

# How does Ethical Leadership Influence Employee Performance? The Mediating Roles of Organizational Citizenship Behavior and Intrinsic Motivation

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**Submission date:** 06-Nov-2022 04:55PM (UTC+0700)

**Submission ID:** 1945771751

**File name:** IJBS\_file\_2\_Gabriely\_Elyas\_Tangkawarow\_6\_Nov\_22\_revised.docx (142.16K)

**Word count:** 5346

**Character count:** 32130

# How does Ethical Leadership Influence Employee Performance?

## <sup>6</sup> The Mediating Roles of Organizational Citizenship Behavior and Intrinsic Motivation

### Abstract

Employee performance and its antecedents have always been exciting research topics as employee performance impacts organizational success. Concerning this, leaders are considered to have a significant role in influencing employee performance. Despite being extensively discussed in the literature, little research has investigated ethical leadership as a construct. This research examines the impacts of ethical leadership, organizational citizenship behavior, and intrinsic motivation on performance. The novelty of this research is that it uses two mediating variables that have never been used <sup>2</sup> to examine the association between ethical leadership and performance. A quantitative method was used, and data were collected using a survey. Results indicated that ethical leadership affected organizational citizenship behavior and intrinsic motivation but did not affect employee performance. <sup>3</sup> Ethical leadership influences employee performance if mediated by organizational citizenship behavior. <sup>3</sup> These results may provide new insights for companies to manage employee performance.

*Keywords:* Ethical leadership; Employee performance; Organizational citizenship behavior (OCB); Intrinsic motivation

### 1. Introduction

Leadership has been acknowledged as one of the most critical aspects contributing to employee performance (Sugianingrat, Widyawati, da Costa, Ximenes, Piedade, & Sarmawa, 2019). This is because the leader's actions are a reflection of his employees. Therefore, a leader must apply the right leadership style to improve employee performance (Kusumah, Haryadi, Indrayanto, & Setiawan, 2021). Leadership can be defined as a relationship between leaders and employees that shows how leaders can guide and direct their employees to achieve organizational goals (Sugianingrat et al., 2019). Previous studies have investigated employee performance with various types of leadership and confirmed that ethical leadership is compelling for organizations (Metwally, Ruiz-

Palomino, Metwally, Gartzia, 2019). If an organization has an excellent ethical basis, its members will prosper and perform more effectively. Ethical leadership is a leadership style that refers to the application of behavior by norms through actions and interpersonal relationships towards organizational members through communication and decision-making (Ahmad, Donia, Khan, & Waris, 2019; Kia, Halvorsen, & Bartram, 2019).

Leaders who apply ethical leadership will act according to the proper ethics and behave ethically in their daily lives. Ethical leadership includes trustworthy behavior, appropriate behavior, and the leader's firm action against ethical violations. In addition, ethical leaders will respect and prioritize the interests of their employees because treating employees well can increase employee confidence in their leaders (Ilyas, Abid, & Ashfaq, 2020). With trust in the leader, employees will show maximum performance. Indeed, ethical leaders act as role models for their employees to behave with fairness, integrity, and morality, which results in increased job performance (Kia et al., 2019).

An ethical leader always shows a caring attitude towards his employees and will build quality relationships between workers (Khuong & Hoang Quoc, 2016). In addition, ethical leaders can inspire their employees by providing equitable compensation and managing employee ethics (Ahmad et al., 2019). These things trigger the emergence of a sense of belonging to employees in the company or what is called organizational citizenship behavior (OCB). OCB refers to voluntary actions taken by someone in an organization without wanting any form of reward or compensation (Shareef & Atan, 2019). Employees with high levels of OCB tend to be more innovative and focused on maintaining good relationships and initiative (Atatsi, Stoffers, & Kil, 2019; Shin, Hur, Lee, & Moon, 2019).

