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Leading by Example: The Moral-Dimension of Ethical Leadership and Its Influence on Employee Productivity in Kenya's Insurance Sector

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Abstract
While the importance of ethical leadership in the context of organisations performance in service-driven sectors has recently garnered great attention, its moral aspects which include role modelling, code of conduct and the practice of leadership devoid of self-interest need further investigation. The study examined the effect of moral aspect of ethical leadership on employee productivity in licensed insurance and reinsurance companies in Kenya. The study involved descriptive correlational research design with a positivist philosophy where Ethical Leadership Theory as the basis. A stratified random sampling of 200 supervisors was randomly selected from a target population of 402 supervisors in 58 registered firms in the Insurance Regulatory Authority, Nairobi County. A total of 200 questionnaires were sent out and 192 were received, giving a 96% return rate. The data were analysed by descriptive statistics and simple linear regression, Pearson correlation, using IBM SPSS Version 28. The results indicated a very strong positive correlation between the moral-dimension and employee productivity ($r = .987$, $p < .001$, $N = 192$) that was statistically significant. The regression model was statistically significant, $F(1, 190) = 7{,}429.13$, $p < .001$ and explained 97.5% of the variance in employee productivity ($R^2 = .975$). The standardised coefficient also verified that the relationship is essentially perfect and that the model is predictive ($\beta = .987$, $t = 86.19$, $p < .001$). The research findings are that moral leadership is a strong determinant of employee productivity.

Introduction

In the past years, organisations have explored how they can encourage their employees to be performative at work, and the results have been increasingly sophisticated due to increased regulation, a fast pace of technology, and a decreased trust in institutions (Brown & Treviño, 2006). Resick et al. (2021) also highlight the increasing significance of leader behaviour in influencing employee and organisational outcomes. In service industries, technical skills and structural efficiency are no longer sufficient to maintain productivity; instead, the moral character of leadership is more important (Treviño et al., 2000). Moreover, Iqbal et al (2021) link ethical leadership to employee satisfaction and organisational productivity. Ethical leadership, namely, demonstrating normatively appropriate behaviour in one's personal conduct and interpersonal relations and actively promoting such behaviour among followers, has been consistently related to positive organisational outcomes

(Brown et al., 2005). Blending business and ethics, Kia et al. (2019) specifically link ethical leadership to employee engagement, satisfaction, and performance.

Ethical leadership can be seen to have a moral-dimension, which is one of several dimensions. It also demonstrates a leader's adherence to the values such as fairness, justice, accountability, transparency, in decision-making and organisation management (Resick et al., 2021). Additionally, Newman et al (2021) highlight principled moral leadership in organisational behaviour. The moral-dimension appears in the form of three connected behaviour: role modelling, consistent display of ethical conduct, formal ethical standards, which is visible to others and can be observed and imitated (Kaptein, 2021); adherence to codes, disciplined adherence to formal ethical standards in everyday decisions; unselfish or selfless practices, putting the welfare of the organisation and the collective above one's own interests (Kaptein, 2021). All of these behaviours institutionalise ethics as a way of life for the organisation rather than a future ideal and establish behavioural norms that employees choose as models for their performance (Bandura, 1986). Barqawi et al. (2023) also link visible leadership practices with strategic and organisational behaviour of insurance organisations.

The relevance of trust is especially notable in the insurance market because insurers must constantly address asymmetric information, moral hazard, and the high dollar amounts involved with their clients (Insurance Regulatory Authority [IRA], 2023). A similar argument is made in PwC (2023) regarding productivity and governance issues in the insurance sector. A culture of good moral behaviour fosters ethical awareness, fairness, and trust in institutions (Resick et al., 2021). Hadziahmetovic and Salihovic (2022) also reveal that ethical leadership positively impacts organisational performance, which has a direct impact on claims processing accuracy, policy conversion, and revenue performance. On the contrary, when there is an absence of moral leadership or poor moral leadership, an employee ends up with no direction, no sense of moral responsibility, and worse still, if not properly directed, the business operations become ambiguous, unfair, or even unethical, which naturally leads to poor performance (Onyango & Musuma, 2023).

