

## **BUKTI KORESPONDENSI**

### **ARTIKEL JURNAL INTERNASIONAL BEREPUTASI**

Judul artikel : The role of ethical leadership to employees work engagement: a social learning theory perspective  
Jurnal : International Journal of Social Economics, 2023.  
Penulis : Junaidi

| No. | Perihal   | Tanggal           |
|-----|---|-------------------|
| 1.  | Bukti konfirmasi submit artikel dan artikel yang disubmit                                   | 25 Maret 2023     |
| 2.  | Bukti konfirmasi review dan hasil review pertama  | 18 Agustus 2023   |
| 3.  | Bukti konfirmasi submit revisi pertama, respon kepada reviewer, dan artikel yang diresubmit | 21 Agustus 2023   |
| 4.  | Bukti konfirmasi bahwa artikel diterima   | 21 Oktober 2023   |
| 5.  | Bukti konfirmasi bahwa artikel sudah diproses untuk dipublish                               | 1 Nopember 2021   |
| 6.  | Bukti konfirmasi artikel published online   | 12 Nopermebr 2023 |

**1. Bukti konfirmasi submit artikel dan  
artikel yang disubmit  
(25 Maret 2023)**

International Journal of Social Economics - IJSE-03-2023-0218

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**THE ROLE OF ETHICAL LEADERSHIP ON EMPLOYEES'  
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|                  |  |
|------------------|--|
| Journal:         | <i>International Journal of Social Economics</i>   |
| Manuscript ID    | IJSE-03-2023-0218  |
| Manuscript Type: | Research Paper   |
| Keywords:        | Ethical leadership, Work engagement, Knowledge sharing, Job performance, Organization commitment |
|                  |  |

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# THE ROLE OF ETHICAL LEADERSHIP AMONG EMPLOYEES' TRUST, KNOWLEDGE SHARING AND JOB SATISFACTION: EMPIRICAL EVIDENCE FROM INDONESIA

## Abstract

**Purpose** - This research examines the ethical leadership role in employees' trust, knowledge sharing, subsequently influencing employees' work engagement.

**Design/methodology/approach** - The sample consists of 610 public organisation employees in Indonesia, obtained through a survey study. Structural Equation Modeling (SEM) was used to test the research hypotheses.

**Findings** - The empirical results indicate that ethical leadership has a positive role in strengthening employees' trust, knowledge-sharing, and job satisfaction. As mediator variables, trust, knowledge sharing, and job satisfaction also have a crucial role in improving employees' work engagement. Furthermore, the mediator variables, directly and indirectly, affect the relationship between ethical leadership and employees' work engagement.

**Research limitations/implications** – This study validated Indonesian employees; therefore, future studies are needed to validate across the region and sector.

**Practical implications** - The current study enlightened the organization leaders and employees from human resources management and psychological context. Leaders need to enhance the ethical standards in the workplace to improve employee and organisation performance.

**Originality/value** - This study demonstrated the extent of the Khan concept toward combining employees' work engagement, ethical leadership, and knowledge sharing. It also combines employees' job performance and commitment to the organization.

**Keywords:** Ethical leadership, trust, knowledge sharing, employees' job satisfaction, work engagement.

**Paper type:** Research Paper

## 1. Introduction

In some literature on human resource development (HRD), scholars have paid attention to leadership practices such as ethical leadership in various knowledge exchange fields (Brown et al., 2005). In the organizational issue, several cases, such as unethical behavior among employees and organizational leaders globally, have motivated firms to conduct ethical business and leadership with an embedded stakeholder's trust. It refers to the organization's ability to sustain amid the uncertain conditions that have reshaped the workplace (Murtaza et al., 2016). Organizational leaders use ethical leadership as a catalyst for organizational performance. When organization leaders work based on ethical standards, the employees feel safe and have more confidence in the work place (Malik et al., 2022) and it develops their willingness to create and share knowledge (Curado and Viera, 2019; Engelbrecht et al., 2017; Han et al., 2021).

Since then, ethical cases and global company scandals have emerged, such as Wirecard, Tesla, etc., significantly increasing since before. It draws stakeholders' attention to the organization's

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3 leaders' (e.g., ethical) roles in the performance of employees and the organization. Indonesians  
4 have specific problems with regard to giant companies' financial fraud, such as Jiwasraya,  
5 Bumiputera, and Asabri. In the local government context, the number of leaders suspected of  
6 abusing their power to manipulate their financial reports and corruption indications has become a  
7 crucial problem. Many scholars and regulators have focused on how to manage and thrive in the  
8 face of disruptive organizational challenges (Lee et al., 2013). However, in developing countries  
9 such as Indonesia, there is slow progress in the corruption fight (Quah, 2020; Rustiarini et al.,  
10 2021). The existence of ethical leadership and trust may possibly become a filter within  
11 government and also a factor in achieving organizations' goals, knowledge sharing, and job  
12 satisfaction, which subsequently influence employees' work engagement.

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15 Ethical leadership and trust also have a key important point in enhancing organization  
16 performance and promoting employees' job satisfaction (Baskoro, 2022; Collins, 2021; Ren and  
17 Chadee, 2017), knowledge sharing (Jia et al., 2022; Kumar and Srivastava, 2021); and work  
18 engagement (Özsungur, 2019; Sharma et al., 2019; So et al., 2021; Zaman and Ansari, 2021) are  
19 examples of ethical leadership to employees in organizations and knowledge management fields.  
20 Ethical leadership also plays an important role in enhancing employees' trust (Malik et al., 2022),  
21 employees' job satisfaction (Özsungur, 2020), knowledge sharing (Goswami and Agrawal, 2022;  
22 Xia and Yang, 2020), and employees' organizational commitment (Al Halbusi et al., 2021; Fu et  
23 al., 2020; Hendri, 2019).

24  
25 Trust also possibly facilitates employees to emerge at their convenience to share their  
26 knowledge (Kmieciak, 2021; Rutten et al., 2016). Besides, fostering the relationship between  
27 leaders and employees and also among employees, trust also contributes to the organization's  
28 commitment toward knowledge sharing (Tripathi et al., 2021; Xia and Yang, 2020). High levels  
29 of ethical leadership and trust in the workplace are essential to make sure the employees act in  
30 accordance with organizational goals and rules. Therefore, trust engenders higher cooperation and  
31 commitment among employees (Singh, 2022; So et al., 2021). Thus, ethical leadership and trust  
32 encourage knowledge sharing as well as job satisfaction among employees through social  
33 communication and interaction. Overall, ethical leadership may be considered a novel approach  
34 that intends to enhance employees' work engagement and organizational performance by  
35 preventing unethical behavior through the integration of an ethical leadership role.

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38 The preliminary study has some flaws, such as a preference for qualitative studies and the  
39 education field over the public organization field. Hence, a theoretical foundation is needed to  
40 extend (So et al., 2021). Besides, the conclusion falls to provide whether moral development or  
41 sociological development has a crucial role in comprehensively influencing employees' viewpoints  
42 and behavior toward ethically acceptable behavior in the workplace. Therefore, extant literature  
43 provides valuable evidence that scholars have attempted to investigate ethical leadership  
44 phenomena from the point of view of private and public organizations through integrating this  
45 perspective to develop a complete and fair understanding of ethical leadership phenomena. Hence,  
46 the organization needs good ethical performance management for the organization going  
47 concerned. In their research, Singh (2022), and Xia and Fang (2020) recommended that future  
48 studies validate the effect of ethical leadership on employees' trust and knowledge sharing, which  
49 could also possibly influence employees' job satisfaction and work engagement in a public  
50 organization context. This study aims to address this gap by examining the effect of ethical  
51 leadership on employees' work engagement toward their trust, knowledge sharing, and job  
52 satisfaction. It also provides a complete view of the organization's leaders on the current condition.  
53 Hence, the aims of this study are to answer the following questions:  
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*RQ1.* Does ethical leadership play an important role in employees' trust, knowledge sharing, and job satisfaction?

*RQ2.* Do employees' trust, knowledge sharing, and job satisfaction positively mediate the relationship between ethical leadership and employees' work engagement?

The primary purpose of this study is to investigate the effects of ethical leadership on employees' trust, knowledge sharing, and job satisfaction, which also influence their engagement. An ever-growing number of studies on knowledge sharing in the last decade constitutes a large set of studies for review, offering opportunities to look back and reflect on how to move the organization context. Thus, a rigorous and empirical study on which constructs have a correlation to ethical leadership, trust, job satisfaction, knowledge sharing, and work engagement domains will not only provide a meaningful overview of the existing state of the research but will also draw organization researchers' attention to those less popular themes and provide a research domain for future scholars.

## **2. Literature review and research hypotheses development**

### *2.1 Ethical leadership, trust, knowledge sharing and job satisfaction*

The term "ethical leadership" refers to appropriate behaviour toward certain activities and interpersonal interactions between individuals, such as between leaders and employees, based on first-hand experience and organisational leadership. It is linked to personal qualities including sincerity, reliability, altruistic motivation, moral obligation, and the capacity to do one's duties with a dedication to their organization (Fu et al., 2020; Rechberg and Syed, 2013). The ethical scandals in business need ethical leadership to clearly define and map out a code of conduct because the leaders have a central role in driving and guiding the organization. Although there is a good connection between ethical leadership and the work environment, a lack of studies has examined the relationship between ethical leadership and employees' public organization or government office. Furthermore, literature also demonstrates the ethical leadership effect on workers in general. For example, ethical leadership has positive and significant effects on workers' trust in their managers (Engelbrecht et al., 2017; Kmiecik, 2021; Malik et al., 2022). In some organizational contexts, ethical leadership also has a positive effect on employees' attitudes and behaviors (Al Halbusi et al., 2021), knowledge sharing (Amber et al., 2022; Bavik et al., 2018). Similarly, ethical leaders either emphasize important tasks or give employees a feeling of meaningfulness concerning their tasks (Fu et al., 2020; Goswami and Agrawal, 2022). The psychological characteristics of the firm and its personnel, such as openness and dependability toward constructive communication and interaction, are also significantly improved by ethical leadership. Through two-way communication and trustworthiness to decrease fundamental barriers and pursue information exchange and trust among organisation members, it might promote work engagement among employees and their leaders and organisations (Amber et al., 2022; Faragher, 2005; Koay and Lim, 2022; Mason and Leek, 2008).

*H1* Ethical leadership has a positive effect on employees' trust.

*H2* Ethical leadership has a positive effect on employees' knowledge sharing.

*H3* Ethical leadership has a positive effect on employees' job satisfaction.

### *2.2 Employees trust, knowledge sharing and work engagement*

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3 When working in a team atmosphere, trust is crucial for fostering information sharing among  
4 employees in an organisational setting (Edmondson, 1999). It has become a strategic resource and  
5 value to address the organization's goals and sustainability (Goswami and Agrawal, 2022).  
6 Recently, the unethical behaviour among organisation leaders and the rapid change in the working  
7 environment have made knowledge management gain momentum among researchers. Enhancing  
8 trust requires effective leadership, particularly genuine and open leadership approaches (George,  
9 2003). According to several studies (Curado and Vieira, 2019; Kmiecziak, 2021; Håvold et al.,  
10 2021), trust among coworkers helps employees develop significantly in terms of information and  
11 technology and shifts knowledge-sharing activities from the traditional method based on mutual  
12 exchange to online platforms. According to Kahn (1990), trust and information sharing in team  
13 settings also play a significant part in the success of an organisation since individuals may leave if  
14 their knowledge and abilities stagnate. Besides social capital dimensions such as trust and a sense  
15 of belonging, religion also positively affects knowledge and information sharing (Junaidi et al.,  
16 2020). It suggests employee work engagement, which may be followed by employee trust levels  
17 and information sharing behaviour (Singh, 2022). Leadership that upholds moral principles and  
18 factors like culture, trust, and dedication have an impact on knowledge sharing. Knowledge  
19 sharing can be effectively sparked by ethical leadership as well (Sharma et al., 2019; Tynan, 2005;  
20 Xia and Yang, 2020). It is clear that there is a more nuanced relationship between ethical  
21 leadership, trust, knowledge sharing, and employee engagement in the workplace. These factors  
22 also help to lessen interpersonal conflict and improve psychological safety for workers. Hence,  
23 this study proposes the following hypothesis.  
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28 *H4a* Employees' trust has a positive effect on employees' knowledge sharing.

29 *H4b* Employees' trust has a positive effect and mediates the relationship between ethical  
30 leadership and work engagement.

31 *H5a* Knowledge sharing has a positive effect on employees' work engagement.

32 *H5b* Knowledge sharing has a positive effect on mediating the relationship between ethical  
33 leadership and employees' work engagement.

34 *H5c* Knowledge sharing has a positive effect in mediating the relationships between trust and  
35 employees' work engagement.  
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### 39 *2.3 Knowledge sharing, job satisfaction and work engagement*

40 Besides knowledge management, employee job satisfaction plays an important role in organisation  
41 success (Håvold et al., 2021; Ren and Chadee, 2017). Knowledge management also has a positive  
42 effect on employees' work engagement, which subsequently enhances their productivity and  
43 company value (Collins, 2019; Hendri, 2019; Schaufeli and Salanova, 2011; So et al., 2021). It is  
44 relevant to creating and developing a convenient environment in the workplace for strengthening  
45 employee motivation. The employees' reasons and expectations are important because they  
46 directly correlate to their actions. The growing number of companies operating globally also  
47 develops prospects in sharing information and knowledge, which directly affects working  
48 outcomes. Employees' knowledge-sharing positively affects effective knowledge management,  
49 making them work more creatively (Joplin et al., 2021; Özsungur, 2019; Rutten et al., 2016).  
50 However, the work engagement effect on employee knowledge sharing is not always the same due  
51 to different cultures, languages, education, and regions. It relies on many aspects that may  
52 moderate the correlation between work engagement and knowledge sharing (Engelbrecht et al.,  
53 2017; Koay and Lim, 2022; Kumar and Srivastava, 2021). Therefore, the study applied a boundary  
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condition to clarify this condition to help employee engagement, job satisfaction, and knowledge sharing. It also allows employees to share their work-related knowledge and boosts their efforts in innovative work toward the sharing of work-related ideas and expertise.

Several scholars attempt to validate the relationship between work engagement and knowledge sharing. For instance, Xia and Yang (2020) revealed that knowledge sharing has a positive effect on employee engagement and motivation. It also has a crucial role for organisation leaders and workers in information and knowledge sharing within and across organizations. Atapattu and Huybers (2021) and Tripathi et al. (2021) argued that employee job satisfaction and work engagement are positively influenced by knowledge sharing (KS) activity. Knowledge sharing has become an important resource for organisations to sustain competitive advantage in a knowledge-based economy. This result is supported by Singh (2022), who revealed knowledge sharing has a crucial effect on employees' work engagement. The recent study also examines the role of knowledge sharing as a mediator to address the relationship between ethical leadership, job satisfaction, and employees' work engagement. This study also expands the literature on human resources development. Accordingly, the following hypotheses were proposed.

*H6a* Knowledge sharing has a positive effect on employees' job satisfaction.

*H6b* Knowledge sharing has a positive effect in mediating the relationship between ethical leadership and employees' job satisfaction.

*H6c* Knowledge sharing has a positive effect on mediating the relationship between trust and employee job satisfaction.

*H7a* Knowledge sharing has a positive effect on employees' work engagement.

*H7b* Knowledge sharing has a positive effect on mediating the relationship between ethical leadership and employees' work engagement.

*H7c* Knowledge sharing has a positive effect in mediating relationship between trust and employees' work engagement.

#### *2.4 Job satisfaction and employees' work engagement*

Preliminary studies conclude that work engagement strongly correlates to company performance, job performance, job satisfaction, and organisational commitment (Atapattu and Huybers, 2021; Hendri, 2019; Huang, 2009). Some scholars refer to Schaufeli and Salanova (2011), who define work engagement as a positive fulfilment and work toward positive characterization and dedication. In addition, work engagement refers to the association between employees' work, including their engagement with the organization. Suppose employees are engaged in their work and organization. In that case, they are more enthusiastic about creating additional job resources, and performing comprehensive routine responsibilities faster and giving additional time and resources. Employees' who have a sense of belonging and are engaged in their work and organization will hone their skills and have strong motivation to enhance their performance and creative ideas with others. It also has a strong correlation to their commitment to their organization. Zaman and Ansari (2021) and Singh (2022) found work engagement has a strong correlation to job performance and job satisfaction among employees. It also has a crucial role for organisation' leaders and workers to enhance performance.

Furthermore, employees' job satisfaction also has a crucial impact on the work environment (Baskoro, 2022; Faragher, 2005; Fu et al., 2020). The employees' satisfaction and motivation are important because they directly correlate to their actions. It implies relevance to creating and developing a convenient environment in the workplace to strengthen employee motivation. In

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3 addition, a high worker engagement level implies high energy levels and psychology (Gallego-  
4 Alvarez et al., 2020). The growing number of companies operating globally also develops  
5 prospects in knowledge management, sharing information and knowledge as one of the unities.  
6 Employees' knowledge-sharing positively affects effective knowledge management, making them  
7 work more creatively (Joplin et al., 2021; Ren and Chadee, 2017). Employees' knowledge-sharing  
8 positively affects effective knowledge management, making them work more creatively (Joplin et  
9 al., 2021; Ren and Chadee, 2017). It also allows employees to share their work-related knowledge  
10 and boosts their efforts in innovative work toward the sharing of work-related ideas and expertise.  
11 This study also examines the role of job satisfaction as a mediator to address the relationship  
12 between ethical leadership and knowledge sharing and employees' work engagement.  
13 Accordingly, the following hypotheses were proposed.  
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17 *H8a* Job satisfaction has a positive effect on employees' work engagement.

18 *H8b* Job satisfaction has a positive role in mediating the relationship between ethical  
19 leadership and employees' work engagement.