A leader has the main task of motivating employees to work effectively (Ouakouak, Zaitouni, & Arya, 2020). Interacting well with employees and providing support or rewards such as promotions and motivation are the hallmarks of ethical leadership (Ouakouak et al., 2020). Studies conducted by Potipiroon and Ford (2017) showed that ethical leadership influenced intrinsic motivation. According to Shin et al. (2019), intrinsic motivation is an individual's desire to improve their performance because they enjoy their work. The role of intrinsic motivation is very significant because it relates directly to employees. This is evidenced by previous research that proves the effect of intrinsic motivation on employee performance (Kusumah et al., 2021). Intrinsic motivation is also one of the determinants of OCB (Shareef & Atan, 2019).

This present study aims to address the differences in Kia et al. (2019) and Sugianingrat et al. (2019) studies. Kia et al. (2019) contend that ethical leadership affects employee performance; yet, Sugianingrat et al. (2019) demonstrate that ethical leadership does not affect employee performance. Moreover, this study attempts to expand

previous studies <sup>2</sup> on the relationship between ethical leadership and employee performance by incorporating two mediating variables: organizational citizenship behavior and intrinsic motivation.

## **2. Literature review**

### **2.1. Ethical Leadership**

Ethical leadership is defined as behavior between leaders and employees through personal and interpersonal relationships that are by existing norms <sup>2</sup> (Brown, Treviño, & Harrison, 2005; Ilyas et al., 2020; Joplin et al., 2021; Kia et al., 2019; Qing, Asif, Hussain, & Jameel, 2020). According to Brown et al. (2005) in Qing et al. (2020), ethical leadership is identified as the behavior of leaders who demonstrate moral behavior towards members of their organizations by providing ethical guidelines, communicating ethical standards well, and providing a clear understanding of ethical and unethical behavior. In addition, ethical leadership consists of rules for behavior in the workplace that encourage individuals to put forth their best efforts in the presence of high motivation and commitment (Ilyas et al., 2020).

Prioritizing honesty, caring, and fairness in making decisions is the attitude of leaders who apply ethical leadership (Brown et al., 2005; Qing et al., 2020; Joplin et al., 2021). The main strength of an ethical leader is being able to bring his employees to behave normatively and focus on the ethical treatment of others (Shareef & Atan, 2019). Ethical leaders will develop relationships with their employees to trust each other (Ahmad et al., 2019). Ethical leaders have characteristics such as being humble, confident, and upholding justice (Javed, Rawwas, Khandai, Shahid, & Tayyeb, 2018; Yang & Wei, 2017; Shareef & Atan, 2019). Therefore, an ethical leader will treat his members well and become a role model in the organization or company (Brown & Treviño, 2006; Qing et al., 2020). As role models, ethical leaders must show good moral attitudes by being fair to their employees, having moral principles, and following up on employees who misbehave with ethics <sup>2</sup> (Ann, Lee, & Yun, 2018). The application of ethical values by leaders will affect the performance of their employees because indirectly, employees will learn the attitudes and actions of leaders who are their role models (Javed et al., 2018).

### **2.2. Organizational Citizenship Behavior**

According to Saira, Mansoor, and Ali (2021), organizational citizenship behavior (OCB) is the behavior of an employee that is not included in his job description but produces something good and increases effectiveness for the company. These behaviors are initiatives carried out by employees and are entirely self-willed (Aloustani et al., 2020). OCB refers to the behavior of individuals who carry out work activities for the betterment of the organization. In addition to playing a role in increasing organizational effectiveness and progress, OCB is also

believed to be able to increase company efficiency by contributing to change, innovation, and adaptability (Saira et al., 2021). OCB is a behavior shown by someone without expecting anything in return (Widyaningrum, 2020). An employee who shows OCB will do work that is not his obligation or can be said to be doing work outside his formal duties (Aloustani et al., 2020). OCB increases organizational functionality; in this case, the intended function is relationship development and structural and managerial cognition (Basu, Pradhan, & Tewari, 2017). OCB has five dimensions: altruism, conscientiousness, sportsmanship, courtesy, and civic virtue (Saira et al., 2021).

