The Impact of Ethical Leadership on Employees' Innovative Behaviours

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Abstract

Purpose: This study aimed to examine how a superior employee's ethical leadership affects members' innovative behaviors, mainly on organization-based self-esteem. It also aimed to verify the mediating effect of organization-based self-esteem in the process that ethical leadership affects members' innovative behavior in distribution-related organizations. **Research design, data and methodology:** After collecting materials from companies' executives and staff members in distribution-related organizations located in Seoul, South Korea, a research hypothesis was analyzed. **Results:** A superior employee's ethical leadership affects a positive (+) effect on innovative behaviors of the organization's members and the study confirmed that the relation of this effect was mediated by organization-based self-esteem. It means that the possibility that an organization's members will do innovative behaviors will be increased if a leader conducts ethical leadership. It also means that a leader with ethical leadership enables an organization's members to pay attention all the time and be awake for their work environment. **Conclusions:** The result of this study discusses how ethical leadership affects innovative behaviors of an organization's members from the perspective of organization-based self-esteem and has a theoretical implication that it has empirically examined it. More importantly, it has a theoretical implication because it verified how this effect was made using organization-based self-esteem and flexible human resource management.

Keywords : Ethical Leadership, Organization-based Self-Esteem, Flexible Human Resource Management, Innovative Behaviors

JEL Classification Code : M30, M31, M39

1. Introduction[6]

A modern organization faces various and new challenges in the rapidly-changing environment. Amongst the challenges, the essential factor is to effectively lead the organization's members who tend to have diverse values, refuse authoritarianism, and have an individualism compared to the past for an organization to achieve its goal and success. Leadership is defined as the process of traditionally influencing members to achieve a position, ability, or common goals to lead a group or organization. It is a topic that has been continuously researched as well as the development of organizational research in distribution-related organizations. Because the organization's members recently have characteristics of putting stress on diverse individuality and human rights, an organization confronts a limitation only with traditional leadership to influence members. And, leaders of society and organizations lately cause a social issue by conducting unethical behaviors. In the process of finding out the cause of an organization's failure, a leader's unethical behavior has been revealed as a

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crucial cause, which has led to emphasize the importance of ethical leadership in distribution-related organizations. Therefore, ethical values and behaviors are emphasized as a new condition and quality required for a leader of modern society and organizations (Brown, Trevino, & Harrison, 2005). Regarding the importance of a leader's ethical behavior, it has been frequently discussed from transformational leadership and charisma leadership, which has gained lots of focus lately (Bass & Steidlmeier, 1999). However, ethical leadership as an independent construct has been conceptually established and its empirical study has been stimulated in the 21st century (Brown et al., 2005; Khuntia & Suar, 2004; Resick, Hanges, Dickson & Mitchelson, 2006; Trevino, Brown, & Hartman, 2003).

Brown et al.(2005) established a concept of ethical leadership and suggested criteria based on distribution-related organizations so that they contributed to prove the constructs by verifying differences from the existing leadership (Myung-shin Lee, 2009). As the impact of ethical leadership on an individual, group, and furthermore an organization's performance was theoretically suggested and empirically verified, it is discussed more than any time by researchers in the organizational behavior and management areas (Brown et al., 2005; Koh & Boo, 2001; Petrick & Quinn, 2001; Resick et al., 2006; Trevino et al., 2003). However, since the concept of ethical leadership was newly established, there have been only few pieces of research regarding how ethical leadership affects attitudes and behaviors of the organizaion's members and what process its impact is conducted through (Myung-shin Lee, 2009). This study will examine the concept of ethical leadership and how ethical leadership affects organization-based self-esteem and innovative behavior as described in the precedent research based on flexible human resource management. It will also examine how ethical leadership in distribution-related organizations, which is defined as a leader's ethicality and ethical management, affects the innovative behavior of companies' organizational members from the empirical perspective.

Regarding the relation between ethical leadership and innovative behavior, many pieces of researches have been conducted relatively. This study attempts to differentiate the result from precedent researches and theoretically contributes; it will describe the process of the impact of ethical leadership in distribution-related organizations on innovative behavior on the aspect of organization-based self-esteem and flexible human resource management. First of all, it will confirm the mediating effect of organization-based self-esteem in the process of how ethical leadership affects innovative behavior and then the members' regulation effect of flexible human resource management in the relation of ethical leadership and organization-based self-esteem.