In Kenya's insurance industry, this is the case. Productivity outcomes are poor, despite industry efforts to increase productivity through regulation and digital investment. In 2022, the national insurance penetration rate was 2.3% (IRA, 2023), which is lower than the global average of 7.0% (KNBS, 2023). Claim overhangs exceeded the recommended 30 days by more than 3 times; the average time was over 90 days for general insurance. Moral decay, more corruption, and poor ethical practices in institutional governance and leadership expose and cause high-profile institutional failures like Resolution Insurance in 2022 and Xplico Insurance in 2023 (Wanjiku & Mwangi, 2021). Mwanzia (2023) also notes that moral and ethical leadership is crucial to resolving governance issues in the insurance industry in Kenya.

However, the specific impact of the moral-dimension on employee productivity in the insurance industry in sub–Saharan Africa remains under-researched. Hawass (2021) shows a wider link between ethical leadership and organisational performance in the insurance sector. Further, Majeed et al. (2021) give an illustration of how various aspects of ethical leadership might impact employee performance in different ways. Generally, the literature about ethical leadership is confounded by the various explanations for the dimensions of ethical leadership, specifically the moral-dimension. This study fills that void by analysing the peculiar impact of the moral-dimension on employee productivity in the insurance industry in Kenya.

The following null hypothesis (H_0) was developed: *Moral-dimension has no significant effect on employee productivity in the insurance industry in Kenya.*

Literature Review

This section summarises theoretical and empirical research on ethical leadership, its impact on employee productivity, and its moral-dimension. The review centres on Ethical Leadership Theory and the three key elements of moral leadership: leader role modelling, adherence to codes of conduct and unselfish leadership practices.

Theoretical Framework

The study draws on Ethical Leadership Theory, first proposed by Treviño et al. (2000) and later developed by Brown et al. (2005). Ethical leadership is defined as the personal conduct and interpersonal relationships of ethical leaders, as well as their promotion of such conduct among followers via ethical decision-making, communication, and reinforcement (Brown & Treviño, 2006). The framework consists of two complementary pillars: a moral person, who demonstrates integrity, honesty and principled judgement; and a moral manager, who actively works to create an ethical climate by modelling behaviour, setting the ethical tone and reinforcing adherence to ethical standards (Den Hartog, 2015).

In this context, the moral-dimension is key because it is the most direct behavioural manifestation of both pillars at once: role modelling as the moral person, and creating an ethical climate as the moral manager through codes of conduct (Kaptein, 2021). Resick et al. (2021) demonstrate that moral leadership conduct, encompassing fairness, accountability, and clarity, leads to better team performance and productivity by aligning individual employee values with team objectives. In addition, Hadziahmetovic and Salihovic (2022) conclude that moral leadership fosters ethical accountability among employees and thereby increases their diligence and conscientiousness at work, which are directly related to productivity in high-stakes services such as insurance.

Conceptual Framework

Building on Ethical Leadership Theory, the conceptual framework for this study positions the moral-dimension of ethical leadership as the independent variable and employee productivity as the dependent variable. The moral-dimension is operationalised through three interrelated sub-constructs: (1) leader as role model, the visible and consistent demonstration of ethical behaviour that employees observe and emulate; (2) compliance with codes of conduct, the disciplined application of formal ethical standards in day-to-day organisational decisions; and (3) unselfish or selfless practices, the deliberate prioritisation of organisational and collective welfare over personal interest. Employee productivity is measured through three outcome indicators: revenue per sales representative, claims processing time, and average handling time. The framework posits that as supervisors strengthen their moral-dimension behaviours, employee productivity correspondingly improves, mediated by the ethical climate and trust norms the leader creates within the organisation (Bandura, 1986; Kaptein, 2021).