### **2.3. Intrinsic Motivation**

Intrinsic motivation can be defined as an activity carried out for definite satisfaction (Ryan & Deci, 2000). An individual with intrinsic motivation will complete his work by focusing on the action rather than being oriented toward external rewards (Almeida et al., 2016; Almeida, Lesca, & Canton, 2016). Intrinsic motivation is related to the <sup>6</sup>performance of an activity for the inherent satisfaction and enjoyment of the activity itself (Shareef & Atan, 2019). Intrinsic motivation is essential for an employee because it is needed to develop tacit knowledge or develop and manage employee knowledge (Almeida et al., 2016). According to Shin et al. (2019), intrinsic motivation is the desire or willingness of individuals to increase their efforts because they enjoy their work. Several studies that discuss intrinsic motivation show the importance of intrinsically motivated individuals because these individuals will show high involvement in work activities (Shin et al., 2019). Intrinsic motivation is the extent to which an individual finds interest and pleasure in work to motivate the individual to provide more energy without expecting a reward (Potipiroon & Ford, 2017). Intrinsic motivation comes from the individual's interest in the behavior, in contrast to extrinsic motivation, which shows individual motivation based on the rewards to be given (Almeida et al., 2016).

### **2.4. Employee Performance**

Employee performance is an action that leads to an employee's ability to fulfill the job requirements (Clercq, Haq, & Azeem, 2018). According to Widyaningrum (2020), employee performance results from the work employees do for the organization, individually and in groups. Employee performance will adjust to the authority and responsibility given by the organization to be able to achieve the vision, mission, and goals of the organization. Employee performance is the capability of employees to meet expectations and achieve work targets (Atatsi et al., 2019). Employee behavior will show how much they want to contribute to the organization's success and their motivation to complete their work (Pawirosumarto, Bachelor, & Muchtar, 2017). It is believed that employee

performance can be improved through training because employees will gain new knowledge and abilities (Diamantidis & Chatzoglou, 2019).

## **2.5. Research Hypotheses**

Kia et al. (2019) stated that ethical leadership positively relates to employee performance. Previous studies have also proven that if a leader applies ethical leadership, it will improve the performance of his employees both individually and in groups (Brown et al., 2005; Ouakouak et al., 2020). An ethical leader is seen as a role model for his employees because they demonstrate ethical and highly moral behavior that impacts the organizational environment (Ouakouak et al., 2020). Leaders will be good role models if they practice work ethics, behave fairly, and care about their organizational members (Brown & Treviño, 2006; Ahn et al., 2018). Organization members who imitate and learn from leaders will do their work sincerely, resulting in high employee performance (Ahn et al., 2018). Hence, the first hypothesis in this study is:

H<sub>1</sub>: ethical leadership influences employee performance

Research conducted by Shareef and Atan (2019) found that ethical leadership positively influences OCB. Ethical leadership influences increasing OCB because an ethical leader can inspire his employees with fair and open behavior (Aloustani et al., 2020). Ethical leadership exhibits a relaxed attitude in communicating, listening to what employees say, and encouraging employees to express their thoughts and opinions. In addition, a leader who applies ethical leadership tends to have an honest and humble attitude. This leadership behavior will make followers feel psychologically safe and show OCB behavior (Shareef & Atan, 2019). Another study conducted by Mo and Shi (2017) demonstrated a positive relationship between ethical leadership and OCB. Ethical leaders, as moral leaders, play an essential role in developing employees' understanding of the organization. Employees will imitate the behavior of their leaders with the interactions they do every day. Employees understand which actions are right and wrong through the behavior of their leaders (Mo & Shi, 2017). Therefore, leaders with high ethical values will have followers who show OCB (Robbins & Judge, 2013, p. 386-387). Thus, the second hypothesis is set as follows:

H<sub>2</sub>: ethical leadership influences OCB

Intrinsic motivation is related to the performance of an activity carried out for the inherent satisfaction of the job (Shareef & Atan, 2019). An ethical leader will assist members of his employees in implementing personal autonomy and subjectivity in applying manners that are by moral values. A leader who facilitates members of his employees in developing themselves will indirectly impact increasing competence and increasing their intrinsic motivation (Shareef & Atan, 2019). <sup>6</sup> When ethical leaders emphasize the influence of individual work to achieve

organizational goals, it will give meaning and value to the job. As a result, employees will feel that their work is more challenging and meaningful, so intrinsic motivation will significantly increase (Shareef & Atan, 2019).

