

**A COMPARATIVE STUDY OF THE IMPACT OF ETHICAL  
LEADERSHIP ON EMPLOYEES' READINESS TO CHANGE  
BETWEEN STATE AND PRIVATE BANKS IN BATTICALOA  
DISTRICT**



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## ABSTRACT

No firm can afford to be uncompetitive in the current economic climate. To survive and advance in this environment, ingenuity is required. Without happy personnel, an innovative organization is impossible to create. Hence, researchers have developed People are becoming more focused on figuring out the factors that affect employees' readiness to change. The most crucial elements to defeating competition are ethical leaders' actions as well people orientation, fairness, power sharing, concern of sustainability, ethical guidance, role of clarification and integrity were all elements of ethical leadership. From the viewpoint of employees in the banking sector, this study looked at ethical leadership on employees' readiness to change. Additionally, the researcher determined the impact and relationships between them as well as the level of each variable.

There has not been much study done in Sri Lanka to date on the traits of ethical leadership and how they affect employees' readiness to change. In order to achieve this, a survey is given to 52 workers of private banks and 159 employees of state banks, namely those in Sri Lanka's Batticaloa district.

Researchers tested their hypothesis and discovered a positive relationship between ethical leadership (people orientation, fairness, power sharing, concern for sustainability, ethical guidance, role of clarification and integrity) and employees' readiness to change. The study also showed that people orientation, fairness, power sharing, and concern for sustainability, ethical guidance, role of clarification and integrity had a significant influence on employees' readiness to change. Additionally, this study discovered that ethical leadership such as people orientation, fairness, power sharing, concern for sustainability, ethical guidance, role of clarification and integrity—have a positive impact on employees' readiness to change. The results of this study also provide direction for the banking industry in terms of employee leadership.

**Key words:** Ethical leadership, Employees' readiness to change

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