20 *H8c* Job satisfaction has a positive role in mediating the relationship between knowledge  
21 sharing and employees' work engagement.  
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## 24 **4. Methodology**

### 25 *4.1 Questionnaire design*

26 Indonesian public organisation employees were invited to be active in this study November 1 to  
27 December 31, 2021. This study also applied pretest and pilot tests to validate all the measurement  
28 items' and to avoid bias issues (Hair Jr et al., 2019; Podsakoff et al., 2003). The participants  
29 involved 680 employees. However, 610 samples were valid; this indicates the data response rate  
30 was around 93.43%.  
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33 \*\*\*Insert Table 1 Here\*\*\*  
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### 36 *4.2 Measures*

37 The all-measurement items in this study were conducted from dimensions developed by previous  
38 studies. A seven-point Likert scale anchored between 1 ("strongly disagree") and 7 ("strongly  
39 agree") was used for ethical leadership scales with ten items (Brown et al., 2005), which contain  
40 employees' traits and behaviours including leaders' ethical concerns and ethical standards in the  
41 work place. Trust adopted from Lee and Choi (2003), which employees' feel through their leaders,  
42 integrity, confidence, and sense of loyalty to their leaders. Knowledge sharing was adopted from  
43 Davenport and Prusak (1998) and Huang (2009) comprises eight items including learning  
44 something new in the workplace, sharing information with colleagues, and being informed of what  
45 they know. Employees' job satisfaction refers to Faragher (2005) comprises of employees'  
46 achievement and work targets, and psychological dimensions. Work engagement comprises seven  
47 items, and refers to Albrecht et al. (2015) which comprise of employees' sense of belonging to  
48 their organization, emotion, and discussion among employees.  
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## 51 **5. Results**

### 52 *5.1 Measurement model*

53 The result of the CFA model reproduces the covariance matrix of the observed variables with a  
54 good fit, such as ten items for ethical leadership, trust, knowledge sharing, job satisfaction, and  
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employees' work engagement. Moreover,  $\chi^2/df = 3.575$ , goodness-of-fit index (GFI) = 0.928, comparative fit index (CFI) = 0.955 and root mean square error of approximation (RMSEA) = 0.058. It indicating good reliability for all measurement items, constructs, and convergent validity.

\*\*\*Insert table 2 here\*\*\*

### 5.2 Structural model

The fit of the data to the proposed model was adequate (Anderson and Gebing, 1988; Hair Jr et al., 2019):  $\chi^2/df = 3.399$ , GFI = 0.905, NFI = 0.900, CFI = 0.931, IFI = 0.931, and RMSEA = 0.056. The results supported eight research hypotheses, as shown in Table 4. This study empirically validates that ethical leadership has a significant and positive effect on employees' trust, knowledge sharing, and job satisfaction ( $\gamma_{11} = 0.701, p < 0.001$ ;  $\gamma_{21} = 0.496, p < 0.001$ ;  $\gamma_{31} = 0.554, p < 0.001$ ), supporting H1, H2 and H3. Furthermore, trust also has a positive effect on knowledge sharing and less effect to work engagement ( $\beta_{21} = 0.285, p < 0.001$ ;  $\beta_{41} = 0.016, p > 0.05$ ), hence H4 is supported and H5a is unsupported in this study. Furthermore, knowledge sharing has a positive effect on job satisfaction and work engagement ( $\beta_{32} = 0.304, p < 0.001$  and  $\beta_{42} = 0.146, p < 0.05$ ), supporting H6a and H7a. Moreover, this study also shows employees' job satisfaction has a significant and positive effect on employees' work engagement ( $\beta_{43} = 0.256, p < 0.001$ ); hence H8a is supported.

\*\*\*Insert table 3 here\*\*\*

\*\*\*Insert Figure 2 here\*\*\*

### 5.3 Mediating effect

It concluded that all mediator variables have a significant direct effect on bridging the relationship between ethical leadership and employees' work engagement. For instance, trust has a positive role in mediating the relationship between predictor variables (e.g., ethical leadership) and outcome variables (e.g., knowledge sharing and work engagement) to support H4b, H5b, and H5c. Furthermore, employees' knowledge sharing activities also has a crucial role in bridging the relationship between ethical leadership and employees' work engagement as independent variables to dependent variables (e.g., employees' job satisfaction and work engagement). Hence, H6b, H6c, H7b, and H7c are supported. Lastly, job satisfaction also plays an essential role in mediating the relationship between ethical leadership, knowledge sharing and employees' work engagement.

\*\*\*Insert table 4 here\*\*\*

## 6. Discussion

### 6.1 Key findings

Overall, it can be said that a leader who applies ethical concerns in their activity as well as ethical and moral values in the workplace, conducts clear ethical standards for their employees has a strong correlation to their employees' perception that their leaders have integrity and also has a sense of belonging to their leader and organization. It means that the employees perceive that they have made a positive contribution to developing the organization performance and enhance their confidence and work effectively. Furthermore, a positive work environment encourages the employees to work collaboratively as teamwork supports each other toward knowledge sharing and job satisfaction. This result confirms prior studies that concluded ethical leadership has a

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3 positive effect on employees' trust (Al Halbusi et al., 2021; Engelbrecht et al., 2017; Håvold et al.,  
4 2021; Rutten et al., 2016), knowledge sharing (Bavik et al., 2018; Goswami and Agrawal, 2022)  
5 and job satisfaction (Fu et al., 2020; Hendri, 2019). Furthermore, knowledge sharing and job  
6 satisfaction have a greater effect on employees' work engagement than trust. Where, trust has a  
7 negative effect on employees' work engagement. This result supports prior studies that concluded  
8 knowledge sharing (Han et al., 2021; Joplin et al., 2021) and job satisfaction (Singh, 2022; Zaman  
9 and Ansari, 2021) have a positive role in employees' work engagement. It implies the leadership  
10 approach not only builds employees' trust but also enhances their sense of belonging among  
11 employees and their organization. Besides, in human resources management, trust, knowledge  
12 sharing, and job satisfaction sharing play an important role in mediating relationships between  
13 ethical leadership and employees' work engagement. The employees also believe that the work  
14 engagement and knowledge sharing are in line with employees' expectations are concerned about  
15 the job satisfaction and work engagement among employees. Hence, it also corroborates that trust,  
16 knowledge sharing, and job satisfaction have become pivotal in bridging employees' minds and  
17 performance about worship economic and social values in the workplace.  
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## 22 *6.2 Conclusions*

23 Ethical leadership is an instrument for employees and organisations in the human resource  
24 development field. The exchange of information and knowledge is possible to emerge due to the  
25 rapid development of information and technology. Furthermore, trust, knowledge sharing, and job  
26 satisfaction roles are inevitable to mediate relationship between ethical leadership and employees'  
27 work engagement. The result provides substantial insights to encourage organisation leaders and  
28 workers to combine the work environment's emotional, economic, and social values. For instance,  
29 the employees' emotions and psychology are justified for the employees' best effort and  
30 commitment to the organization. Most importantly, the leader's concern for her/his personal life  
31 and ethical manner, ethical concern, and decision-making process toward inviting the employees'  
32 participation are crucial in influencing the employees' decision-making process. Consequently, to  
33 promote ethical conduct and clear rules, the organization's leaders should work with regard to  
34 ethical standards and values.  
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## 38 *6.3 Theoretical implications*

39 This study has some main contributions to human resources management theory. First, the result  
40 of this study has extended Kahn's concept of ethical leadership and employees' work engagement  
41 and strengthens the same with empirical research. In the field of knowledge management research,  
42 there has been increased interest in the relationship between ethical leadership and workers'  
43 involvement at work through trust, information sharing, and job satisfaction. This study  
44 demonstrates the value of moral leadership in fostering workplace engagement among employees.  
45 The idea initially emphasises the employees' personal effort in the workplace. The recent study  
46 also tried to extend the nature and scope of work engagement, validating the correlation between  
47 the organisational view and work role performance in the public organization context. Hence, the  
48 diversity of organisation and regional cultures makes this study one of its kind to recognise the  
49 insight of employees' knowledge sharing, performance, and commitment to the organization.  
50 Second, the results show that the positive effect of ethical leadership to work engagement and  
51 knowledge sharing. Consequently, work engagement also has a positive role in knowledge sharing  
52 and hence work role performance and commitment. Therefore, making an effective conscious  
53 strategy for communication and interaction involving design management, including ethical  
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3 conduct, will help organisations improve their corporate image and performance. This is a  
4 significant contribution because it gives the job of ethical leadership some new dimensions. As  
5 mediator factors between moral leadership and work engagement, it also aids in understanding  
6 internal and external mechanisms of employee trust, knowledge sharing, and job satisfaction.  
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#### 8 9 *6.4 Practical implications*

10 From a practical standpoint, this study offers a fresh perspective to aid in managing the  
11 organisation. Private and public organisations need to adopt a knowledge sharing culture and  
12 create relevant formal and informal forums for knowledge sharing amongst leaders and employees.  
13 It provides some benefits. First, it would give the employees opportunities to enhance their  
14 competencies and work experience, leading to increased organisational performance over time.  
15 Second, it would also help organization leaders and employees build work-related and support  
16 systems and networks, facilitating their modification and constancy. Networking, feedback-  
17 seeking behaviors, and individual, social, and information exchange within and across the  
18 organisation and region all have advantages. Third, it could help prevent the problem of  
19 employees' turnover and retain the unique knowledge they bring to the organization. Finally, it  
20 might help employees and organisations derive knowledge from employees and embed it into the  
21 organisational knowledge pool for greater use. By generating formal and informal knowledge  
22 sharing forums and committing to a knowledge-sharing culture, employees and organizations can  
23 encourage positive feelings of affective communication and commitment to their performance.  
24 This study emphasises the need for organisation leaders to engage in ethical leadership exhibited  
25 by their personal acts by a focus on creating a supportive atmosphere of fairness, honesty, and  
26 principled decision-making for those leaders who want to foster a knowledge-sharing role.  
27 Therefore, through the use of leadership performance indicators and leadership development  
28 programmes, management must foster ethical leadership among managers at all levels of the  
29 organisational structure. Managers' ethical behaviour should be evaluated as part of their  
30 performance.  
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#### 35 *6.5 Limitations and future research directions*

36 There are some limitations to this study. First, the data collected is based on cross-sectional data;  
37 hence, CMV possibly becomes a potential problem in the sample. To against this issue, this study  
38 applied Harman's single-factor test. Future study needs to adopt a longitudinal design for rigorous  
39 testing of the proposed model. Second, the current study was only on public organization  
40 employees in Indonesia. Hence, the finding cannot be generalized. Therefore, future studies should  
41 use other regions and perspectives. With the greater sample, future work is also possibly more  
42 representative. It can also help practitioners and researchers examine the actions of employees'  
43 attitudes and awareness to elaborate on the impact of ethical leadership and other examined  
44 variables. Third, this study examined only ethical leadership, work engagement, knowledge  
45 sharing, and employees' job performance can successfully predict employees' commitment to the  
46 organization. Future studies need to explore other potential drivers of affective employees'  
47 commitment and job performance.  
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#### 51 **References**

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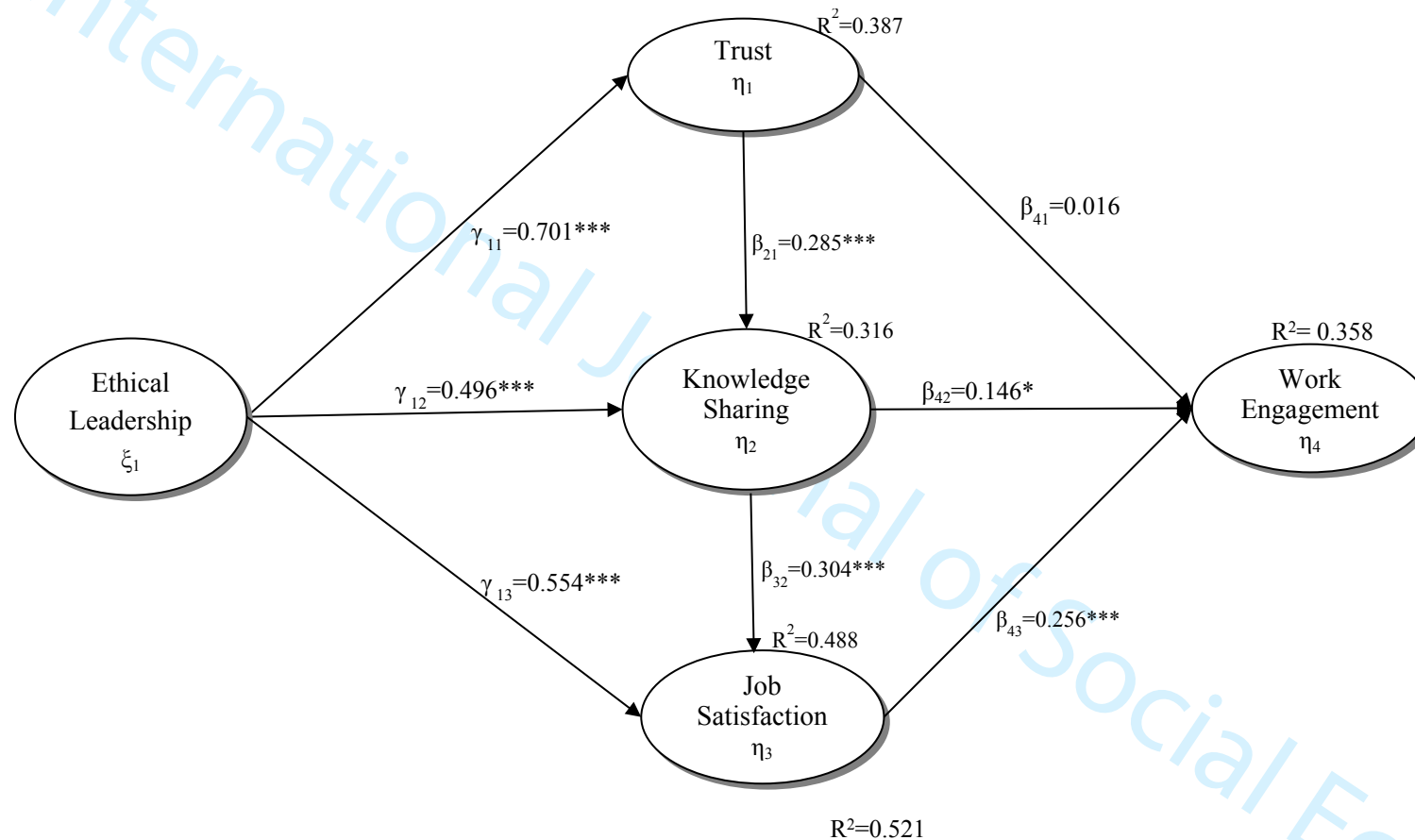
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**FIGURE 1** Structural model result

Note.  $\chi^2/df = 3.399$ , GFI = 0.905, NFI = 0.900, CFI = 0.931, IFI = 0.931 and RMSEA = 0.056

Significant at \*:  $p < 0.05$ , \*\*:  $p < 0.01$ , \*\*\*:  $p < 0.001$

**Table I.** Respondent demographics

| Demographic Items       | Frequency | Percentage (%) |
|-------------------------|-----------|----------------|
| Gender                  |           |                |
| Male                    | 315       | 51.6           |
| Female                  | 295       | 48.4           |
| Age                     |           |                |
| Under 30 years old      | 118       | 19.3           |
| 31~45 years old         | 221       | 36.2           |
| Over 45 years old       | 271       | 44.5           |
| Education               |           |                |
| Bachelor and below      | 369       | 60.5           |
| Master and PhD          | 241       | 39.5           |
| Time period as employee |           |                |
| Below 10 years          | 172       | 28.2           |
| 11~25 years             | 227       | 37.2           |
| Over 25 years           | 211       | 34.6           |

**Table II.** Measurement results

| Variables<br>Item Scales  | Factor<br>Loadings | $\alpha$ | CR    | AVE   |
|---|--------------------|----------|-------|-------|
| <b>Ethical Leadership (Koay and Lim, 2022)</b>                                      |                    | 0.933    | 0.935 | 0.590 |
| EL1: Our leaders' conducts his/her personal life in an ethical manner.              | 0.683              |          |       |       |
| EL2: Our leaders' shown strong concern for ethical and moral value                  | 0.707              |          |       |       |
| EL3: Our leaders communicate clear ethical standard for employees                   | 0.746              |          |       |       |
| EL4: Our leaders shown ethical behavior in her/his decisions and actions            | 0.797              |          |       |       |
| EL5: Our leaders disciplines employees who violate ethical standards                | 0.748              |          |       |       |
| EL6: Our leaders make fair and balanced decisions                                   | 0.827              |          |       |       |
| EL7: Our leaders can be trusted   | 0.810              |          |       |       |
| EL8: Our leaders discuss business ethics or values with employees                   | 0.835              |          |       |       |
| EL9: Our leaders are fair and objective when evaluate employee's performance        | 0.798              |          |       |       |
| EL10: Our leaders hold employees accountable for using ethical practice in our work | 0.805              |          |       |       |
| <b>Trust in leader (Håvold et al. 2019)</b>   |                    | 0.869    | 0.871 | 0.575 |
| TR1: I trust to my leader.  | 0.698              |          |       |       |
| TR2: I trust the integrity of my leader.  | 0.743              |          |       |       |
| TR3: I confidence that my leader will treat us fairly.                              | 0.787              |          |       |       |
| TR4: I am satisfied with my leader ethics.  | 0.803              |          |       |       |
| TR5: I have strong sense of belonging toward my leader.                             | 0.757              |          |       |       |
| <b>Knowledge Sharing (Xia and Fang 2020)</b>  |                    | 0.920    | 0.923 | 0.572 |
| KS1: If I got something new, I tell my colleagues about it.                         | 0.751              |          |       |       |
| KS2: I share information I have with my colleagues.                                 | 0.753              |          |       |       |
| KS3: I think it is important that my colleagues know what I am doing.               | 0.715              |          |       |       |
| KS4: I regularly tell my colleagues what I am doing.                                | 0.729              |          |       |       |
| KS5: When I need certain knowledge, I ask my colleagues about it.                   | 0.798              |          |       |       |
| KS6: I like to be informed of what my colleagues know.                              | 0.742              |          |       |       |
| KS7 I ask my colleagues about their abilities when I need to learn something.       | 0.808              |          |       |       |
| KS8 When a colleague is good at something, I ask them to teach                      | 0.799              |          |       |       |

me how to do it.