Hence, the third hypothesis is set as follows:

H<sub>3</sub>: ethical leadership influences intrinsic motivation

Previous studies have also confirmed that OCB can improve employee performance (Sugianingrat et al., 2019; Widyaningrum, 2020). OCB is the act of an individual who voluntarily performs work that is not required of the individual and does not expect any reward. Research on OCB has progressed, so Atatsi et al. (2019) redefine OCB as a performance that supports the social and psychological environment in which the employee's performance resides. Employees who demonstrate OCB will engage in innovation, learning, and promoting performance (Atatsi et al., 2019). Thus, the fourth hypothesis is set as follows:

H<sub>4</sub>: OCB influences employee performance

The existence of meaning in the work environment will encourage employees to have greater intrinsic motivation (Guo, Liao, Liao, & Zhang, 2014; Moon, Youn, Hur, & Kim, 2020). Employees who view their work environment as meaningful are internally motivated and will give their full time and energy to the organization. These things will undoubtedly lead to organizational success. Furthermore, employees with intrinsic motivation will show a desire to develop from within themselves, and a willingness to grow will affect performance within the organization. Another study by Shin et al. (2019) also shows the influence between employee performance and intrinsic motivation. Intrinsically motivated individuals will involve themselves in work activities because they are attracted to them and provide their satisfaction. In addition, individuals with intrinsic motivation show persistence in completing work. This persistence will lead to the success of individual performance. Based on the explanations above, the fifth hypothesis is set as follows:

H<sub>5</sub>: Intrinsic motivation influences employee performance

Past studies concluded that <sup>5</sup>ethical leadership influences OCB (Mo & Shi, 2017; Shareef & Atan, 2019; <sup>5</sup>Sugianingrat et al., 2019; Aloustani et al., 2020). From an ethical perspective, OCB is driven by ethical leaders with their roles as role models. When leaders show altruistic behavior, such as caring and being responsible for their employees, employees will try to imitate and show OCB. Therefore, OCB is one of the most critical factors in determining behavior, attitudes, and interactions related to work (Aloustani et al., 2020). Based on the research mentioned above, which shows a partial association between ethical leadership and OCB and performance with OCB, it can be indicated that OCB can act as a mediation between the two variables. Hence, the sixth hypothesis is:



H<sub>6</sub>: Ethical leadership influences employee performance through OCB

Leaders have an important role in motivating their employees to perform and help increase the effectiveness of the work (Ouakouak et al., 2020). Employees who are led by ethical leaders who trust their employees and apply integrity will demonstrate that their psychological needs are met. Ethical leaders are believed to maintain employee intrinsic motivation with behavior that cares, protects, and provides opportunities for employees to develop, express opinions, and interact with their leaders (Ouakouak et al., 2020). Furthermore, Shin et al. (2019) and Moon et al. (2020) show the relationship between employee performance and intrinsic motivation. Individuals' thoughts, feelings, and desires will affect their work behavior. The studies mentioned earlier establish a relationship that is related to each other, such as the relationship of ethical leadership to intrinsic motivation and employee performance to intrinsic motivation. Therefore, it can be assumed that intrinsic motivation can mediate between ethical leadership and employee performance. The seventh hypothesis proposed in this study is:

H<sub>7</sub>: Ethical leadership influences employee performance through intrinsic motivation

**2.6. Conceptual Model**

Grounded on the proposed hypotheses, the conceptual model is shown in Figure 1.

