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How does Ethical Leadership Influence Employee Performance? 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 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. Ethical leadership influences employee performance if mediated by organizational citizenship behavior. 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 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 (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 (Ahn, 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 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_1: 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$_2$: 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). 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$_3$: 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$_4$: 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_5: Intrinsic motivation influences employee performance

Past studies concluded that ethical leadership influences OCB (Mo & Shi, 2017; Shareef & Atan, 2019; 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_6: 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_7: Ethical leadership influences employee performance through intrinsic motivation

2.6.   Conceptual Model

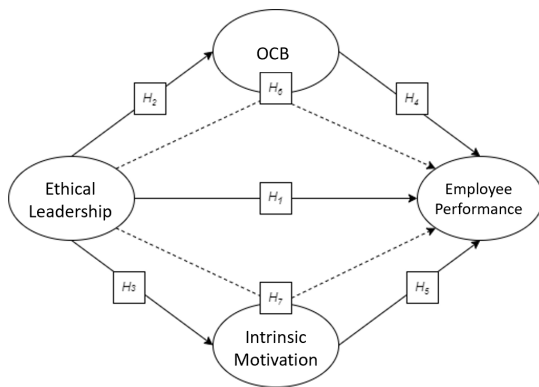Grounded on the proposed hypotheses, the conceptual model is shown in Figure 1.

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)	**1.000**	0.259	0.660	0.644
Employee Performance (EP)	0.259	**1.000**	0.569	0.316
Organizational Citizenship Behavior (OCB)	0.660	0.569	**1.000**	0.749
Intrinsic Motivation (IM)	0.644	0.316	0.749	**1.000**

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
H_1	Ethical Leadership > Employee Performance	0.963	0.336	Rejected

H_2	Ethical Leadership > OCB	1.,197	0.000	Accepted
H_3	Ethical Leadership> Intrinsic Motivation	9.190	0.000	Accepted
H_4	OCB > Employee Performance	3.964	0.000	Accepted
H_5	Intrinsic Motivation > Employee Performance	0.949	0.343	Rejected
H_6	Ethical Leadership > OCB > Employee Performance	3.467	0.000	Accepted
H_7	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 association between ethical leadership and employee performance through intrinsic motivation. In other words, intrinsic motivation cannot mediate 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 ethical leadership and employee performance.

This study also confirmed that ethical leadership impacts OCB and intrinsic motivation. This result is in line with past studies 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.

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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2. Bukti konfirmasi review dan hasil review pertama (7 November 2022)

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Sherly Rosalina Tanoto <sherlytanoto@petra.ac.id>

[ijbs] Editor Decision
1 message

IJBS Editor-in-Chief <ijbs@petra.ac.id>   Mon, Nov 7, 2022 at 2:27 PM
To: Sherly Rosalina Tanoto <sherlytanoto@petra.ac.id>, Mr <tangkawarowgabriely@gmail.com>

Sherly Rosalina Tanoto, Mr:

We have reached a decision regarding your submission to Petra International Journal of Business Studies, "How does Ethical Leadership Influence Employee Performance? The Mediating Roles of Organizational Citizenship Behavior and Intrinsic Motivation".

Our decision is: Revisions Required. Please revise the paper based on the reviewers' comments within 10 working days. Also, make a point-by-point list indicating how you revise each reviewer's comment.

Reviewer A:
Recommendation: Revisions Required

Is the topic appropriate for publication in this journal?

    Yes

Is the coverage of the topic sufficiently comprehensive and balanced?

    Yes

General Feedback and Comments (for Author):

    1. Abstract : The author needs to elaborate on the managerial implication add theoretical contribution in abstract
    2. Introduction: citation correction for all (Sugianingrat et al., 2019) etc.
    The structure of the article writing needs to be added at the end of the introduction
    3. Need population, sample and sample techniques
    4. Table 3 : it is necessary to explain the use of this table
    5. Conclusions need to be complemented by theoretical and practical contributions
    6. I suggest the authors cites more relevant articles from IJBS and another Scopus Journal

Comments and recommendations **(Only for the Editor - hidden to the Author):**

Recommendation:

    published with revisions

Reviewer B:
Recommendation: Revisions Required

Is the topic appropriate for publication in this journal?

