Ethical Leadership in The Digital Era: Unlocking Employee Potential through Trust and Inner Peace

Garima Bajpai[1], Harish Rawat[2], Dr. Reena Singh[3]

[1]Research Scholar, School of Management, Doon University, Dehradun (Uttarakhand), India,
Email: garimabajpai06@gmail.com.
[2]Research Scholar, School of Management, Doon University, Dehradun, Uttarakhand, India,
Email: Mbahr700@gmail.com
[3]Professor, School of Management, Doon University, Dehradun, Uttarakhand, India,
Email: reenasingh8572@gmail.com.

Abstract:

In the digital era, the Information Technology (IT) sector plays a pivotal role in driving global innovation and economic growth. As organizations navigate technological disruptions and dynamic work environments, ethical leadership emerges as a fundamental leadership style that fosters integrity, accountability, and long-term success. This study explores the impact of ethical leadership on employee job performance, emphasizing the critical roles of trust and inner peace as potential mediators. Trust is essential for building strong leader-employee relationships, fostering collaboration, and enhancing workplace commitment, while inner peace contributes to employee well-being and psychological resilience. Data were collected from 282 IT sector employees in the Delhi/NCR region using a structured self-reported questionnaire. Utilizing Partial Least Squares Structural Equation Modeling (PLS-SEM), the study confirms that ethical leadership significantly enhances employee job performance, with trust acting as a crucial partial mediator. However, inner peace does not demonstrate a significant mediating effect. These findings underscore the importance of cultivating trust within organizations and exploring inner peace as an emerging factor in workplace dynamics. The study offers valuable insights for IT organizations seeking to develop leadership strategies that enhance employee engagement, well-being, and overall organizational success.

Keywords: *Ethical leadership, Trust, Employee performance, Information Technology (IT), Delhi/NCR region.*

Introduction:

In today's rapidly evolving and highly competitive business landscape, information technology (IT) has emerged as a transformative force reshaping industries, organizational processes, and workforce dynamics. No longer just a specialized field, IT has become a strategic driver of business success, influencing decision-making at all levels. Digital transformation, artificial intelligence (AI), big data analytics, and automation have redefined business operations, fostering innovation, efficiency, cost-effectiveness, and agility. IT has become indispensable for organizations striving for long-term competitiveness and sustainability, with technology-driven firms leveraging digital capabilities to establish market dominance (Bentham, 2024).

The Growing Significance of IT in the Global Economy:

Global IT investment trends reinforce the sector's importance. According to Gartner (2025), global IT expenditure is projected to reach $5.26 trillion in 2024, reflecting a 9.8% increase from 2024. Although this represents a slight decline from the earlier forecast of 8% growth, the steady rise in broadband adoption and digital infrastructure spending demonstrates IT's ever-expanding influence on financial markets. The shift toward Industry 4.0, characterized by smart technologies, cloud computing, and interconnected digital ecosystems, necessitates continued investment in IT infrastructure to maintain competitive advantage and innovation-driven growth.

One of the most groundbreaking areas within IT is information and communication technology (ICT),

which has revolutionized industries globally. The finance sector, for example, has witnessed a massive shift to online banking and real-time digital transactions, increasing efficiency and convenience. Similarly, the retail sector—led by e-commerce giants such as Amazon and Netflix—has transformed global supply chains, consumer experiences, and trade dynamics since the 1990s. These rapid technological advancements have strengthened business interconnectivity, streamlining operations, customer engagement, and scalability. However, these advancements also introduce new complexities, requiring businesses to carefully balance technological innovation with sustainable workforce management and infrastructure investment. Despite the undeniable opportunities presented by IT, its rapid evolution also brings significant challenges. As businesses increasingly rely on automation, artificial intelligence, and remote work, employees face mounting pressure to continuously upskill, adapt, and navigate shifting work environments. This evolving landscape demands a strategic approach to IT adoption, ensuring that technology enhances productivity and innovation while also mitigating negative impacts on workforce well-being.

The Indian IT Sector: Growth, Workplace Challenges, and Employee inner peace:

India has emerged as a global IT powerhouse, significantly contributing to technological innovation, outsourcing, and digital services. The IT sector contributed approximately 7.5% to India's GDP in 2023, with expectations to reach 10% by 2025 (NASSCOM, 2023). The industry has directly employed over 5.1 million professionals, playing a pivotal role in the country's economic growth. Furthermore, India's digital economy is projected to reach USD $1 trillion (₹69,89,000 crores) by 2025, highlighting the sector's expanding global influence.

While the IT sector offers lucrative career opportunities, it is also highly demanding, fast-paced, and performance-driven. Employees often face stringent deadlines, high client expectations, and continuous learning requirements, leading to job stress, burnout, and mental fatigue. The COVID-19 pandemic accelerated remote work adoption and

digital transformation, introducing new work models but also amplifying occupational stress and mental health challenges. The high-pressure work culture in IT organizations—characterized by extended working hours, rigid performance metrics, and evolving skill requirements—has led to rising concerns about employee well-being and inner peace. Several studies highlight the psychological impact of IT jobs, particularly in areas such as job satisfaction, workplace stress, and mental health (Manogna et al., 2024; Kumar, 2024; Paul, 2022; Rao & Chandraiah, 2012). As the IT industry continues to expand and evolve, understanding the psychological and behavioral factors affecting employee performance is crucial.

The Role of Ethical Leadership in Addressing IT Workplace Challenges:

Leadership plays a critical role in shaping organizational culture, ethical standards, and employee experiences. Ethical leadership, in particular, has been recognized for its impact on workplace trust, employee inner peace, and overall employee performance (Treviño, 2006; Brown et al., 2005). Ethical leaders foster transparency, accountability, and fairness, ensuring that employees feel valued, respected, and supported. Given the intense work environment of IT firms, ethical leadership can serve as a buffer against workplace stress, promote mental well-being, and enhance employee commitment. Treviño (2006) highlights that ethical leaders integrate moral values into corporate policies and decision-making structures, ensuring a supportive and ethical work environment. In the IT sector—where high-performance expectations and job pressures often contribute to stress, disengagement, and burnout—ethical leadership is particularly crucial.

Ajayi & Udeh (2024) emphasize that IT professionals face mounting pressures due to demanding workloads, long hours, and continuous skill development requirements. Such challenging work conditions often lead to workplace anxiety, perceived unfairness, and reduced team cohesion. Meanwhile, research by Hameli et al. (2024), Umrani et al. (2024), David et al. (2024), Abdelaziz et al. (2024), and Mao et al. (2024) has demonstrated

that a psychologically healthy workforce exhibits greater resilience, job satisfaction, and problem-solving ability. Conversely, workplace stress and lack of trust negatively impact employee engagement and productivity.

Despite growing research on ethical leadership, trust, employee performance and employee inner peace, few studies have explored these dynamics within IT organizations. The IT sector's unique characteristics—high-performance demands, technological disruption, and globalized work environments—necessitate a focused investigation into how ethical leadership influences trust, inner peace, and employee performance. Previous research has analyzed workplace stress, burnout, and job satisfaction in IT, but the behavioral mechanisms through which ethical leadership fosters trust, inner peace, and performance remain largely unexplored. This study seeks to bridge this research gap by examining:

Research Question 1: Does modern organizational practices of ethical leadership style influences employee performance in IT firms?

Research Question 2: Do trust and inner peace (psychological concepts) mediates the relationship between ethical leadership and employee performance?

By addressing these critical research questions, this study aims to contribute both to academic literature and industry practice, providing actionable strategies for fostering ethical, high-performance, and psychologically supportive IT workplaces.

Theoretical Background:

The authors of this paper applied the Job Demands-Resources (JD-R) Model, developed by Bakker and Demerouti (2007), which provides a comprehensive framework for understanding how workplace conditions impact employee inner peace, trust, and performance. It categorizes workplace factors into two key dimensions: job demands and job resources.