The following subsections review empirical and theoretical literature on each of the three sub-constructs, each of which reflects a distinct mechanism through which moral leadership behaviour shapes employee performance.

Leader as Role Model

Role modelling is when the leader consistently exhibits ethical behaviour that is observed by employees and emulated in the social learning process (Bandura, 1986). Leaders who consistently act in an ethical manner contribute to employees' moral efficacy and willingness to report misconduct, which helps to reduce workplace transgressions and promotes integrity and accountability among employees (Ogunfowora et al., 2021). Similarly, Hapsari et al. (2021) reported that leaders who practise transformational and ethical leadership styles contribute to the development of

Organizational Citizenship Behaviour (OCB) norms within the organization, and that visible leadership practices influence the norms of the workforce. Ethical leadership at the top trickles down through the organisation, fostering a shared culture of ethics throughout the company (Tanaka & Ito, 2020; Ndiritu, 2022).

Role modelling is especially important in the insurance industry because supervisors are the closest and most visible figures to lower-level staff who have to deal with ethically challenging interactions with clients. Supervisors who routinely demonstrate fairness and ethical decision-making set the example for their subordinates in how they deal with customers, claims, and fellow employees (Barqawi et al., 2023; IRA, 2023).

Compliance with Codes of Conduct
Codes of conduct provide a basis for ethical conduct and organisational accountability (Guo et al., 2023). Employees are more likely to perform in an ethical manner in their work, thus improving organisational integrity, when ethical leadership is in accordance with a well-established code of conduct (Guo et al., 2023). Similarly, Knights (2022) highlights that ethical leaders help to ensure that codes of conduct are not simply formal documents but are more a way of doing things within the organisation, making them lived in ways that promote ethical practice. Pham et al. (2026) build on this argument and demonstrate that when embedded in human resource management processes, including recruitment, training, and appraisal, codes of conduct promote ethical conduct and enhance employees' perceptions of ethical practices, which in turn influence employees' job satisfaction and engagement.

In the Kenyan insurance industry that operates under high pressure to meet targets, strong codes of conduct (in practice, not just in theory) help to discourage unethical insurance sales methods and misrepresentation of policies, turning ethical principles from aspirational to measurable and enforceable practice across the organisation (Kemboi, 2022; Kajwang, 2022).

Unselfish (Selfless) Practices
The third sub-construct examines the extent to which leaders who demonstrably prioritise the welfare of the organisation and its members over personal gain influence employee motivation, commitment, and discretionary effort.

Unselfish leadership practices are defined as a leader's focus on organisational and collective interests rather than personal interests and needs (Cavazotte et al., 2021). Cavazotte et al. (2021) determined that leaders' moral and selfless behaviour positively affects employees' psychological capital and organisational citizenship behaviour, which further enhances safe participation and behaviour compliance in high-risk industries. Rahmat and Heri (2023) proved that altruistic leadership has a positive effect on intrinsic motivation that further supports the increase of employee creativity and discretionary performance. Bhutto et al. (2023) and Raza Zaidi et al. (2021) build on this evidence and demonstrate that leader self-sacrifice has a positive effect on team commitment, but this is most likely to persist when combined with leader competence, highlighting that selflessness works best when it is accompanied by a demonstrated ability to do so.

In the insurance industry, where staff members are frequently put in situations where they are required to engage in ethical behaviour regarding client claims and financial damages, there is a need for employees to understand that the organisation goes first, as well as that actions by employees are expected to be values-driven and not purely a mechanical requirement of the job, which reinforces commitment and discretionary effort (Chang et al., 2020; Resick et al., 2021).