    Yes

Is the coverage of the topic sufficiently comprehensive and balanced?

    Yes

General Feedback and Comments (for Author):

    The paper needs to improve for publication as follows.
    1. I propose to improve this title by using the word: The influence of …….instead of using How does….

2. What are the research questions? The hypotheses are determined based on the research questions
3. The authors need to define the indicators of each construct based on theoretical literature
4. The authors did not measure the validity of indicators
5. Please specify to whom these managerial implications are addressed.
6. Conclusion should summarize the research finding and its relation to the research question. Please elaborate on the conclusion in answering the research question.
7. Please expand the manuscript to reach the minimum number of words up to 6000 word
8. PLease proofread to improve the typos and grammar

Good luck

Comments and recommendations **(Only for the Editor - hidden to the Author):**

Recommendation:

published with revisions

Petra International Journal of Business Studies

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How does Ethical Leadership Influence Employee Performance? 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 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. Ethical leadership influences employee performance if mediated by organizational citizenship behavior. These results may provide new insights for companies to manage employee performance.

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

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7.   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

> **Commented [DZJHTS2]:** Sugianingrat et al., 2019

> **Commented [DZJHTS3]:** Kusumah et al., 2021

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).

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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 on the relationship between ethical leadership and employee performance by incorporating two mediating variables: organizational citizenship behavior and intrinsic motivation.

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8.   Literature review

8.1.   Ethical Leadership

Ethical leadership is defined as behavior between leaders and employees through personal and interpersonal relationships that are by existing norms (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 (Ahn, 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).

8.2.   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).

8.3.   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 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).

8.4.   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).

8.5.   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_1: 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_2: 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). 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_3: 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_4: 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_5: Intrinsic motivation influences employee performance

Past studies concluded that ethical leadership influences OCB (Mo & Shi, 2017; Shareef & Atan, 2019; 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_6: 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_7: Ethical leadership influences employee performance through intrinsic motivation

8.6. Conceptual Model

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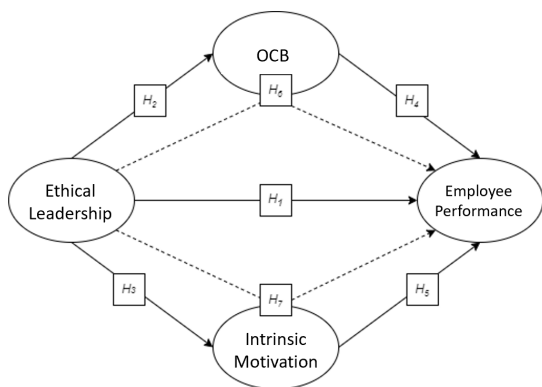
Figure 1. Conceptual Model

9. Methods

9.1. 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.

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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%

9.2.   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.

9.3.   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.

10.   Results

10.1.   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)	**1.000**	0.259	0.660	0.644
Employee Performance (EP)	0.259	**1.000**	0.569	0.316
Organizational Citizenship Behavior (OCB)	0.660	0.569	**1.000**	0.749
Intrinsic Motivation (IM)	0.644	0.316	0.749	**1.000**

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10.2. 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
H_1	Ethical Leadership > Employee Performance	0.963	0.336	Rejected

H_2	Ethical Leadership > OCB	1.,197	0.000	Accepted
H_3	Ethical Leadership> Intrinsic Motivation	9.190	0.000	Accepted
H_4	OCB > Employee Performance	3.964	0.000	Accepted
H_5	Intrinsic Motivation > Employee Performance	0.949	0.343	Rejected
H_6	Ethical Leadership > OCB > Employee Performance	3.467	0.000	Accepted
H_7	Ethical Leadership > Intrinsic Motivation > Employee Performance	0.900	0.369	Rejected

11. Discussion

11.1. 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 association between ethical leadership and employee performance through intrinsic motivation. In other words, intrinsic motivation cannot mediate 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 ethical leadership and employee performance.

This study also confirmed that ethical leadership impacts OCB and intrinsic motivation. This result is in line with past studies 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).