Job demands refer to the physical, psychological, and emotional efforts required to fulfill job roles (Demerouti et al., 2001). These include work pressure, emotional strain, job insecurity, role conflict, and excessive workload (Bakker et al., 2017). In high-pressure environments such as the IT sector, prolonged exposure to demands like long working hours, rapid technological advancements, and techno-stress can lead to burnout, disturbed inner peace or mental balance decreased motivation, and lower job performance (Tarafdar et al., 2019).

Conversely, job resources are workplace factors that help employees cope with demands while enhancing engagement and performance (Taris & Schaufeli, 2015). These include supportive leadership, autonomy, constructive feedback, skill variety, and career development opportunities (Bakker & Demerouti, 2017). Resources lessen the detrimental impact of job demands and enhance motivation, inner peace, and long-term performance (Xanthopoulou et al., 2007).

By integrating the JD-R Model with the Technology-Enhanced Ethical Leadership Model (TEELM), this study explores how ethical leadership, trust, and inner peace function as crucial job resources in the IT sector (Brown et al., 2005; Walumbwa et al., 2011).Ethical leadership ensures equity, psychological security in challenging situations, and principled orientation, cultivating a workplace that reduces stress and improves employee engagement (Den Hartog, 2015). Trust in leadership mitigates workplace stress, promotes open communication, and strengthens employee dedication (Dirks & Ferrin, 2002). Inner peace or mental stability helps employees effectively manage job demands, reducing burnout and promoting sustained productivity (Ryan & Deci, 2000). In IT workplaces, where fast-paced innovation and performance pressures dominate, the JD-R framework underscores the importance of leadership-driven job resources in fostering a balanced, healthy, and high-performing workforce.

Conceptual Framework
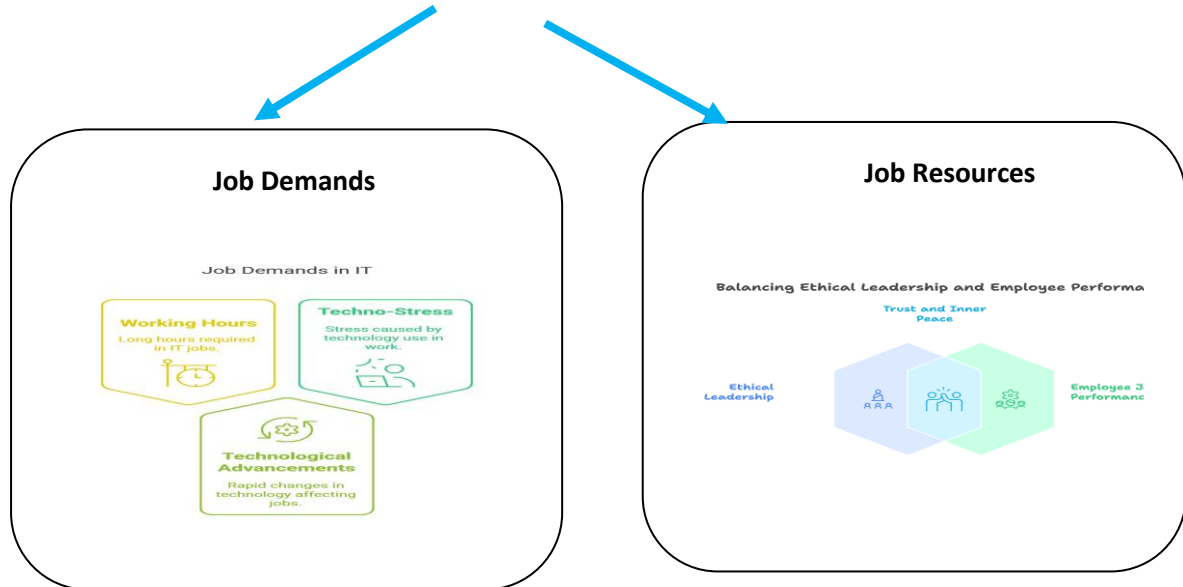
Literature review and Hypothesis Development:

Ethical Leadership:

Enderle and George (1987) were the first to present the idea of ethical leadership, examining its relationship with corporate and business ethics. Fulmer and Robert (2004), in a more recent study, underscored that ethical leadership serves not just as a moral duty but also as a strategic requirement for enduring success. By embodying ethical values, leaders cultivate a workplace culture characterized by integrity, transparency, and accountability. This results in improved performance and profitability, as well as the development of a robust ethical code of conduct. In the previous study, ethics is defined as a set of moral principles that direct decision-making and behavior in an organization, promoting fairness, responsibility, and integrity (Treviño, 2006). An ethical code of conduct is a well-organized collection of moral principles that govern suitable behavior within a business environment, guaranteeing fairness, transparency, and ethical accountability (Brown et al., 2005). According to Brown et al. (2005), ethical leadership is characterized by "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, along with the promotion of such conduct to followers through

two-way communication, reinforcement, and decision-making."

Moral managers, who play a crucial part in influencing the ethical climate of an organization, are a key element of ethical leadership. As Treviño (2006) highlights, ethical leaders go beyond maintaining their own integrity; they integrate ethical standards into policies, procedures, and everyday interactions to make ethical behavior the norm for everyone. Leaders have a significant impact on their own behavior and that of employees through role modeling, reinforcing ethical conduct with rewards and consequences, clearly communicating ethical expectations, and promoting ethical awareness (Guillen et al., 2001). While top executives establish the ethical vision, it is the responsibility of middle-level corporate leaders to apply these principles in day-to-day decision-making, thereby reinforcing the organization's ethical culture.

Although ethical leadership is important across all industries, it holds particular significance in the technology sector due to the high-pressure environments, tight deadlines, and constant need for skill enhancement that employees encounter. In the absence of robust ethical leadership, these circumstances may result in stress, burnout, and disengagement. Ethical leadership helps mitigate

these challenges by promoting psychological safety, resilience, motivation, and job satisfaction. By prioritizing ethical leadership, organizations can alleviate employee anxiety, cultivate inner peace, and foster a positive work environment—resulting in increased productivity, creativity, and innovation. The most crucial aspect of ethical leadership is that it fulfills two functions: it guarantees adherence to ethical business practices and bolsters employees' psychological resilience and performance. This highlights the need for ethical leadership to ensure organizations' long-term sustainability and success, particularly in the fast-evolving tech industry (Yousaf et al., 2019; Teimouri et al., 2018).

Ethical Leadership and Employee performance:

Employee performance is considered an essential element of human resource management strategy in every organization because it directly impacts both individuals and the organization as a whole. Numerous elements, including recruitment, selection, training, and development, play vital roles in evaluating employee performance within an organization, all geared towards attaining organizational success. Researchers have identified various dimensions that contribute to measuring employee performance. Ethical leadership represents a leadership style founded on a deep respect for ethical standards, values, and the dignity of work (Cregan et al., 2009). This approach is characterized by open communication and involves employees in organizational decision-making processes. Such leadership fosters trust, respect, and unwavering loyalty among employees, acting as a catalyst for their commitment to work (Wu et al., 2021). Despite the absence of external incentives, employees demonstrate commendable job performance driven by their moral reasoning and choices. Ethical leadership profoundly influences subordinates through normative behaviour, serving as an intrinsic motivator for employees to excel in their performance (Potipiroon and Ford, 2017). A study explored the concept of ethical leadership and its motivational effects, leading to improved job performance. According to the model, emphasizing robust normative behaviours and ethical dedication by a leader result in a positive impact on staff performance (Piccolo et al., 2010). Furthermore,

Huang and Paterson (2017) revealed a positive correlation between ethical leadership and ethical performance. Specifically, the research highlighted that group ethical voice, which is an affirmative consequence of ethical leadership, plays a crucial role in ethical performance. By fostering a positive ethical environment among group members, group ethical voice encourages individuals to make constructive decisions. Several other researchers, including Tamer (2021), Schwepker et al. (2021), Peng and Lin (2017), and others, have conducted studies to understand the relationship between ethical leadership and employee job performance, consistently finding a positive correlation. Den Hartog (2003) unearths a robust correlation between leaders' perceived integrity and the trust reposed in them by their followers. Meanwhile, Engelbrecht et al. (2014) unearth a significant positive correlation between ethical leadership and trust, positioning trust as the bedrock that fortifies the positive correlation between ethical leadership and work engagement. This nexus is reinforced by several scholars recognizing the affirmative correlation between ethical leadership and trust, with various studies spotlighting trust's role as either a mediating or moderating variable in the interplay between ethical leadership and diverse behavioural outcomes (Xu et al., 2009; Akker et al., 2009; Newman et al., 2014; Chughtai et al., 2015; Huang et al., 2021; Eluwole et al., 2022). Based on the literature, the following hypotheses have been developed.