This study collected materials from companies' executives and employees in distribution-related organizations located in Seoul, South Korea and analyzed them empirically. Generally, a company's organization is recognized as an organization that puts stress on the vertical hierarchy order. So, directive leadership is traditionally accepted as a matter of course. However, as general organizations in society are changing, the organization's members that comprise a company's organization are changing. Problems from the traditional leadership method in the strict relation between subordinates and superiors have been continuously raised. In particular, as problems of unethical leadership that occur in the company's organization are raised as social problems, a necessity of ethical leadership is emphasized for a leader of a company's organization. On this aspect, this study may provide theoretical and practical implications since it confirms how ethical leadership, which has been emphasized in general society and proved with its effectiveness, affects in distribution-related organizations. The result of this study is considered to provide theoretical implications to enhance the external validity of the relation of two variables by verifying the relation of ethical leadership and innovative behavior again, which were verified in precedent research.

More importantly, this study verified the mediating effect of organization-based self-esteem and the regulation effect of flexible human resource management in the influencing relation between ethical leadership and innovative behavior, which were restrictively conducted in the precedent research, so that it enhances the understanding of influencing relation of ethical leadership and the innovative behavior of the organization's members. By providing a description of this process, this study is considered to contribute to expanding the understanding of precedent research on ethical leadership in distribution-related organizations. In addition, the result of this study will also offer an implication of institutional and educational aspects required for an organization's practical site by suggesting the result of ethical leadership's impact.

2. Theoretical Background and Hypothesis

2.1. Ethical leadership

Ethical leadership is "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and his or her promotion of such conduct to followers through two-way communication, reinforcement, and decision-making" (Brown, M.E.; Treviño, L.K, 2006). This conceptualization emphasizes two aspects: a) the moral person represents the follower's perception of the leader's traits, character, and altruistic motivation demonstrated through integrity, fairness, and a concern for others; b) the moral manager represents the leader's proactive efforts to influence followers' ethical and unethical behavior demonstrated through communicating, reward, punishment, emphasizing ethical standards, and role modeling ethical behavior (Kuenzi, M.; Mayer, D.M.; Greenbaum, R.L. 2019).

Leadership is one of the critical antecedents of various facets of organizational climate (Kuenzi, M.; Schminke, M, 2009) At all levels of an organization, leaders play an essential role in modifying and shaping the organizational climate. Leaders set the "ethical tone" of an organization and, therefore, play a vital role in developing an ethical climate (Mayer, D.M.; Kuenzi, M.; Greenbaum, R.L, 2010) i.e., "employees' shared perceptions of their work environment, specifically of formal policies, the procedures that translate these policies into tacit guidelines" (Norton, T.A.; Zacher, H.; Ashkanasy, N.M, 2012). Researchers noted that ethical leadership promotes ethical values in employees, promotes pro-organizational attitudes/behaviors, and curbs negative organizational attitudes/behaviors (Eva, N.; Newman, A.; Miao, Q.;Wang, D.; Cooper, B, 2020). Fairness, honesty, selflessness, and ethical and social responsibility are the central features of ethical leaders (Moore, C.; Mayer, D.M.; Chiang, F.F.; Crossley, C.; Karlesky, M.J.; Birtch, T.A, 2019). Specifically, existing research lends support to this idea that ethical leadership significantly impacts an ethical climate (Shin, Y.; Sung, S.Y.; Choi, J.N.; Kim, M.S, 2015).