11.2. 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.

11.3. 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.

12. 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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3. Bukti konfirmasi submit revisi pertama melalui OJS, respon kepada reviewer, dan artikel yang di-resubmit (15 November 2022)

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Submissions

Workflow	Publication

Submission   Review   **Copyediting**   **Production**

Round 1

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[ijbs] Editor Decision	2022-11-07 02:27 PM
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▸ 🗎 1261-1 Manuscript, Manuscript The Influence of Ethical Leadership on Employee Performance through Organizational Citizenship Behavior and In.docx	November 15, 2022	Manuscript
▸ 🗎 1262-1 Other, Table of Revisions (General feedback and comments from reviewers).pdf	November 15, 2022	Other
▸ 🗎 1263-1 Other, Table of References and Scopus Index.pdf	November 15, 2022	Other
▸ 🗎 1702-1 Accepted Manuscript	December 27, 2023	Manuscript

ARTICLE: THE INFLUENCE OF ETHICAL LEADERSHIP ON EMPLOYEE PERFORMANCE THROUGH ORGANIZATIONAL CITIZENSHIP BEHAVIOR AND INTRINSIC MOTIVATION

REVIEWER 1

NO	COMMENTS	ANSWER
1	Abstract: The author needs to elaborate on the managerial implication and add a theoretical contribution to abstract	The last sentence in the abstract section, page 1
2	Introduction: citation correction for all (Sugianingrat et al., 2019), etc.	Had been corrected, pages 1-3
3	The structure of the article writing needs to be added at the end of the introduction	The last sentence in the introduction section, page 3
4	Need population, sample, and sample techniques	Sampling and data collection section, page 8
5	Table 3: it is necessary to explain the use of this table	Evaluation of measurement model section, page 10
6	Conclusions need to be complemented by theoretical and practical contributions	Theoretical and managerial contributions section, pages 15-16
7	I suggest the authors cite more relevant articles from IJBS and another Scopus Journal	• Two IJBS article citations in the introduction section: (1) Setiabudi et al., 2021, and (2) Sutanto & Valentine (2022) • We have identified the Scopus index of all the articles we have cited and included our articles identification table. Of the 29 articles, only two have not been indexed by Scopus. Two of them are articles from IJBS.

REVIEWER 2

NO	COMMENTS	ANSWER
1	I propose to improve this title by using the word: The influence of …….instead of using How does….	Page 1
2	What are the research questions? The hypotheses are determined based on the research questions	The last paragraph in the introduction section, page 2
3	The authors need to define the indicators of each construct based on theoretical literature	Measurement section, page 9

4	The authors did not measure the validity of the indicators	Evaluation of measurement model section, page 10
5	Please specify to whom these managerial implications are addressed.	For leaders and human resource managers, page 16
6	The conclusion should summarize the research finding and its relation to the research question. Please elaborate on the conclusion in answering the research question	Conclusion section, page 17
7	Please expand the manuscript to reach the minimum number of words up to 6000 word	Number of words: 6034
8	Please proofread to improve the typos and grammar	We have proofread with a native speaker and use the Grammarly facility to help check grammar and typos. The score of Grammarly is 99.

