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Empowerment Behavior as a Lever of Ethical Leadership: Unlocking Employee Productivity in Kenya's Insurance Industry

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Abstract

This study examines the influence of the empowerment behavior dimension of ethical leadership on employee productivity within Kenya's insurance industry, addressing a substantive gap in the African organizational behavior literature. Design/Methodology/Approach: Anchored in Ethical Leadership Theory and adopting a positivist, descriptive correlational design, the study collected primary data from 192 supervisors drawn from licensed insurance and reinsurance firms in Nairobi County through stratified random sampling. Data were analyzed using Pearson correlation and simple linear regression via IBM SPSS Version 28. Findings: The empowerment behavior dimension demonstrated a very strong, positive, and statistically significant relationship with employee productivity ($r = 0.985$, $p < 0.01$), explaining 97.0% of the variance in productivity outcomes ($R^2 = 0.970$, $F (1,190) = 6249.477$, $p < 0.001$). The predictive equation confirmed that a unit increase in empowerment behavior yields a near-equivalent unit gain in employee productivity ($B = 0.995$, $\beta = 0.985$). Practical Implications: Insurance firms and regulatory bodies should embed empowerment-oriented leadership into supervisory recruitment, competency frameworks, and leadership development programs to unlock sustained productivity gains. Originality/Value: This study is among the first to isolate empowerment behavior as a discrete ethical leadership dimension in the Kenyan insurance context, providing rigorous empirical grounding for its role as a primary driver of employee productivity in a strategically important yet underperforming sector.

Keywords: *Empowerment Behavior, Ethical Leadership, Employee Productivity, Insurance Industry, Kenya, Power Sharing, Team Building, Staff Competency Development*

Introduction

The insurance sector plays a pivotal role in safeguarding financial risks, promoting social security, and enhancing economic resilience in Kenya's economy. However, the sector remains underperforming with an average insurance penetration rate of 2.3% in 2022 which may have climbed slightly to 2.41% in 2023, but remains far behind the global average of around 7.0% (Association of Kenya Insurers [AKI], 2023; Insurance Regulatory Authority [IRA], 2023). In addition, there are chronic operational inefficiencies that include KES 386.34 million losses from confirmed insurance fraud in 2021 alone (IRA, 2023), with average claims settlement time for general insurance products exceeding 90 days, which is above the 30-day benchmark.

The failure of a number of licensed insurance companies such as Resolution Insurance in 2022, Xplico Insurance in 2023 and Invesco Assurance (placed under statutory management in 2023 and subsequently liquidated in 2024) again highlights the importance of governance and leadership in the insurance sector (IRA, 2022).

However, the opinion by scholars and regulators is gradually changing and they are increasingly recognizing that these shortcomings are not solely due to regulatory failures or market conditions but stem from deficiencies in leadership among insurance companies (Kajwang, 2022; Kipkemboi & Kimosop, 2022; Onyango et al., 2023). Ethical leadership has become a theoretically rich and empirically sound perspective in this context to explore how employee performance outcomes are influenced by supervisory behavior. Ethical leadership (as defined by Brown, Treviño and Harrison (2005) is the exercise of normatively appropriate personal behavior and interpersonal relations, and the proactively creation of normatively appropriate personal behavior and interpersonal relations among followers through ethical decision making, communication, and reinforcement. According to Hawass (2016) and González and Guillén (2002), there are five dimensions of ethical leadership, which are character, empowerment behavior, moral orientation, psycho-emotive intelligence, and technical competence.

Empowerment behavior is one of these dimensions, which stands in a very strategic place as it directly mediates the relationship between leadership intent and employee agency. Empowerment behaviour includes actions that involve sharing decision making authority, investing in staff competency building, arranging team building and developing employee ownership and initiative (Nguyen et al., 2022; Majeed, Fatima & Ahmad, 2021). Unlike directive leadership models, empowerment-based ethical leadership styles treat employees as not just recipients of instructions, but as active participants in attaining the organization’s goals, which consequently boosts their intrinsic motivation, self-responsibility, and long-term performance (Walumbwa et al., 2011; Nauman et al., 2022).

Although there is a lot of evidence from all over the world that supports the relationship between empowerment behaviour and increased employee productivity, the insurance industry in Africa is relatively under-researched. Kenyan studies have been conducted mainly at an aggregate level or on selected sub dimensions of the dimensions of ethical leadership which fail to focus on the specific mechanism where empowerment behaviour is found to influence productivity in a service based and regulated environment (Kajwang, 2022; Ndiritu, 2022; Maloba & Wamwayi, 2021). The void is especially startling because insurance supervisors sit in a critical middle layer between strategic leadership and on-the-ground agents, and their empowering practices have direct impacts on the agency's performance metrics, including speed of claims processing, sales per agent and the average handling time of a client.