2.2. Innovative Behavior

According to Chen and Aryee (Chen, Z.X.; Aryee, S. Delegation, 2007) as a dimension of self-evaluation in the self-concept, OBSE reflects employees' evaluation of the importance of the self-concept and competence, as well the extent to which people believe they are capable, significant and valuable (Coopersmith, S, 1967). On this basis, Pierce et al. proposed the concept of OBSE and defined it as the self-evaluation of individuals' perceived the importance to the organization and their competence for organizational work (Pierce, J.L.; Gardner, D.G.; Cummings, L.L.; Dunham, R.B, 1989). Employees with a high OBSE believe they are competent for the work and that "I am valuable to the organization." OBSE is different from general self-esteem. It is a reflection of an individual's overall self-esteem in a specific organizational context, which is situational and changeable (Lu, X.X.; Tu, Y.D, 2014). Existing studies have shown that OBSE is not only affected by individual characteristics, but also by the conditions of the organization (Pierce, J.L.; Gardner, D.G, 2004), such as leaders' trust, organizational support, workplace fairness, and so on, which will affect employees' evaluation of their own competence and value; and these factors, in turn, are influenced by the leadership style. Ethical leaders are honest, considerate, respect and trust employees, and pursue fairness in the organization (Chen, A.S.; Hou, Y.H, 2016). Their respect and trust will make employees feel that the organization or leaders attach importance to them and recognize their value. The perceived respect and support from leaders will affect their belief in themselves in the organizational environment, thus improving their OBSE (Lin, N.; Jang, J.; Roberts, K.R, 2018). In addition, ethical leaders provide various kinds of support and show consideration and concern for their subordinates through appropriate feedback and fair interaction, which will improve employees' assessment of their own value and competence in the organization (Tu, Y.D.; Lu, X.X, 2013). Previous studies also confirmed the viewpoints mentioned above. For example, Brown et al. (Brown, M.E.; Trevino, L.K, 2006) believed that ethical leaders' integrity, fairness and emphasis on empowerment could stimulate employees to have a high level of OBSE. Zhang Yongjun also found that ethical leadership helps improve employees' organization-based self-esteem (Zhang, Y.J, 2015). Ultimately, ethical leadership will make employees feel valuable, important, meaningful and sure of themselves in organizations, thus improving their OBSE.
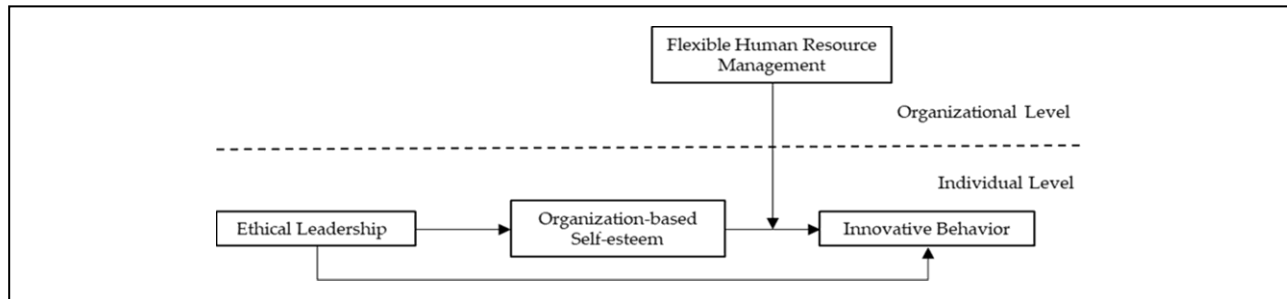
A research model is as follows;

Figure 1: Research Model

Hypothesis 1: Ethical leadership will affect employees' innovative behaviors to be positive (+).

Hypothesis 2: Ethical leadership will affect employees' self-esteem based on organizations to be positive (+).

2.3. Flexible human resource management

Flexible human resource management (FHRM) refers to a management system in which an organization provides employees with a set of opportunities to choose from, about when and how to work (Bal, P.M.; De Lange, A.H, 2015), including flexibility in coordination, functions and resources. The implementation of FHRM in enterprises helps improve employee engagement, job satisfaction and production efficiency (Cordery, J.; Sevastos, P.; Mueller, W.; Parker, S, 1993). With the change of external environment, more and more organizations realize that the improvement of individual productivity and the growth of the organization depend on skilled and motivated employees. In recent years, FHRM has shown an obvious upward trend in organizations (Peretz, H.; Fried, Y.; Levi, 2018). Many studies also stress the importance of FHRM (Zhang, M.M.; Bartram, T.; McNeil, N.; Dowling, P.J, 2015). When employees have the opportunity to utilize flexibility, they can use resources to achieve job-related goals (Li, Y.P.; Zheng, X.Y.; Liu, Z.H, 2017). FHRM provides employees with opportunities, abilities and work motivation, which makes the workplace productive. Organization-based self-esteem (OBSE) enhances employees' perception of importance and competence in the organization and encourages them to engage in innovative behavior. When the organization's FHRM is low, employees will feel that their opportunities and abilities are restricted and their work engagement is reduced (Allen, T.D.; Johnson, R.C.; Kiburz, K.M.; Shockley, K.M, 2013), thereby weakening the positive impact of OBSE on innovation behavior. Contrastingly, when the FHRM is high, it means that the organization provides high flexibility for employees regarding work coordination, functions and resources, to satisfy employees regarding their current work and improve their work commitment (Chang, S.; Gong, Y.; Way, S.A.; Jia, L, 2013). Thus, when employees perceive their importance and competence, they will engage in innovative behavior, which will improve the effect of OBSE on employees' innovative behavior.

Hypothesis 3: When FHRM is higher than lower, it will positively regulate the relation between organization-based self-esteem and employees' innovative behaviors.

