with the formation or management of a joint stock company.

Engage in any other commercial business or pursuit either on her / his own account or as agent for others.

Accept or seek any outside employment or office whether stipendiary or honorary.

Undertake part time work for a private or public body or private person, or accept fee thereof.

Open or maintain a Business Current Account with any Bank or Banker of any description including FWBL.

3. **INTEGRITY**

Circumstances may arise where an employee directly or indirectly holds a business interest which conflicts / may conflict with the banks interest. In order to ensure that the bank makes objective decisions, employees must declare in advance the interest to appropriate internal authority and they may be required by the bank to dissociate themselves from any involvement in a decision by the bank that relates to such personal conflict.

Behave with integrity and honesty in dealings with customers and others parties with whom they interact and in respect of all internal matters.

Must report any suspect violation of law, regulation or ethical standard to the appropriate level of authority within FWBL. Where appropriate, that authority will report to the relevant statutory authority.

Avoid circumstances in which personal interests conflict, or may appear to conflict, with the interest of FWBL or its customers. In order to ensure that FWBL makes objective decisions, employees must declare in advance that interest to the appropriate internal authority; and they may be required by FWBL to dissociate themselves from any involvement in a decision by FWBL that relates to such personal conflict.

Avoid involvement in an outside activity or holding an external position which may give rise to any real or apparent conflict with a customer’s interest, adversely reflect on FWBL or interfere with individual’s job performance.

Must not solicit or accept gifts, sponsorships hospitality or service which would compromise, or give the appearance of compromising, their position or any business decision taken by or on behalf of their employer.

Must not borrow money from employee of the Bank or in any way place under pecuniary obligation to broker, moneylender, vendors or/and clients (other than Financial Institutions) having dealings with the Bank under all circumstances, with the exception of clients (which are Financial Institutions ), subject to market terms and conditions.

4. **CONFIDENTIALITY**

Maintain the privacy and confidentiality of all the information acquired during the course of professional activities and refrain from disclosing the same unless otherwise required by statutory authorities / law. All such information will remain as a trust and will only be used for the purpose for which it is intended and will not be used for the personal benefits of any individual(s). Inside information about FWBL’s
customers / affairs should not be used for their own gain or for that of others either directly or indirectly.

This duty of confidentiality also involves not divulging information to third parties except in the following circumstances where:

i. The party concerned has given permission to do so
ii. FWBL is legally compelled to do so
iii. There is a duty to the public to disclose; and
iv. It is necessary for FWBL to present its case - e.g. in court or in other circumstances of a related nature.

Not allowed to remove any document containing confidential information from office/bank premises unless prior approval has been sought from employee’s immediate Line Manager / Supervisor.

Must sign a declaration of confidentiality / secrecy and must comply with the procedure and regulation in place within FWBL. These procedures/ regulation are designed to manage and segregate confidential information and to prevent its inadvertent spread and misuse.

An employee is strictly prohibited to engage in inside trading i.e. it is unethical & illegal to buy, sell, trade or otherwise participate involving the company common stocks or other securities while in possession of material, non-public information (also known as “insider information”) regarding the Bank.

5. PROFESSIONALISM

All employees shall at all times, maintain maximum level of dignity when interacting with employees of opposite sex. The management of the bank shall take stern action against any employee found blameworthy of defying office decorum in this regard.

Serve FWBL honestly and faithfully and shall strictly serve FWBL’s affairs and the affairs of its constituents. They shall use utmost endeavor to promote the interest and goodwill of FWBL and shall show courtesy and attention in all transactions / correspondence with officers of Government, State Bank of Pakistan, other Banks / Financial Institutions and others establishments dealing with FWBL.

Disclose and assign to FWBL all interest in any invention, improvement, discovery or work of authorship that they may make or conceive and which may arise out of their employment with FWBL. If their employment is terminated, all rights to property and information generated or obtained as part of their employment relationship will remain the exclusive property of FWBL.

Not engage in Money Laundering and will be extremely vigilant in protecting FWBL from being misused by anyone to launder money by strictly complying with “Know our Customer” policies and procedures

6. ABIDANCE OF LAWS / RULES

Conform to and abide by FWBL rules and obey all lawful orders and directives which may from time to time be given by any person or persons under whose jurisdiction, superintendence or control they may for the time being, be placed. They shall comply with and observe all applicable laws, regulations and FWBL policies and as amended from time to time.

Should always obey the law of Pakistan and shall not express views detrimental to the ideology, sovereignty or integrity of Pakistan. All employees should endeavor to familiarize themselves with the prevalent laws in general and those relating to the business of FWBL in particular.