Moral-Dimension and Employee Productivity: Global Evidence

The empirical literature linking moral leadership conduct to employee productivity is extensive and broadly convergent. Resick et al. (2021) demonstrate that moral clarity and fairness in leadership significantly enhance team performance and productivity across service contexts, while Newman et al. (2021) extend this evidence to the United Kingdom's public sector, finding that principled leadership morality is positively associated with psychological empowerment and discretionary effort, an immediate precursor to productivity. Hadziahmetovic and Salihovic (2022) similarly establish that moral and emotionally intelligent leadership enhances organisational performance across service industries by strengthening employees' ethical accountability and conscientiousness.

Zhang et al. (2021) found that leadership grounded in moral consistency and fairness fosters psychological safety, which translates into improved team engagement and productivity. Engelbrecht et al. (2017) reinforce this finding, showing that leaders who ensure procedural fairness and impartial rule enforcement build the trust necessary for organisational citizenship behaviours, which manifest in improved teamwork and discretionary effort. These findings align with social learning theory (Bandura, 1986), which suggests that employees imitate the behaviours of credible, principled leaders over time, gradually embedding moral conduct into the organisation's culture and performance norms.

Moral-Dimension in the African and Kenyan Insurance Context

Within Africa, moral leadership is increasingly recognised as both a governance imperative and a performance lever. Onyango and Musumba (2023) linked the ethical posture of top management, a direct expression of moral leadership, to measurable improvements in fraud clearance rates and internal vigilance among Kenyan life insurance employees. Kajwang (2022) established that ethical business practices grounded in integrity and fairness create enabling work environments that significantly boost staff morale and operational accountability within Kenya's insurance sector. Mwanzia (2023) identified moral, character-grounded leadership as central to rebuilding public trust and restoring institutional credibility in a sector marked by high-profile collapses and fraud incidents, while Ndiritu (2022) demonstrated that ethical leaders who model transparent, inclusive behaviour drive higher employee retention and organisational commitment in Nairobi-based insurance firms, outcomes that directly sustain productivity continuity.

Kenya's Vision 2030 itself identifies ethical leadership within the financial sector as a cornerstone for national development and investor confidence (Government of Kenya, 2007), underscoring that the moral-dimension is not merely an organisational virtue but a matter of national strategic interest. Despite this convergence of evidence, no study has systematically and empirically isolated the moral-dimension as an independent predictor of employee productivity within Kenya's insurance industry using a robust quantitative framework. This study addresses that gap directly.

Methodology

The positivist research philosophy guided this study, which seeks to measure and quantify social phenomena and conduct empirical analysis. The philosophy was suitable as it considered measurable relationships between the moral-dimension of ethical leadership and employee productivity in the insurance sector of Kenya. Descriptive correlational research design was used to determine the degree and direction of the relationship between the variables without intervention in the research setting. The target population was 402 supervisors from 58 licensed insurance and reinsurance companies in Nairobi County because it has the headquarters of most insurance companies in Kenya. The individual supervisor was the unit of analysis as it is the supervisor who is closest to the employee and thus has first-hand knowledge with which to share information regarding ethical leadership practices and productivity outcomes. Table 1 provides a detailed breakdown of the target population by department, together with the proportional sample drawn from each stratum.

A stratified random sampling method was employed to obtain a representative sample from each of the following departments: Claims, Finance, Legal, Marketing, Underwriting, and Human Resources. A total of 192 complete questionnaires were returned, yielding a 96% response rate; a sample of 200 supervisors was drawn using the Yamane formula at a 95% confidence level and a 5% margin of error. A structured self-administered questionnaire instrument was used to gather primary data and included items that assessed the moral-dimension (leader role modelling, code of conduct, unselfish practices) and employee productivity (revenue per sales representative, claims processing time, average handling time) and items with a Likert-type scale ranging from 1 to 5. Expert review was used to determine the validity of the scale, and reliability was confirmed through a pilot study, with Cronbach's Alpha for the moral-dimension scale at 0.984, indicating strong internal consistency. IBM SPSS Version 28 was used for data analysis in which descriptive statistics were used to summarise the perception of respondents, Pearson correlation was used to test the relationship between variables, and simple linear regression was used to test the predictive effect of the moral-dimension on employee productivity at $p < .05$ significance level.