2.4. Innovative behavior

Innovative behavior is a series of behaviors in which employees generate new ideas in the work process and strive to put them into practice, including extensively seeking and discovering new opportunities and solutions, promoting the generation of ideas, striving to obtain support from sponsors, advancing the generated ideas and carrying out feasibility tests (Kanter, R.M, 1988). In this ever-changing era, enterprises must adapt to the external environment through continuous innovation, and the innovative behavior of employees is crucial to the survival of enterprises and the maintenance of a sustainable competitive advantage (Kuvaas, B.; Buch, R.; Dysvik, A.; Haerem, T, 2012). Given that innovation is a complex process with numerous risks, positive leadership behavior is considered a central factor in promoting employee innovation (Wang, S.Y.; Liu, H.; Lin, Y.M, 2019). According to social exchange theory, leaders and subordinates exert their benefits through a social exchange relationship (Kuvaas, B.; Buch, R.; Dysvik, A.; Haerem, T, 2012). When employees perceive respect, care, support and motivation from the leader, on the basis of the principle of reciprocity, they usually respond with positive behaviors.

Hypothesis 4: Organization-based self-esteem will affect employee's innovative behaviors to be positive (+).

Previously, the effect of ethical leadership on innovative behaviors was explained from the perspective of organization-based self-esteem (Bandura, 1986; Brown et al., 2005). Awareness of the organization's members for the leader's ethical leadership behavior leads members to perceive their leader as the right role model. And that will allow members to try to imitate the leader's behavior as a role model through interaction with the leader (Bandura, 1986). Furthermore, by allowing members to participate in ethical decision-making as an administrative, it was suggested that the organization's members would internalize ethical behavior internally and be more involved in the employees' innovative behaviors. In addition, an ethical leader's behavior will allow the organization's members to have a sense of reciprocity toward the leader. It will promote innovative behavior, which is the discretionary behavior helpful to the organization. On the other hand, when it was discussed the influencing relation that ethical leadership brought to the organizational members' innovative behavior, the organizational members' organization-based self-esteem mediated.

From the perspective of organization-based self-esteem, ethical leadership is helpful for members to internalize attention and awareness. After they go through this internalization process, their organization-based self-esteem becomes enhanced. It was discussed that these organizational members would show more innovative behaviors (cf. Eby et al., 2019; Hülsheger et al., 2013; Long & Christian, 2015; Reb et al., 2018).

In addition, it was also discussed that ethical leadership that affects organization-based self-esteem in this influencing process might be adjusted by the organizational members' flexible human resource management. It means members' response to a leader's ethical behavior will depend on the level of flexible human resource management, which is a degree of an individual's perception of the present issue in the decision-making situation.

When considering what has been discussed so far, the indirect effect that ethical leadership affects innovative behaviors through the intermediation of organization-based self-esteem can differ depending on the degree of organizational members' flexible human resource management. It is because an individual's response to a supervisor's specific behavior can differ depending on how sensitive the level of management is. Members with high flexible human resource management will respond more strongly to a leader's ethical behavior and guidelines as an administrative. However, although a supervisor shows ethical behaviors and puts stress on it through mutual communication, members with low flexible human resource management will be likely to show a relatively low response to it. Therefore, an indirect effect that ethical leadership affects innovative behaviors as intermediation of members' organization-based self-esteem will differ depending on members' flexible human resource management. When taking into account what has been discussed so far and precedent research synthetically, this study proposes the following hypotheses.

Hypothesis 5: Organization-based self-esteem will play a role in mediating the relation between ethical leadership and employees' innovative behaviors.

Hypothesis 6: FHRM will adjust the meditating effect of organization-based self-esteem regarding the relation between ethical leadership and employee's innovative behaviors.

3. Research Method

3.1. Samples and research execution process

Questionnaire materials are collected from companies' executives and employees in distribution-related organizations in Seoul, South Korea. Multiple resource surveys are conducted in two steps. In Step 1, step one, a questionnaire is distributed to 250 employees. Two hundred items of the effective questionnaire are collected among ethical leadership, question investigation of organization-based self-esteem and evaluation and demographics information. In Step 2, two hundred fifty respondents are surveyed, and two hundred supervisors and fifty of employees' respondents are requested to evaluate the organization's FHRM. Materials are collected from the company's executives and employees to verify hypotheses and research models proposed in this study by using the questionnaire method. Respondents answer the survey about their supervisors' ethical leadership, their organization-based self-esteem, and flexible human resource management, and questionnaires are collected from a total of two hundred respondents. Each member's supervisor measures the members' innovative behavior, which is a dependent variable. Ages are classified from thirty by each decade. The educational