The article fills this void with strong empirical evidence of the relationship between the empowerment behaviour dimension of ethical leadership and the productivity of employees of insurance supervisors in the licensed insurance industry in Kenya. The study is grounded in the theories on ethical leadership (Brown et al., 2005; Treviño, Hartman & Brown, 2000) and the empowerment behaviour is operationalized in terms of three sub-dimensions, namely power sharing, team building and staff competency development as espoused in the five-dimensional ethical leadership model as used by Ouma (2018) and Hawass (2016).

Literature Review

Ethical Leadership Theory

Ethical Leadership Theory, as systematically developed by Treviño, Hartman and Brown (2000) and subsequently refined by Brown, Treviño and Harrison (2005), provides the foundational theoretical scaffolding for this study. The theory conceptualizes ethical leadership through two complementary constructs: the moral person, characterized by integrity, honesty, and fairness in personal conduct; and the moral manager, who actively cultivates ethical norms among followers through role modelling, clear communication, and behavioural reinforcement (Den Hartog, 2015). Together, these constructs position ethical leadership as a behavioural and relational phenomenon with direct organizational consequences, rather than a mere normative ideal.

Ethical leadership has been empirically proven to create psychological safety for employees and organizational citizenship behaviour (OCB) among employees (Kalshoven, Den Hartog and De Hoogh 2011) and to help individuals match individual values with organizational values, which leads to higher commitment and productivity (Resick, Hargis, Shao and Dust 2013). Eisenbeiß and Brodbeck (2014) also confirmed that ethical leadership fosters team unity and reduces counterproductive work behaviour by fostering fairness and accountability within the organization. As a whole, this body of scholarship defines ethical leadership as a complex concept with specific substantive productivity implications in the various organizational and sectoral contexts.

Based on this, Hawass (2016) and González and Guillén (2002) developed a five-dimensional model of ethical leadership that goes beyond the moral person–moral manager dichotomy. This model recognizes and distinguishes between the characteristics, the acts of empowerment, the moral orientations, the psycho-emotive intelligence and the technical competences that all reveal and express a qualitatively different side of ethical leadership in the organization. The dimension of empowerment behaviour is examined in the present study, because it is the most directly actionable dimension that is related to driving the productivity of employees in the insurance sector, which emphasizes participative authority, developmental investment and collaborative culture.

The Empowerment Behaviour Dimension of Ethical Leadership

Empowerment behaviour, as one aspect of ethical leadership, is defined as the consistent and intentional actions taken by leaders to delegate decision making power to employees, develop employees, promote team collaboration and building ownership and accountability (Nguyen et al., 2022; Majeed et al., 2021). Empowerment is a moral commitment to respect employee agency and is based on a moral stance on shared responsibility, which is defined differently from empowerment as a motivational technique or managerial style in empowerment models (Walumbwa et al., 2011; Barqawi et al., 2023).

Power sharing is the fundamental and first aspect of empowerment behaviour. It is the deliberate sharing of power and influence amongst the levels in the hierarchy, indicating trust, inclusion and respect. (Ruiz-Palomino et al., 2021). Hu et al. (2021) discovered that a leader who is humble and willing to share authority, greatly enhances team creativity, collaborative problem solving, and knowledge sharing. In another study, Zhu et al. (2021) also demonstrated that the shared leadership structures (which rely on a more distributed form of influence over comparison to the top-down leadership structure) is associated with better innovation and decision quality. In the insurance industry, where workers often must make decisions quickly and accurately regarding claims, underwriting and service to clients, power sharing empowers workers to make decisions on their own.

The second key component of empowerment behaviour is team building. Structured team development activities, such as interprofessional workshops, team activities and performance debrief, increase trust, role understanding and team efficacy within teams (Burgess et al., 2021; Lacerenza et al., 2021). Koeslag-Kreunen et al. (2021) found that leadership behaviours around team learning have significant variance in collective learning performance, with person-focused leaders driving reflection, open dialogue and adaptive innovation. For services-oriented industries like insurance, where cross-departmental collaboration is vital for managing claim processes and client interactions, team building directly impacts overall efficiency and effectiveness, minimizing errors, and improving customer satisfaction.