Results and Findings

This section discusses the empirical results of the moral-dimension of ethical leadership and employee productivity of supervisors in Kenya's insurance industry. The results are presented using respondent profile characteristics, descriptive statistics, Pearson correlation analysis, and simple linear regression according to the objective and hypothesis of the study.

Respondent Profile

A total of 192 supervisors participated in the study, representing a response rate of 96%. The majority of respondents fell within the 35- to 44-year age bracket (49.5%), confirming a mid-career supervisory workforce with sufficient organisational experience to provide credible perceptions of leadership behaviour. Male respondents constituted 57.8% of the sample, while female respondents accounted for 40.1%, reflecting progressive gender representation at supervisory levels in Kenya's insurance industry. In terms of education, 38.0% held a Diploma, 31.8% a Bachelor's Degree, and 16.7% a Master's Degree, indicating a well-educated respondent pool. The largest proportions of respondents had between 4 and 6 years (43.2%) and 7 to 10 years (34.4%) of industry experience, indicating adequate sector exposure to evaluate leadership dynamics. Respondents were distributed across all major functional departments, with Customer Service (20.3%), Finance and Accounts (19.8%), and Sales and Marketing (17.7%) being most heavily represented. Senior management supervisors formed the largest positional group (46.9%), followed by mid-level management (37.0%).

Table 1: Descriptive Statistics for the Moral-Dimension of Ethical Leadership

Item	Statement	Mean	Std. Dev
MOR1	Demonstrates ethical leadership by consistently serving as a role model to other supervisors	3.366	1.219
MOR2	Upholds organisational ethics by strictly adhering to established codes of conduct	3.401	1.377
MOR3	Practices selfless leadership by prioritising the organisation's goals over personal gain	3.443	1.341
MOR4	Team is more productive because the leader acts as a role model for the management team	3.401	1.377
MOR5	Moral leadership style promotes trust and collaboration within the team, leading to higher productivity	3.443	1.329
MOR6	Commitment to ethical standards positively influences the team's dedication and productivity	3.438	1.360
MOR7	Team's productivity increases as the leader adheres to codes of conduct, setting a standard for the organisation	3.411	1.419
MOR8	Ethical decision-making contributes to achieving team targets efficiently and effectively	3.479	1.392
MOR9	Upholding organisational codes of conduct helps the team achieve work objectives effectively	3.505	1.388
MOR10	Team finds it easier to perform duties because the leader engages in practices that prioritise the organisation's welfare	3.562	1.394
MOR11	By demonstrating fairness and integrity, the leader encourages a work environment that supports high performance	3.365	1.335
MOR12	Selfless actions inspire a strong sense of commitment and productivity among team members	3.312	1.174
Overall Mean		3.427	1.271

Note. Data were collected in 2026. Items were measured on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). N = 192.

Moderate to positive agreement is seen across the twelve items measuring the moral-dimension of ethical leadership (see Table 1), with a mean of 3.427. The most popular was MOR10, reflecting employees' appreciation for the emphasis that leaders place on the welfare of the organisation, with MOR9 and MOR8 placing emphasis on following codes of conduct and making ethical decisions. The results imply that employee behaviour characterised by selflessness, ethical stability, and moral action facilitates employees' productivity and goal attainment. MOR12 and MOR11 have the lowest ratings, reflecting relatively lower perceptions of selflessness and fairness in promoting commitment and performance. Overall, moral leadership was moderately entrenched in the insurance organisations.