H1: There is a significant impact of ethical leadership on employee job performance:

Ethical leadership and Employee trust in supervisor:

Leaders' normative behaviour wields an immediate and profound influence over their followers, propelled by critical dimensions such as integrity, honesty, and truthfulness. This influence cascades into a cascade of positive outcomes: elevated job satisfaction, heightened employee commitment, fortified trust in supervisors, enhanced employee performance, and diminished turnover rates. Mayer and Davis (1995) underscore that integrity is pivotal in fortifying the nexus between integrity itself and trust, hinging on the trustor's conviction that the

trustee upholds principles resonant with their values. Furthermore, Trust engenders an environment of transparency, collaboration, and open communication, fostering a sense of psychological safety among employees. This, in turn, cultivates innovation, creativity, and resilience within teams, leading to higher productivity, adaptability, and performance in the face of challenges (Wang et al., 2011). Based on the literature, the following hypotheses have been developed.

H2: There is a significant impact of ethical leadership on employee trust in supervisor:

Employee trust and employee job performance:

Trust is often regarded as a foundational element for building and maintaining constructive human relationships, whether within personal or professional contexts. Within organizations specifically, trust plays a crucial role in fostering collaboration, teamwork, and increases the overall organizational productivity and efficiency. Cook and Wall (1980) concluded that trust shall be used as an ingredient for long term relationship between organization and individuals. There are studies by scholars which have found the affirmative outcomes of trust in supervisors. Schaubroeck et al., 2013 found that affect-based trust in peers and leaders would be positively related to role-related employee performance. Similarly, in a study Dirks and Ferrin (2002) discovered a robust connection between trust in supervisors and work attitude, with organizational citizenship behaviour closely trailing behind, and job performance emerging as the ultimate factor. Furthermore, A study revealed that highly affectively committed employees accept organizational changes, which in turn fosters trust in supervisors, potentially leading to improved performance (Neves and Caetano, 2009). There are many researchers who have discussed the positive impact of trust in supervisors on behavioral and attitudinal outcomes (Aryee et al., 2002; Cunningham and MacGregor, 2000; Peters and Karren, 2009; Hansen et al, 2002). But very few researchers conducted the empirical studies to understand the relationship between trust in supervisors and employee job performance. Based

on the literature, the following hypotheses have been developed.

H3: There is a significant impact of employee trust on employee job performance:

Ethical leadership and Employee inner peace:

The relationship between ethical leadership and inner peace has not been explicitly examined in prior research. However, existing studies have explored the impact of ethical leadership on various psychological factors such as psychological well-being, mindfulness, emotional regulation, and spiritual dimensions, all of which are considered key components of inner peace (Teimouri et al., 2018; Williams & Seamen, 2016; Aftab et al., 2023; Haver et al., 2013). Inner peace is a state of mental and spiritual calm, characterized by emotional stability, self-awareness, and resilience against external stressors. It enables individuals to maintain clarity of thought, emotional balance, and a positive outlook even in challenging circumstances. Research suggests that inner peace serves as a foundation for outer peace, meaning that individuals who cultivate inner peace are more likely to exhibit harmony, patience, and constructive behavior in their external interactions. While outer peace can be situational and temporary, inner peace is more stable and enduring. Applying this concept in an organizational context, it can be argued that employees who experience a higher degree of inner peace are likely to exhibit greater engagement, job satisfaction, and productivity. Ethical leadership, characterized by fairness, integrity, transparency, and moral decision-making, plays a critical role in fostering a work environment where employees feel valued, psychologically safe, and emotionally balanced. Ethical leaders promote a culture of trust and respect, reducing workplace stress and creating an atmosphere that supports employees' mental and spiritual well-being. Based on the literature, the following hypotheses have been developed.

H4: There is a significant impact of ethical leadership on employee inner peace:

Employee Inner peace and employee job performance:

Inner peace, often described as a state of mental and spiritual tranquility, has deep philosophical and psychological roots. In Buddhism, inner peace is closely associated with nirvana, considered the ultimate life goal. It is characterized by a sense of well-being that is independent of internal or external stimuli (Demirci & Eksi, 2018). Scholars have linked inner peace to psychological well-being, suggesting that individuals who cultivate inner peace experience greater emotional stability, lower stress levels, and enhanced overall well-being (Soysa et al., 2021). Furthermore, research indicates that inner peace is deeply connected to spirituality, as it provides individuals with a sense of purpose and meaning in life. The interconnection of inner peace with key psychological and emotional factors—such as mindfulness, emotional regulation, and stress management—highlights its significance in workplace settings. Employees who experience inner peace are likely to exhibit greater focus, resilience, and composure, enabling them to navigate workplace challenges more effectively. Prior studies suggest that mindfulness and emotional stability contribute to higher job performance, greater job satisfaction, and improved interpersonal relationships at work. Anjum et al. (2014) specifically highlighted the role of inner peace in enhancing employees' role performance in both public and private banking sectors, further underscoring its impact on workplace efficiency. Despite these insights, empirical research on the direct relationship between inner peace and employee performance remains limited. This gap presents an opportunity to explore how inner peace functions as a critical psychological resource that enhances workplace effectiveness. Given its demonstrated impact on emotional resilience, well-being, and stress reduction, inner peace is expected to have a positive influence on employee performance. Based on the literature, the following hypotheses have been developed.

H5: There is a significant impact of employee inner peace on employee job performance:

Mediating role of Trust:

Trust plays a crucial role in shaping employee behavior within organizations, influencing motivation, commitment, turnover intentions, and job performance. McCauley and Kuhnert (1992) classified trust into lateral trust (among coworkers) and vertical trust (between employees and management), with vertical trust having a more significant impact on organizational dynamics. Sheppard and Sherman (1998) emphasized that trust is essential in power-imbalanced relationships, fostering harmony between leaders and employees. Trust in leadership enhances organizational effectiveness and provides a competitive advantage by improving employee performance.

A substantial body of research establishes trust as a mediating factor between leadership styles and employee outcomes such as job performance, knowledge sharing, team effectiveness, and organizational change capacity (Clapp-Smith et al., 2009; Zhu et al., 2013; Chou et al., 2013; Ugwu et al., 2016; Le & Lei, 2018; Saleem et al., 2020; Legood et al., 2020; Asad et al., 2022; Chao et al., 2024). However, studies specifically exploring trust as a mediator in the relationship between ethical leadership and employee performance remain limited. Research supports the link between ethical leadership and trust, often in conjunction with other organizational variables. Xu et al. (2016) identified trust as a key mechanism linking ethical leadership and organizational justice perceptions. Similarly, Oktay (2018) found that trust in leadership mediates the relationship between ethical leadership, organizational commitment, and job satisfaction. Schwepker and Charles (2019) demonstrated that ethical leadership enhances sales performance through trust in leadership and reduced ethical ambiguity.