**Job Satisfaction (Hendri 2019)**

|   |       |       |       |
|---|-------|-------|-------|
|   | 0.845 | 0.901 | 0.557 |
| JS1: I have a sense of belonging to my organization.          | 0.704 |       |       |
| JS2: I have felt "emotionally attached" to this organization. | 0.761 |       |       |
| JS3: My leader gives us a great deal in work place.           | 0.786 |       |       |
| JS4: Organization gives us fair salary.                       | 0.750 |       |       |
| JS5: I am very happy in this organization                     | 0.766 |       |       |
| JS6: My leader promote the employees fairly                   | 0.721 |       |       |
| JS7: My leader giving enough supervision in workplace         | 0.779 |       |       |

**Work Engagement (Atapattu and Huybers, 2021)**

|  |       |       |       |
|--|-------|-------|-------|
|  | 0.924 | 0.935 | 0.617 |
| WE1: We know what is expected out of me at work  | 0.798 |       |       |
| WE2: Our goals match with the vision and mission of the organization                           | 0.843 |       |       |
| WE3: We find that the work we do has useful for my company.                                    | 0.815 |       |       |
| WE4: We feel empowered while working for our job as it gives us confidence about our abilities | 0.746 |       |       |
| WE5 We believe that We are in-charge of the work we do in the organization we work for         | 0.851 |       |       |
| WE6 We understand how our works is contributing toward achievement of organizational goals     | 0.756 |       |       |
| WE7 We are aligned with the activities of the organization We work for                         | 0.773 |       |       |
| WE8 We can group collaboration on work place   | 0.747 |       |       |
| WE9 We can maintain relationship on work place   | 0.729 |       |       |

Fit statistics (N = 610)

$\chi^2/df = 3.575$ , Goodness-of-Fit Index (GFI) = 0.928, Nonnormed fit index (NFI) = 0.920, Comparative Fit Index (CFI) = 0.955, Incremental fit index (IFI) = 0.957, and Root Mean Square Error of Approximation (RMSEA) = 0.058

**Table III. Mediation effects**

| IV | M  | DV | IV->DV<br>(c)  | IV->M<br>(a) | IV+M->DV |          | Bootstrapping 95% CI |                |  |
|----|----|----|----------------|--------------|----------|----------|----------------------|----------------|--|
|    |    |    |                |              | IV (c')  | M(b)     | Percentile method    | Bias-corrected |  |
| EL | TR | KS | 0.414***       | 0.546***     | 0.544*** | 0.238*** | [0.353, 0.476]       | [0.495, 0.594] |  |
|    |    |    | Standard Error | 0.031        | 0.028    | 0.025    | 0.035                |                |  |
| EL | TR | WE | 0.278***       | 0.546***     | 0.351*** | 0.134**  | [0.184, 0.371]       | [0.277, 0.425] |  |
|    |    |    | Standard Error | 0.047        | 0.028    | 0.038    | 0.054                |                |  |
| EL | KS | WE | 0.261***       | 0.544***     | 0.351*** | 0.164**  | [0.164, 0.359]       | [0.277, 0.425] |  |
|    |    |    | Standard Error | 0.050        | 0.025    | 0.038    | 0.060                |                |  |
| EL | KS | JS | 0.457***       | 0.544***     | 0.623*** | 0.307*** | [0.393, 0.520]       | [0.573, 0.674] |  |
|    |    |    | Standard Error | 0.032        | 0.025    | 0.026    | 0.039                |                |  |
| EL | JS | WE | 0.230***       | 0.623***     | 0.351*** | 0.194**  | [0.127, 0.332]       | [0.277, 0.425] |  |
|    |    |    | Standard Error | 0.052        | 0.025    | 0.037    | 0.058                |                |  |
| TR | KS | WE | 0.196**        | 0.531***     | 0.331*** | 0.254*** | [0.093, 0.298]       | [0.245, 0.417] |  |
|    |    |    | Standard Error | 0.052        | 0.031    | 0.043    | 0.055                |                |  |
| TR | KS | JS | 0.738***       | 0.531***     | 0.860*** | 0.229*** | [0.689, 0.787]       | [0.817, 0.902] |  |
|    |    |    | Standard Error | 0.024        | 0.031    | 0.021    | 0.026                |                |  |
| KS | JS | WE | 0.197***       | 0.667***     | 0.370*** | 0.260*** | [0.083, 0.310]       | [0.280, 0.461] |  |
|    |    |    | Standard Error | 0.058        | 0.033    | 0.046    | 0.053                |                |  |

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**Note:** EL: Ethical leadership, TR: Trust, KS: Knowledge Sharing, JS: Job Satisfaction, WE: Work commitment

Significant at \*:  $p < 0.05$ , \*\*:  $p < 0.01$ , \*\*\*:  $p < 0.001$

International Journal of Social Economics

**2. Bukti konfirmasi review dan hasil review  
pertama  
(17 Agustus 2023)**

International Journal of Social Economics - Decision on Manuscript ID IJSE-03-2023-0218

**International Journal of Social Economics** <onbehalf@manuscriptcentral.com> Fri, Aug  
18,  
1:35 AM

to Junaidi

17-Aug-2023

Dear Mr. Junaidi:

Manuscript ID IJSE-03-2023-0218 entitled "THE ROLE OF ETHICAL LEADERSHIP ON EMPLOYEES' BEHAVIORS AND SOCIAL CAPITAL IN THE PUBLIC ORGANISATION" which you submitted to the International Journal of Social Economics, has been reviewed. The comments of the reviewer(s) are included at the bottom of this letter.

The reviewer(s) have recommended major revisions to the submitted manuscript, before it can be considered for publication. Therefore, I invite you to respond to the reviewer(s)' comments and revise your manuscript.

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Reviewer(s)' Comments to Author:

Reviewer: 1

Recommendation: Major Revision

Comments:

The main content of the paper is focused on the relationship between ethical leadership and various outcomes in the workplace, such as work engagement, knowledge sharing, job performance, and organizational commitment. I appreciate the time and effort that the authors put into this research. I offer my suggestions with the hope that the authors will find them useful.

1. A major concern pertains to the theoretical contribution of this study. It is interesting to know more about the relationship between ethical leadership and various outcomes in the workplace in the context of Indonesia. However, it is not a significant theoretical contribution because several studies have explored the link between variables stated in the hypotheses. In other words, the empirical results confirmed by hypotheses are not novel.
2. The author should offer a more convincing theoretical argument to support the proposed causal relationship. For example, according to previous studies, job satisfaction significantly affects trust and sharing behaviors. Yet, this causal direction is not mentioned in the study (page 14, Figure 1).
3. Many recent studies are missing from the literature review. I suggest more discussions could be made based on these studies so as to strengthen the development of the literature review.
4. The literature review needs to be more fully developed in order to reflect the new contributions of the study. A key point here is to clearly show what we know about the core relationship and the mediating effects surrounding it. I would suggest the authors develop a table to summarize relevant and key previous studies.



5. The study relied on self-reported data obtained through an adapted questionnaire. This method is subject to potential response biases, such as social desirability bias or recall bias. Respondents may provide answers that they perceive as more favorable or may not accurately recall their experiences.
6. The study only focused on employees of public organizations in Indonesia. Therefore, the findings from this study cannot be generalized to other regions or perspectives.
7. The methodology section is too short. Based on the information provided in the research paper, it does not explicitly mention the details of the methodology of the study (page 6).
8. There needs to be a more robust justification with more details about the data structure. For example, the largest number of respondents are over 45 years old (44.5%). The lack of diversity in terms of age may limit the generalizability of the findings to a broader population.
9. The author did not explain in detail the implementation process of sampling, nor did he explain why it was the most suitable for this study.
10. The data collection period for the survey was from November 1 to December 31, 2021. This relatively short timeframe may not capture potential variations in job satisfaction over a more extended period.
11. Another weakness is the lack of a sufficient literature review to build and explain the theoretical implications section (page 8). The theoretical implication section needs to be developed more to position the study in the relevant studies—e.g., what is the theoretical gap, and how does this study contribute to our understanding and other studies?
12. There are numerous tense issues, typographical errors, and grammatical faults in this article. Expert editing would be beneficial in detecting and correcting grammatical and typographical problems, as well as inconsistencies in referencing and in-text citations in the manuscript.

#### Additional Questions:

1. Originality: Does the paper contain new and significant information adequate to justify publication? See my comments to the author/s
2. Relationship to Literature: Does the paper demonstrate an adequate understanding and critical review/synthesis of the relevant literature in the field? Does the paper cite an appropriate range of literature sources and is any significant work ignored? Are the research aims clearly stated and well supported by relevant literature? See my comments to the author/s
3. Methodology: Is the research methodology appropriate and robust for meeting the research aims? Are the research constructs well defined and operationalized? Is the method of sample design adequately explained and justified? Is the sample adequate and appropriate for meeting the research aims? Are the methods of data analysis robust as well as explained clearly and adequately? Are the issues of research validity and reliability discussed and debated? Are the research limitations identified and discussed? See my comments to the author/s

4. Results: Are the findings analyzed and interpreted appropriately? Is the analysis of the findings well-structured and presented? Do the conclusions flow from data analyses and do they adequately tie together the other elements of the paper, i.e. research aims? Are the results reliable, valid and generalizable? See my comments to the author/s

5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper? See my comments to the author/s

6. Quality of Communication: Is the manuscript well written, presented and reasonably concise? Has attention been paid to the clarity of expression and readability, such as good sentences and structure of sections, good flow of arguments, and free of jargon use, acronyms, etc? Does the style of communication fit the journal's readership? See my comments to the author/s

Additional Questions:

Originality: Does the paper contain new and significant information adequate to justify publication? See my comments to the author/s.

Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored? See my comments to the author/s.

Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate? See my comments to the author/s.

Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper? See my comments to the author/s.

Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper? See my comments to the author/s.

Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.: See my comments to the author/s.

Reproducible Research: If appropriate, is sufficient information, potentially including data and software, provided to reproduce the results and are the corresponding datasets formally cited?

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Reviewer: 2

Recommendation: Minor Revision

Comments:

The research is important in an understudied context of public organizations' culture in Indonesia. It contributes to the existing body of research. The paper adequately covers the literature related to human resource development. The author has also provided a critical review of existing studies and developed hypotheses to fill in the research gap on the impact of ethical leadership, work engagement, and job performance. The methods employed are appropriate through a survey study, and structural equation modeling was used to test the research hypotheses. However, there are limitations in this study with regard to the sample and the cross-sectional data so the results could not be generalized. The findings were presented and analyzed clearly. The author needs to revise the implications conclusion section. There are limited and hardly any policy implications in this paper, the paper can provide a clear set of policies corresponding to the findings of the study, including practical, and societal relevance.

Additional Questions:

Originality: Does the paper contain new and significant information adequate to justify publication? The paper explores an interesting topic in an understudied context of public organization employees in Indonesia.

Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored? The paper adequately covers the literature related to human resource development. The author has also provided a critical review of existing studies and developed hypotheses to fill in the research gap on the impact of ethical leadership, work engagement, and job performance.

Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate? The methods employed are appropriate through a survey study, and structural equation modeling was used to test the research hypotheses. However, there are limitations in this study with regard to the sample and the cross-sectional data so the results could not be generalized.

Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper? The findings were presented and analyzed clearly.

Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper? The author needs to revise the implications conclusion section. There are limited and hardly any policy implications in this paper, the paper can provide a clear set of policies corresponding to the findings of the study, including practical, and societal relevance.

Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.: The research is important and the quality of writing is well presented with a clear flow of conversation.

Reproducible Research: If appropriate, is sufficient information, potentially including data and software, provided to reproduce the results and are the corresponding datasets formally cited?

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respon kepada reviewer serta artikel yang di  
submit  
(21 Agustus 2023)**

International Journal of Social Economics - IJSE-03-2023-0218.R1

External

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21,  
11:00 AM

to Junaidi

21-Aug-2023

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Your manuscript entitled "THE ROLE OF ETHICAL LEADERSHIP TO EMPLOYEES WORK ENGAGEMENT: A SOCIAL LEARNING THEORY PERSPECTIVE" has been successfully submitted online and is presently being given full consideration for publication in the International Journal of Social Economics.

Your manuscript ID is IJSE-03-2023-0218.R1.

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Sincerely,  
International Journal of Social Economics Editorial Office



**THE ROLE OF ETHICAL LEADERSHIP TO EMPLOYEES WORK  
ENGAGEMENT: A SOCIAL LEARNING THEORY PERSPECTIVE**

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| Journal:         | <i>International Journal of Social Economics</i>                                |
| Manuscript ID    | IJSE-03-2023-0218.R1  |
| Manuscript Type: | Research Paper  |
| Keywords:        | Ethical leadership, Trust, Knowledge Sharing, Job Satisfaction, Work Engagement |
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## REVIEWERS' RESPONSE NOTES

| Reviewer1' remarks  | Authors response  |
|---|---|
| <p>The main content of the paper is focused on the relationship between ethical leadership and various outcomes in the workplace, such as work engagement, knowledge sharing, job performance, and organizational commitment. I appreciate the time and effort that the authors put into this research. I offer my suggestions with the hope that the authors will find them useful.</p>  | <p>We would like to thank the Editor and Reviewers for their detailed and helpful feedback regarding our manuscript, and for providing us with the opportunity to revise our manuscript. We have revised the manuscript as suggested.</p>   |
| <p>1. A major concern pertains to the theoretical contribution of this study. It is interesting to know more about the relationship between ethical leadership and various outcomes in the workplace in the context of Indonesia. However, it is not a significant theoretical contribution because several studies have explored the link between variables stated in the hypotheses. In other words, the empirical results confirmed by hypotheses are not novel.</p> | <p>Thank you so much for your positive comment. We have amended the introduction part to provide information that our research is worthy. Especially, to give insight how public organization which have faced to numerous financial scandals in some developing countries such as Indonesia. We hope the result of study has contribution to government to develop policy and rule with regard to ethical conduct. We also added some sentences in theoretical and practical contributions part.</p> |
| <p>2. The author should offer a more convincing theoretical argument to support the proposed causal relationship. For example, according to previous studies, job satisfaction significantly affects trust and sharing behaviors. Yet, this causal direction is not mentioned in the study (page 14, Figure 1).</p>   | <p>We add one part “<i>2.1 Social learning theory and ethical leadership</i>” to support research framework.</p>  |
| <p>3. Many recent studies are missing from the literature review. I suggest more discussions could be made based on these studies so as to strengthen the development of the literature review.</p>   | <p>Thank you so much for positive comment and valuable suggestion. We have revised most of the literature part as suggested.</p>  |
| <p>4. The literature review needs to be more fully developed in order to reflect the new contributions of the study. A key point here is to clearly show what we know about the core relationship and the mediating effects surrounding it. I would suggest the authors develop a table to summarize relevant and key previous studies.</p>   | <p>Thank you so much for positive comment and valuable suggestion. We have added table 1 as suggested.</p>  |
| <p>5. The study relied on self-reported data obtained through an adapted questionnaire. This method is subject to potential response biases, such as social desirability bias or recall bias.</p>   | <p>Thank you so much for the reviewer's positive comment. We agree with reviewers' comments. This study asked respondents to complete the questionnaire with anonymity, and it randomly</p>   |



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4 perceive as more favorable or may not  
5 accurately recall their experiences.  
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arranged measurement items and hid the label of  
constructs to reduce respondents' concerns when  
completing the questionnaire (Podsakoff,  
MacKenzie, Lee, & Podsakoff, 2003). As for post-  
detection, this study applied the Harman's single-  
factor test proposed by Eichhorn (2014) and the  
common latent factor (CLF) to conduct post-  
detection is the inherent weakness of the Harman's  
single-factor test to detect the CMV. The explained  
variance of the first factor is 20.87%. Besides, the  
factor loading of CLF was 0.65 that indicated a  
42.65% variance of CMV. The EFA result shows  
no significant problem of CMV in the data.

As for post-detection, this study applied the  
Harman's single-factor test proposed by Eichhorn  
(2014) and the common latent factor (CLF) to  
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the Harman's single-factor test to detect the CMV.  
The explained variance of the first factor is  
20.87%. Besides, the factor loading of CLF was  
0.65 that indicated a 42.65% variance of CMV. The  
EFA result shows no significant problem of CMV  
in the data. Because of the limited space (words) in  
the IJSE journal (our manuscript was twice sent  
back by the editor due to the word limit), we cannot  
show all of the processes. (Please accept our  
apologise).

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34 6. The study only focused on employees of public  
35 organizations in Indonesia. Therefore, the  
36 findings from this study cannot be generalized  
37 to other regions or perspectives.  
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We have added one sentence in the limitation part  
"Second, the participants were Indonesian  
government employees, so they cannot be  
considered representative of Indonesian worker as  
a whole".

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42 7. The methodology section is too short. Based on  
43 the information provided in the research paper,  
44 it does not explicitly mention the details of the  
45 methodology of the study (page 6).  
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Thank you so much for the reviewer's positive  
comment. We agree with reviewers' comments.  
However, to reduce bias during the study, we  
applied common method variance (CMV) as post-  
detection data analysis, and the data collection  
refers to Podsakoff et al. (2003), including a pre-  
test and pilot test before the formal test.