Pearson Correlation Analysis

Pearson correlation analysis was carried out with the composite scores to examine the bivariate relationship between the moral-dimension of ethical leadership and employee productivity. There was a very strong and statistically significant positive correlation between the moral-dimension and employee productivity ($r = .987$, $p < .001$, $N = 192$). These results suggest that greater moral leadership (manifested in moral role models, behaviour and codes of conduct) is linked to greater employee productivity. Moreover, the near-unity correlation coefficient indicates that supervisors who consistently act in accordance with moral values and best practices are strongly associated with a productive workplace in Kenya's insurance industry.

Regression Analysis: Model Summary

Simple linear regression was performed to determine the extent to which the moral-dimension predicts variance in employee productivity. Table 2 presents the model summary. The moral-dimension accounted for 97.5% of the variance in employee productivity ($R^2 = .975$, Adjusted $R^2 = .975$), with a standard error of estimate of .2001. This is the highest coefficient of determination recorded among all the ethical leadership dimensions examined, confirming that the moral-dimension is not merely correlated with productivity but is the strongest explanatory predictor among all ethical leadership dimensions examined within the study's context. The identical R^2 and Adjusted R^2 values confirm the model's parsimony and stability.

Table 2: Model Summary, Moral-Dimension of Ethical Leadership and Employee Productivity

Model	R	R^2	Adjusted R^2	Std. Error of Estimate
1	.987	.975	.975	.2001

Note. Predictor: moral-dimension of ethical leadership.

ANOVA

The overall significance of the regression model was assessed through Analysis of Variance (ANOVA), with results presented in Table 3. The model was statistically significant ($F = 7{,}429.13$, $df = 1, 190$, $p < .001$), the highest F statistic recorded across all ethical leadership dimension models in the broader study, further reinforcing the moral-dimension's superior predictive strength. The regression sum of squares (297.505) substantially exceeded the residual sum of squares (7.609), confirming that the variance explained by the moral-dimension far outweighs unexplained variance. This F statistic confirms that the linear relationship between the moral-dimension and employee productivity is robust, systematic, and not attributable to sampling error.

Table 5: ANOVA, Moral-Dimension of Ethical Leadership and Employee Productivity

Model	Sum of Squares	df	Mean Square	F	Sig
Regression	297.505	1	297.505	7429.13	< .001
Residual	7.609	190	.040		
Total	305.113	191			

Note. Dependent variable: employee productivity. Predictor: moral-dimension of ethical leadership.

Regression Coefficients

The regression coefficients are presented in Table 4. The unstandardised coefficient for the moral-dimension ($B = .982$, $SE = .011$) indicates that for every one-unit increase in the moral-dimension composite score, employee productivity increases by .982 units, holding all else constant. The standardised Beta coefficient ($\beta = .987$, $t = 86.19$, $p < .001$) is the highest Beta value and the largest t value recorded across all ethical leadership dimension models in the broader study, confirming the moral-dimension's superior relative contribution to predicting employee productivity. The constant term ($B = .053$, $p = .204$) was not statistically significant, consistent with model expectations. The resulting predictive equation is expressed as: Employee Productivity = .053 + .982 (Moral-Dimension). On the basis of these results, the null hypothesis, that the moral-dimension does not significantly influence employee productivity within the insurance industry in Kenya (H_{03}), is rejected at the 5% significance level. The moral-dimension exerts a statistically significant, positive, and substantively dominant influence on employee productivity.

Table 4: Regression Coefficients, Moral-Dimension of Ethical Leadership and Employee Productivity

Model	Unstandardised B	Std. Error	Standardised β	t	Sig.
(Constant)	.053	.042		1.275	.204
Moral-Dimension	.982	.011	.987	86.19	< .001

Note. Dependent variable: employee productivity. B = unstandardised coefficient; SE = standard error; β = standardised coefficient.