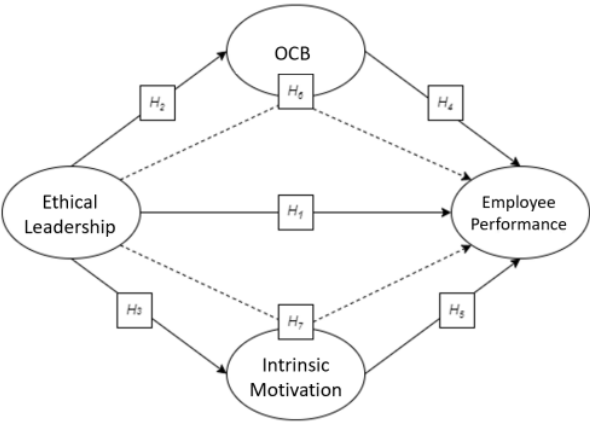


Figure 1. Conceptual Model



### 3. Methods

#### 3.1. Sampling and Data Collection

This research was quantitative and causal as it aimed to investigate the relationship between ethical leadership and employee performance through intrinsic motivation and OCB as mediating variables. The sample for this study was back-office employees at a private-owned transportation company in Balikpapan, East Kalimantan. Back-office employees handle reports and other office administration matters and directly report their accountability reports to their leaders (supervisor/superintendent). The technique used in this research is non-probability sampling. The criteria used in this study are back-office employees who work at the company and have a minimum of one year of work experience, assuming that employees understand their work environment and feel the impact of leadership shown by the leader. A survey was distributed during working hours within two weeks to collect data. The total number of respondents is 65. The respondents' profile is demonstrated in Table 1.

Table 1. Demographic Profile of Respondents

	Profile	Frequency (person)	Percentage (%)
Gender	Males	37	57%
	Females	28	43%
Age	18-29	51	78%
	30-41	10	15%
	42-53	4	6%
Work Experience	1-5 Years	52	80%
	5-10 Years	9	14%
	> 10 Years	4	6%

#### 3.2. Measures

Scales were adopted from previous research on organizational behavior. Specifically, the questionnaire used in this study was a questionnaire adapted from the research of Ilyas et al. (2020); Clercq et al. (2018); Saira et al. (2021), and Almeida et al. (2016). The questionnaire adaptation process was carried out by carefully translating the questionnaire to have the same meaning between the original and the applied language (Tran, 2009, p. 16). This translation process uses back translation. Back translation is a method for translating a questionnaire. Later, the questionnaire will be translated into another language and then translated back into the original language to

ensure that the translation has the same meaning as the original language (Tran, 2009, p. 30). This study implemented a Likert Scale with 5 points, ranging from strongly disagree to strongly agree.

3.3. Data Analysis

Data obtained from filling out the questionnaire will be processed using the structural equation model (SEM) data analysis technique with the partial least square (PLS) method. The data will be processed using SmartPLS 3 software. PLS (SEM) is an analytical technique that can estimate path models with latent variables and combine information from each attribute level (Hair, Black, Babin, & Anderson, 2014). The PLS method is powerful because it is not based on specific criteria for conducting regression (Ghozali, 2014). The type of analysis used in the SmartPLS program is divided into two sub-models: the outer model, which is used to test the validity and reliability of the data obtained, and the inner model, which is used to measure the feasibility of the research model and test the proposed hypothesis.

4. Results

4.1. Evaluation of Measurement Model

The measurement model's reliability, convergent validity, and discriminant validity were all assessed. Table 2 displays the results of the measurement model. According to Hair et al. (2013), two requirements must be executed to evaluate the measurement model. Firstly, the average variance extracted (AVE) must surpass 0.5. Secondly, the measuring model must also have acceptable convergent and discriminant validity. The link between the construct and other constructs is more significant than all square root values of the AVE, as demonstrated in Table 3. In other words, the measurement model possesses discriminant validity. Therefore, it is safe to presume that all scales demonstrated adequate construct validity.