We adopted the high reliability and validity of the  
scales for all multi-items of the constructs from  
prior studies. We used the technique of back-  
translation and invited a professional translator to  
translate the English questionnaire into Indonesian  
language to make sure the meaning of the  
measurement items remained the same for each

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| <p>1<br/>2<br/>3<br/>4<br/>5<br/>6<br/>7<br/>8<br/>9<br/>10<br/>11<br/>12<br/>13<br/>14<br/>15<br/>16<br/>17<br/>18<br/>19<br/>20<br/>21<br/>22<br/>23<br/>24<br/>25<br/>26<br/>27<br/>28<br/>29<br/>30<br/>31<br/>32<br/>33<br/>34<br/>35<br/>36<br/>37<br/>38<br/>39<br/>40<br/>41<br/>42<br/>43<br/>44<br/>45<br/>46<br/>47<br/>48<br/>49<br/>50<br/>51<br/>52<br/>53<br/>54<br/>55<br/>56<br/>57<br/>58<br/>59<br/>60</p> <p>8. There needs to be a more robust justification with more details about the data structure. For example, the largest number of respondents are over 45 years old (44.5%). The lack of diversity in terms of age may limit the generalizability of the findings to a broader population.</p> <p>9. The author did not explain in detail the implementation process of sampling, nor did he explain why it was the most suitable for this study.</p> <p>10. The data collection period for the survey was from November 1 to December 31, 2021. This relatively short timeframe may not capture potential variations in job satisfaction over a more extended period.</p> <p>11. Another weakness is the lack of a sufficient literature review to build and explain the theoretical implications section (page 8). The theoretical implication section needs to be developed more to position the study in the relevant studies—e.g., what is the theoretical gap, and how does this study contribute to our understanding and other studies?</p> | <p>construct. We then tried a pretest and these wording were revised during the face-to-face interaction to ensure they were fully embedded within the Indonesian context. Subsequently, we conducted a pilot test of the measurement items and constructs to examine the reliability analysis, convergent validity, and discriminant validity with the suggested criteria before conducting the formal survey. However, because of the limited space (words) in the IJSE journal (our manuscript was twice sent back by the editor due to the word limit), we cannot show all of the processes in the manuscript. (Please accept our apologise)</p> <p>Table 1 provides information on the details of the socio-demographic profile of the participants. The total number of male respondents was greater than the total number of female respondents, with 51.6% men and 48.4% women. The most significant number of participants were over 45 years old (44.5%). It's slightly higher than employees who are 31–45 years old (36.2). As per Indonesia's law, the employees' government retirement limit is 58 years old, and most employees' range work time is from 30 years old. Hence, we decide that the demography of participants starts at 30 years old.</p> <p>Thank you so much for the reviewer's positive comment. The introduction part and Table 1 have provided justification to investigate the research framework among local government employees (public organisations), and <i>the questionnaire</i> design part also has a revised data collection process.</p> <p>Thank you so much for the reviewer's positive comment. Data collection process around two months is common and more effective. Because of the psychology and employees' daily activities.</p> <p>Thank you so much for the reviewer's positive comment. Key findings, conclusions, theoretical and practical contributions has revised as suggested and to enhance the manuscript quality.</p> |
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| <p>12. There are numerous tense issues, typographical errors, and grammatical faults in this article. Expert editing would be beneficial in detecting and correcting grammatical and typographical problems, as well as inconsistencies in referencing and in-text citations in the manuscript.</p> <p><b>Additional Questions:</b></p>  | <p>Thank you so much for the reviewer's positive comment. We have double checked the manuscript to make sense language, grammar and tenses issue.</p> |
| <p>1. Originality: Does the paper contain new and significant information adequate to justify publication? See my comments to the author/s</p>   | <p>Thank you so much for your positive comment.</p>   |
| <p>2. Relationship to Literature: Does the paper demonstrate an adequate understanding and critical review/synthesis of the relevant literature in the field? Does the paper cite an appropriate range of literature sources and is any significant work ignored? Are the research aims clearly stated and well supported by relevant literature? See my comments to the author/s</p>  | <p>Thank you so much for your positive comment. The gap added in introduction part.</p>   |
| <p>3. Methodology: Is the research methodology appropriate and robust for meeting the research aims? Are the research constructs well defined and operationalized? Is the method of sample design adequately explained and justified? Is the sample adequate and appropriate for meeting the research aims? Are the methods of data analysis robust as well as explained clearly and adequately? Are the issues of research validity and reliability discussed and debated? Are the research limitations identified and discussed? See my comments to the author/s</p> | <p>Thank you so much for your positive comment. The methodology part has revised as suggested.</p>  |
| <p>4. Results: Are the findings analyzed and interpreted appropriately? Is the analysis of the findings well-structured and presented? Do the conclusions flow from data analyses and do they adequately tie together the other elements of the paper, i.e. research aims? Are the results reliable, valid and generalizable? See my comments to the author/s</p>  | <p>Thank you so much for your positive comment. The result part has revised as suggested.</p>   |
| <p>5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public</p>  | <p>Thank you so much for reviewer positive comment. The theoretical and practical implication have revised as suggested</p>                           |

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| attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper? See my comments to the author/s   |  |
| 6. Quality of Communication: Is the manuscript well written, presented and reasonably concise? Has attention been paid to the clarity of expression and readability, such as good sentences and structure of sections, good flow of arguments, and free of jargon use, acronyms, etc? Does the style of communication fit the journal's readership? See my comments to the author/s  | Thank you so much for reviewer positive comment. We have double checked the manuscript to confirm consistency of language.   |
| <b>Reviewer2' remarks</b>  | <b>Authors response</b>  |
| <p>The research is important in an understudied context of public organizations' culture in Indonesia. It contributes to the existing body of research. The paper adequately covers the literature related to human resource development. The author has also provided a critical review of existing studies and developed hypotheses to fill in the research gap on the impact of ethical leadership, work engagement, and job performance. The methods employed are appropriate through a survey study, and structural equation modeling was used to test the research hypotheses. However, there are limitations in this study with regard to the sample and the cross-sectional data so the results could not be generalized. The findings were presented and analyzed clearly. The author needs to revise the implications conclusion section. There are limited and hardly any policy implications in this paper, the paper can provide a clear set of policies corresponding to the findings of the study, including practical, and societal relevance.</p> <p><b>Additional Questions:</b></p> | We would like to thank the Editor and Reviewers for their detailed and helpful feedback regarding our manuscript, and for providing us with the opportunity to revise our manuscript. We have revised the manuscript as suggested. |
| 1. Originality: Does the paper contain new and significant information adequate to justify publication? The paper explores an interesting topic in an understudied context of public organization employees in Indonesia   | Thank you so much for reviewer positive comment. However, we revise introduction part and added social learning theory description to support research justification and contribution.   |
| 2. Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored? The paper adequately covers the literature related to human resource development. The author has also provided a critical review of existing studies and developed hypotheses to fill in the research gap on the   | Thank you so much for reviewer positive comment. However, we revise literature part and added some references to enhance the quality of manuscript.  |

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| <p>impact of ethical leadership, work engagement, and job performance.</p>   |   |
| <p>3. Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate? The methods employed are appropriate through a survey study, and structural equation modeling was used to test the research hypotheses. However, there are limitations in this study with regard to the sample and the cross-sectional data so the results could not be generalized.</p> | <p>Thank you so much for the reviewer's positive comment. We agree with reviewers' comments. Thank you so much for the reviewer's positive comment. We agree with reviewers' comments. This study asked respondents to complete the questionnaire with anonymity, and it randomly arranged measurement items and hid the label of constructs to reduce respondents' concerns when completing the questionnaire (Podsakoff, MacKenzie, Lee, &amp; Podsakoff, 2003). As for post-detection, this study applied the Harman's single-factor test proposed by Eichhorn (2014) and the common latent factor (CLF) to conduct post-detection is the inherent weakness of the Harman's single-factor test to detect the CMV. The explained variance of the first factor is 20.87%. Besides, the factor loading of CLF was 0.65 that indicated a 42.65% variance of CMV. The EFA result shows no significant problem of CMV in the data.</p> <p>As for post-detection, this study applied the Harman's single-factor test proposed by Eichhorn (2014) and the common latent factor (CLF) to conduct post-detection is the inherent weakness of the Harman's single-factor test to detect the CMV. The explained variance of the first factor is 20.87%. Besides, the factor loading of CLF was 0.65 that indicated a 42.65% variance of CMV. The EFA result shows no significant problem of CMV in the data. Because of the limited space (words) in the IJSE journal (our manuscript was twice sent back by the editor due to the word limit), we cannot show all of the processes. (Please accept our appologise).</p> |
| <p>4. Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper? The findings were presented and analyzed clearly.</p>   | <p>Thank you so much for reviewer positive comment.</p>   |
| <p>5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society</p>  | <p>Thank you so much for reviewer positive comment and valuable suggestion. We have revised the discussion, implication, contribution and conclusion part to enhance the quality of manuscript.</p>   |

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| <p>(influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper? The author needs to revise the implications conclusion section. There are limited and hardly any policy implications in this paper, the paper can provide a clear set of policies corresponding to the findings of the study, including practical, and societal relevance.</p>    |   |
| <p>6. Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.: The research is important and the quality of writing is well presented with a clear flow of conversation.</p> | <p>Thank you so much for reviewer positive comment. We have double checked the manuscript to confirm consistency of language.</p> |

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## THE ROLE OF ETHICAL LEADERSHIP TO EMPLOYEES WORK ENGAGEMENT: A SOCIAL LEARNING THEORY PERSPECTIVE

### Abstract

**Purpose** - This study examines the role of ethical leadership in building employee trust, knowledge sharing, job satisfaction, and then influencing employee engagement in the workplace.

**Design/methodology/approach** - The sample included 610 employees of public institutions in Indonesia, obtained through purposive sampling.

**Findings** - Ethical leadership actively contributes to the growth of employee trust, exchange knowledge frequent, and job satisfaction, and then become key points to enhance employees engagement.

**Research limitations/implications** – Future research is required to validate across regions and organisations to in light of the findings of the topic study.

**Practical implications** - Organisational leaders and employees obtain a better understanding of ethics and organization management field, hence employees and leaders must encourage ethical values as conduct in the workplace.

**Originality/value** - This study demonstrated the extent of the Khan concept for a combination of employee engagement, ethical leadership, and knowledge sharing. It also incorporates employee job satisfaction and the organisational engagement among employees.

**Keywords:** Ethical leadership, trust, knowledge sharing, employees' job satisfaction, work engagement.

**Paper type:** Research Paper

### 1. Introduction

In the modern era, Enron was followed by other ethics scandals in business, government, sports, social organisations, and religious organisations. It raised questions about the ethical leadership of the organisation (Mohd Ghazali, 2021). A leader has a crucial role in being the driving force of ethical behaviour for employees and organisations (Ramlawati et al., 2023; Yazdanshenas and Mirzaei, 2022). Therefore, the government and professional organisations should develop clear ethical standards and laws in business and professional organisations for leaders and employees. It embedded stakeholder trust because ethical leadership is a source of wellspring to bring organisation sustainability, competitive advantage, and most importantly, to regain people's trust. Leadership refers to the process of influencing others to understand and agree, and it also facilitates action to achieve personal and organisational goals (Yukl, 2006). When leaders work based on ethical standards, employees feel safe and have more trust in the workplace, which facilitates reciprocity (Rutten et al., 2016), knowledge sharing (Curado and Viera, 2019; Engelbrecht et al., 2017; Majeed and Samreen, 2021), job satisfaction (Özsungur, 2020), and work engagement (Özsungur, 2019). Indonesians have a particular problem with white-collar crime in government positions such as ministers, governors, and auditors through financial report misstatement. In the local government context, the number of leaders suspected of abusing their power to manipulate their financial reports and corruption indicators has become a critical issue (Rustiarini et al., 2021).

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3 A high level of ethical leadership in the workplace is essential to ensure employees act in  
4 accordance with the organisation's goals and ethical codes.

5 The presence of ethical leadership has become a filter within government and also a factor in  
6 achieving organisational goals as well as employee trust and work engagement (Koay and Lim,  
7 2022; Rechberg and Syed, 2013). However, in developing countries such as Indonesia, progress  
8 in fighting corruption has been slow (Quah, 2020; Rustiarini et al., 2021). As of 2022, Indonesia's  
9 Corruption Perception Index (CPI) score is 34/100 and ranks 110/180 in the world. This score has  
10 increased by 2 points since 2012, compared to over thirty-two points in the previous decade  
11 (Transparency International, 2023). It's in line with African countries such as Gambia, Malawi,  
12 and Sierra Leone, as well as Nepal in South Asia. In addition, Colombia, Argentina, Brazil,  
13 Ethiopia, and Equatorial Guinea do much better, despite facing political instability and low social  
14 capital. Overall, ethical leadership can be seen as an innovative approach to enhancing employee  
15 engagement in the workplace by preventing unethical behaviour (Ramlawati et al., 2023).

16 In view of the numerous ethical scandals in numerous private, public, religious, and social  
17 organisations, there is a lack of ethical leadership. It makes the trustworthiness of the people in the  
18 government plummet. From a normative or philosophical standpoint, several academics have  
19 written about ethics and leadership and made recommendations for what leaders should do.  
20 However, a more developed and integrated social science perspective on ethics and leadership is  
21 still lacking (Bavik et al., 2018; Jia et al., 2022; Ramlawati et al., 2023). Basic queries, such as  
22 what constitutes ethical leadership, have been raised in response to ethical scandals. How do trust  
23 among employees, information exchange, and job satisfaction differ under ethical leadership? how  
24 the relationship between ethical leadership and employee engagement. Therefore, this study  
25 conducted a comprehensive ethical leadership framework and linked it to employees' social capital  
26 dimensions in order to clarify the current situation and provide insights for future research from  
27 the perspective of public organisations.

28 Previous research also focused on the social or organisational level based on the impact of  
29 organisational characteristics on the effectiveness of ethical leadership (Al Halbusi et al., 2021;  
30 Bavik et al., 2018; Engelbrecht et al., 2017). Therefore, this study examines the fundamental aspect  
31 of social learning theory (SLT) (Bandura, 1977), which assumes that employees' personal  
32 behaviour is formed by observing the behaviour of the leader and other people. According to the  
33 SLT, employee and organisation management is closely related to the personality and ability of  
34 the leader to empower other employees and share information and knowledge. In addition, learning  
35 from ethical leaders can increase employee job satisfaction and work engagement. Therefore, the  
36 main objective of this study was to investigate the influence of leadership ethics on employee work  
37 commitment, trust and exchange of knowledge, and job satisfaction. In their research, Singh (2022)  
38 and Xia and Fang (2020) recommended that future studies validate the effect of ethical leadership  
39 on employees' trust and knowledge sharing, which could possibly also influence employees' job  
40 satisfaction and work engagement in a public organisation context.

## 41 **2. Literature review and research hypotheses development**

### 42 *2.1 Social learning theory and ethical leadership*

43 Social learning theory suggests that ethical leaders influence the moral behaviour of society and  
44 individuals (Brown et al., 2005). The way members of an organisation behave develops through  
45 personal experience and observation of other leaders behaviour. If the aim is to promote ethical  
46 behaviour in organisations, the process becomes essential as role modelling influences the  
47 workforce to pick up on the expectations, organisational benefits, and consequences of  
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3 organisation members behaviour. Organisational leaders communicate the potential relevance of  
4 normatively appropriate behaviour to employees through moral leaders who explain the  
5 acquisition and regulation of observational learning (Bandura, 1977). It requires organisational  
6 leaders and employees to act as admirable and reliable role models. Ethical leadership has an effect  
7 on followers because it provides direction that followers cognitively assimilate to generate critical  
8 self-reactions and direct further actions (Ren and Chadee, 2017). This is because leaders now set  
9 the tone for the behaviour of their followers. Ethical leaders foster a sense of belonging as team  
10 members by discussing the popular issues of the organisation and their opinions and by  
11 participating in the decision-making process. Actively discussing, exchanging ideas, and sharing  
12 knowledge may influence job satisfaction (Håvold et al., 2021). The main value of trust and the  
13 moral component of social learning theory adequately conceptualises the influence of ethical  
14 leadership; it has become the result of employee behaviour, job satisfaction, and work engagement  
15 (Özsungur, 2020; Ren and Chadee, 2017; Yazdanshenas and Mirzaei, 2022).

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## 20 21 22 *2.2 Ethical leadership, trust, knowledge sharing and job satisfaction*

23 Ethical leadership refers to certain activities of employees in the workplace as well as their  
24 interpersonal interactions with organisational leaders and their colleagues. It is related to personal  
25 qualities such as sincerity, reliability, altruistic motivation, moral obligation, and employee  
26 competence (Rechberg and Syed, 2013). Ethical scandals in organisations have a strong correlation  
27 to ethical leadership because the organisation's code of conduct plays a central role in driving and  
28 guiding employee behaviour (Poma et al., 2023). For example, ethical leadership has a positive  
29 and significant impact on employees' trust in their leader and the sustainability of the organisation  
30 (Engelbrecht et al., 2017; Kmieciak, 2021). In some organisational contexts, ethical leadership  
31 also has positive effects on employees' attitudes and behaviours (Al Halbusi et al., 2021),  
32 knowledge sharing (Amber et al., 2022; Bavik et al., 2018), and job satisfaction (Ren and Chadee,  
33 2017). The organisation management is based on trustworthiness and willingness to engage in  
34 respectful dialogue and interaction among employees. Ethical leadership emerges through two-  
35 way communication and trustworthiness to reduce fundamental barriers and pursue knowledge  
36 sharing and trust among members of the organisation, which subsequently influences employee  
37 job satisfaction (Amber et al., 2022; Håvold et al., 2021; Koay and Lim, 2022; Mason and Leek,  
38 2008).