background is divided from graduation from a university to graduation from graduate school or more. Regarding the influence of executives' leadership on employees, it can be affected by the length of time the executives and employees have worked together, so the working period with the executives is identified by classifying them into less than three months, more than three months, and less than nine months. Identification of retirement influence may be affected by the length of employment with the executives and employee for less than three months, more than three months, less than nine months, more than nine months or fifteen months, and more than fifteen months. When examining the demographic distribution as a sample characteristic, the overall age is 70.9% in their 30s, the most, 13.1% in their 40s, and 16% in their 50s. As for the educational background, graduation from a university appears at 53.1%, graduation from a community college at 21.4%, and graduation from a graduate school at 25.5%. As for the length of work with an executive, 3.6% has worked less than three months, 38.3% has worked more than three months and less than nine months, 32.9% has worked more than nine months and less than fifteen months, and 25.2% has worked more than fifteen months.

3.2. Operational definition and measurement of variables

3.2.1 Ethical leadership

According to a study by Brown et al. (2005), ethical leadership was defined as leadership behaviors that promote lower ranks of employees and organization's members to do ethical behaviors by doing normatively good and appropriate behaviors through a leader's individual behaviors, interaction with lower ranks of employees and organization's members, reinforcing two-way communication, and proceeding with the decision-making process. Ethical leadership was measured on a 5-point Likert scale (1=not at all, 5=very much) using ten questions of the Ethical Leadership Scale (ELS) developed by Brown et al. (2005).

3.2.2 Organization-based self-esteem

According to Organ(1988)'s research, organization-based self-esteem was defined as organizational members' discretionary behavior regarding out-of-job tasks for which no official reward is provided and as behaviors that contribute to the organization. Eight questions suggested by Van Der Vegt et al. (2003) were used to measure organization-based self-esteem, and it was measured on a 5-point Likert scale (1=not at all, 5=very much).

3.2.3 Flexible human resource management

According to the research by Brown et al. (2003), flexible human resource management was defined as noticing what is happening in a receptive way while paying attention to current events and experiences. Flexible human resource management was measured using the validity of a scale developed by Brown & Ryan (2003). The questionnaire was self-reported with 15 questions on a Likert scale (1=not at all, 5=very much).

3.2.4 Innovative behavior

Innovative behavior was defined as the degree to which an individual perceives within an organization about a problem faced in a decision-making situation suggested by Jones (1991). A scenario technique was used to measure innovative behaviors. According to precedent research, the scenario technique helps standardize a respondent's responses to social stimuli and can help improve data quality by providing decision-making situations more realistically than simply using questionnaires (Seung-mi Lee, 2003; Alexander & Becker, 1978). This study used the studies of Paolillo & Vitell (2002), May & Pauli (2002), Carlson, Kacmar & Wadsworth (2002) to measure innovative behaviors. Respondents read the scenarios related to innovative behaviors and answered nine questions.

3.2.5 Method of analysis

The data collected through the survey were subjected to technical statistical analysis, frequency analysis, validity, and reliability analysis using SPSS 23 and AMOS 24 programs. And a hierarchical analysis using Hayes (2017)'s Process model was performed to test the hypothesis.

4. Research results

4.1. Validity verification

This study conducted CFA (Confirmatory Factor Analysis) using AMOS 24 to verify the validity of the construct. TLI (Tuker-Luwis Index) and CFI (Comparative fit index) were used as a goodness of fit index, and RMSEA (Root Mean Square Error fit index) and SRMR (Standardized Root Mean Square Residual), which are the absolute conformity index to evaluate the overall conformity of the model, were used.

4. Analysis Results

4.1. Descriptive Statistics

As shown in Table 1 and Table 2, a total of 200 corporate workers have responded to the questionnaire. The respondents can be divided into groups based on sub-categories such as gender, age, educational attainment, etc. The demographic characteristics of the respondents are as follows: Gender – Male (50%), Female (50%), Age Group – 40s (35.0%), 30s (30.0%), 50s and above (20.0%), 20s (15.0%), Educational Attainment: University Graduate (35.0%), Junior College Graduate (30.0%), Master's Degree (20.0%), High School Graduate (15.0%). Table 1 provides the general information about the 200 respondents (employees of the Top 50 Korean companies) who have participated in the survey.