Table 2. Results of the measurement model

Variable	Composite Reliability	Cronbach's Alpha	AVE
Ethical Leadership	0.905	0.924	0.607
Employee Performance	0.862	0.888	0.571
Organizational Citizenship Behavior	0.922	0.933	0.501
Intrinsic Motivation	0.890	0.924	0.754

Table 3. Correlations among Study Constructs

Variable	1	2	3	4

Ethical Leadership (EL)	<b>1.000</b>	0.259	0.660	0.644
Employee Performance (EP)	0.259	<b>1.000</b>	0.569	0.316
Organizational Citizenship Behavior (OCB)	0.660	0.569	<b>1.000</b>	0.749
Intrinsic Motivation (IM)	0.644	0.316	0.749	<b>1.000</b>

#### 4.2. Results of Testing Hypotheses

Testing a hypothesis is conducted by examining the value of t-statistics. The hypothesis will be accepted if the value of t-statistics is more significant than 1.96 and vice versa; if t-statistics are less than 1.96, the hypothesis will be rejected. In addition, the hypothesis test also looks at the value of the p-value, if the p-value is less than 0.05, then the hypothesis is accepted, and conversely, if the p-value is more than 0.05, then the hypothesis is rejected (Sekaran & Bougie, 2016). Table 4 provides illustrations of the PLS analysis findings. As can be seen, four out of seven hypotheses are supported.

**Table 4. Hypotheses Test Results**

	Variable	t-statistics	p-value	Conclusion
<i>H<sub>1</sub></i>	Ethical Leadership > Employee Performance	0,963	0,336	Rejected
<i>H<sub>2</sub></i>	Ethical Leadership > OCB	12,197	0,000	Accepted
<i>H<sub>3</sub></i>	Ethical Leadership > Intrinsic Motivation	9,190	0,000	Accepted
<i>H<sub>4</sub></i>	OCB > Employee Performance	3,964	0,000	Accepted
<i>H<sub>5</sub></i>	Intrinsic Motivation > Employee Performance	0,949	0,343	Rejected
<i>H<sub>6</sub></i>	Ethical Leadership > OCB > Employee Performance	3,467	0,000	Accepted
<i>H<sub>7</sub></i>	Ethical Leadership > Intrinsic Motivation > Employee Performance	0,900	0,369	Rejected

## 5. Discussion

### 5.1. Summary of the findings

The study's results reveal that ethical leadership does not influence employee performance. The results of this study contradict the results of past studies, such as Ahn et al. (2018) and Kia et al. (2019). Their studies showed that ethical leadership influences employee performance. Therefore, based on the definition of ethical

leadership, we argue that it can be assumed that ethical leadership is more instrumental in directing someone to behave ethically, have good morals, and have good ethics so that it is less able to improve an employee's performance. Ethical leadership has a good value base, namely integrity. However, as a leader, it takes a variety of understandings of one's values, personality, and behavior (Sun & Shang, 2019). In improving employee performance, it is necessary to be supported by other leadership factors that impact performance, such as specific behavioral approaches (Muchinsky, 2012). One of the behaviors in question is organizational citizenship behavior (OCB), which means someone's behavior exceeds the job requirements.

Research by Guo et al. (2014) states that intrinsic motivation affects employee performance. Intrinsically motivated employees will be able to face challenges and problems related to work. Employees will pay more attention to the work tasks they do; this can improve the ability and performance of an employee (Guo et al., 2014). However, our result shows otherwise; intrinsic motivation does not affect employee performance. Intrinsically motivated employees have not been able to improve performance. Other factors are needed that can trigger an increase in employee performance, such as developmental feedback, organizational commitment, and employee spirituality (Guo et al., 2014; Potipiroon & Ford, 2017; Moon et al., 2020). Developmental feedback or providing constructive feedback can encourage the self-motivation of an employee. Because by giving feedback to employees, they can develop long-term performance (Guo et al., 2014).

Another rejected hypothesis is the <sup>2</sup>association between ethical leadership and employee performance through intrinsic motivation. <sup>2</sup>In other words, intrinsic motivation cannot mediate <sup>2</sup>between ethical leadership and employee performance. Our results demonstrate that ethical leadership can encourage intrinsic motivation but has not been able to improve employee performance. For intrinsic motivation to act as a mediator for ethical leadership, it is assumed that supporting factors such as organizational commitment are needed. Commitment to an organization means an individual desire to work for the organization (Potipiroon & Ford, 2017). Therefore, with the support of organizational commitment, intrinsic motivation will better influence <sup>2</sup>ethical leadership and employee performance.