Despite these findings, the direct relationship between ethical leadership, trust, and employee performance remains underexplored, particularly in high-demand industries like the IT sector. Further research is necessary to understand how ethical leadership fosters trust, leading to a high-performance work environment. Based on the literature, the following hypotheses have been developed.

H6: Trust in leadership plays a mediating role between ethical leadership and employee job performance:

Mediating role of Inner Peace:

Within workplace environments, inner peace plays a critical role in shaping employee well-being, productivity, and overall performance. Employees who experience a sense of inner peace are more likely to exhibit higher job satisfaction, emotional intelligence, and resilience in high-stress situations (Soysa et al., 2021). Anjum et al. (2014) highlighted that inner peace enhances role performance across both public and private sector employees, fostering a positive organizational culture and ethical work behavior. Despite its significance, there is currently a lack of studies exploring the direct relationship between ethical leadership, inner peace, and employee performance. However, existing research has established inner peace as a mediating factor in various workplace contexts. The connection between inner peace and job performance is multifaceted, increasingly recognized as a key determinant of professional effectiveness. Inner peace, characterized by a stress-free mental state, enhances cognitive focus, decision-making, and overall productivity, particularly in high-pressure sectors such as IT and ICT, where performance expectations are exceptionally high.

Several studies support the role of inner peace in improving work-life balance, reducing mental stress, and fostering resilience, thereby enhancing employee performance. Rawat & Singh (2024) emphasize that cultivating inner peace through mindfulness and resilience training enables employees to better manage workplace stress, leading to sustained high performance in demanding IT environments. Similarly, Deveendra & Au (2022) introduce the 2P Paradigm, which underscores the interconnection between personal peace and work performance. Their study suggests that employees experiencing inner peace are more likely to engage creatively and maintain stability under pressure. Conversely, excessive performance pressure can lead to stress and burnout, disrupting inner peace and diminishing productivity. Based on the literature, the following hypotheses have been developed.

H7: Inner Peace plays a mediating role between ethical leadership and employee job performance:

Research Methodology:

Sample and data collection:

Data for this study were collected from employees in the Indian information technology (IT) sector located in the Delhi/NCR region. This area was chosen because of its status as a significant urban centre with a robust economy, characterized by substantial employment contributions from various sectors, including information technology. The diverse economic landscape and the presence of numerous large and medium-sized IT companies make Delhi/NCR an ideal setting for examining industry-specific trends and behaviours. This choice ensures that the findings are relevant and reflective of a dynamic and influential economic hub in India.

Given the difficulty in determining the target population size, the author utilized a non-probability sampling method—specifically, purposive sampling—for data collection. Hair et al. (2011) recommended a sample size ratio of 10:1 as optimal for PLS-SEM. Therefore, based on a 35-item questionnaire, we aim to collect over 350 responses for the study.

Measurement items and scales:

Ethical leadership, with a reliability coefficient (α) of 0.94, was assessed using the ten-item Ethical Leadership Scale (ELS). This scale, created and validated by Brown et al. (2005), is designed to evaluate employees' perceptions of their immediate supervisor's ethical behaviour. Examples include: "My supervisor sets an example of how things are right in terms of ethics" and "My direct supervisor makes fair and balanced decisions". Participants rated their level of agreement with these statements using a five-point Likert scale, with options ranging from "strongly disagree" to "strongly agree."

The authors used a seven-item **Trust scale** reflecting the trust dimensions outlined by Gabarro, John, and Athos (1976). With a reliability coefficient (α) of

0.87, this scale featured statements like, "I believe my employer has high integrity" and "I can expect my employer to treat me in a consistent and predictable fashion." Participants indicated their level of agreement with these statements on a five-point Likert scale, with responses ranging from "strongly disagree" to "strongly agree."

The **Employee performance** scale developed by Rodwell et al. (1998), with a reliability coefficient (α) of 0.82 assessed participants' perceptions using statements such as "I am currently working at my best performance level" and "It is my right to use all my sick leave allowance (R)." Participants indicated their agreement with these statements on a similar five-point Likert scale, with response options ranging from "strongly disagree" to "strongly agree."

The **Inner Peace Scale**, developed by Xi and Lee (2021), assesses professionals' inner peace across three key dimensions: Acceptance of Loss, Inner Balance and Calmness, and Transcendence of Hedonism and Materialism. This 9-item scale utilizes a 5-point Likert scale to measure the frequency of inner peace experienced by respondents, ranging from 1 (Almost never) to 5 (Almost always). The scale demonstrates reliable internal consistency, with a Cronbach's α of 0.73, indicating its validity in assessing inner peace levels. Sample items from the scale include statements such as, "When I am in a very positive situation, I wish it would last forever" and "I am troubled by the thought that nothing lasts forever". These items capture an individual's emotional responses to change, impermanence, and material detachment, providing insights into their overall state of inner peace. Below table 1 demonstrated the details for the construct's measurement items scale.

Table 1: Measurement Items

Variables	Number of Items	Adopted from
Ethical Leadership	10 items	Brown et al. (2005)
Trust Scale	7 items	Gabarro, John, and Athos (1976)
Employee Performance Scale	9 items	Rodwell et al. (1998)
Inner Peace	9 items	Xi and Lee (2021)

A structured questionnaire consisting of 38 items was distributed to collect the data. The questionnaire was divided into two categories. The first category gathered demographic information, such as gender, designation, and work experience. The second category included 35 items sourced from well-established scales that measure key constructs: ethical leadership, trust, inner peace, and employee performance. These scales are widely recognized and commonly used by researchers in their studies. The appendix at the end of the paper provides detailed information on the measured scale.

Data collection procedures:

For this research, we utilized a self-reporting structured questionnaire comprising 35 items, each measured on a 5-point Likert scale. In this scale, 1 represented 'strongly disagree' (or 'almost never' for the inner peace scale), 3 indicated a neutral stance ('neither agree nor disagree') or ('some time' for inner peace) and 5 represented 'strongly agree' (or 'almost always' for inner peace).

Determining an appropriate sample size was a critical step in ensuring the robustness of our study. In line with Jackson's (2003) recommendation—which suggests an ideal participant-to-parameter ratio of 20:1 and a minimum acceptable ratio of 10:1—we targeted 350 respondents, based on 35 observed items (10 × 35), to support reliable analysis. To meet this target, invitations were extended to employees across various IT organizations. A total of 317 responses were received, of which 35 were incomplete and subsequently excluded from the analysis. This resulted in 282 fully completed surveys, yielding a high response rate of approximately 89%. The final sample included associate executives, executives, and senior and junior consultants from medium- and large-sized IT companies. Data collection was conducted using both online (Google Forms) and

offline methods to maximize reach and participation. The strong response rate underscores the relevance and engagement of the study within the IT sector. Importantly, the final sample size of 282 respondents is still considered sufficient for advanced statistical analysis. Previous research suggests that a sample size between 200 and 400 is generally adequate for Structural Equation Modeling (SEM). Furthermore, a power analysis using G*Power for linear multiple regression (effect size = 0.15, significance level = 0.05, power = 0.80) indicated a minimum required sample size of just 87 respondents, further validating the adequacy of our sample size.

Table: 2 Demographics of respondents			
Variables		Frequency	Percentage %
Gender	Male	154	54.61%
	Female	128	45.39%
Work Experience	0-5 years	42	14.89%
	6-10 years	12	4.26%
	11-15 years	178	63.12%
	15-20 years	50	17.73%
Designations	Associate Executive	42	14.89%
	Executive	12	4.26%
	Junior Consultant	179	63.48%
	Senior Consultant	49	17.38%
Total		282	

Table 2 provides a clear overview of the demographic characteristics of the respondents, highlighting the distribution across gender, work experience, and designations. It can be observed that the majority of higher designations are held by males within the organizations. Additionally, most of the respondents fall into the 11-15 years' work experience category, which is predominantly comprised of junior consultants.