Table 1: Results of Confirmatory Factor Analysis

Calssif.	χ^2	Df	χ^2/df	P	CFI	TLI	GFI	SRMR	RMSEA
Model 1	1208.1	125	1.81	0.0	0.91	0.90	0.80	0.04	0.06
Model 2	2759.6	121	4.12	0.0	0.70	0.78	0.65	0.13	0.11
Model 3	4177.1	115	6.38	0.0	0.52	0.54	0.47	0.17	0.16
Model 4	5345.2	111	8.05	0.0	0.37	0.39	0.34	0.26	0.18

Note: Model 1 (Four factors): organization-based self-esteem, flexible human resource management, innovative behavior
Model 2 (three factors): ethical leadership, organization-based self-esteem + flexible human resource management, innovative behavior
Model 3 (two factors): ethical leadership+ organization-based self-esteem + flexible human resource management, innovative behavior
Model 4 (one factor): ethical leadership + organization-based self-esteem, flexible human resource management, innovative behavior

Table 2: Results of technical statistics and correlation analysis

Variable	1	2	3	4	5	6	7	8
1. Age								
2. Education background	.44**							
3. Position	.55**	.64**						
4. Work period	.17*	-.05	.03					
5. Ethical leadership	.06	-.06	-.02	.18**	(.99)			
6. Organization-based self-esteem	.04	.02	.11*	.06†	.27**	(.96)		
7. Flexible human resource management	-.07†	-.16**	-.17*	.02	.24**	.26**	(.98)	
8. Innovative behavior	.05	.03	.02	.01	.16**	.23**	.04	(.94)
Mean	1.45	1.73	4.15	2.82	4.24	3.97	3.23	3.92
S.D.	.75	.85	2.3	.84	.57	.55	.86	.64

Note: N=200.
 * p<0.05,
 ** p<0.01, Age: 1=30s, 2=40s. 3=50s. 4=60s and older, Education background: 1=Graucation of a university,
    2=2-Graduation of three-year university, 3=Graduation of a graduate college with a master's degree,
    4=Graduation of a graduate college with the doctoral degree, Work period: 1=less than 3 months, 2=3~9 months,
    3=9~15 months, 4=15 months and more

Regarding RMSEA, if it is less than 0.05, it is considered a close fit. If less than .08, it is a reasonable fit. If less than .10, it is a mediocre fit. If greater than .10, it is an unacceptable fit (Hu & Bentler, 1999). In addition, if the values of TLI and CFI are greater than .90, they are interpreted as a good fit. If .90 or more, they are interpreted as an excellent fit. Results of confirmatory factor analysis are shown in <Table 1>. As a result of Confirmatory Factor Analysis, the goodness of fit of Model 1, composed of four major factors of this study, such as ethical leadership, organization-based self-esteem, flexible human resource management, and innovative behaviors, was relatively good. As a result of comparing the research model presented in this study with the factor 3, factor 3, and factor 1 models, which can be considered alternative models, it was confirmed that the research model was the most suitable model due to its higher fit to the alternative model.

4.2. Reliability, technical statistics, and correlation analysis

This study conducted correlation analysis to identify overall relations and the direction between each variable of which singular dimensionality was verified through reliability and factor analysis prior to hypothesis testing. <Table 2> presents the reliability analysis results, technical statistics, and correlation analysis of each variable.

The parentheses present Cronbach's alpha coefficient as the result of reliability analysis for latent variables. The reliability coefficient of all latent variables such as ethical leadership, organization-based self-esteem, flexible human resource management, and innovative behavior was .92 or higher, indicating good reliability. As a result of correlation analysis, ethical leadership presented a statistically significant correlation with organization-based self-esteem (r=.24, p<.01), flexible human resource management (r=.20, p<.01), and innovative behavior (r=.19, p<.01). Organization-based self-esteem (r=.24, p<.01) presented statistically significant correlation with flexible human resource management and innovative behavior (r=.20, p<.01).

4.3. Hypothesis verification

This study set the effect of ethical leadership on innovative behavior in distribution-related organizations, the mediating effect of organization-based self-esteem, and the regulation effect of flexible human resource management as research hypotheses. <Table 3> presents the result of hierarchical analysis to verify the hypotheses. Hypothesis 1 predicted that ethical leadership would have a significantly positive (+) effect on innovative behavior. Model 1 in <Table 3> is the result calculated by inputting only the control variable into the model with innovative behavior as the dependent variable.