<sup>5</sup>This study also confirmed that ethical leadership impacts OCB and intrinsic motivation. This result is in line with past studies <sup>5</sup>by Shareef and Atan (2019) and Aloustani et al. (2020). According to Aloustani et al. (2020), an ethical leader has a role that influences employee OCB because ethical leaders can inspire their employees with appropriate and integrity actions. The trust built by the leader will create an employee's sense of respect for the company and trigger employees to act voluntarily within the company. Moreover, it can be said that a leader

who applies ethical leadership will bring up OCB for employees, such as a voluntary and tolerant attitude (Saira et al., 2021).

Regarding intrinsic motivation, the greater the influence of a strong ethical leader on individuals in achieving organizational goals, the greater the intrinsic motivation of employees. Research by Shareef and Atan (2019) says that ethical leadership influences intrinsic motivation. An ethical leader who systematically interacts with and respects the aspirations of his employees will increase employee motivation (Ouakouak et al., 2020). Leaders who facilitate employees' self-development also indirectly improve employee intrinsic motivation (Shareef & Atan, 2019).

This study has found that OCB has an influence on employee performance which is in accordance with the research conducted by Atatsi et al. (2019), Sugianingrat et al. (2019), and Widyaningrum (2020). According to Widyaningrum (2020), an employee who understands his role and position will improve performance in line with organizational goals. In another sense, employees with OCB who show a sense of belonging in the organization and behave voluntarily without expecting a reward will improve performance. Another interesting result is that ethical leadership also has an indirect influence on employee performance if it is through OCB. The role of an ethical leader who inspires his employees, being fair and honest, will increase OCB attitudes (Aloustani et al., 2020). Therefore, OCB employees will improve their performance in achieving organizational goals (Widyaningrum, 2020).

## **5.2. Managerial implications**

Employees are the most critical factor for organizational success. When employees feel they are an essential part of the company, they will exhibit behavior beyond the company's expectations. This behavior also leads to voluntary behavior that, without coercion, helps effectiveness in the company, such as helping colleagues, showing a high level of attendance, and being positive in the company environment or OCB. OCB is believed to increase efficiency and effectiveness in an organization. Therefore, company leaders can inspire their employees more by being fair, employee-oriented (appreciating and prioritizing employees), and upholding integrity. Implementing this will encourage employees to bring up voluntary attitudes toward playing a role in the company. With this attitude, the performance of an employee will increase. In addition, employee performance can also be improved with encouragement or motivation for an individual, precisely intrinsic motivation. However, in fostering employee self-motivation internally, it needs to be also supported by providing constructive feedback.

Because with constructive feedback, leaders can evaluate, improve, and develop individual performance on an ongoing basis.

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### **5.3. Limitations and Directions for Future Research**

There are **several** areas where **this research's** limitations present an opportunity for additional study. First, as the samples were restricted to one private enterprise in East Kalimantan, thorough consideration needs to be practiced to generalize the findings. Also, further studies can add other variables that may influence employee performance, such as organizational commitment, developmental feedback, employee involvement, and organizational culture. Also, future research may compare it with other leadership variables, for example, transformational leadership. Finally, it is recommended to use a more significant number of respondents and varied business industries to obtain more credible results.

## **6. Conclusions**

Within this study, it can be concluded that ethical leadership has no direct influence on employee performance. Yet, the application of ethical leadership through OCB will have a good impact on employee performance. In another sense, leaders who behave ethically and are supported by employee behavior that voluntarily assists their coworkers without expecting anything will improve employee performance. To promote extra-role behavior among employees, leaders must adopt ethical leadership styles. Precisely, leaders can inspire their employees by demonstrating proper, trustworthy behavior and good ethics to increase the sense of belonging of an employee and encourage employees to behave voluntarily within the company.

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