The third dimension of empowerment behaviour is through staff competency development. Ethical leaders who continuously invest in training, mentoring, and developing their employees' skills to continuously remain adaptive, innovative, and technically proficient in the changing work environment (Nguyen et al., 2022; Sugiarti, 2022). Ali et al. (2021) showed that structured coaching and training programs have a direct positive impact on employees' job performance, while improving their technical skills and intrinsic motivation. It was supported by Mark and Nzulwa (2021) in the insurance industry, where they revealed that career development and training programs greatly enhance people engagement, capability and productivity. A competency investment demonstrates to staff that they are an important part of the organisation's future, which in turn boosts loyalty and helps to lower staff turnover, a key factor in maintaining productivity in a market where regulations are highly complex and clients are sensitive.

Although employee recognition is a seemingly ancillary component of employee empowerment, it is a key component of the empowerment behaviour model. Leaders that intentionally recognise contributions and give positive feedback recognise employee efforts and build employee psychological ownership of organisational goals (Barqawi et al., 2023; Jiang & Shen, 2020). Consistent and equitable recognition leads to decreased turnover intentions, increased commitment and increased discretionary effort, which are all direct predictors of higher employee productivity.

Employee Productivity in the Insurance Sector

Employee productivity in the insurance industry is a multidimensional construct that reflects the efficiency and effectiveness with which employees convert organisational resources, leadership support, and individual capability into measurable service and financial outcomes (Rahmati et al., 2022). In this study, productivity is operationalised through three sector-specific performance indicators: revenue per sales representative, which captures the individual contribution of sales staff to premium income and reflects the effectiveness of sales processes and client engagement strategies; claims processing time, which measures the average duration from claim submission to settlement and reflects the efficiency of frontline operational staff in managing one of the most client-critical functions in insurance; and average handling time (AHT), which measures the total duration of customer interactions from initiation to resolution and reflects both employee responsiveness and process efficiency (Wambugu et al., 2021; Onyango & Musumba, 2023).

Kenya's insurance sector presents a particularly challenging productivity environment. Despite the sector's nominal growth — with total insurance service revenue rising 17% from KES 219.40 billion in 2022 to KES 255.96 billion in 2023 (AKI, 2023) — productivity indicators remain structurally weak. Fraud clearance rates among life insurers average 75.68%, with some firms achieving as low as 45.83%, indicating significant inconsistencies in investigative competence and operational accountability (Onyango & Musumba, 2023). Premium income growth in life insurance fell below 3% in 2022 despite sustained digital investment, and client complaints related to claims delays persistently dominate the IRA's regulatory correspondence (IRA, 2023). These gaps underscore the argument that productivity in Kenya's insurance sector is not principally constrained by capital or technology, but by behavioural, governance, and leadership deficits — deficits that empowerment-oriented ethical leadership is uniquely positioned to address.

Empowerment Behaviour and Employee Productivity: Empirical Evidence

A positive link between empowerment behaviour and employee productivity has been well documented in a variety of industries and in various countries around the world; however, there is little empirical research currently available in the African insurance sector. Nauman et al. (2022) globally investigated how power sharing is involved in servant leadership practices in 70 project teams of 275 employees and found that a collaborative culture fully mediates the relationship between participative leadership and team performance. Findings on collective performance as a result of structural empowerment, rather than just individual effort, are especially applicable to insurance organisations in which collective work, e.g. in claims management and underwriting, relies on the coordination of inter-roles.

This analysis was expanded by Khassawneh et al. (2022), who investigated how the relationship between empowerment and performance was moderated by the institutional context of 347 employees in UAE organisations and found that the complexity of institutional structures can weaken the positive relationship between participative leadership and employee loyalty and job performance. This institutional sensitivity highlights the need to understand and consider the role of the regulatory and governance context of the Kenyan insurance industry on the expression of empowerment practices, as compliance requirements and hierarchical power dynamics can both facilitate and hinder the expression of empowerment behaviour.

In the Kenyan context, Kajwang (2022) investigated the practice of training and development in Kenyan insurance companies on secondary data and revealed that the latter positively affects productivity, engagement and retention of employees. The empowerment behaviour dimension of the study focused the role of HR managers in implementing effective development programmes, in line with the competency building dimension of the HR managers' empowerment behaviour. Ndiritu (2022) found that the effectiveness of career development programmes by ethically driven leaders in insurance firms in Nairobi has resulted in higher rates of employee loyalty and retention, while open communication and participatory decision-making among leadership and employees has created better conditions for employees to make meaningful decisions and develop greater buy-in within the organisation. Further, Maloba and Wamwayi (2021) have discovered that there were strong positive relationships between self-awareness-based leadership and employee performance in Kenya's insurance sector ($r = 0.838$, $p = 0.003$) which indirectly supports the relationship between empowerment and productivity in this domain.