Table 3: Results of hierarchical analysis

	Innovative behavior				Organization-based self-esteem			
	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**	**Model 6**	**Model 7**	**Model 8**
Age	.07	.06	.07	.04	-.03	-.06	-.04	-.02
Education background	-.05	-.03	-.02	-.01	-.14	-.07	-.04	-.03
Position	.04	.05	-.04	-.06	.27**	.28**	.29**	.15**
Work period	.02	-.06	.02	-.08	.06	.09	.03	.08
Ethical leadership		.17**		.14**		.23**	.27**	-.32
Organization-based self-esteem			.25**	.19**				
Flexible human resource management							.27**	-.75*
Ethical leadership *Flexible human resource management								1.27*
R^2	.008	.043	.035	.063	.022	.086	.134	.146
ΔR^2	-	.032**	.036**	.022**	-	.062**	.048**	.015*
F-value	.627	2.85**	3.17**	3.82**	2.43*	6.45**	8.35**	8.18**

n=200. * p<0.05, ** p<0.01, Standardized Path Coefficients

Model 2 showed that ethical leadership, an independent variable, was input to the model. As seen in Model 2, ethical leadership was confirmed to have a significantly positive (+) effect on innovative behavior (t =.19, p<.01). Therefore, hypothesis 1 was accepted. Hypothesis 2-1 estimated that ethical leadership had a significantly positive (+) effect on organization-based self-esteem. Model 5 results from inputting only control variables into the model with organization-based self-esteem as a dependent variable. Model 6 was analyzed by inputting ethical leadership, an independent variable. As seen in Model 6, ethical leadership was confirmed to have a significantly positive (+) effect on organization-based self-esteem (t =.25, p<.01). Therefore, hypothesis 2-1 was supported. Hypothesis 2-2 predicted that organization-based self-esteem would intermediate the effect of ethical leadership on innovative behavior. As verified in hypothesis 1, ethical leadership has a positive (+) effect on innovative behavior. As verified in hypothesis 2-1, ethical leadership is confirmed to have a positive (+) effect on organization-based self-esteem. Model 3 presents the relation between organization-based self-esteem and innovative behavior. Ethical leadership is confirmed to have a positive (+) effect on organization-based self-esteem (t =.20, p<.01). Therefore, the conditions for mediating effect verification are satisfied according to the three-step mediating effect verification process of Baron and Kenny. As seen in Model 4, the size of the effect of ethical leadership was reduced, but it was confirmed that it had a statistically significant effect on innovative behavior. And, the effect of organization-based self-esteem, an intermediation variable, was also confirmed to have a statistically significant effect. It is recently recommended to perform the significance test of the indirect effect using the Sobel verification or the Bootstrapping technique as a criticism of the limitations of the method of Baron and Kenny (1986). This study conducted an indirect effect analysis using the bootstrapping technique, and statistically significant results were confirmed as a result of verifying the indirect effect of ethical leadership on innovative behavior as intermediation of organization-based self-esteem. The indirect effect was .045 (BootSE = .021, 95% CI: LLCI =.010, ULCI=.092) as a result of analysis using Model 4 with the number of bootstrapping model sampling being 5000. Therefore, hypothesis 2-2 was also supported. Hypothesis 3-1 suggested the regulation effect of flexible human resource management regarding the effect of ethical leadership on organization-based self-esteem. As seen in Model 8 of <Table 3>, it was verified that flexible human resource management positively (+) regulated the relation between ethical leadership and organization-based self-esteem (t=1.23, p<.05). This refers that the effect of ethical leadership on organization-based self-esteem is stronger in members with large flexible human resource management. Therefore, hypothesis 3-1 was supported. <Figure 1> is a graphical representation of the regulation effect of flexible human resource management in the relation between ethical leadership and organization-based self-esteem in distribution-related organizations. Hypothesis 3-2 assumed the regulation effect of flexible human resource management through organization-based self-esteem regarding the indirect effect of ethical leadership on innovative behavior. To verify hypothesis 3-2, the significance of the conditional indirect effect was confirmed by using Hayes (2017)'s Process model. As seen in <Table 4>, it was confirmed that the indirect effect of ethical leadership varied depending on the level of flexible human resource management. More specifically, regarding the indirect effect of ethical leadership on innovative behavior as intermediation of organization-based self-esteem, flexible human resource management has a statistically significant effect when it is average or high. However, it was confirmed that there was no statistically significant effect when it was lower than the average. Therefore, it was verified that flexible human resource management regulates not only the relation between ethical leadership and organization-based self-esteem, but also the indirect effect of ethical leadership by innovative behavior through organization-based self-esteem.