Discussion

The results show that the moral-dimension of ethical leadership influences employee productivity in the Kenyan insurance sector. Moral leadership had a strong positive correlation with productivity and was evidenced in the role modelling, codes of conduct, and unselfishness practices. Thus, the findings suggest that the demonstration of ethical behaviour by supervisors, maintenance of organisational standards, and focus on organisational rather than personal interests are positively correlated with employee productivity. This discovery is consistent with the main tenet of Ethical Leadership Theory that employees learn and react to the moral behaviour of leaders through behaviour and interaction at the workplace.

One of the key forms of moral leadership was role modelling. The respondents were overall in agreement that the supervisor who plays an ethical role model has a positive influence on the employee's work behaviour and productivity. This indicates that the significance of ethical leadership is evident when employees witness integrity, accountability, fairness, and consistency in the behaviour of managers. The result is consistent with Ogunfowora et al. (2021), who found that ethical role modelling fosters morally courageous behaviour by cultivating employees' sense of moral ownership and obligation. But the results also indicate that role modelling can be more effective if the employees identify with the leader and the organisation (Park et al., 2015; Zhu et al., 2015).

Compliance with codes of conduct was also found to be a key factor contributing to productivity. Staff linked good compliance with ethical guidelines and organisational norms to better success in meeting work goals. The insurance industry is particularly critical in this respect, since the roles of insurance employees are closely linked to trust and confidence in the industry, claims processing, policy interpretation, regulatory compliance, and financial accountability. The discovery suggests that codes of conduct need not simply be documents outlining things to do but need to be actively promoted and supported in supervision and organisation. This interpretation is consistent with that of Guo et al. (2023), who reported that ethical leadership is positively associated with ethical work behaviour through the promotion and reinforcement of appropriate behaviours.

The third key finding was the presence of unselfish leadership practices. Supervisors who made it a point to be concerned with the welfare of the organisation and for the collective good also had positive value and influence on the employees to be committed to the organisation and to be productive and productive, but the motivational effect of selflessness in employees' commitment and productivity was slightly less. This means that unless personnel are motivated to act, selflessness alone is insufficient to achieve better performance results. Instead, it seems to depend on whether leadership is also capable, credible, and competent at making good decisions. This is consistent with Bhutto et al. (2023) and Raza Zaidi et al. (2021), who found that the positive outcomes of leader self-sacrifice are amplified if the leader is perceived as competent.

The results indicate that overall, moral behaviour is not an ancillary aspect of good leadership but is rather integral to the productivity of employees in insurance companies in Kenya. But the very high correlation must be understood with care, as other organisation processes may be a factor in the influence observed. Some previous studies indicate that the relationship between ethical leadership and performance can be mediated by organisational trust, psychological ownership, self-efficacy, employee engagement, and organisational identification. The study therefore provides sector-specific evidence of the relevance of moral leadership to productivity and acknowledges that moral leadership affects psychological and organisational processes.

Conclusion

This study sought to examine the effect of moral quality of ethical leadership on employee productivity in Kenya insurance sector. The results indicated that there was a strong positive relation between the moral leadership, which was manifested in an example, obeying the rules of behaviour, and practicing without selfishness, and the productivity of employees. The moral-dimension proved to be the most influential out of the four ethical dimensions (moral, character, empowerment behaviour, psycho-emotive) compared with technical dimension. The results validate Ethical Leadership Theory and show that moral behaviour is a key mechanism in the implementation of ethical leadership and its impact on employee productivity in situations of institutional fragility.

The study suggests that insurance companies should factor in moral behaviour, in addition to technical and commercial skills, in the processes of recruiting, selecting, appraising, and developing leaders. Measurable criteria for role modelling, code of conduct, selflessness and ethical decision-making should be considered as part of leadership appraisal systems. Ethical case analysis, structured mentoring and hands-on moral leadership training should be part of leadership development programmes. The Insurance Regulatory Authority should also adopt moral leadership principles into the guidelines governing insurers' governance. Further research is needed to explore mediators like organisational trust, psychological safety and employee engagement, and to use a longitudinal and cross-sectoral approach to investigate changes over time in different institutional settings.

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