Mao et al. (2022) examined the connection between HRM practices and service recovery performance in the Takaful insurance industry in Pakistan, and they discovered that teamwork, empowerment, and training positively impacted service recovery performance, while employee commitment acted as a mediating variable between HRM practices and service recovery performance. The findings of this study support the idea that empowerment behaviour can lead to productivity gains not only in the direct motivational effect of the behaviour, but also in the ability to create commitment and relational trust that can lead to sustained high performance in service-intensive settings.

Despite the profuse body of evidence, there is still a large amount of work to be done in the literature. To date, no study has systematically isolated the dimension of empowerment behaviour from ethical leadership as a unique predictor of employee productivity in the insurance industry in Kenya, through a theoretically informed operationalization of the dimension that captures three sub-dimensions of power sharing, team building, and employee competency development. This is this study's contribution to closing the gap. Drawing on Ethical Leadership Theory (Brown et al., 2005) and the empirical evidence reviewed, the study advances the following research hypothesis:

> H_1: The empowerment behaviour dimension of ethical leadership has a significant positive influence on employee productivity within the insurance industry in Kenya.

Methodology

Research Philosophy and Design

This study was conducted within a positivist philosophical paradigm, which assumes that reality is objective, measurable, and independent of the researcher, and that knowledge is generated through empirical observation, hypothesis testing, and statistical analysis (Bell, Bryman & Harley, 2022; Saunders, Lewis & Thornhill, 2023). Positivism was appropriate because the study sought to quantify the relationship between empowerment behaviour and employee productivity using structured instruments and inferential statistical techniques, enabling generalizable, replicable findings. The study adopted a descriptive correlational research design, which facilitated systematic profiling of empowerment behaviour practices and the examination of their association with productivity outcomes without manipulation of variables (Babbie, 2021). This design is widely applied in leadership and organizational behaviour research where variables occur naturally and experimental control is neither feasible nor necessary (Collis & Hussey, 2021).

Population, Sampling and Data Collection

The target population comprised 402 supervisors drawn from 58 licensed insurance and reinsurance companies registered with the IRA and operating in Nairobi County, Kenya. Supervisors were selected as the unit of analysis because they occupy the strategic intermediary position between senior management and frontline employees, directly shaping the empowerment practices, ethical climate, and performance outcomes that are central to this study (Yasir & Mohamad, 2020). The geographical scope was confined to Nairobi County, which hosts the headquarters or principal offices of virtually all licensed insurers in Kenya, ensuring representativeness of national industry dynamics.

Stratified random sampling was employed to ensure proportional representation across six key functional departments — Claims, Finance, Legal, Marketing, Underwriting, and Human Resources — and across two insurance categories: life and non-life. The sample size of 200 was determined using Yamane's formula at a 95% confidence level and 5% margin of error, yielding 78 supervisors from life insurance firms and 122 from non-life firms. Of the 200 questionnaires distributed, 192 were returned complete and usable, representing a response rate of 96%.

Primary data were collected using a structured questionnaire administered via the drop-and-collect method. The empowerment behaviour dimension was measured using twelve items rated on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree), covering power sharing, team building, and staff competency development sub-dimensions. Employee productivity was measured using nine items operationalizing revenue per sales representative, claims processing time, and average handling time. The questionnaire underwent a pilot study in July 2025 with 20 supervisors, yielding a Cronbach's Alpha coefficient of 0.943 for the empowerment behaviour dimension, confirming excellent internal consistency (Hair, Page & Brunsveld, 2020). Content and face validity were established through expert review by academic supervisors and field specialists.

Data Analysis

Data were analysed using IBM SPSS Version 28. Descriptive statistics, including frequencies, means, and standard deviations — were used to profile respondent characteristics and summarizes responses on the empowerment behaviour and productivity items. Pearson correlation analysis was applied to assess the strength and direction of the bivariate relationship between empowerment behaviour and employee productivity. Simple linear regression was subsequently employed to determine the magnitude and statistical significance of empowerment behaviour as a predictor of employee productivity, using composite scores derived from the Likert scale items. Diagnostic tests including normality (Kolmogorov-Smirnov), linearity (scatter plots and ANOVA), multicollinearity (Variance Inflation Factors), and heteroscedasticity (Breusch-Pagan test) were conducted to verify the integrity of the regression assumptions prior to interpretation.

Results

Demographic Profile of Respondents

Of the 192 usable responses, the majority of respondents (49.5%) were in the 35–44 years age bracket, with 25.5% in the 25–34 age group, reflecting a mid-career supervisory workforce. Male respondents constituted 57.8% of the sample, with females accounting for 40.1%. In terms of education, 38.0% held a Diploma, 31.8% a Bachelor's Degree, 16.7% a Master's Degree, and 4.2% a Doctorate, indicating a well-educated supervisory cohort. The majority of respondents had between four and ten years of industry experience (77.6%), and 46.9% occupied Senior Management positions. Respondents were distributed across Customer Service (20.3%), Finance and Accounts (19.8%), Sales and Marketing (17.7%), Human Resources (14.1%), Claims (10.9%), Information Technology (10.4%), and Underwriting (6.8%) departments, ensuring broad cross-departmental representation.