Note: The revisions we made were colored blue to make it easier for reviewers

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No	Authors	Title	Journal Name	Scopus
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2	Atatsi, E. A., Stoffers, J., & Kil, A. (2019)	Factors affecting employee performance: a systematic literature review	Journal of Advances in Management Research	Q2
3	Ayu Putu Widani Sugianingrat, I., Rini Widyawati, S., Alexandra de Jesus da Costa, C., Ximenes, M., dos Reis Piedade, S., & Gede Sarmawa, W. (2019).	The employee and OCB as mediating on employee performance	International Journal of Productivity and Performance Management	Q2
4	Basu, E., Pradhan, R. K., & Tewari, H. R. (2017).	Impact of organizational citizenship behavior on job performance in Indian healthcare industries: The mediating role of social capital.	International Journal of Productivity and Performance Management	Q2
5	Calza, F., Cannavale, C., & Tutore, I. (2016)	The important effects of national culture on the environmental proactivity of firms	Journal of Management Development	Q1
6	de Almeida, F. C., Lesca, H., & Canton, A. W. P. (2016).	Intrinsic motivation for knowledge sharing – competitive intelligence process in a telecom company	Journal of Knowledge Management	Q1
7	de Clercq, D., Haq, I. U., & Azeem, M. U. (2018).	Self-efficacy to spur job performance: Roles of job-related anxiety and perceived workplace incivility.	Management Decision	Q1
8	Guo, Y., Liao, J., Liao, S., & Zhang, Y. (2014).	The mediating role of intrinsic motivation on the relationship between developmental feedback and employee job performance.	Social Behavior and Personality	Q3
9	Eisend, M., Evanschitzky, H., & Gilliland, D. I. (2016).	The influence of organizational and national culture on new product performance.	Journal of Product Innovation Management	Q1
10	Hair, J. F., Risher, J. J., Sarstedt, M., & Ringle, C. M. (2019).	When to use and how to report the results of PLS-SEM.	European Business Review	Q1
11	Ilyas, S., Abid, G., & Ashfaq, F. (2020).	Ethical leadership in sustainable organizations: The moderating role of general self-efficacy and the mediating role of organizational trust.	Sustainable Production and Consumption	Q1
12	Joplin, T., Greenbaum, R. L., Wallace, J. C., & Edwards, B. D. (2021)	Employee entitlement, engagement, and performance: The moderating effect of ethical leadership.	Journal of Business Ethics	Q1
13	Kia, N., Halvorsen, B., & Bartram, T. (2019).	Ethical leadership and employee in-role performance: The mediating roles of organizational identification, customer orientation, service climate, and ethical climate.	Personnel Review	Q2
14	Kusumah, A. I., Haryadi, A. I., Indrayanto, A., & Setiawan, I. (2021)	A mediating and moderating role on employee performance appraisal.	Management Research Review	Q2
15	Li, A., McCauley, K. D., & Shaffer, J. A. (2017).	The influence of leadership behavior on employee work-family outcomes: A review and research agenda.	Human Resource Management Review,	Q1
16	Metwally, D., Ruiz-Palomino, P., Metwally, M., & Gartzia, L. (2019).	How ethical leadership shapes employees' readiness to change: The mediating role of an organizational culture of effectiveness	Frontiers in Psychology	Q1
17	Mo, S., & Shi, J. (2017).	Linking ethical leadership to employees' organizational citizenship behavior: Testing the multilevel mediation role of organizational concern	Journal of Business Ethics	Q1
18	Moon, T. W., Youn, N., Hur, W. M., & Kim, K. M. (2020).	Does employees' spirituality enhance job performance? The mediating roles of intrinsic motivation and job crafting.	Current Psychology	Q2
19	Ouakouak, M. L., Zaitouni, M. G., & Arya, B. (2020).	Ethical leadership, emotional leadership, and quitting intentions in public organizations: Does employee motivation play a role?	Leadership and Organization Development Journal	Q1
20	Pawirosumarto, S., Sarjana, P. K., & Muchtar, M. (2017).	Factors affecting employee performance of PT.Kiyokuni Indonesia.	International Journal of Law and Management	Q2
21	Potipiroon, W., & Ford, M. T. (2017).	Does public service motivation always lead to organizational commitment? Examining the moderating roles of intrinsic motivation and ethical leadership.	Public Personnel Management	Q2
22	Qing, M., Asif, M., Hussain, A., & Jameel, A. (2020).	Exploring the impact of ethical leadership on job satisfaction and organizational commitment in public sector organizations: The mediating role of psychological empowerment.	Review of Managerial Science,	Q1
23	Saira, S., Mansoor, S., & Ali, M. (2021).	Transformational leadership and employee outcomes: the mediating role of psychological empowerment.	Leadership and Organization Development Journal	Q1
24	Setiabudi, K. J., Siagian, H., & Tarigan, Z. J. H. (2021).	The Effect of Transformational Leadership on Firm Performance through ERP Systems and Supply Chain Integration in the Food and Beverage Industry.	Petra International Journal of Business Studies	Sinta 3
25	Shareef, R. A., & Atan, T. (2019)	The influence of ethical leadership on academic employees' organizational citizenship behavior and turnover intention: Mediating role of intrinsic motivation.	Management Decision	Q1
26	Sun, P., & Shang, S. (2019).	Personality traits and personal values of servant leaders.	Leadership and Organization Development Journal	Q1
27	Sutanto, E. M., & Valentine, L. (2022)	The Employee Performance in the Covid-19 Pandemic and Its Antecedents.	Petra International Journal of Business Studies	Sinta 3
28	Tian, Q., & Sanchez, J. I. (2017).	The Employee Performance in the Covid-19 Pandemic and Its Antecedents.	Journal of Applied Social Psychology,	Q2
29	Widyaningrum, M. E. (2020).	The mediating role of organizational citizenship behavior (OCB) on the effect of work culture and leadership style on employee performance (study at the department of the PU resources of the air to the west is east).	European Journal of Business and Management,	Q2