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42 *H1* Ethical leadership has a positive impact on employee trust.

43 *H2* Ethical leadership has a positive impact on employee knowledge sharing.

44 *H3* Ethical leadership has a positive impact on employee job satisfaction.

## 45 46 47 *2.3 Employees trust, knowledge sharing and work engagement*

48 When working in a team atmosphere, trust is crucial to promoting knowledge sharing among  
49 employees in an organisational setting (Edmondson, 1999). It has become a strategic resource and  
50 value to address the goals and sustainability of the organisation (Goswami and Agrawal, 2022).  
51 Recently, knowledge management has gained momentum among researchers due to the unethical  
52 behaviour of organisational leaders and rapid changes in the working environment. Building trust  
53 requires effective leadership, especially authentic and open leadership approaches (George, 2003).  
54 Trust among colleagues helps employees to develop significantly in terms of information and  
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3 technology and shifts knowledge sharing activities from traditional methods to online platforms  
4 based on reciprocity (Curado and Vieira, 2019; Kmiecik, 2021; Håvold et al., 2021). Trust and  
5 knowledge sharing in team settings also play an important role in enhancing employee  
6 relationships (Kahn, 1990). It suggests employees' work engagement, which may be followed by  
7 employees' trust levels and knowledge sharing behaviour (Pradhan et al., 2019; Singh, 2022). It  
8 proves that leadership ethical principles and factors such as trust play an important role in  
9 employee engagement in the workplace. In addition, knowledge sharing can be effectively  
10 addressed through trust (Sumiyana et al., 2022; Tynan, 2005; Xia and Yang, 2020). Clearly, there  
11 is a deeper relationship between ethical leadership, trust, knowledge sharing, and employee  
12 engagement in the workplace.  
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16 *H4* Trust has a positive effect on employee knowledge sharing.

17 *H5* Trust has a positive effect on employee work engagement

18 *H6* Trust has a positive effect and mediates the relationship between ethical leadership and work  
19 engagement.  
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#### 22 *2.4 Knowledge sharing, job satisfaction and work engagement*

23 In addition to trust, employee job satisfaction plays an important role in organisational success  
24 (Håvold et al., 2021; Ren and Chadee, 2017). Knowledge sharing also has a positive effect on  
25 employees' work engagement (Schaufeli and Salanova, 2011). The growing number of companies  
26 operating globally also develops prospects for sharing information and knowledge, which directly  
27 affects work outcomes (Junaidi et al., 2020). Employee knowledge sharing has a positive effect on  
28 effective work engagement and makes employees work creatively and innovatively (Joplin et al.,  
29 2021; Özsungur, 2019; Rutten et al., 2016). The effect of employee knowledge sharing on job  
30 satisfaction and work engagement is not always the same because of geographical, cultural, and  
31 educational disparities. It also enables employees to share their work-related knowledge and  
32 increases their efforts towards innovative and collaborative work (Sumiyana et al., 2022). Some  
33 academics are attempting to confirm the link between involvement and knowledge exchange. For  
34 example, Xia and Yang (2020) found that knowledge sharing has a positive effect on employee  
35 engagement and motivation. It also has a crucial role for organisational leaders and employees in  
36 sharing knowledge within and across organisations (Joplin et al., 2021). Atapattu and Huybers  
37 (2021) and Håvold et al. (2021) argue that employees' job satisfaction and work engagement are  
38 positively influenced by knowledge sharing (KS) activities. This finding is supported by Singh  
39 (2022) who showed that knowledge sharing has a critical effect on employee work engagement.  
40 Accordingly, the following hypotheses have been proposed.  
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45 *H7* Knowledge sharing has a positive effect on employee job satisfaction.

46 *H8* Knowledge sharing has a positive effect on employee work engagement.

47 *H9* Knowledge sharing has a positive effect on mediating the relationship between ethical  
48 leadership and employees work engagement.  
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#### 54 *2.5 Job satisfaction and employees' work engagement*

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Schaufeli and Salanova (2011) define work engagement as positive fulfilment and work towards positive characterization and commitment. Employees are invested in their jobs and the organisation they work for. In this situation, employees are more motivated to generate more work resources and carry out rote jobs that take longer and require more time and skill. Organisational leaders who are ethical, have a sense of belonging, and are engaged with their work have a positive impact on motivating employees to improve their performance and come up with innovative ideas (Joplin et al., 2021). Preliminary studies conclude that work engagement is strongly correlated with employees' job satisfaction and organisational commitment (Atapattu and Huybers, 2021; Huang, 2009).

Furthermore, employees' job satisfaction also has a crucial impact on the work environment (Håvold et al., 2021). This shows the significance of building a positive workplace culture to increase trust, motivation, and engagement. In addition, a high level of employee engagement implies a high level of energy and organisational performance resulting from the ethical leadership of the organisation (Gallego-Alvarez et al., 2020). An increasing number of global issues are also developing insights into knowledge sharing and social capital as one of the units. It makes employees work more creatively (Joplin et al., 2021; Ren and Chadee, 2017). It also allows employees to share their skills to enhance their efforts in innovative work and to share valuable information, knowledge, ideas, and expertise. Accordingly, the following hypotheses:

*H10* Job satisfaction has a positive effect on employee work engagement.

*H11* Job satisfaction has a positive role in mediating the relationship between ethical leadership and employees work engagement.

## 4. Methodology

### 4.1 Questionnaire design

The ethical leadership scales have ten items (Brown et al., 2005). Trust was adopted from Lee and Choi (2003), which refers to the trust employees feel in their leaders, integrity, trust, and a sense of loyalty to their leaders. Knowledge sharing is taken from Davenport and Prusak (1998) and Huang (2009). Employees' job satisfaction is taken from Håvold et al. (2021), and work engagement consists of seven items and is taken from Albrecht et al. (2015). Indonesian public institution employees were invited to participate in this survey from November to December 2021. This study also applied a pre-test and pilot test to validate all measurement items and avoid bias issues (Hair Jr et al., 2019; Podsakoff et al., 2003). The participants were 680 local government employees working in accounting and finance departments. However, 610 samples were legitimate, which indicates that 93.43% of the data were responded to. The respondents received the questionnaires via Google Forms anonymously and at random after being formally invited to their offices. This protects against bias issues and guarantees the survey's objectivity.

In this study, respondents were asked to complete the questionnaire anonymously, and the measurement items were randomly arranged and the construct labels hidden to reduce respondents' concerns when completing the questionnaire (Podsakoff et al., 2003). As for post-detection, this study applied Harman's single-factor test proposed by Eichhorn (2014), and the common latent factor (CLF) to conduct post-detection is the inherent weakness of Harman's single-factor test to detect the CMV. As for post-detection, this study applied the Harman's single-factor test proposed by Eichhorn (2014) and the common latent factor (CLF) to conduct post-detection because of the the inherent weakness of the Harman's single-factor test to detect the CMV. In addition, the proposed model and study assumptions were tested using structural equation modelling (SEM). The two-step method suggested by Hair Jr. et al. (2019), specifically CFA, was employed in this study to evaluate the validity and reliability of the study

constructs.

\*\*\*Insert Table 2 Here\*\*\*

## 5. Results

### 5.1 Measurement and structural model

In Table 3, shown the model fit of the data to the proposed model was adequate in the confirmatory factor analysis (CFA) model (Anderson and Gebing, 1988; Hair Jr. et al., 2019). Moreover, eleven research hypotheses were confirmed (Figure 1). This study confirmed the favourable and significant effects of ethical leadership on trust, knowledge exchange, and job satisfaction ( $\gamma_{11} = 0.701$ ,  $p < 0.001$ ;  $\gamma_{21} = 0.496$ ,  $p < 0.001$ ;  $\gamma_{31} = 0.554$ ,  $p < 0.001$ ), supporting H1, H2 and H3. Additionally, trust has a positive effect on knowledge sharing and less of an impact on work engagement among employees ( $\beta_{21} = 0.285$ ,  $p < 0.001$ ;  $\beta_{41} = 0.016$ ,  $p > 0.05$ ), thus supporting H4 and not supporting H5 in this study. Furthermore, knowledge sharing has a positive impact on job satisfaction and work engagement ( $\beta_{32} = 0.304$ ,  $p < 0.001$  and  $\beta_{42} = 0.146$ ,  $p < 0.05$ ), supporting H7 and H8. Moreover, this study also shows that job satisfaction has a significant and positive impact on work engagement ( $\beta_{43} = 0.256$ ,  $p < 0.001$ ), thus supporting support for H10. It can be seen in Table 4 the mediator variables in mediate the relationship between ethical leadership and work engagement.

\*\*\*Insert table 3 here\*\*\*

\*\*\*Insert Figure 1 here\*\*\*

\*\*\*Insert table 4 here\*\*\*

## 6. Discussion

### 6.1 Key findings

Overall, it can be said that a leader who applies ethical concerns in their activities as well as ethical and moral values in the workplace has a crucial role in influencing employee behaviour as an ethical principle. Clear ethical standards for employees have a strong correlation to developing a positive work environment for employees through the ability and credibility of leaders. Ethical leadership also has a positive role in influencing employees' sense of belonging to the organisation. It means that a leader enhances employees' perception and contribution to develop organisational performance and work effectively. This result confirms previous studies that found that ethical leadership has a positive effect on employee trust (Al Halbusi et al., 2021; Engelbrecht et al., 2017; Håvold et al., 2021; Rutten et al., 2016). This indicates how the relationship between interactional fairness and employee innovation is significantly influenced by ethical leadership. Additionally, innovative employee behaviour in the management process might encourage employees to come up with good ideas. However, moral leaders place a high value on cultivating relationships of honesty and trust with their workforce. Employees will not worry that moral leaders will impose unjust and unfair sanctions since they can perceive the honesty, competency, and friendliness of such leaders through innovation and consulting activities (Atapattu and Huybers, 2020; Albrecht et al., 2015). As a result, the most crucial component influencing employees' trust in the workplace environment is leadership ethics. Employees' feelings of safety will be significantly improved if they perceive ethical leadership to foster innovative behaviours.

This study suggests that ethical leadership enhances knowledge sharing among employees within and across organisations. The first finding supports the findings of previous limited studies that examined the influence of leadership on knowledge sharing (Bavik et al., 2018; Goswami and

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3 Agrawal, 2022). Ethical leaders promote knowledge sharing through incentives and sanctions that  
4 affect how employees perceive costs and benefits, as well as through moral actions that foster  
5 employee trust. They make just and reasonable decisions and define success in terms of both the  
6 results and the methods used to accomplish them. These leaders' followers impart their explicit  
7 and tacit knowledge to other members of the organisation. In addition, when conventional  
8 approaches fail, the followers of these leaders creatively apply their knowledge to create new ones.  
9 They promote creativity and innovation and look at fresh options for improved problem-solving.  
10 Ethical leaders promote fair sharing of resources and engage in principled decision making (Bavik  
11 et al., 2018), which encourages followers to share their knowledge for the benefit of the  
12 organisation. An ethical leader motivates followers to express and make suggestions  
13 (Yazdanshenas and Mirzaei, 2022), enables them to generate new ideas, and inspires them to  
14 generate new ideas by using their imagination (Xia and Yang, 2020). This is because knowledge  
15 of new ideas is generated through experimentation, problem solving, and learning from experience  
16 (Koay and Lim, 2022).  
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19 Employees' perception of the ethical aspect of their leader has been confirmed to increase  
20 their job satisfaction. This finding is consistent with other studies in the public sector (Joplin et al.,  
21 2021; Poma et al., 2023). In the rapidly changing public sector landscape, cooperation among  
22 public servants is needed to be more effective and efficient. Leaders who demonstrate ethical  
23 behaviour and manners towards individuals will serve as a reliable model for employees to practise  
24 with their colleagues. Moreover, an ethical climate created by ethical leaders also serves as a  
25 learning platform for employees to behave in a collaborative manner (Baskoro, 2022). Public  
26 organisations often face complicated problems that require many stakeholders to make decisions  
27 (Jia et al., 2022). Due to its unique characteristics, the public sector is more likely to be motivated  
28 by economic value. Specifically, under the influence of leadership ethics and superior-subordinate  
29 relationships, civil service motivation promotes behaviour outside the role of civil servants towards  
30 colleagues. Finally, through the prism of social learning theory (Bandura, 1986), we have  
31 explained why trust, knowledge sharing, and job satisfaction act as mediators between ethical  
32 leadership and employee commitment in the workplace.  
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35 Knowledge sharing and work satisfaction have a stronger impact on employee engagement  
36 than trust as mediating variables. However, employee work engagement suffers as a result of a  
37 lack of trust. This finding supports the notion that job satisfaction and knowledge sharing both  
38 contribute positively to employee engagement (Joplin et al., 2021; Singh, 2022). This suggests that  
39 effective leadership fosters both employee trust and a sense of shared identity. Trust, knowledge  
40 sharing, and job satisfaction also play a significant role in the ethics field in mediating the  
41 relationship between ethical leadership and employee work engagement. Employees also think  
42 that knowledge sharing and work involvement satisfy their expectations as engaged and satisfied  
43 workers. As a result, it also confirms that trust, knowledge sharing, and job satisfaction have  
44 emerged as crucial elements in connecting employees' ethics and performance.  
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## 48 *6.2 Conclusions*

49 Leaders in organisations in the public and private sectors, as well as business and management,  
50 can use ethical leadership as a tool. The quick advancement of information technology has made  
51 it feasible to share information and expertise. Additionally, the importance of trust, information  
52 sharing, and job satisfaction is inevitable to support employee engagement. The findings offer  
53 important knowledge to inspire organisational leaders and staff to embrace the social, emotional,  
54 and economic aspects of the workplace through innovation and teamwork. Employees' best efforts  
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3 and dedication to the organisation, for instance, are justified by their emotions due to explicit  
4 ethical behaviour and both reward and punishment systems. In order to involve staff in the process,  
5 leaders must develop ethical behaviour and fight against ethical issues during the decision-making  
6 process. The organisation's executives must therefore act in accordance with moral principles,  
7 ethical conduct, governmental regulations, and religious values in order to encourage moral  
8 behaviour in the work environment.  
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### 10 11 *6.3 Theoretical implications*

12 The social learning theory has been significantly influenced by this research in a number of ways,  
13 particularly as it relates to organisations and professional ethical behaviour like that of accountants  
14 and auditors. First, the results of this study extended Kahn's and social learning theories in the  
15 business and management context. The relationship between ethical leadership and employee  
16 engagement in the workplace through trust, knowledge sharing, and satisfaction is attracting more  
17 attention in the field of knowledge management research. as a component of the social learning  
18 theory in action. This study demonstrates the value of moral leadership in promoting employee  
19 engagement at work. The first idea emphasises the individual efforts of employees in the  
20 workplace. Recent studies have confirmed the link between leaders and employees organisational  
21 attitudes in the setting of public organisations. Therefore, the diversity of organisational culture  
22 and region is not an issue for gaining insight into employee knowledge sharing, performance, and  
23 employee commitment to the organisation. Second, the results show a positive impact of ethical  
24 leadership on work engagement and knowledge sharing. Therefore, develop an effective  
25 communication and interaction strategy consciously with regard to design management, including  
26 ethical behaviour. It will help organisations improve their brand image and performance.  
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### 31 *6.4 Practical implications*

32 This study presents a fresh viewpoint on organisational management from a practical standpoint.  
33 Both private and public organisations need to adopt ethical leadership as a guiding principle to  
34 enhance the knowledge-sharing environment and develop appropriate platforms to facilitate  
35 discussion forums among leaders and staff. This provides a number of benefits. First, it will give  
36 employees the opportunity to enhance their knowledge and work experience, which will ultimately  
37 increase the operational efficiency of the organisation. Additionally, it will support organisational  
38 leaders and workers in creating networks and processes that allow change and ensure their  
39 sustainability. Second, networking, responding to behaviours and individuals, socialising, and  
40 sharing knowledge within and across the organisation. Third, it can help prevent employee  
41 turnover problems and retain the unique knowledge they bring to the organisation. Ultimately, it  
42 can help employees and organisations draw knowledge from employees and integrate it into the  
43 organisation's knowledge base for greater use. By creating formal and informal knowledge-sharing  
44 forums and engaging in a culture of knowledge-sharing, employees and organisations can cultivate  
45 positive feelings about emotional communication. and commit to doing their job.  
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48 This study emphasises the requirement that organisational leaders exhibit ethical leadership  
49 through their personal behaviour. It focuses on developing an environment that encourages leaders  
50 who wish to advance ethical leadership and social capital to make decisions that are fair, honest,  
51 and guided by principles. Therefore, using leadership performance indicators and leadership  
52 development programmes, management should encourage ethical principles in daily activities. In  
53 order to stop government officials from acting immorally, leadership must serve as a driving force.  
54 This shows that organisations in the public sector might train their personnel by placing a strong  
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3 emphasis on moral leadership to combat unethical behaviour and enhance organisational  
4 performance. In order to do this, public sector leaders must give ethical leadership behaviours a  
5 high priority in their job, such as modelling ethical behaviour, advancing ethical principles, and  
6 providing support. Support, promote ethical principles, act as an ethical role model, and give  
7 ethical counsel. Public organisations can create ethical leadership training programmes to teach  
8 their managers about ethical behaviour and emphasise its value for their staff. To establish  
9 relationships and encourage the values of public service among employees, managers should show  
10 concern for employee welfare through their ethics policies.  
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### 13 6.5 Limitations and future research directions