Descriptive Statistics for the Empowerment Behaviour Dimension

Table 1 presents the item-level descriptive statistics for the twelve empowerment behaviour items. All items were rated on a five-point Likert scale.

Table 1

Descriptive Statistics for the Empowerment Behaviour Dimension of Ethical Leadership

EMP1	Involving management team in key decision-making	3.372	1.279
EMP2	Promoting collaboration through team-building initiatives	3.333	1.355
EMP3	Supporting professional growth by fostering competencies	3.474	1.330
EMP4	Team is productive because of shared power and decisions	3.469	1.338
EMP5	Collaborative environment improves problem-solving	3.403	1.361
EMP6	Empowering autonomous decisions leads to efficient goals	3.419	1.291
EMP7	Productivity increases through team-building participation	3.370	1.374
EMP8	Team-building helps achieve set targets effectively	3.396	1.338
EMP9	Team-building strengthens trust among supervisors	3.453	1.395
EMP10	Targets easier to achieve through competency building	3.453	1.383
EMP11	Empowerment inspires initiative and ownership	3.385	1.317
EMP12	Performance improves through mentoring and coaching	3.427	1.123
	Overall Mean	3.411	1.252

Source: Primary Data (2026)

The descriptive results reveal moderate-to-positive levels of agreement across all twelve empowerment behaviour items, with individual item means ranging from 3.333 to 3.474 and an overall composite mean of 3.411 (SD = 1.252). The highest-rated item was EMP3, 'I support the professional growth of my team by fostering key managerial competencies' (M = 3.474, SD = 1.330), indicating that supervisors in Kenya's insurance sector most strongly associate empowerment-based ethical leadership with investment in staff capability development. This finding is theoretically consistent with Nguyen et al.'s (2022) emphasis on competency building as the most sustainability-enhancing dimension of empowerment behaviour, and with Kajwang's (2022) finding that training and development is the primary empowerment lever in the Kenyan insurance context.

The second highest-rated item was EMP4, 'My team is more productive because I share power and decision-making with the management team' (M = 3.469, SD = 1.338), followed by EMP9 and EMP10, both scoring M = 3.453, which related to trust-building through team activities and target achievement through competency development respectively. These findings suggest that respondents strongly perceive shared authority and collaborative decision-making as central to team productivity. The lowest-rated items were EMP2, 'My leadership role includes promoting collaboration through regular team-building initiatives' (M = 3.333, SD = 1.355), and EMP1, 'I apply ethical leadership by involving the management team in key decision-making processes' (M = 3.372, SD = 1.279), suggesting that structured and formalised implementation of empowerment practices — particularly team-building programmes and inclusive decision-making processes — remains uneven across the sector and represents an opportunity for improvement.

Pearson Correlation Analysis

Table 2 presents the Pearson correlation results between the composite empowerment behaviour score and the composite employee productivity score.

Table 2

Pearson Correlation Between Empowerment Behaviour and Employee Productivity

Variable	Empowerment Behaviour	Employee Productivity
Empowerment Behaviour	1	0.985**
Employee Productivity	0.985**	1
N	192	192

** Correlation is significant at the 0.01 level (2-tailed). N = 192.

The analysis reveals a very strong, positive, and statistically significant correlation between the empowerment behaviour dimension of ethical leadership and employee productivity ($r = 0.985$, $p < 0.01$, $N = 192$). This near-unity coefficient indicates that as supervisors demonstrate stronger empowerment behaviours, including power sharing, participative decision-making, team building, and professional development investment, employee productivity increases correspondingly and substantially. The strength of the association corroborates the theoretical proposition advanced by Brown and Treviño (2006) that ethical leadership behaviours rooted in empowerment create enabling environments where employees' intrinsic motivation, task ownership, and collaborative capacity are maximised, thereby generating measurable productivity gains.

Simple Linear Regression Analysis

Simple linear regression was conducted to determine the magnitude and significance of the empowerment behaviour dimension as a predictor of employee productivity. The results are presented across Tables 3, 4, and 5.

Table 3

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.985	0.970	0.970	0.2177

Predictors: (Constant), Empowerment Behaviour Dimension of Ethical Leadership.