Table 4: Results of the regulation effect of indirect effect analysis

Flexible human resource management	Effect	S.E.	LLCI	ULCI
-1SD	.014	.015	-.006	.076
Mean	.046	.028	.019	.096
+1SD	.064	.038	.014	.146

5. Discussion and Results

5.1. Summary of research results and implications

This study reconfirmed precedent research that studied the effect of ethical leadership on innovative behavior in distribution-related organizations, which has recently been increasingly emphasized. At the same time, it confirmed the

mediating effect of organization-based self-esteem and the regulation effect of flexible human resource management to confirm the process of ethical leadership affecting innovative behavior. Using organization-based self-esteem as a theoretical framework, this study confirmed the process of effects on innovative behavior through organization-based self-esteem, where a supervisor's ethical leadership behavior is defined as the members' attention and awareness. And, the regulation effect of flexible human resource management, defined as the members' perception of ethical compulsion, was verified in the relation between ethical leadership and organization-based self-esteem. As a result of the research analysis, a superior's ethical leadership was found to positively (+) affect the members' innovative behavior. As the level of a supervisor's ethical leadership level is high, it means that the organization's members engage in more innovative behaviors. In addition, it was confirmed that a supervisor's ethical leadership affected innovative behaviors as intermediation of the members' organization-based self-esteem. Regarding the effect of superior's ethical leadership on innovative behaviors, it is first to raise the level of organization-based self-esteem of the organizational members. This increased organization-based self-esteem of the organizational members refers that the organization's members engage in more innovative behaviors. Finally, the members' regulation effect of flexible human resource management was confirmed. First, it was confirmed that the members' flexible human resource management positively (+) adjusted the effect of ethical leadership on organization-based self-esteem. In other words, it was empirically verified that ethical leadership had a stronger effect on organization-based self-esteem in the case of members with high flexible human resource management. Next, it was confirmed that the indirect effect of ethical leadership on organizational members' innovative behavior as intermediation of organization-based self-esteem was also adjusted by the organizational members' flexible human resource management. The theoretical and practical implications of the empirical analysis results of this study are as follows; First, a supervisor's ethical leadership was found to have a positive (+) effect on the members' innovative behavior. It may refer that if a supervisor demonstrates ethical leadership through ethically appropriate behavior and management, it may lead to the members' innovative behaviors, which is consistent with the results of precedent research. It can be considered that the external validity of the relation between ethical leadership and innovative behavior has been strengthened by empirically examining the influencing relation between ethical leadership and organizational citizenship behavior once again. Second, this study has significance. It verified the process of the effect of ethical leadership on innovative behavior by confirming the mediating effect of organization-based self-esteem on the supervisor's relation with ethical leadership and innovative behavior. Precedent research focused on the effect of supervisors' ethical leadership on members' positive attitudes and behaviors or on organizational effectiveness, and there are many pieces of research on how ethical leadership affects members' attitudes and behaviors and organizational effectiveness. However, few studies theoretically suggest and substantiate organization-based self-esteem as a mechanism of ethical leadership's effect on innovative behaviors in distribution-related organizations. The results of this study are significant in that it suggested organization-based self-esteem, which was not discussed in precedent research, as a crucial variable in the influence process of ethical leadership and empirically verified it. Regarding the indirect effect of ethical leadership on innovative behavior as intermediation of organization-based self-esteem, this study also confirmed theoretically discussed, and empirically verified that it was adjusted by flexible human resource management. These results may be considered to confirm that flexible human resource management would function as a boundary condition in the process of the effect of ethical leadership on the members' attitudes and behaviors. This provides a theoretical implication by enhancing an understanding of the influence process of ethical leadership. In summary, this study has implications in that it does not only reinforce the external validity of precedent research but also enhances the understanding of the influence process of ethical leadership and expands the scope of precedent research's understanding of ethical leadership theory.

5.2. Limitations of the research and future research directions

This study suggested empirical study results with an explanation of the theoretical background to verify the role of organization-based self-esteem as an intermediation variable and the regulation effect of flexible human resource management in the relation between the effect of ethical leadership on innovative behavior and the two variables. Despite the theoretical and practical implications of this study, it has several limitations. Accordingly, future research directions are as follows; First, the subject of this study consists only of males due to the nature of distribution-related organizations. However, there is a limit to generalizing the results found in this study as many female workers have recently entered organizations. Therefore, future research needs to empirically verify research models presented in this study by studying more diverse types of organizations, including other types of organizations where men and women work together. Second, the basic model of this study is related to the relation between ethical leadership and innovative behavior. As described above, ethical leadership was found to affect the organizational members' various attitudes and behaviors and organizational

effectiveness. Future studies need to explore and empirically verify the effect of ethical leadership, which has not been confirmed so far.

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