Data Analysis and results:

In contemporary research, Partial Least Squares Structural Equation Modeling (PLS-SEM) is a highly regarded technique. It analyses complex models and validates the measurement model to ensure that the indicators accurately reflect the underlying constructs, providing valuable insights into their predictive capabilities. For this study, the authors utilized PLS-SEM 4 for the statistical analysis. PLS Structural Equation Modeling involves a two-stage process for data analysis. The first stage is the measurement model, which assesses the reliability and validity of the data. Our study model follows a reflective-reflective structure, so first the reliability and validity are evaluated using the measurement model at the lower-order construct level and then evaluating the reliability and validity at the higher order construct. The second stage is the structural model, where the relationships between variables are analyzed using multiple regression techniques, incorporating the measurement model at the higher-order construct level.

Common method biases:

Before analyzing the measurement model, it is crucial to address the issue of common method bias. This step ensures that any errors arising during the survey process are identified and mitigated. Common method bias is not related to the relationships between constructs but is associated with measurement instrument errors. These errors can occur due to using self-report measures, similar rating scales, or consistent conditions for measuring constructs. In SPSS, Harman's single-factor test was conducted to check for common method bias, and the result showed that 33.84% of the variance could be explained by a single factor. This is below the 50% threshold, indicating that common method bias is not a significant issue in this data (Podsakoff et al., 2012).In Smart PLS SEM, common method variance is assessed by examining collinearity statistics, specifically observing Variance Inflation Factor (VIF) values. According to Kock (2015), the threshold limit for VIF values is set at 3.3. Ensuring VIF values remain below this threshold helps confirm that common method bias is not a

significant concern in the survey data. On the other hand, if the value surpasses the threshold limit, it may undermine the model's validity. The table below showcases the Variance Inflation Factors (VIF) values of the inner model, ranging from 1 to 1.341, which is significantly below the threshold limit outlined by Kock (2015). This indicates that the model is devoid of any collinearity issues and will not impact its effectiveness.

Table 3: Common method biases assessment (Inner VIF Values) Matrix	
	VIF
EL -> Inner peace	1
EL -> P	1.341
EL -> T	1
Inner peace -> P	1.04
T -> P	1.297

Measurement model:

In the measurement model phase of PLS-SEM, it is crucial to evaluate the reliability and validity (both convergent and Discriminant) of the constructs. As we already know, when using PLS-SEM, if the model is reflective-reflective, the reliability and validity of the constructs are first assessed at the lower-order level. This evaluation ensures that the constructs accurately represent the theoretical concepts they are intended to measure. To assess reliability, one can examine the loadings of each indicator. Vinzi et al. (2010) recommend that indicator loadings should ideally exceed 0.70. However, Hair et al. (2016) state that a loading of 0.50 is the minimum acceptable threshold. These standards help ensure that each indicators is correlated to its principal component the underlying constructs. The factor loadings in the below table indicate that all construct items exceed 0.70, with some items just above the minimum acceptable threshold of 0.50, in line with the guidelines. However, the loadings for two items in the performance construct, specifically P2 (0.383) and P6 (0.256) and one item of THM2 (0.375) fall below this threshold. Consequently, these three items have been found to be problematic and have been deleted to improve internal consistency. Table 4 below demonstrated the factor loading for all the constructs.

TABLE 4: - Factor loadings

	AL	EL	IBC	P	T	THM
AL1	0.927					
AL2	0.828					
AL3	0.778					
EL1		0.817				
EL2		0.770				
EL3		0.792				
EL4		0.810				
EL5		0.634				
EL6		0.755				
EL7		0.829				
EL8		0.822				
EL9		0.857				
EL10		0.830				
IBC1			0.865			
IBC2			0.928			
IBC3			0.898			
P1				0.588		
P3				0.505		
P4				0.669		

P5				0.838		
P7				0.765		
P8				0.871		
P9				0.816		
T1					0.623	
T2					0.827	
T3					0.832	
T4					0.888	
T5					0.589	
T6					0.719	
T7					0.745	
THM1						0.879
THM3						0.832

Note: - AL: Acceptance of Loss, EL: Ethical leadership, IBC: Inner balance and Calmness, P: Performance, T: Trust, THM: Transcendence of Hedonism and Materialism

Internal consistency for this study is further assessed through reliability tests, which include measuring both Cronbach's Alpha and Composite Reliability (CR). The values of Cronbach's Alpha and Composite Reliability are found to be above the minimum threshold of 0.70. Conversely, Hair et al. (2022) recommends that these values be kept below 0.95 to avoid potential issues of multi-collinearity and redundancy, and none of the values above exceed this threshold. Table 5 below represents the reliability result

.

Table 5: Reliability Analysis

	Cronbach's alpha		Composite reliability (rho_c)
AL	0.812		0.883
EL	0.934		0.944
IBC	0.881		0.925
P	0.848		0.887
T	0.88		0.9
THM	0.637		0.846

Note: - AL: Acceptance of Loss, EL: Ethical leadership, IBC: Inner balance and Calmness, P: Performance, T: Trust, THM: Transcendence of Hedonism and Materialism

In the next step of evaluating the measurement model, convergent validity is assessed using Average Variance Extracted (AVE) values. The examination of convergent validity using AVE was introduced by Rasoolimanesh and Ali (2018). AVE evaluates whether items within the same construct exhibit strong correlations, confirming that they effectively measure the intended construct. The minimum threshold for AVE is 0.50, and all values should exceed this limit to pass the convergent validity test. The values in the table confirm convergent validity, as all the constructs have AVE values well above the 0.50 threshold. Below table 6 represents the convergent validity.

Table 6: Convergent Validity

	Average variance extracted (AVE)
AL	0.716
EL	0.630
IBC	0.805
P	0.537
T	0.568
THM	0.733

Note: - AL: Acceptance of Loss, EL: Ethical leadership, IBC: Inner balance and Calmness, P: Performance, T: Trust, THM: Transcendence of Hedonism and Materialism

Discriminant Validity:

After assessing convergent validity, the next step is to measure Discriminant validity. Discriminant validity demonstrates that the constructs or variables being measured are not excessively correlated with each other, ensuring that they capture distinct concepts. In PLS-SEM, Discriminant validity can be assessed using the Heterotrait-Monotrait ratio (HTMT), the Fornell–Larcker criterion, and by examining cross-loadings. We tested all three types of validity to confirm the relationships between the constructs. For HTMT validity, we followed the guideline established by Henseler et al. (2015), which states that the HTMT ratio should remain below the conservative threshold of 0.90. Our results showed that none of the HTMT values reached or exceeded this threshold. Additionally, we assessed Discriminant validity using the Fornell-Larcker criterion, 1981. This criterion involves comparing the square root of the average variance extracted (AVE) for each construct with the correlations between constructs. In our analysis, each construct's AVE was greater than its highest correlation with any other construct, thereby confirming Discriminant validity. Furthermore, we checked the cross-loadings for all indicators to ensure that each indicator loaded higher on its own construct than on any other construct. The results confirmed that all indicators had their highest loadings on their respective constructs, supporting the Discriminant validity of the measurement model. The data presented in Tables 7.1, 7.2, and 7.3 below respectively.