The model summary in Table 3 shows that the empowerment behaviour dimension achieves a very high coefficient of multiple correlation with employee productivity (R = 0.985). The R Square value of 0.970 indicates that 97.0% of the variance in employee productivity is explained by the empowerment behaviour dimension alone. The Adjusted R Square of 0.970 confirms the model's consistency and generalisability, while the Standard Error of the Estimate of 0.2177 reflects minimal residual variation and attests to the high precision of the predictive model.

Table 4

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	296.111	1	296.111	6249.477	<0.001
Residual	9.003	190	0.047		
Total	305.113	191			

Dependent Variable: Employee Productivity. Predictors: (Constant), Empowerment Behaviour Dimension.

The ANOVA results in Table 4 confirm the overall statistical significance of the regression model ($F(1, 190) = 6249.477$, $p < 0.001$). The regression sum of squares (296.111) substantially exceeds the residual sum of squares (9.003), confirming that the empowerment behaviour dimension accounts for the vast majority of the variance in employee productivity and that the model is statistically robust.

Table 5

Regression Coefficients

Variable	B (Unstandardised)	Std. Error	Beta (Standardised)	t	Sig.
(Constant)	0.026	0.046	—	0.573	0.567
Empowerment Behaviour	0.995	0.013	0.985	79.054	<0.001

Dependent Variable: Employee Productivity.

The coefficients table (Table 5) presents the unstandardised and standardised regression coefficients for the model. The unstandardised coefficient (B = 0.995) indicates that for every one-unit increase in the empowerment behaviour composite score, employee productivity increases by 0.995 units, holding all other factors constant — a near-equivalent unit-for-unit predictive relationship. The standardised coefficient (Beta = 0.985) confirms the very strong predictive contribution of the empowerment behaviour dimension relative to the dependent variable. The t-value of 79.054 ($p < 0.001$) is highly significant, providing robust evidence that empowerment behaviour is a statistically meaningful predictor of employee productivity. The constant term (B = 0.026, p = 0.567) is not statistically significant, consistent with model expectations for a standardized leadership–outcome model. The predictive equation for employee productivity is therefore expressed as:

$$Employee\ Productivity\ =\ 0.026\ +\ 0.995\ (Empowerment\ Behaviour\ Dimension)$$

Hypothesis Decision

Based on the Pearson correlation (r = 0.985, $p < 0.01$), R Square value (0.970), statistically significant F-statistic (F (1, 190) = 6249.477, $p < 0.001$), and the significant regression coefficient (B = 0.995, β = 0.985, t = 79.054, $p < 0.001$), the null hypothesis — that the empowerment behaviour dimension of ethical leadership has no significant influence on employee productivity in Kenya's insurance industry — is rejected. The evidence conclusively supports H_1, establishing that empowerment behaviour is a powerful and statistically robust predictor of employee productivity.

Discussion of Findings

Power Sharing and Employee Productivity

The results of the study are of great theoretical and practical importance because it has been found that empowerment behaviour accounts for 97.0% of variance in employee productivity in the insurance industry in Kenya. Results from the empowerment behaviour dimension further support the theoretical claim of Brown and Treviño (2006) that ethical leaders that share authority and responsibly foster environments of high levels of trust and intrinsic motivation, which ultimately results in long-term productivity increases. The findings of this study are an affirmation that power sharing is not a luxury of a good leader in an insurance company but a requirement. In the insurance industry, where regulators impose strict compliance requirements while companies strive to operate quickly and efficiently, the findings of this study reinforce the idea that power sharing is essential for good performance rather than a privilege.

In their multi-level study involving 275 employees across 70 project teams, Nauman et al. (2022) found that collaborative culture fully mediated the link between participative leadership and team performance, suggesting that collaborative leadership can lead to productivity gains by fostering relational and structural factors that help foster collective performance. In Kenya's insurance context, the present study supports this mechanism; supervisors that have their teams involved in the decision-making processes develop a situation in which employees feel trusted, accountable, and invested in the outcomes. As observed by Khassawneh et al. (2022), the effectiveness of power sharing is moderated by institutional complexity, which also has a direct link to the highly regulated insurance environment in Kenya where the supervisory structure of the IRA has constraints that leaders need to navigate in order to meaningfully implement participatory practices.

Zhu et al. (2021) showed that shared leadership models enhance decision quality and innovation by reducing the information asymmetries that arise from centralized authority structures. In the insurance industry, where information asymmetry (between the insurers and clients and between the leaders and frontline) is a constant cause of operational inefficiency and susceptibility to fraud, the role of sharing power to reveal employee knowledge and enhance informed and distributed decision-making processes is a structural means to increase productivity and organizational integrity (Onyango & Musuma, 2023; IRA, 2023).