14 This study has a number of restrictions. First off, because the data was gathered from cross-  
15 sectional data, CMV might become a potential issue in the sample. This study used the single  
16 factor test proposed by Harman to address this problem. To thoroughly test the suggested model,  
17 next research must use a longitudinal strategy. Second, the participants were government  
18 employees working for Indonesia, so they cannot be seen as being typical of all Indonesian  
19 workers. Therefore, various regions and perspectives should be used in future research. Future  
20 research could possibly be more representative with a larger sample. Examining the attitudes and  
21 behaviours of employees can also assist practitioners and researchers in expounding on the  
22 consequences of ethical leadership and other researched variables. Third, this study only examined  
23 employees' ethical leadership, work commitment, knowledge sharing, and job performance to  
24 successfully predict employees' organisational commitment. Future studies should explore other  
25 potential drivers of employee emotional engagement and job performance.  
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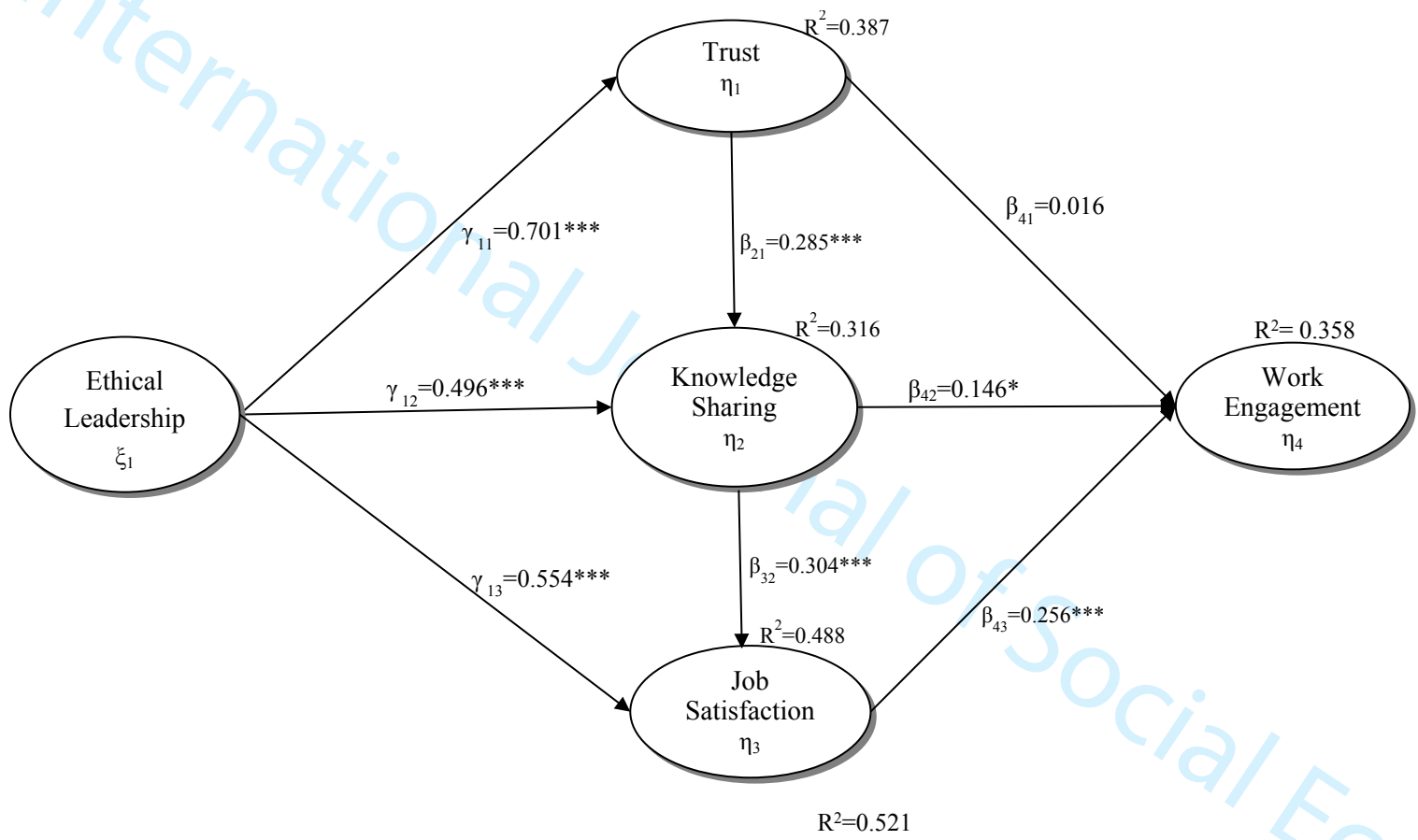


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**FIGURE 1** Structural model result

Note.  $\chi^2/df = 3.399$ , GFI = 0.905, NFI = 0.900, CFI = 0.931, IFI = 0.931 and RMSEA = 0.056

Significant at \*:  $p < 0.05$ , \*\*:  $p < 0.01$ , \*\*\*:  $p < 0.001$

**Table 1.** Structured literature review of research study

| No. | Authors   | Research Domain and study constructs  | Methodology                                     | Results   |
|-----|---|---|---|---|
| 1.  | Al Halbusi, Williams, Ramayah, Aldieri and Vinci (2021) | Private sector<br>Ethical leadership, Ethical climate and ethical behaviour in Iraq                                     | Quantitative through two-wave data collection   | Moderate relationship between ethical leadership, ethical conduct and ethical behaviour.  |
| 2.  | Amber, Qazi, Javaid, Khan and Ahmad (2021)              | Public sector<br>Ethical leadership and knowledge sharing in Pakistan   | Quantitative Structural equation modeling (SEM) | Ethical leadership has positive and significant effect to knowledge sharing activity  |
| 3.  | Atapattu and Huybers (2021)                             | Multi-national companies (MNC)<br>Team work, performance, knowledge management, and employees engagement in Srilanka    | Quantitative Structural equation modeling (SEM) | Team work, performance, knowledge management play important role in influencing employees' engagement                                     |
| 4.  | Bavik et al. (2018)                                     | Multi-national companies (MNC)<br>Ethical Leadership, Moral identity and knowledge sharing among employees in Hong Kong | Quantitative Structural equation modeling (SEM) | Ethical leadership has positive and significant effect to knowledge sharing activity with and without moral identity as mediator          |
| 5.  | Curado and Vieira (2019)                                | Small Medium-Sized Enterprises (SMEs)<br>Trust, Knowledge sharing and commitment to organization in Portuguese          | Quantitative Partial Least Square (PLS)         | Trust has positive and significant effect to knowledge sharing and employees' commitment to organization                                  |
| 6.  | Engelbrecht, Heine, and Mhembe, (2019)                  | Private sector<br>Ethical leadership, psychological capital, knowledge sharing and knowledge creation in South Africa   | Quantitative Structural equation modeling (SEM) | Ethical leadership has positive and significant effect to worker trust and engagement in work environment                                 |
| 7.  | Goswami and Agrawal (2022)                              | Public sector<br>Ethical leadership and knowledge sharing in India  | Quantitative Structural equation modeling (SEM) | Ethical leadership has positive and significant effect to worker psychological well-being and also knowledge sharing and creation process |
| 8.  | Håvold et al. (2021)                                    | Public sector<br>Trust, job satisfaction and work engagement in Norway  | Quantitative Structural equation modeling (SEM) | Trust has positive and significant effect to worker job satisfaction and work engagement  |
| 9.  | Kmieciak (2021)   | Public sector<br>Trust and knowledge exchange in Poland   | Quantitative Partial Least Square (PLS)         | Trust has positive and significant effect to worker knowledge exchange process  |
| 10. | Koay and Lim  | Public sector   | Quantitative                                    | Ethical leadership has  |

|     |                       |  |   |   |
|-----|-----------------------|--|---|---|
|     | (2022)                | Ethical leadership, knowledge sharing and worker organization commitment in Malaysia | Structural equation modeling (SEM)              | positive and significant effect to knowledge sharing, and worker work engagement                                      |
| 11. | Özsungur (2019; 2020) | Private sector Ethical leadership and work engagement in Turkey                      | Quantitative Structural equation modeling (SEM) | Ethical leadership has positive and significant effect to worker work engagement                                      |
| 12. | Ren and Chadee (2017) | Private sector Ethical leadership and job satisfaction in China                      | Quantitative Structural equation modeling (SEM) | Ethical leadership has positive and significant effect to worker self-efficacy and job satisfaction                   |
| 13. | Rutten et al. (2016)  | Private sector Trust and knowledge sharing in Netherland                             | Quantitative Structural equation modeling (SEM) | Trust has positive and significant effect to worker knowledge sharing activity  |
| 14. | Singh (2022)          | Private sector Job satisfaction, knowledge sharing and work engagement in US         | Quantitative Structural equation modeling (SEM) | Job satisfaction has positive and significant effect to worker knowledge sharing activity and engagement in workplace |
| 15. | Pradhan et al. (2019) | Public sector Ethical leadership, Job satisfaction and worker engagement in India    | Quantitative Structural equation modeling (SEM) | Ethical leadership has positive and significant effect to worker job satisfaction and engagement                      |
| 16. | Mohd Gazali (2021)    | Private sector Corporate ethics and ethical judgement in Malaysia                    | Quantitative Structural equation modeling (SEM) | Corporate ethical value has positive and significant effect to accountant ethical judgement                           |

**Table 2.** Respondent demographics

| Demographic Items       | Frequency | Percentage (%) |
|-------------------------|-----------|----------------|
| Gender                  |           |                |
| Male                    | 315       | 51.6           |
| Female                  | 295       | 48.4           |
| Age                     |           |                |
| Under 30 years old      | 118       | 19.3           |
| 31~45 years old         | 221       | 36.2           |
| Over 45 years old       | 271       | 44.5           |
| Education               |           |                |
| Bachelor and below      | 369       | 60.5           |
| Master and PhD          | 241       | 39.5           |
| Time period as employee |           |                |
| Below 10 years          | 172       | 28.2           |
| 11~25 years             | 227       | 37.2           |
| Over 25 years           | 211       | 34.6           |

**Table 3.** Measurement results

| Variables<br>Item Scales  | Factor<br>Loadings | $\alpha$ | CR    | AVE   |
|---|--------------------|----------|-------|-------|
| <b>Ethical Leadership</b>   |                    | 0.933    | 0.935 | 0.590 |
| EL1: Our leader conducts his/her personal life in an ethical manner.                            | 0.683              |          |       |       |
| EL2: Our leaders have shown strong concern for ethical and moral values                         | 0.707              |          |       |       |
| EL3: Our leaders communicate a clear ethical standard for employee                              | 0.746              |          |       |       |
| EL4: Our leaders have shown ethical behavior in her/his decisions and actions                   | 0.797              |          |       |       |
| EL5: Our leaders discipline employees who violate ethical standards                             | 0.748              |          |       |       |
| EL6: Our leaders make fair and balanced decisions   | 0.827              |          |       |       |
| EL7: Our leaders can be trusted   | 0.810              |          |       |       |
| EL8: Our leaders discuss business ethics or values with employee                                | 0.835              |          |       |       |
| EL9: Our leaders are fair and objective when evaluate employee performance                      | 0.798              |          |       |       |
| EL10: Our leaders hold employee accountable for using ethical practises in our work             | 0.805              |          |       |       |
| <b>Trust</b>  |                    | 0.869    | 0.871 | 0.575 |
| TR1: I trust my leader.   | 0.698              |          |       |       |
| TR2: I trust the integrity of my leader.  | 0.743              |          |       |       |
| TR3: I have confidence that my leader will treat us fairly.                                     | 0.787              |          |       |       |
| TR4: I am satisfied with my leader ethics.  | 0.803              |          |       |       |
| TR5: I have a strong sense of belonging to my leader.   | 0.757              |          |       |       |
| <b>Knowledge Sharing</b>  |                    | 0.920    | 0.923 | 0.572 |
| KS1: If I get something new, I tell my colleagues about it.                                     | 0.751              |          |       |       |
| KS2: I share information I have with my colleagues.   | 0.753              |          |       |       |
| KS3: I think it is important that my colleagues know what I am doing.                           | 0.715              |          |       |       |
| KS4: I regularly tell my colleagues what I am doing.  | 0.729              |          |       |       |
| KS5: When I need certain knowledge, I ask my colleagues about it.                               | 0.798              |          |       |       |
| KS6: I like to be informed of what my colleagues know.  | 0.742              |          |       |       |
| KS7: I ask my colleagues about their abilities when I need to learn something.                  | 0.808              |          |       |       |
| KS8: When a colleague is good at something, I ask them to teach me how to do it.                | 0.799              |          |       |       |
| <b>Job Satisfaction</b>   |                    | 0.845    | 0.901 | 0.557 |
| JS1: I have a sense of belonging to my organization.  | 0.704              |          |       |       |
| JS2: I have felt "emotionally attached" to this organization.                                   | 0.761              |          |       |       |
| JS3: My leader gives us a great deal at work place.   | 0.786              |          |       |       |
| JS4: The organization gives us a fair salary.   | 0.750              |          |       |       |
| JS5: I am very happy in this organization   | 0.766              |          |       |       |
| JS6: My leader promotes the employees fairly  | 0.721              |          |       |       |
| JS7: My leader giving enough supervision in the workplace                                       | 0.779              |          |       |       |
| <b>Work Engagement</b>  |                    | 0.924    | 0.935 | 0.617 |
| WE1: We know what is expected of me at work   | 0.798              |          |       |       |
| WE2: Our goals match the vision and mission of the organisation                                 | 0.843              |          |       |       |
| WE3: We find that the work we do is useful for my company.                                      | 0.815              |          |       |       |
| WE4: We feel empowered while working for our job, as it gives us confidence about our abilities | 0.746              |          |       |       |
| WE5: We believe that We are in-charge of the work we do in the organisation we work for         | 0.851              |          |       |       |
| WE6: We understand how our work contributes towards the achievement of organisational goals     | 0.756              |          |       |       |

|   |       |
|---|-------|
| WE7: We are aligned with the activities of the organisation we work for | 0.773 |
| WE8: We can group collaboration in the workplace                        | 0.747 |
| WE9: We can maintain relationships at work                              | 0.729 |

Fit statistics (N = 610)

$\chi^2/df = 3.575$ , Goodness-of-Fit Index (GFI) = 0.928, Nonnormed fit index (NFI) = 0.920, Comparative Fit Index (CFI) = 0.955, Incremental fit index (IFI) = 0.957, and Root Mean Square Error of Approximation (RMSEA) = 0.058

**Table 4.** Mediation effects

| Hypotheses | IV | M  | DV | IV->DV         | IV->M    | IV+M->DV |         | Test Result |
|------------|----|----|----|----------------|----------|----------|---------|-------------|
|            |    |    |    | (c)            | (a)      | IV (c')  | M(b)    |             |
| H6         | EL | TR | WE | 0.278***       | 0.546*** | 0.351*** | 0.134** | Supported   |
|            |    |    |    | Standard Error | 0.047    | 0.028    | 0.038   | 0.054       |
| H9         | EL | KS | WE | 0.261***       | 0.544*** | 0.351*** | 0.164** | Supported   |
|            |    |    |    | Standard Error | 0.050    | 0.025    | 0.038   | 0.060       |
| H11        | EL | JS | WE | 0.230***       | 0.623*** | 0.351*** | 0.194** | Supported   |
|            |    |    |    | Standard Error | 0.052    | 0.025    | 0.037   | 0.058       |

**Note:** EL: Ethical leadership, TR: Trust, KS: Knowledge Sharing, JS: Job Satisfaction, WE: Work engagement

Significant at \*:  $p < 0.05$ , \*\*:  $p < 0.01$ , \*\*\*:  $p < 0.001$



**4. Bukti konfirmasi bahwa artikel diterima  
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**5. Bukti konfirmasi artikel diproses untuk di  
publish  
(1 Nopember 2023)**

Update on your article 'THE ROLE OF ETHICAL LEADERSHIP TO EMPLOYEES WORK ENGAGEMENT: A SOCIAL LEARNING THEORY PERSPECTIVE'

**sivakeerthika.emerald@tnq.co.in**

Wed, Nov 1,  
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# The role of ethical leadership to employees work engagement: a social learning theory perspective

The role of  
ethical  
leadership

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Received 8 April 2023  
Revised 21 August 2023  
Accepted 21 October 2023

## Abstract

**Purpose** – This study examines the role of ethical leadership in building employee trust, knowledge sharing (KS), job satisfaction and then influencing employee engagement in the workplace.

**Design/methodology/approach** – The sample included 610 employees of Indonesia Islamic Bank, obtained through an online survey. Structural equation modelling was used to test the research hypotheses.

**Findings** – Ethical leadership actively contributes to the growth of employee trust, exchange knowledge frequent and job satisfaction and then become key points to enhance employees' engagement.

**Research limitations/implications** – Future research is required to validate across regions and organisations to in light of the findings of the topic study.

**Practical implications** – Organisational leaders and employees obtain a better understanding of ethics and organisation management field, hence employees and leaders must encourage ethical values as code of conduct in the workplace.

**Originality/value** – This study demonstrated the extent of the Khan concept for a combination of employee engagement, ethical leadership and KS. It also incorporates employee job satisfaction and the organisational engagement among employees.

**Peer review** – The peer review history for this article is available at: <https://publons.com/publon/10.1108/IJSE-03-2023-0218>

**Keywords** Ethical leadership, Trust, Knowledge sharing, Employees' job satisfaction, Work engagement

**Paper type** Research paper

## 1. Introduction

In the modern era, Enron was followed by other ethics scandals in business, government, sports, social organisations and religious organisations. It raised questions about the ethical leadership of the organisation (Mohd Ghazali, 2021). A leader has a crucial role in being the driving force of ethical behaviour for employees and organisations (Ramlawati *et al.*, 2023; Yazdanshenas and Mirzaei, 2023). Therefore, the government and professional organisations should develop clear ethical standards and laws in business and professional organisations for leaders and employees. It embedded stakeholder trust because ethical leadership is a source of wellspring to bring organisation sustainability, competitive advantage and most importantly, to regain people's trust. Leadership refers to the process of influencing others to understand and agree, and it also facilitates action to achieve personal and organisational goals (Yukl *et al.*, 2009). When leaders work based on ethical standards, employees feel safe and have more trust in the workplace, which facilitates reciprocity (Rutten *et al.*, 2016), knowledge sharing (KS) (Curado and Vieira, 2019; Engelbrecht *et al.*, 2017; Majeed and

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The author is grateful to the journal's editing team and anonymous referees for the useful suggestions to improve and the chance to publish the paper.