The Influence of Ethical Leadership on Employee Performance through 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 to examine the association between ethical leadership and performance. A quantitative method was used, and data was collected using a survey. Results indicated that ethical leadership affected organizational citizenship behavior and intrinsic motivation but did not affect employee performance. Ethical leadership influences employee performance if mediated by organizational citizenship behavior. These results may provide new insights for scholars and leaders. Theoretically, this study is one of a few attempts to understand the link between ethical leadership and performance, especially in Eastern culture. Our study suggests that leaders should demonstrate ethical leadership to promote OCB and employee motivation.

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 et al., 2019; Setiabudi et al., 2021) because the leader's actions reflect his employees'. Therefore, a leader must apply the right leadership style to improve employee performance (Kusumah et al., 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 et al., 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 with organizational members (Ahmad et al., 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 et al., 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 & 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 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 et al., 2019).

A leader has the main task of motivating employees to work effectively (Ouakouak et al., 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. Indeed, previous research proves the effect of intrinsic motivation on employee performance (Kusumah et al., 2021; Sutanto & Valentine, 2022). Intrinsic motivation is also one of the determinants of OCB (Shareef & Atan, 2019).

This present study aims to address the differences between 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 on the relationship between ethical leadership and employee performance by incorporating two mediating variables: OCB and intrinsic motivation. Based on the explanation above, our research questions are as follows: What effect does ethical leadership have on employee performance, and what are the roles of OCB and intrinsic motivation in the relationship between ethical leadership and employee

performance? To answer these research questions, this study offers a brief overview of the theoretical frameworks concerning the research topic, an explanation of the research methods to collect and analyze the data, and a discussion of the main findings. Lastly, we will provide a conclusion and recommendations for future studies.

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 (Brown et al., 2005; Ilyas et al., 2020; Joplin et al., 2021; Kia et al., 2019; Qing et al.,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; Joplin et al., 2021; Qing et al., 2020). The main strength of an ethical leader is being able to bring his employees to behave in the right way 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 et al., 2018; Shareef & Atan, 2019; Yang & Wei, 2017). 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 (Ahn et al., 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).

According to Brown et al. (2005) in Ilyas et al. (2020), there are two dimensions of ethical leadership: moral manager and moral person. The moral manager is the extent to which a leader can demonstrate moral standards and use rewards and punishments to ensure that ethical standards are correctly applied. A moral person refers to leaders who are fair, trustworthy, and caring toward others.

2.2 Organizational Citizenship Behavior

According to Saira et al. (2021), OCB is an employee's behavior 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 conduct 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 et al., 2017).

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). Intrinsic motivation is related to the 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 et al., 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 et al., 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 corporate members (Ahn et al., 2018; Brown & Treviño, 2006). 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_1: Ethical leadership influences employee performance

Research conducted by Shareef and Atan (2019) found that ethical leadership positively influences OCB. Ethical leadership influences 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_2: 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). 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_3: 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_4: OCB influences employee performance

The existence of meaning in the work environment will encourage employees to have greater intrinsic motivation (Guo et al., 2014; Moon et al., 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_5: Intrinsic motivation influences employee performance