All FWBL employees will not take part I political activities, or join any political party or contest any elections while in service of the Bank. They will however, have the right to exercise their vote.

To maintain knowledge and comply with all applicable laws, rules and regulations including Bank’s policies, procedures and standards, SBP and SECP regulations, applicable law(s) and the Code. Employees must not knowingly assist or participate in violation of such laws, rules and regulations. Any employee who is charged or convicted for a civil or criminal offence is required to notify her / his immediate supervisor as well as HRD.

BUSINESS/ WORK ETHICS

Respect fellow colleagues and work as a team. They shall at all times be courteous and not let any personal difference affect their work. They will treat every customer of FWBL with respect and courtesy.

Ensure good attendance and punctuality and demonstrate a consistently good record in this area. For any absence during working hours, they shall obtain permission of their immediate supervisor. They shall not absent themselves from their duties nor leave their station over night, without having first obtained the permission of their Line Manager.

Maintain a standard of personal hygiene and dress appropriately for attendance at work. Their appearance must inspire confidence and convey a sense of professionalism.

Not indulge in any kind of harassment including sexual harassment or intimidation whether committed by or against any senior/ junior, co-worker, customer, vendor or visitor. They shall not use language, written or
spoken in intra office communication(s) or communication(s) with individual(s) outside the offices any statement or material that is offensive to others. They shall never use FWBL system to transit or receive electronic image or text containing ethnic slurs, social epithets or anything that might be constructed as harassing, offensive or insulting to others.

To meet their responsibility to fellow employees, customers and investors they shall help in maintaining a healthy and productive work environment and shall not engage in the selling, manufacturing, distribution, using, any illegal substance or being under the influence of illegal drugs while on the job.

Ensure strict adherence to all health and safety policies as may be implemented from time to time by FWBL.

Not to give any interview in the print/ electronic media have their photograph displayed or act television/ stage plays or in cinema without having permission from the Management.

Refrain from exercising undue influence / external pressures to affect management’s decision over promotions / postings which may result in disciplinary action upto termination of service.

Should not be found guilty of concealment/ misdeclaration of facts or fake claim re imbursements etc.

Intimate Human Resources Division of any changes in the personal circumstances relating to their employment.

7. COMPLIANCE

The Bank will ensure that:

a) All employees will be made aware of this code;

b) No employees will be asked to do anything that would be contravene this code.

c) When dealing in shares or any other asset, all employees must comply with all legal and regulatory requirement

d) All employees shall behave honorably and nicely with co – workers and should not act in any manner which may have connotations of harassment of any kind.

8. IMPLEMENTATION

Implementation of this code protects both customers and employees of the bank.

Contravention of this code will be dealt with in accordingly with the policies and procedure of the bank.

All Groups must have in place internal procedures to complying with their obligation under this Code and in pursuing material contravention of this code.

9. CODE OF ETHICS FOR PERSONAL CUSTOMERS

This code could be adopted on a voluntary basis by the Bank. It sets out the minimum standards of good practices a customer may expect from the bank. It applies where the bank provides the product a service to which reference is made.

The code complements legal obligation and voluntary codes and explain how relevant law affects the bank and the customer. It also provides the competent authority of the bank with basis to take into account when considering complaints received from personal customers.

10. CODE OF ETHICS FOR BUSINESS CUSTOMERS

This code of Practice for the Bank’s Business customer seeks a foster good relations between the bank and its business customers and to promote good banking practice by formalizing standard of conduct that the bank agrees to observe. It is intended to serve as model for the bank to customize and add to as it sees fit.

Its objective include

To disclosure of information relevant and useful to business customers.
To promote informed and effective relationship between bank and its business customers
To enable the bank to act fairly and reasonably in all their business dealings with their business customers.

11. CODE OF PRACTICE ON COMPETITION

The objective of this Code of Practice on Competition is to promote competition practice which:

Are fair and reasonable as they affect consumers and competitor banks; and
Reflect high standards of ethical behavior.

Its objectives include:

Observing the principal and spirit Conventions in relation to provision of financial services which are
12. **WHISTLE BLOWING AND JUDICIAL INVESTIGATIONS**

Employees must speak up in order to raise their concerns and suspicions, in confidence, about any actual, planned or potential behavior regarding misconduct or malpractices, breaches of law, regulations, suspicious activities, money laundering, frauds, criminal acts which they believe have not already been reported to relevant business group.