*Conflict of interest:* The author declares that he has no conflict of interest.

*Ethical approval:* All procedures performed in studies involving human participants were in accordance with the ethical standards of the institutional and/or national research committee and with the 1964 Helsinki declaration and its later amendments or comparable ethical standards.

*Funding:* This research has not received any funding.



Samreen, 2021), job satisfaction (Özsungur, 2020) and work engagement (Özsungur, 2019). Indonesians have a particular problem with white-collar crime in government positions such as ministers, governors and auditors through financial report misstatement. In the private and public context, the number of leaders suspected of abusing their power to manipulate their financial reports and corruption indicators has become a critical issue (Rustiarini *et al.*, 2021). A high level of ethical leadership in the workplace is essential to ensure employees act in accordance with the organisation's goals and ethical codes.

The presence of ethical leadership has become a filter within government and also a factor in achieving organisational goals as well as employee trust and work engagement (Koay and Lim, 2022; Rechberg and Syed, 2013). However, in developing countries such as Indonesia, progress in fighting corruption has been slow (Quah, 2020; Rustiarini *et al.*, 2021). As of 2022, Indonesia's Corruption Perception Index (CPI) score is 34/100 and ranks 110/180 in the world. This score has increased by 2 points since 2012, compared to over thirty-two points in the previous decade (Transparency International, 2023). It's in line with African countries such as Gambia, Malawi and Sierra Leone, as well as Nepal in South Asia. In addition, Colombia, Argentina, Brazil, Ethiopia and Equatorial Guinea do much better, despite facing political instability and low social capital. Overall, ethical leadership can be seen as an innovative approach to enhancing employee engagement in the workplace by preventing unethical behaviour (Ramlawati *et al.*, 2023).

In view of the numerous ethical scandals in numerous private, public, religious and social organisations, there is a lack of ethical leadership. It makes the trustworthiness of the people plummet. From a normative or philosophical standpoint, several academics have written about ethics and leadership and made recommendations for what leaders should do. However, a more developed and integrated social science perspective on ethics and leadership is still lacking (Bavik *et al.*, 2018; Jia *et al.*, 2022; Ramlawati *et al.*, 2023). Basic queries, such as what constitutes ethical leadership, have been raised in response to ethical scandals. How does trust among employees, information exchange and job satisfaction differs under ethical leadership? How ethical leadership influences employee work engagement toward trust, knowledge sharing, and job satisfaction Therefore, this study conducted a comprehensive ethical leadership framework and linked it to employees' social capital dimensions in order to clarify the current situation and provide insights for future research from the perspective of public and private organisations.

Previous research also focused on the social or organisational level based on the impact of organisational characteristics on the effectiveness of ethical leadership (Al Halbusi *et al.*, 2021; Bavik *et al.*, 2018; Engelbrecht *et al.*, 2017). Therefore, this study examines the fundamental aspect of social learning theory (SLT) (Bandura, 1977), which assumes that employees' personal behaviour is formed by observing the behaviour of the leader and other people. According to the SLT, employee and organisation management is closely related to the personality and ability of the leader to empower other employees and share information and knowledge. In addition, learning from ethical leaders can increase employee job satisfaction and work engagement. Therefore, the main objective of this study was to investigate the influence of leadership ethics on employee work commitment, trust and exchange of knowledge and job satisfaction. In their research, Singh (2022) and Xia and Yang (2020) recommended that future studies validate the effect of ethical leadership on employees' trust and KS, which could possibly also influence employees' job satisfaction and work engagement in a private and public organisation context.

## 2. Literature review and research hypotheses development

### 2.1 Social learning theory and ethical leadership

Social learning theory suggests that ethical leaders influence the moral behaviour of society and individuals (Brown *et al.*, 2005). The way members of an organisation behave develops

through personal experience and observation of other leaders' behaviour. If the aim is to promote ethical behaviour in organisations, the process becomes essential as role modelling influences the workforce to pick up on the expectations, organisational benefits and consequences of organisation members' behaviour. Organisational leaders communicate the potential relevance of normatively appropriate behaviour to employees through moral leaders who explain the acquisition and regulation of observational learning (Bandura, 1977). It requires organisational leaders and employees to act as admirable and reliable role models (See Table 1). Ethical leadership has an effect on followers because it provides direction that followers cognitively assimilate to generate critical self-reactions and direct further actions (Ren and Chadee, 2017). This is because leaders now set the tone for the behaviour of their followers. Ethical leaders foster a sense of belonging as team members by discussing the popular issues of the organisation and their opinions and by participating in the decision-making process. Actively discussing, exchanging ideas and sharing knowledge may influence job satisfaction (Håvold *et al.*, 2021). The main value of trust and the moral component of social learning theory adequately conceptualises the influence of ethical leadership; it has become the result of employee behaviour, job satisfaction and work engagement (Özsungur, 2020; Ren and Chadee, 2017; Yazdanshenas and Mirzaei, 2023).

### *2.2 Ethical leadership, trust, knowledge sharing and job satisfaction*

Ethical leadership refers to certain activities of employees in the workplace as well as their interpersonal interactions with organisational leaders and their colleagues. It is related to personal qualities such as sincerity, reliability, altruistic motivation, moral obligation and employee competence (Rechberg and Syed, 2013). Ethical scandals in organisations have a strong correlation to ethical leadership because the organisation's code of conduct plays a central role in driving and guiding employee behaviour (Poma *et al.*, 2023). For example, ethical leadership has a positive and significant impact on employees' trust in their leader and the sustainability of the organisation (Engelbrecht *et al.*, 2017; Kmiecik, 2021). In some organisational contexts, ethical leadership also has positive effects on employees' attitudes and behaviours (Al Halbusi *et al.*, 2021), KS (Amber *et al.*, 2022; Bavik *et al.*, 2018) and job satisfaction (Ren and Chadee, 2017). The organisation management is based on trustworthiness and willingness to engage in respectful dialogue and interaction among employees. Ethical leadership emerges through two-way communication and trustworthiness to reduce fundamental barriers and pursue KS and trust among members of the organisation, which subsequently influences employee job satisfaction (Amber *et al.*, 2022; Håvold *et al.*, 2021; Koay and Lim, 2022; Mason and Leek, 2008).

*H1.* Ethical leadership has a positive impact on employee trust.

*H2.* Ethical leadership has a positive impact on employee KS.

*H3.* Ethical leadership has a positive impact on employee job satisfaction.

### *2.3 Employees trust, knowledge sharing and work engagement*

When working in a team atmosphere, trust is crucial to promoting KS among employees in an organisational setting (Edmondson, 1999). It has become a strategic resource and value to address the goals and sustainability of the organisation (Goswami and Agrawal, 2023). Recently, knowledge management has gained momentum among researchers due to the unethical behaviour of organisational leaders and rapid changes in the working environment. Building trust requires effective leadership, especially authentic and open leadership approaches (George, 2003). Trust among colleagues helps employees to develop significantly in terms of information and technology and shifts KS activities from traditional methods to



| No. | Authors                                     | Research domain and study constructs  | Methodology   | Results   |
|-----|---|---|---|---|
| 1   | <a href="#">Al Halbusi et al. (2021)</a>    | Private sector<br>Ethical leadership, ethical climate and ethical behaviour in Iraq                                     | Quantitative<br>through two-wave data collection    | Moderate relationship between ethical leadership, ethical conduct and ethical behaviour   |
| 2   | <a href="#">Amber et al. (2022)</a>         | Public sector<br>Ethical leadership and knowledge sharing in Pakistan   | Quantitative<br>Structural equation modelling (SEM) | Ethical leadership has positive and significant effect to knowledge sharing activity  |
| 3   | <a href="#">Atapattu and Huybers (2021)</a> | Multi-national companies (MNC)<br>Team work, performance, knowledge management and employees engagement in Sri Lanka    | Quantitative<br>Structural equation modelling (SEM) | Team work, performance, knowledge management play important role in influencing employees' engagement                                     |
| 4   | <a href="#">Bavik et al. (2018)</a>         | Multi-national companies (MNC)<br>Ethical leadership, moral identity and knowledge sharing among employees in Hong Kong | Quantitative<br>Structural equation modelling (SEM) | Ethical leadership has positive and significant effect to knowledge sharing activity with and without moral identity as mediator          |
| 5   | <a href="#">Curado and Vieira (2019)</a>    | Small- and medium-sized enterprises (SMEs)<br>Trust, knowledge sharing and commitment to organisation in Portuguese     | Quantitative<br>Partial Least Square (PLS)          | Trust has positive and significant effect to knowledge sharing and employees' commitment to organisation                                  |
| 6   | <a href="#">Engelbrecht et al. (2017)</a>   | Private sector<br>Ethical leadership, psychological capital, knowledge sharing and knowledge creation in South Africa   | Quantitative<br>Structural equation modelling (SEM) | Ethical leadership has positive and significant effect to worker trust and engagement in work environment                                 |
| 7   | <a href="#">Goswami and Agrawal (2023)</a>  | Public sector<br>Ethical leadership and knowledge sharing in India  | Quantitative<br>Structural equation modelling (SEM) | Ethical leadership has positive and significant effect to worker psychological well-being and also knowledge sharing and creation process |
| 8   | <a href="#">Håvold et al. (2021)</a>        | Public sector<br>Trust, job satisfaction and work engagement in Norway  | Quantitative<br>Structural equation modelling (SEM) | Trust has positive and significant effect to worker job satisfaction and work engagement  |
| 9   | <a href="#">Kmieciak (2021)</a>             | Public sector<br>Trust and knowledge exchange in Poland   | Quantitative<br>Partial least square (PLS)          | Trust has positive and significant effect to worker knowledge exchange process  |
| 10  | <a href="#">Koay and Lim (2022)</a>         | Public sector<br>Ethical leadership, knowledge sharing and worker organisation commitment in Malaysia                   | Quantitative<br>Structural equation modelling (SEM) | Ethical leadership has positive and significant effect to knowledge sharing, and worker work engagement                                   |
| 11  | <a href="#">Özsungur (2019, 2020)</a>       | Private sector<br>Ethical leadership and work engagement in Turkey  | Quantitative<br>Structural equation modelling (SEM) | Ethical leadership has positive and significant effect to worker work engagement  |

**Table 1.**  
Structured literature review of research study

(continued)

| No. | Authors                      | Research domain and study constructs   | Methodology   | Results   |
|-----|------------------------------|--|---|---|
| 12  | Ren and Chadee (2017)        | Private sector<br>Ethical leadership and job satisfaction in China                   | Quantitative<br>Structural equation modelling (SEM) | Ethical leadership has positive and significant effect to worker self-efficacy and job satisfaction                   |
| 13  | Rutten <i>et al.</i> (2016)  | Private sector<br>Trust and knowledge sharing in the Netherlands                     | Quantitative<br>Structural equation modelling (SEM) | Trust has positive and significant effect to worker knowledge sharing activity  |
| 14  | Singh (2022)                 | Private sector<br>Job satisfaction, knowledge sharing and work engagement in the USA | Quantitative<br>Structural equation modelling (SEM) | Job satisfaction has positive and significant effect to worker knowledge sharing activity and engagement in workplace |
| 15  | Pradhan <i>et al.</i> (2019) | Public sector<br>Ethical leadership, job satisfaction and worker engagement in India | Quantitative<br>Structural equation modelling (SEM) | Ethical leadership has positive and significant effect to worker job satisfaction and engagement                      |
| 16  | Mohd Gazali (2021)           | Private sector<br>Corporate ethics and ethical judgement in Malaysia                 | Quantitative<br>Structural equation modelling (SEM) | Corporate ethical value has positive and significant effect to accountant ethical judgement                           |

Source(s): The author's work

Table 1.

online platforms based on reciprocity (Curado and Vieira, 2019; Kmiecik, 2021; Håvold *et al.*, 2021). Trust and KS in team settings also play an important role in enhancing employee relationships (Kahn, 1990). It suggests employees' work engagement, which may be followed by employees' trust levels and KS behaviour (Pradhan *et al.*, 2019; Singh, 2022). It proves that leadership ethical principles and factors such as trust play an important role in employee engagement in the workplace. In addition, KS can be effectively addressed through trust (Sumiyana *et al.*, 2022; Tynan, 2005; Xia and Yang, 2020). Clearly, there is a deeper relationship between ethical leadership, trust, KS and employee engagement in the workplace.

H4. Trust has a positive effect on employee KS.

H5. Trust has a positive effect on employee work engagement

H6. Trust has a positive effect and mediates the relationship between ethical leadership and work engagement.

#### 2.4 Knowledge sharing, job satisfaction and work engagement

In addition to trust, employee job satisfaction plays an important role in organisational success (Håvold *et al.*, 2021; Ren and Chadee, 2017). KS also has a positive effect on employees' work engagement (Schaufeli and Salanova, 2011). The growing number of companies operating globally also develops prospects for sharing information and knowledge, which directly affects work outcomes (Junaiddi *et al.*, 2020). Employee KS has a positive effect on effective work engagement and makes employees work creatively and innovatively (Joplin *et al.*, 2021; Özsungur, 2019; Rutten *et al.*, 2016). The effect of employee KS on job satisfaction and work engagement is not always the same because of geographical, cultural and educational disparities. It also enables employees to share their work-related knowledge and

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increases their efforts towards innovative and collaborative work (Sumiyana *et al.*, 2022). Some academics are attempting to confirm the link between involvement and knowledge exchange. For example, Xia and Yang (2020) found that KS has a positive effect on employee engagement and motivation. It also has a crucial role for organisational leaders and employees in sharing knowledge within and across organisations (Joplin *et al.*, 2021). Atapattu and Huybers (2021) and Håvold *et al.* (2021) argue that employees' job satisfaction and work engagement are positively influenced by KS activities. This finding is supported by Singh (2022) who showed that KS has a critical effect on employee work engagement. Accordingly, the following hypotheses have been proposed.

- H7. KS has a positive effect on employee job satisfaction.
- H8. KS has a positive effect on employee work engagement.
- H9. KS has a positive effect on mediating the relationship between ethical leadership and employees work engagement.

### *2.5 Job satisfaction and employees' work engagement*

Schaufeli and Salanova (2011) define work engagement as positive fulfilment and work towards positive characterisation and commitment. Employees are invested in their jobs and the organisation they work for. In this situation, employees are more motivated to generate more work resources and carry out rote jobs that take longer and require more time and skill. Organisational leaders who are ethical, have a sense of belonging and are engaged with their work have a positive impact on motivating employees to improve their performance and come up with innovative ideas (Joplin *et al.*, 2021). Preliminary studies conclude that work engagement is strongly correlated with employees' job satisfaction and organisational commitment (Atapattu and Huybers, 2021; Huang, 2009).

Furthermore, employees' job satisfaction also has a crucial impact on the work environment (Håvold *et al.*, 2021). This shows the significance of building a positive workplace culture to increase trust, motivation and engagement. In addition, a high level of employee engagement implies a high level of energy and organisational performance resulting from the ethical leadership of the organisation (Gallego-Alvarez *et al.*, 2020). An increasing number of global issues are also developing insights into KS and social capital as one of the units. It makes employees work more creatively (Joplin *et al.*, 2021; Ren and Chadee, 2017). It also allows employees to share their skills to enhance their efforts in innovative work and to share valuable information, knowledge, ideas and expertise. Accordingly, the following hypotheses:

- H10. Job satisfaction has a positive effect on employee work engagement.
- H11. Job satisfaction has a positive role in mediating the relationship between ethical leadership and employees work engagement.

## **3. Methodology**

### *3.1 Questionnaire design*

The ethical leadership scales have ten items (Brown *et al.*, 2005). Trust was adopted from Lee and Choi (2003), which refers to the trust employees feel in their leaders, integrity, trust and a sense of loyalty to their leaders. KS is taken from Davenport and Prusak (1998) and Huang (2009). Employees' job satisfaction is taken from Håvold *et al.* (2021), and work engagement consists of seven items and is taken from Albrecht *et al.* (2015). Indonesian Islamic bank employees were invited to participate in this survey from November to

December 2021. This study also applied a pre-test and pilot test to validate all measurement items and avoid bias issues (Hair *et al.*, 2019; Podsakoff *et al.*, 2003). The participants were 680 Islamic bank employees working in accounting and finance departments. However, 610 samples were legitimate, which indicates that 93.43% of the data were responded to (See Table 2). The respondents received the questionnaires via Google Forms anonymously and at random after being formally invited to their offices. This protects against bias issues and guarantees the survey's objectivity.

In this study, respondents were asked to complete the questionnaire anonymously, and the measurement items were randomly arranged and the construct labels hidden to reduce respondents' concerns when completing the questionnaire (Podsakoff *et al.*, 2003). As for post-detection, this study applied the Harman's single-factor test proposed by Eichhorn (2014) and the common latent factor (CLF) to conduct post-detection because of the inherent weakness of the Harman's single-factor test to detect the CMV. In addition, the proposed model and study assumptions were tested using structural equation modelling (SEM). The two-step method suggested by Hair *et al.* (2019), specifically CFA, was employed in this study to evaluate the validity and reliability of the study constructs.