Table 7.1: Heterotrait - Monotrait ratio (HTMT) for Discriminant validity.						
	AL	**EL**	**IBC**	**P**	**T**	**THM**
AL						
EL	0.134					
IBC	0.417	0.165				
P	0.080	0.567	0.072			
T	0.090	0.429	0.067	0.516		
THM	0.846	0.195	0.615	0.152	0.061	

Note: - AL: Acceptance of Loss, EL: Ethical leadership, IBC: Inner balance and Calmness, P: Performance, T: Trust, THM: Transcendence of Hedonism and Materialism

TABLE 7.2: Fornell–Larcker criterion for Discriminant validity.						
	AL	**EL**	**IBC**	**P**	**T**	**THM**
AL	**0.846**					
EL	0.129	**0.794**				
IBC	0.336	0.160	**0.897**			
P	0.051	0.523	0.023	**0.733**		
T	0.001	0.475	0.015	0.480	**0.753**	
THM	0.609	0.152	0.455	0.093	0.042	**0.856**

Note: - AL: Acceptance of Loss, EL: Ethical leadership, IBC: Inner balance and Calmness, P: Performance, T: Trust, THM: Transcendence of Hedonism and Materialism

Note: - the values marked bold represent the square roots of the Average Variance Extracted (AVE)

Table 7.3: Discriminant Validity- Cross-Loadings						
	AL	**EL**	**IBC**	**P**	**T**	**THM**
AL1	**0.926**	0.145	0.260	0.067	0.016	0.533
AL2	**0.827**	0.079	0.271	0.015	-0.028	0.531
AL3	**0.779**	0.080	0.366	0.029	-0.003	0.509
EL1	0.084	**0.817**	0.089	0.479	0.415	0.074

EL10	0.130	**0.831**	0.212	0.435	0.431	0.152
EL2	0.065	**0.770**	0.030	0.378	0.312	0.120
EL3	0.053	**0.792**	0.121	0.331	0.394	0.090
EL4	0.144	**0.810**	0.154	0.443	0.412	0.190
EL5	-0.020	**0.634**	0.066	0.248	0.323	0.002
EL6	0.098	**0.755**	0.138	0.342	0.303	0.110
EL7	0.092	**0.829**	0.162	0.484	0.405	0.135
EL8	0.117	**0.822**	0.094	0.447	0.334	0.104
EL9	0.195	**0.857**	0.160	0.485	0.408	0.175
IBC1	0.306	0.107	**0.865**	-0.014	0.001	0.413
IBC2	0.302	0.166	**0.928**	0.040	0.013	0.398
IBC3	0.303	0.147	**0.898**	0.024	0.023	0.423
P1	0.049	0.474	0.042	**0.588**	0.365	0.168
P3	-0.010	0.239	-0.022	**0.505**	0.298	0.021
P4	0.053	0.389	0.060	**0.669**	0.291	0.071
P5	0.088	0.361	0.072	**0.838**	0.340	0.131
P7	0.019	0.331	-0.005	**0.765**	0.350	-0.004
P8	-0.015	0.404	-0.069	**0.871**	0.358	0.005
P9	0.061	0.407	0.027	**0.816**	0.415	0.047
T1	-0.091	0.088	-0.009	0.212	**0.623**	0.023
T2	0.013	0.509	0.042	0.398	**0.827**	0.033
T3	0.046	0.377	0.053	0.353	**0.832**	0.076
T4	0.076	0.593	0.051	0.494	**0.888**	0.040
T5	-0.066	0.133	-0.052	0.227	**0.589**	0.010
T6	-0.049	0.175	-0.065	0.306	**0.719**	0.042
T7	-0.082	0.219	-0.039	0.396	**0.745**	-0.019
THM1	0.605	0.162	0.362	0.048	0.028	**0.879**
THM3	0.426	0.094	0.423	0.115	0.045	**0.832**

Note: The values highlighted in the table represent the cross-loading values.

Validating Higher Order Construct:

The next step in the assessment of the measurement model is the validation of higher-order constructs, which are evaluated as part of the overall measurement model assessment. Each construct was tested for reliability and convergent validity to ensure its robustness. Additionally, higher-order constructs were examined for Discriminant validity in relation to lower-order constructs, following the recommendations of Sarstedt et al. (2019). The results confirm that both reliability and validity were established for the higher-order constructs. Specifically, reliability was confirmed as the values exceeded 0.70, while convergent validity was supported with an Average Variance Extracted (AVE) greater than 0.50 (Table 8). Beyond reliability and convergent validity, Discriminant validity of higher-order constructs was assessed concerning lower-order constructs. The Fornell and Larcker (1981) criterion results indicate that the square root of AVE for each construct is greater than its correlations with all other constructs (Table 9), supporting Discriminant validity. Furthermore, the Heterotrait-Monotrait (HTMT) ratio was found to be below 0.90 (Table 10), further reinforcing the establishment of Discriminant validity.

Table 8: Higher order construct's reliability and convergent validity

	Cronbach's alpha	Composite reliability (rho_c)	Average variance extracted (AVE)
IP	0.724	0.845	0.646

Note: IP- Inner Peace.

Table 9: Fornell and Lacker (1981) – Higher Order Discriminant validity

	EL	Inner Peace	P	T
EL	**0.794**			
Inner Peace	0.183	**0.804**		
P	0.522	0.07	**0.733**	
T	0.475	0.026	0.48	**0.753**

Note: - The values marked bold represent the square roots of the Average Variance Extracted (AVE)

Table 10: HTMT-Higher Order Discriminant Validity

	EL	IP	P	T
EL				
Inner Peace	0.215			
P	0.567	0.109		
T	0.429	0.090	0.516	

Structural model:

The second stage in PLS-SEM analysis is to evaluate the structural model. The structural model analyses the hypothesized relationships between constructs, which can be examined either directly or indirectly through mediation or moderation. According to the proposed model, this study will investigate both direct relationships and indirect relationships mediated by the construct.

Hypotheses Testing:

Utilizing 5000 subsamples, we employed the bootstrapping technique to evaluate the direct and mediated relationships between the components. Using the beta value, standard error, t-statistics, and p-values, the effect of the exogenous constructs directly on the endogenous constructs was assessed for significance. The two-tailed crucial t-values is 1.96 (significance threshold = 5%), according to Hair et al. (2011). Below are the result of tested hypothesis.

H1: There is a significant impact of Ethical leadership on Employee job performance.

H1 evaluates whether Ethical leadership has a significantly impact on employee job performance. The result reveals that ethical leadership has a significant impact on employee job performance $\beta = 0.382$, t = 6.693, p < 0.01). Hence, hypothesis was supported.

H2: There is a significant impact of ethical leadership on trust.

H2 evaluates whether Ethical leadership has a significantly impact on supervisors trust. The result reveals that ethical leadership has a significant effect on trust on supervisors $\beta = 0.475$, t = 8.879, p < 0.01). Hence, hypothesis was supported.

H3: There is a significant impact of supervisor's trust on employee job performance.

H3 evaluates whether supervisor's trust has a significantly impact on employee job performance. The result reveals that supervisor's trust has a significant effect on employee job performance $\beta = 0.299$, t = 5.57, p < 0.01). Hence, hypothesis was supported.

H4: There is a significant impact of Ethical leadership on employee inner peace.

H4 evaluates whether Ethical leadership has a significantly impact on employee inner peace. The result reveals that Ethical leadership has a

significant effect on employee inner peace β = 0.299, t = 5.57, p < 0.01). Hence, hypothesis was supported.

H5: **There is a significant impact of employee inner peace on employee job performance.**

H5 evaluates whether employee inner peace has a significantly impact on employee job performance. The result reveals that employee inner peace has a not significant effect on job performance β = -0.007, t = 0.137, p > 0.01). Hence, hypothesis was rejected. Table 11 below illustrates the results.