Team Building and Collaborative Culture

The descriptive results indicate that team building items had moderate mean scores (EMP7 = 3.370, EMP8 = 3.396, EMP9 = 3.453), which highlights that team building is recognized as relevant by the supervisors in the insurance sector in Kenya, but its structured and consistent implementation is uneven. This is in line with what Kajwang (2022) observed that although a team's productivity benefit is recognized by supervisors of insurance companies, investments in such team development efforts are not yet institutionalized throughout the insurance sector. The implication is that the strong relationship between empowerment and productivity that was found in this study might be even stronger, if team building were more systematically integrated into the leadership process.

The team development interventions that were investigated (including training, performance debriefing and collaborative coaching) proved to have a significant impact on team processes, competencies and measurable team outcomes, as shown by Lacerenza et al. (2021). However, in the insurance industry, where claims handling, underwriting, and customer service are all multi-functional processes, the ability to collaborate as an efficient team with empowering leadership is a direct impact on insurance claims processing times, accuracy, and client satisfaction. Leadership development workshops aimed at developing interprofessional collaborative practice were found to improve team adaptability and interprofessional communication, aspects of crucial importance in dynamic service environments, where client expectations and regulatory requirements are constantly changing (Willgerodt, 2021).

The highest rating in the team building items is the finding that EMP9 (M = 3.453, highest rating) is the team building activities I facilitate strengthen trust among supervisors, which shows that supervisors are most aware of the trust-building aspects of team building instead of the process improvement aspects. Theoretically, this distinction matters: Koeslag-Kreunen et al. (2021) found that the trust component of team building, although necessary, was not sufficient to turn team cohesion into productivity gains; effective team building also has to include the components of structuring the learning process, defining team roles, and establishing shared accountability mechanisms.

Staff Competency Development and Sustained Performance

The highest-rated item in the entire empowerment behaviour dimension was EMP3, 'I support the professional growth of my team by fostering key managerial competencies' (M = 3.474), confirming that supervisors in Kenya's insurance sector most strongly associate ethical empowerment with investment in staff development. This finding resonates powerfully with Nguyen et al.'s (2022) theoretical proposition that staff competency development is the most sustainability-enhancing element of empowerment behaviour, as it generates productivity benefits that compound over time rather than decaying with changing motivational conditions.

Sugiarti (2022) emphasized that continuous training and career development programs are crucial for maintaining high productivity levels in dynamic organizational environments, while Ali et al. (2021) demonstrated that managerial coaching and structured training directly enhance job performance by improving both technical skills and employee engagement. In the insurance sector, where regulatory complexity, product diversity, and digital transformation continuously raise the technical bar for employee competence, leaders who invest in ongoing skill development directly equip their teams with the capabilities necessary for high-quality, efficient service delivery (Kemboi, 2022; IRA, 2023). Mark and Nzulwa (2021) reinforced this finding in the Kenyan context, showing that career development and training in insurance firms not only improve performance but also reduce the employee disengagement that chronically undermines service quality and operational productivity.

The recognition sub-element of empowerment behaviour — captured in EMP11, 'My empowerment behaviour inspires supervisors to take initiative and ownership of their responsibilities' (M = 3.385) — received a relatively lower score, suggesting that while competency building is well-embedded in supervisory consciousness, the intentional linking of recognition practices to empowerment strategy requires further development. Barqawi et al. (2023) demonstrated that employee recognition, especially when anchored in ethical leadership principles of fairness and transparency, reduces turnover intentions and elevates organisational citizenship behaviour, both of which contribute to sustained productivity. Jiang and Shen (2020) similarly showed that recognition-based empowerment strengthens the leader–member exchange quality that is foundational to employee performance in service organizations.

Alignment with and Extension of Existing Literature

The results obtained from this research are statistically significant as there is a very high correlation (r= 0.985) and a high explanatory power of the regression model ($R^2 = 0.970$) which is well above the effect sizes found in similar research in the global and Africa literature, hence it should be celebrated and critically analyzed. Several factors may account for the strength of these relationships. One issue noted in the study is that the integrated composite scores used for the constructs may have exaggerated inter-construct correlations where the independent and dependent variable items are both positively worded and would be better investigated in future studies with structural equation modelling or multi-source data designs. Second, there is a substantial level of difference between current ethical leadership practice and ideal practice in the Kenyan insurance supervisory context, which may lead to more robust statistical linkages. Second, the Kenyan insurance supervisory context where the gap between current ethical leadership practice and ideal practice is large may yield more robust statistical linkages.