## 4. Results

### 4.1 Measurement and structural model

In Table 3, shown the model fit of the data to the proposed model was adequate in the confirmatory factor analysis (CFA) model (Anderson and Gerbing, 1988; Hair *et al.*, 2019). Moreover, eleven research hypotheses were confirmed (Figure 1). This study confirmed the favourable and significant effects of ethical leadership on trust, knowledge exchange and job satisfaction ( $\gamma_{11} = 0.701, p < 0.001$ ;  $\gamma_{21} = 0.496, p < 0.001$ ;  $\gamma_{31} = 0.554, p < 0.001$ ), supporting H1, H2 and H3. Additionally, trust has a positive effect on KS and less of an impact on work engagement among employees ( $\beta_{21} = 0.285, p < 0.001$ ;  $\beta_{41} = 0.016, p > 0.05$ ), thus supporting H4 and not supporting H5 in this study. Furthermore, KS has a positive impact on job satisfaction and work engagement ( $\beta_{32} = 0.304, p < 0.001$  and  $\beta_{42} = 0.146, p < 0.05$ ), supporting H7 and H8. Moreover, this study also shows that job satisfaction has a significant and positive impact on work engagement ( $\beta_{43} = 0.256, p < 0.001$ ), thus supporting support for H10. It can be seen in Table 4 the mediator variables in mediate the relationship between ethical leadership and work engagement.

| Demographic items       | Frequency | Percentage (%) |
|-------------------------|-----------|----------------|
| Gender                  |           |                |
| Male                    | 315       | 51.6           |
| Female                  | 295       | 48.4           |
| Age                     |           |                |
| Under 30 years old      | 118       | 19.3           |
| 31~45 years old         | 221       | 36.2           |
| Over 45 years old       | 271       | 44.5           |
| Education               |           |                |
| Bachelor's and below    | 369       | 60.5           |
| Master's and Ph.D.      | 241       | 39.5           |
| Time period as employee |           |                |
| Below 10 years          | 172       | 28.2           |
| 11~25 years             | 227       | 37.2           |
| Over 25 years           | 211       | 34.6           |

Source(s): The author's own work

**Table 2.**  
Respondent demographics

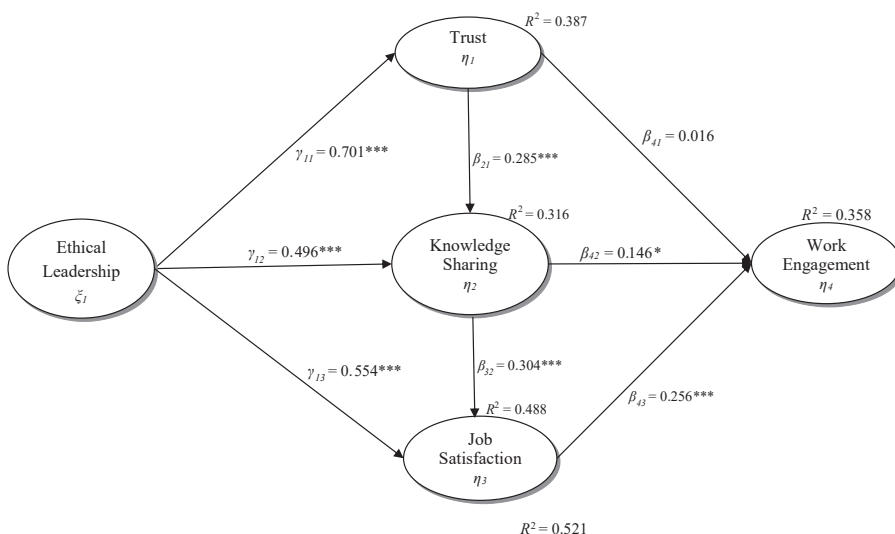
| Variables<br>Item scales  | Factor<br>loadings | $\alpha$ | CR    | AVE   |
|---|--------------------|----------|-------|-------|
| <i>Ethical leadership</i>   |                    | 0.933    | 0.935 | 0.590 |
| EL1: Our leader conducts his/her personal life in an ethical manner                             | 0.683              |          |       |       |
| EL2: Our leaders have shown strong concern for ethical and moral values                         | 0.707              |          |       |       |
| EL3: Our leaders communicate a clear ethical standard for employee                              | 0.746              |          |       |       |
| EL4: Our leaders have shown ethical behaviour in her/his decisions and actions                  | 0.797              |          |       |       |
| EL5: Our leaders discipline employees who violate ethical standards                             | 0.748              |          |       |       |
| EL6: Our leaders make fair and balanced decisions   | 0.827              |          |       |       |
| EL7: Our leaders can be trusted   | 0.810              |          |       |       |
| EL8: Our leaders discuss business ethics or values with employee                                | 0.835              |          |       |       |
| EL9: Our leaders are fair and objective when evaluate employee performance                      | 0.798              |          |       |       |
| EL10: Our leaders hold employee accountable for using ethical practises in our work             | 0.805              |          |       |       |
| <i>Trust</i>  |                    | 0.869    | 0.871 | 0.575 |
| TR1: I trust my leader  | 0.698              |          |       |       |
| TR2: I trust the integrity of my leader   | 0.743              |          |       |       |
| TR3: I have confidence that my leader will treat us fairly                                      | 0.787              |          |       |       |
| TR4: I am satisfied with my leader ethics   | 0.803              |          |       |       |
| TR5: I have a strong sense of belonging to my leader  | 0.757              |          |       |       |
| <i>Knowledge sharing</i>  |                    | 0.920    | 0.923 | 0.572 |
| KS1: If I get something new, I tell my colleagues about it                                      | 0.751              |          |       |       |
| KS2: I share information I have with my colleagues  | 0.753              |          |       |       |
| KS3: I think it is important that my colleagues know what I am doing                            | 0.715              |          |       |       |
| KS4: I regularly tell my colleagues what I am doing   | 0.729              |          |       |       |
| KS5: When I need certain knowledge, I ask my colleagues about it                                | 0.798              |          |       |       |
| KS6: I like to be informed of what my colleagues know   | 0.742              |          |       |       |
| KS7: I ask my colleagues about their abilities when I need to learn something                   | 0.808              |          |       |       |
| KS8: When a colleague is good at something, I ask them to teach me how to do it                 | 0.799              |          |       |       |
| <i>Job satisfaction</i>   |                    | 0.845    | 0.901 | 0.557 |
| JS1: I have a sense of belonging to my organisation   | 0.704              |          |       |       |
| JS2: I have felt "emotionally attached" to this organisation                                    | 0.761              |          |       |       |
| JS3: My leader gives us a great deal at work place  | 0.786              |          |       |       |
| JS4: The organisation gives us a fair salary  | 0.750              |          |       |       |
| JS5: I am very happy in this organisation   | 0.766              |          |       |       |
| JS6: My leader promotes the employees fairly  | 0.721              |          |       |       |
| JS7: My leader giving enough supervision in the workplace                                       | 0.779              |          |       |       |
| <i>Work engagement</i>  |                    | 0.924    | 0.935 | 0.617 |
| WE1: We know what is expected of me at work   | 0.798              |          |       |       |
| WE2: Our goals match the vision and mission of the organisation                                 | 0.843              |          |       |       |
| WE3: We find that the work we do is useful for my company                                       | 0.815              |          |       |       |
| WE4: We feel empowered while working for our job, as it gives us confidence about our abilities | 0.746              |          |       |       |
| WE5: We believe that We are in-charge of the work we do in the organisation we work for         | 0.851              |          |       |       |
| WE6: We understand how our work contributes towards the achievement of organisational goals     | 0.756              |          |       |       |
| WE7: We are aligned with the activities of the organisation We work for                         | 0.773              |          |       |       |
| WE8: We can group collaboration in the workplace  | 0.747              |          |       |       |
| WE9: We can maintain relationships at work  | 0.729              |          |       |       |

**Note(s):** Fit statistics (N = 610)

$\chi^2/df = 3.575$ , goodness-of-fit index (GFI) = 0.928, non-normed fit index (NFI) = 0.920, comparative fit index (CFI) = 0.955, incremental fit index (IFI) = 0.957 and root mean square error of approximation (RMSEA) = 0.058

**Table 3.**  
Measurement results

**Source(s):** The author's own work



**Note(s):**  $\chi^2/df = 3.399$ , GFI = 0.905, NFI = 0.900, CFI = 0.931, IFI = 0.931 and RMSEA = 0.056, Significant at \* $p < 0.05$ , \*\* $p < 0.01$ , \*\*\* $p < 0.001$

**Source(s):** Author's own work

**Figure 1.** Structural model result

| Hypotheses | IV | M  | DV | IV → DV (c)    | IV → M (a) | IV + M → DV |         | Test result |
|------------|----|----|----|----------------|------------|-------------|---------|-------------|
|            |    |    |    |                |            | IV (c)      | M(b)    |             |
| H6         | EL | TR | WE | 0.278***       | 0.546***   | 0.351***    | 0.134** | Supported   |
|            |    |    |    | Standard error | 0.047      | 0.028       | 0.038   | 0.054       |
| H9         | EL | KS | WE | 0.261***       | 0.544***   | 0.351***    | 0.164** | Supported   |
|            |    |    |    | Standard error | 0.050      | 0.025       | 0.038   | 0.060       |
| H11        | EL | JS | WE | 0.230***       | 0.623***   | 0.351***    | 0.194** | Supported   |
|            |    |    |    | Standard error | 0.052      | 0.025       | 0.037   | 0.058       |

**Note(s):** EL: ethical leadership, TR: Trust, KS: knowledge sharing, JS: job satisfaction, WE: work engagement  
Significant at \*:  $p < 0.05$ , \*\*:  $p < 0.01$ , \*\*\*:  $p < 0.001$

**Source(s):** The author's own work

**Table 4.** Mediation effects

## 5. Discussion

### 5.1 Key findings

Overall, it can be said that a leader who applies ethical concerns in their activities as well as ethical and moral values in the workplace has a crucial role in influencing employee behaviour as an ethical principle. Clear ethical standards for employees have a strong correlation to developing a positive work environment for employees through the ability and credibility of leaders. Ethical leadership also has a positive role in influencing employees' sense of belonging to the organisation. It means that a leader enhances employees' perception and contribution to develop organisational performance and work effectively. This result confirms previous studies that found that ethical leadership has a positive effect on employee trust (Al Halbusi *et al.*, 2021; Engelbrecht *et al.*, 2017; Håvold *et al.*, 2021; Rutten *et al.*, 2016). This indicates how the relationship between interactional fairness and employee innovation

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is significantly influenced by ethical leadership. Additionally, innovative employee behaviour in the management process might encourage employees to come up with good ideas. However, moral leaders place a high value on cultivating relationships of honesty and trust with their workforce. Employees will not worry that moral leaders will impose unjust and unfair sanctions since they can perceive the honesty, competency and friendliness of such leaders through innovation and consulting activities (Atapattu and Huybers, 2021; Albrecht *et al.*, 2015). As a result, the most crucial component influencing employees' trust in the workplace environment is leadership ethics. Employees' feelings of safety will be significantly improved if they perceive ethical leadership to foster innovative behaviours.

This study suggests that ethical leadership enhances KS among employees within and across organisations. The first finding supports the findings of previous limited studies that examined the influence of leadership on KS (Bavik *et al.*, 2018; Goswami and Agrawal, 2023). Ethical leaders promote KS through incentives and sanctions that affect how employees perceive costs and benefits, as well as through moral actions that foster employee trust. They make just and reasonable decisions and define success in terms of both the results and the methods used to accomplish them. These leaders' followers impart their explicit and tacit knowledge to other members of the organisation. In addition, when conventional approaches fail, the followers of these leaders creatively apply their knowledge to create new ones. They promote creativity and innovation and look at fresh options for improved problem-solving. Ethical leaders promote fair sharing of resources and engage in principled decision making (Bavik *et al.*, 2018), which encourages followers to share their knowledge for the benefit of the organisation. An ethical leader motivates followers to express and make suggestions (Yazdanshenas and Mirzaei, 2023), enables them to generate new ideas and inspires them to generate new ideas by using their imagination (Xia and Yang, 2020). This is because knowledge of new ideas is generated through experimentation, problem solving and learning from experience (Koay and Lim, 2022).

Employees' perception of the ethical aspect of their leader has been confirmed to increase their job satisfaction. This finding is consistent with other studies (Joplin *et al.*, 2021; Poma *et al.*, 2023). In the rapidly changing private and public sector landscape, cooperation among employees servants is needed to be more effective and efficient. Leaders who demonstrate ethical behaviour and manners towards individuals will serve as a reliable model for employees to practise with their colleagues. Moreover, an ethical climate created by ethical leaders also serves as a learning platform for employees to behave in a collaborative manner (Baskoro, 2022). Islamic bank organisations often face complicated problems that require many stakeholders to make decisions (Jia *et al.*, 2022). Due to its unique characteristics, the private and public sector is more likely to be motivated by economic value. Specifically, under the influence of leadership ethics and superior-subordinate relationships, civil service motivation promotes behaviour outside the role of civil servants towards colleagues. Finally, through the prism of social learning theory (Bandura, 1977), we have explained why trust, KS and job satisfaction act as mediators between ethical leadership and employee commitment in the workplace.

KS and work satisfaction have a stronger impact on employee engagement than trust as mediating variables. However, employee work engagement suffers as a result of a lack of trust. This finding supports the notion that job satisfaction and KS both contribute positively to employee engagement (Joplin *et al.*, 2021; Singh, 2022). This suggests that effective leadership fosters both employee trust and a sense of shared identity. Trust, KS and job satisfaction also play a significant role in the ethics field in mediating the relationship between ethical leadership and employee work engagement. Employees also think that KS and work involvement satisfy their expectations as engaged and satisfied workers. As a result, it also confirms that trust, KS and job satisfaction have emerged as crucial elements in connecting employees' ethics and performance.

### *5.2 Conclusions*

Leaders in organisations in the public and private sectors, as well as business and management, can use ethical leadership as a tool. The quick advancement of information technology has made it feasible to share information and expertise. Additionally, the importance of trust, information sharing and job satisfaction is inevitable to support employee engagement. The findings offer important knowledge to inspire organisational leaders and staff to embrace the social, emotional and economic aspects of the workplace through innovation and teamwork. Employees' best efforts and dedication to the organisation, for instance, are justified by their emotions due to explicit ethical behaviour and both reward and punishment systems. In order to involve staff in the process, leaders must develop ethical behaviour and fight against ethical issues during the decision-making process. The organisation's executives must therefore act in accordance with moral principles, ethical conduct, governmental regulations and religious values in order to encourage moral behaviour in the work environment.

### *5.3 Theoretical implications*

The social learning theory has been significantly influenced by this research in a number of ways, particularly as it relates to organisations and professional ethical behaviour like that of accountants and auditors. First, the results of this study extended Kahn's and social learning theories in the business and management context. The relationship between ethical leadership and employee engagement in the workplace through trust, KS and satisfaction is attracting more attention in the field of knowledge management research. As a component of the social learning theory in action, this study demonstrates the value of moral leadership in promoting employee engagement at work. The first idea emphasises the individual efforts of employees in the workplace. Recent studies have confirmed the link between leaders and employees organisational attitudes in the setting of organisations. Therefore, the diversity of organisational culture and region is not an issue for gaining insight into employee KS, performance and employee commitment to the organisation. Second, the results show a positive impact of ethical leadership on work engagement and KS. Therefore, develop an effective communication and interaction strategy consciously with regard to design management, including ethical behaviour. It will help organisations improve their brand image and performance.

### *5.4 Practical implications*

This study presents a fresh viewpoint on organisational management from a practical standpoint. Both private and public organisations need to adopt ethical leadership as a guiding principle to enhance the knowledge-sharing environment and develop appropriate platforms to facilitate discussion forums among leaders and staff. This provides a number of benefits. First, it will give employees the opportunity to enhance their knowledge and work experience, which will ultimately increase the operational efficiency of the organisation. Additionally, it will support organisational leaders and workers in creating networks and processes that allow change and ensure their sustainability. Second, networking, responding to behaviours and individuals, socialising and sharing knowledge within and across the organisation. Third, it can help prevent employee turnover problems and retain the unique knowledge they bring to the organisation. Ultimately, it can help employees and organisations draw knowledge from employees and integrate it into the organisation's knowledge base for greater use. By creating formal and informal knowledge-sharing forums and engaging in a culture of knowledge-sharing, employees and organisations can cultivate positive feelings about emotional communication. And commit to doing their job.

This study emphasises the requirement that organisational leaders exhibit ethical leadership through their personal behaviour. It focuses on developing an environment that



encourages leaders who wish to advance ethical leadership and social capital to make decisions that are fair, honest and guided by principles. Therefore, using leadership performance indicators and leadership development programmes, management should encourage ethical principles in daily activities. In order to stop employees from acting immorally, leadership must serve as a driving force. This shows that organisations in the private and public sector might train their personnel by placing a strong emphasis on moral leadership to combat unethical behaviour and enhance organisational performance. In order to do this, leaders must give ethical leadership behaviours a high priority in their job, such as modelling ethical behaviour, advancing ethical principles and providing support. Support, promote ethical principles, act as an ethical role model and give ethical counsel. Banking organisations can create ethical leadership training programmes to teach their managers about ethical behaviour and emphasise its value for their staff. To establish relationships and encourage the values of service among employees, managers should show concern for employee welfare through their ethics policies.

### *5.5 Limitations and future research directions*

This study has a number of restrictions. First off, because the data was gathered from cross-sectional data, CMV might become a potential issue in the sample. This study used the single factor test proposed by Harman to address this problem. To thoroughly test the suggested model, next research must use a longitudinal strategy. Second, the participants were Islamic bank employees working for Indonesia, so they cannot be seen as being typical of all Indonesian workers. Therefore, various regions and perspectives should be used in future research. Future research could possibly be more representative with a larger sample. Examining the attitudes and behaviours of employees can also assist practitioners and researchers in expounding on the consequences of ethical leadership and other researched variables. Third, this study only examined employees' ethical leadership, work commitment, KS and job performance to successfully predict employees' organisational commitment. Future studies should explore other potential drivers of employee emotional engagement and job performance.

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