Table 11: Direct Relationship Result					
	Original sample (O)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values	Result
H1: EL -> P	0.382	0.057	6.693	0	Supported
H2: EL -> T	0.475	0.053	8.879	0	Supported
H3: T -> P	0.299	0.054	5.570	0	Supported
H4: EL -> IP	0.183	0.051	3.586	0	Supported
H5: IP -> P	-0.007	0.053	0.137	0.891	Not Supported

Mediation Analysis

A mediation analysis was conducted to assess the mediating role of trust and inner peace in the relationship between ethical leadership and employee job performance. The results revealed a significant total effect of ethical leadership on performance (β=0.522, t= 10.061, p<.001). The total indirect effect of ethical leadership on performance was also significant (β=0.140, t=4.493, p<.001). With the inclusion of the mediator (trust), the effect of ethical leadership on performance remained significant (β=0.142, t=4.961, p<.001) but with the inclusion of inner peace as a mediator the effect of ethical leadership on performance become insignificant (β= -0.001, t=0.125, p>.001), These findings indicate that trust partially mediates the relationship between ethical leadership and performance, demonstrating a complementary partial mediation but inner peace is not mediating the relationship between ethical leadership and employee performance. Therefore, H6 was supported and H7 was rejected. Table 12 below illustrates the results.

Table 12: Mediation Testing									
Total Effect				Direct Effect			Indirect Effect		
	β	t-value	p value	β	t-value	p value	Hypotheses	β	t-value	p value
EL -> P	0.522	9.992	0.000	0.142	4.951	0.000	H6: EL -> T-> P	0.142	4.951	0.000
							H7: EL> IP> P	0.001	0.125	0.009
Note: ** Significance at 5%, EL: Ethical leadership, P: Performance, T: Trust									

Model Fit Assessment and Justification:

Model fitness evaluates how well the proposed structural model predicts the dependent variable. It measures the closeness of the model's predictions to actual data, ensuring its relevance and accuracy. Three primary metrics assess model fitness: R^2 (Coefficient of Determination), f^2 (Effect Size), and Q^2 (Predictive Relevance).

Coefficient of Determination (R^2):

R^2 represents the proportion of variance in the dependent variable explained by the independent variables. According to Hair et al. (2011), R^2 values of 0.25, 0.5, and 0.7 indicate weak, moderate, and strong predictive power, respectively. In this study, Ethical Leadership and Trust explain 34.2% of the variance in Job Performance, which falls within the moderate range of predictive power.

Effect Size (f²):

Effect size (f²) assesses the impact of each predictor on the dependent variable. It is calculated by comparing model performance with and without the specific predictor. According to Cohen et al. (2013), f² values of 0.02, 0.15, and 0.35 indicate small, medium, and large effect sizes. The f² values in this study range from 0.159 to 0.329, indicating medium to large effects on Job Performance.

Predictive Relevance (Q²):

Q² evaluates how well the model predicts new data. A Q² value greater than 0 confirms that the model has predictive relevance. In this study, Q² is positive, further validating the model's capability to predict Job Performance effectively.

Table 13: Explanatory Power				
Predictors	**Outcome**	**R² (Variance Explained)**	**f² (Effect Size)**	**Q² (Predictive Relevance)**
Ethical Leadership (EL)	**Performance (P)**	0.342	0.159	0.259
Trust (T)	**Performance (P)**	–	0.329	–
Ethical Leadership (EL)	**Inner Peace (IP)**	0.033	0.035	–
Note: EL = Ethical Leadership, P = Performance, T = Trust, IP = Inner Peace.				

Discussion:

This study explores the relationship between ethical leadership, trust, inner peace, and employee job performance through the Job Demands-Resources (JD-R) Model and the Technology-Enhanced Ethical Leadership Model (TEELM). The theoretical framework provides a comprehensive understanding of how these variables interact within organizational settings. Using multiple regression analysis, the study found that ethical leadership significantly enhances employee performance, both directly and through the mediating role of trust. The findings validated all proposed hypotheses except H5 and H7, aligning with prior research that supports the strong influence of ethical leadership on performance. Costa et al. (2021) highlighted that ethical leadership positively influences employees' extra-role performance, reinforcing the idea that ethical behavior from leaders encourages employees to exceed their formal job requirements. Similarly, studies by Sarwar et al. (2020) and Aftab et al. (2022) confirmed that ethical leadership significantly improves employee job performance by fostering a positive work environment, motivation, and organizational commitment.

Furthermore, the results revealed a strong positive correlation between ethical leadership and trust, demonstrating that leaders who exhibit ethical behavior are more likely to cultivate a trusting organizational climate. Trust has long been established as a fundamental driver of effective teamwork, collaboration, and job satisfaction (Schwepker, 2019; Neves & Caetano, 2009; Akker et al., 2009). Employees who trust their leaders tend to show higher engagement, motivation, and commitment, leading to improved performance (Aryee et al., 2002; Wang et al., 2011; Schaubroeck et al., 2013). The significant mediation effect of trust further reinforces its crucial role in linking ethical leadership to enhanced job performance, as supported by previous research (Xu et al., 2016; Javed et al., 2018; Chughtai et al., 2015). However, the study did not find support for the role of Inner Peace in predicting employee performance (H5), nor its mediating effect between Ethical Leadership and Performance (H7). While Inner Peace is associated with emotional stability, stress reduction, and psychological well-being (Kabat-Zinn, 2003), these factors alone may not directly translate into improved job performance in highly competitive and results-driven workplaces.

One possible explanation for the non-significant impact of Inner Peace is that while psychological calmness and mindfulness may enhance well-being, they do not necessarily contribute to task efficiency, goal attainment, or productivity in organizational contexts where performance is often driven by skill

acquisition, motivation, and leadership support (Luthans et al., 2007). Unlike trust, which fosters collaboration, Inner Peace may be more relevant in reducing burnout or enhancing job satisfaction rather than directly influencing performance outcomes (Ashmos & Duchon, 2000). Additionally, the weak R^2 value (0.033) and small effect size ($f^2 = 0.035$) for Inner Peace suggest that ethical leadership alone is insufficient to cultivate Inner Peace among employees. Other factors, such as personal resilience, work-life balance, and mindfulness practices, may play a more dominant role (Rego & e Cunha, 2008). Furthermore, in dynamic and fast-paced industries like information technology (IT), where deadlines, innovation, and teamwork drive performance, Inner Peace may not be a primary determinant of high employee output.

Theoretical and practical implications:

This study provides critical insights into the role of ethical leadership in shaping employee performance, with a particular focus on the mediating role of trust and inner peace. By integrating the Resource-Based Job Demands (RBJD) Theory, the study strengthens the conceptual foundation of ethical leadership as a key resource that enhances employee motivation and performance. The RBJD theory, an extension of the Job Demands-Resources (JD-R) model, suggests that when organizations provide sufficient resources, such as ethical leadership and trust, employees are better equipped to handle job demands, leading to improved performance outcomes. Ethical leadership serves as a crucial workplace resource that fosters a supportive and transparent work environment, enabling employees to engage more effectively with their tasks while mitigating workplace stressors.

The findings of this study highlight that ethical leadership directly improves job performance, aligning with previous research that underscores its role in promoting employee engagement and organizational commitment. The significant mediation of trust further reinforces this relationship, indicating that employees who perceive their leaders as ethical are more likely to develop a sense of psychological safety, leading to higher levels of trust and ultimately better job performance.

Trust acts as a motivational job resource that enhances collaboration, reduces uncertainty, and fosters a high-performance work culture. The results align with studies that emphasize the importance of trust in organizational settings, suggesting that employees who trust their leaders are more committed to their work and more willing to go the extra mile in their job roles.

However, the study found that the mediating role of inner peace in the ethical leadership-performance relationship was not significant. While inner peace is often associated with well-being and stress reduction, its limited impact on job performance suggests that in highly dynamic and performance-driven sectors such as IT, external organizational factors such as leadership support, fairness, and team collaboration play a more decisive role than internal psychological states. Prior research suggests that inner peace contributes to emotional regulation and resilience, but its direct effect on job performance may be overshadowed by more tangible workplace motivators. This finding indicates that while inner peace may enhance employee well-being, it does not necessarily translate into measurable performance improvements in high-pressure work environments where task efficiency and goal attainment are prioritized.