The results partially contradict those of Khassawneh et al. (2022), who determined that participative leadership has less impact in the UAE environment as the level of institutional complexity increases, and Jamal et al. (2021), who concluded that the positive effect of empowerment has decreased when employees feel a lack of resources or insecurity within their roles. The insurance sector in Kenya is expected to dampen the empowerment–productivity relationship, as it is a sector with high regulation and frequent organizational instability. In the current results, the absence of this moderation effect suggests that the basic empowerment-productivity relationship in Kenya's insurance sector is strong enough to withstand such contextual constraints, or that supervisors who have adopted ethical empowerment practices do so precisely because they have ensured the creation of the trust and psychological safety conditions that buffer the productivity benefits of empowerment from institutional friction.

The study findings corroborate Kajwang's finding (2022) that ethical leadership in insurance companies in Kenya has a positive impact on operational efficiency and service delivery, and it offers a dimension-specific analysis that allows for the isolation of empowerment behaviour as the main mechanism through which this impact is achieved. It also builds on Ndiritu (2022) work on how ethically based career development enhances employee loyalty and productivity, by incorporating this finding within the larger framework of five dimensions of ethical leadership and substantiating the relationship by using inferential analysis of primary data. The contributions of this study to the literature on ethical leadership and the literature on organizational behaviour in Africa are both substantive and empirical. On the substantive contribution side, this study offers substantiation for the global ethical leadership literature, which states that empowerment behaviour is a desirable leadership characteristic, but does not go so far as to assert that it is a necessary one, and also substantiates the Africa specific organizational behaviour literature, by providing strong empirical evidence that empowerment behaviour is not only a desired leadership characteristic but a key and measurable contributor to employee productivity in high stakes service companies.

Conclusion

This study set out to examine the influence of the empowerment behaviour dimension of ethical leadership on employee productivity in Kenya's insurance industry. The evidence is unambiguous: empowerment behaviour is a powerful, statistically significant, and practically substantial predictor of employee productivity, explaining 97.0% of its variance ($R^2 = 0.970$, $r = 0.985$, $F(1, 190) = 6249.477$, $p < 0.001$, $B = 0.995$, $\beta = 0.985$). The null hypothesis is rejected, and H_1 is supported with strong empirical foundation. Theoretically, the study advances Ethical Leadership Theory (Brown et al., 2005) by demonstrating that empowerment behaviour operates as an independently powerful dimension of ethical leadership, one that is not reducible to the moral person–moral manager duality but represents a distinct behavioural mechanism through which ethical leadership values of fairness, respect, and shared responsibility are translated into measurable employee outcomes. The five-dimensional model advanced by Hawass (2016) and González and Guillén (2002) is empirically validated in the Kenyan insurance context, and the empowerment behaviour dimension's near-equivalent unit-for-unit predictive relationship with productivity ($B = 0.995$) establishes it as among the most operationally actionable dimensions of the ethical leadership construct.

Practical Implications

The study has significant implications for the insurance industry. Boards, executive teams and human resource departments should incorporate competencies related to the practice of empowerment into the recruitment, promotion and performance assessment processes of their teams and supervisors, with clearly observable indicators of behaviour including evidence of team building, mentoring relationships, and inclusive decision-making processes. Leadership development programs need to be restructured to incorporate substantive content on power sharing, facilitative team building and competency-based coaching and make empowerment behaviour an essential competency of supervision that has clear productivity implications.

The study suggests that the standards of ethical leadership within the insurance sector be established in a Code of Practice by the Insurance Regulatory Authority and the Association of Kenya Insurers that sets minimum expectations on behaviour of supervisors in terms of empowerment. CPD needs of licensed insurance practitioners should be enriched by adding to them the elements of leadership competency assessed in a way that integrates empowerment behaviour standards. The documented productivity issues in the sector (such as delays in claims processing, low sales revenue per representative, and high average handling times) make it clear that empowerment behaviour has to be built into the way the sector is led to achieve sector-wide operational improvements in a leadership-based, low cost and sustainable way.

Limitations and Future Research

Several limitations of this study should be acknowledged. First, the cross-sectional design precludes causal inference; future studies should employ longitudinal panel designs to track changes in empowerment behaviour and productivity over time, enabling more rigorous assessment of causality. Second, the study relied exclusively on self-reported data from supervisors, introducing potential common method variance and social desirability bias. Future research should adopt multi-source designs combining supervisor self-assessments with subordinate ratings and objective archival productivity metrics such as actual claims processing times and verified revenue data. Third, the geographical scope was confined to Nairobi County; extending this research to other Kenyan counties and comparable Sub-Saharan African insurance markets would strengthen the generalizability of the findings. Fourth, future studies should apply structural equation modelling to examine potential mediating mechanisms, such as employee engagement, psychological safety, and organizational citizenship behaviour, through which empowerment behaviour generates productivity gains, thereby extending the theoretical richness of the ethical leadership–productivity nexus.

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