The implications of these findings suggest that IT organizations should focus on strengthening ethical leadership and trust-building mechanisms to enhance employee performance. Establishing clear ethical guidelines and reinforcing them through structured ethics training programs can help create a value-driven organizational culture that promotes fairness and accountability. Transparent communication and participative decision-making further reinforce trust, ensuring that employees feel secure and engaged in their work. Additionally, implementing mentorship programs and ethical leadership workshops can enhance leadership effectiveness, leading to sustained improvements in organizational performance.

Although inner peace did not significantly impact performance, organizations can still integrate well-being initiatives such as mindfulness programs and

flexible work arrangements to support employee mental health. These initiatives may not directly improve job performance metrics but can contribute to a more positive and resilient workforce. Future research could explore whether inner peace plays a more significant role in industries where creativity, emotional intelligence, and interpersonal interactions are central to job performance. Additionally, longitudinal studies could examine whether inner peace has long-term benefits in reducing burnout and enhancing employee retention.

By incorporating the RBJD theory into the discussion of ethical leadership and trust, this study provides a more comprehensive understanding of how workplace resources influence job performance. Ethical leadership, when combined with a culture of trust, serves as a powerful organizational resource that enhances both individual and collective performance. These findings underscore the need for IT organizations to adopt leadership strategies that not only emphasize ethical behavior but also actively cultivate trust and engagement among employees. By doing so, organizations can foster a work environment that supports sustained success in an increasingly competitive and rapidly evolving industry.

Limitations of the Study:

This study is limited to the IT industry in the Delhi NCR region, restricting the Generalisability of its findings to other sectors and locations. Cultural, economic, and organizational differences may influence the relationships between ethical leadership, trust, and performance. Additionally, the cross-sectional design prevents causal inferences, and reliance on self-reported data may introduce bias. Future studies should explore these dynamics using longitudinal designs, multi-source data, and potential moderating variables to enhance the robustness and applicability of the findings.

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APPENDIX – I (Measurement and Structural Model)
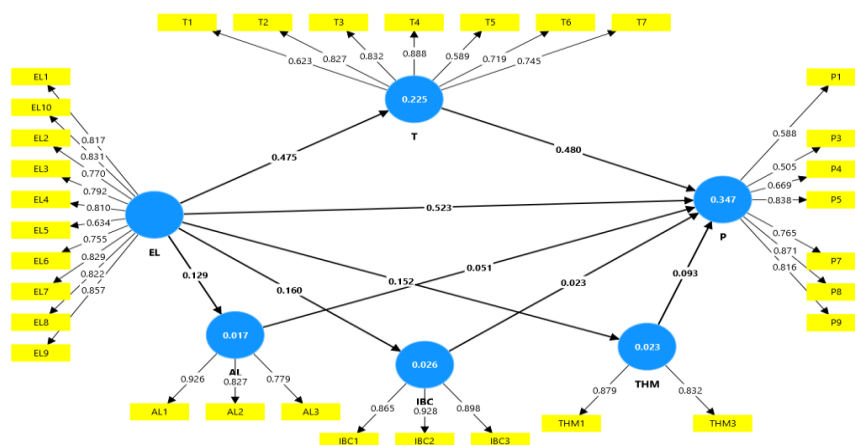
Figure 1: Lower Order Construct measurement model
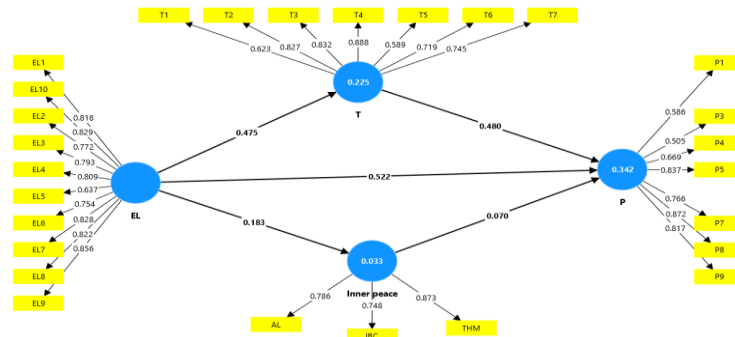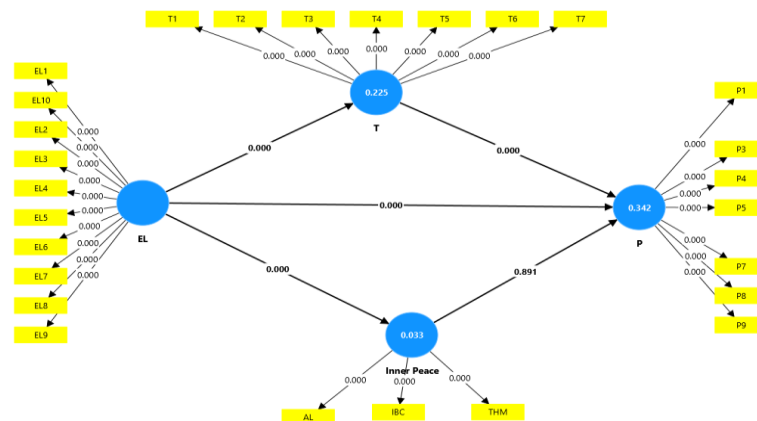
Figure 2: Higher Order construct measurement model.

Figure 3: Structural Model

APPENDIX – II (Self- reporting Questionnaire used for the study)

Strongly Disagree (S.D) 2. Disagree (D) 3. Neutral (N) 4. Agree (A) 5. Strongly agree (SA).

Set 1	Questions	1 (S.D)	2 (D)	3 (N)	4 (A)	5 (SA)
	My leader listens to what employees have to say					
	My leader disciplines employees who violate ethical standards.					
	My leader conducts his/her personal life in an ethical manner.					
	My leader always shows the best interests of employees.					
	My leader makes fair and balanced decisions.					
	My leader can be trusted.					
	My leader discusses business ethics or values with the employees.					
	My leader sets an example of how to do things the right way in terms of ethics.					
	My leader defines the success and the best way to achieve it.					
	Before making decisions, your leader always seeks suggestions on what is the right course of action.					

Set 2	Questions	1 (S.D)	2 (D)	3 (N)	4 (A)	5 (SA)
	I am currently working at my best performance level.					
	I don't believe in using my all-sick leaves at work without a reason.					
	I utilize all my energy at work.					
	I make every effort to be present at work regularly.					
	I am one of the best at the work I do.					
	I am one of the quickest at the work I do					
	I set very high standards for my work.					
	My work is always of high quality.					
	I am proud of my work performance.					

Set 3	Questions	1 (S.D)	2 (D)	3 (N)	4 (A)	5 (SA)
	I have full trust on my leader.					
	My employer/leader is open and up-front with me.					
	I believe my employer/leader has a high integrity (Honesty).					
	In general, I believe my employers/leader's motives and intentions are good.					
	I believe my leader is always honest and truthful.					
	I believe my leader treats every employee with fairness.					
	I can expect my employer/leader to treat me in a consistent and predictable manner.					

Set 4	items	Almost never (1)	Seldom (2)	Some Time (3)	Often (4)	Almost always (5)
	When I am in a very positive situation, I wish it would last forever.					
	I am happiest when I get what I want.					
	I find myself craving things or pleasant feelings.					
	I find myself in a prolonged sadness when I lose something I really like.					
	I find myself worried about losing something or someone.					
	I maintain a balanced mind when bad things happen to me.					
	I find that my mind is very calm and quiet.					
	I feel a profound sense of peace in me.					
	I am troubled by the thought that nothing lasts forever.					