Past studies concluded that ethical leadership influences OCB (Aloustani et al., 2020; Mo & Shi, 2017; Shareef & Atan, 2019; Sugianingrat et al., 2019). 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_6: 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_7: 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 shows the framework of this research. Ethical leadership (EL) is the independent variable, employee performance (EP) is the dependent variable, and organizational citizenship behavior (OCB) and intrinsic motivation (IM) as mediating variables. The black line shows the direct relationship between each variable, while the dotted line shows each variable's indirect relationship (mediation). The relationship between variables is given information from H_1 to H_7, which shows the hypothesis of this study.
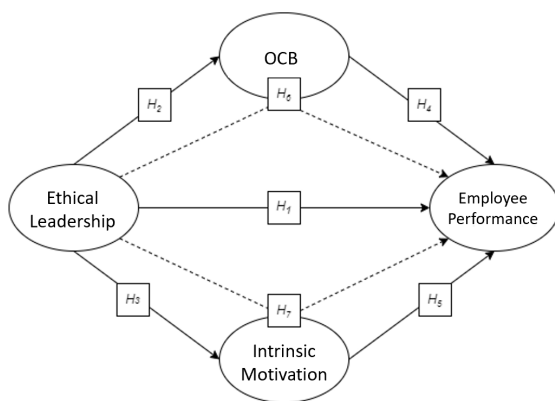

Figure 1. Conceptual Model

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, namely purposive. 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. The number of back-office employees within this company is 80. This study uses Isaac and Michael's table to determine the sample. This study will use an error rate of 5% with a population of 80 people. Based on Isaac and Michael's table (Sugiyono, 2017), the sample to be used is a minimum of 65. A survey was distributed during working hours within two weeks to collect data. The respondents' profile is demonstrated in Table 1. Most of the respondents are male because the company's line of business is engaged in the vehicle rental industry (automotive). Some of the requirements for the company employees are male employees who can work in the office and go to the field.

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. First, 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).

In this study, ethical leadership refers to the behavior between leaders and employees through personal and interpersonal relationships that demonstrate ethical conduct and communicate ethical standards well. This construct consists of two dimensions: moral manager and moral person. We used the ethical leadership scale from Ilyas et al. (2020) to assess ethical leadership. Some sample items were: "My leader sets an example of how to do things the right way in terms of ethics" and "My leader listens to what employees have to say."

Employee performance is defined as actions that lead to the employee's ability to meet the job requirements. The scale to measure employee performance was adapted from the research of Clercq et al. (2018). Previous studies have also used the questionnaire to measure employee performance (Kia et al., 2019; Diamantidis & Chatzoglou., 2019; Moon et al., 2020). Two items from the scale were: "I fulfill responsibilities specified in the job description" and "I engage in activities that will directly affect my performance evaluation."

OCB is the behavior of employees who voluntarily do work outside their job descriptions, but these actions affect the efficiency and effectiveness of the organization. To assess OCB, we used scale items from Saira et al. (2021) consisting of five dimensions: altruism, conscientiousness, sportsmanship, courtesy, and civic virtue. Altruism is behavior that voluntarily helps accomplish co-workers' tasks in the organization. Conscientiousness is employee behavior that exceeds the minimum job requirements given in the organization, related to attendance, rules, and regulations. Sportsmanship is the employee's desire to be tolerant and loyal to his environment by showing a positive attitude. Courtesy is the behavior of an individual who avoids causing problems in the work environment. Finally, civic virtue is part of a person's behavior who considers his role in the company essential. Some of the sample items were: "I help orient new people even though it is not required," "I am a conscientious employee," "I consider the impact of my actions on co-workers," and "I keep abreast of changes in the organization."

Intrinsic Motivation is identified as motivation that arises from an employee's desires, interests, and behavior. We adopted the intrinsic motivation scale from Almeida et al. (2016). For example, some items were: "I think my work is quite enjoyable" and "I would describe my work as very interesting." All of the scales used in this study implement a Likert Scale with 5 points, ranging from strongly disagree (1) to strongly agree (5).

3.3 Data Analysis

Data 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 et al., 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. A value of 1.000 or higher than other constructs indicates that the construct can measure its construct better than other constructs, and the construct is considered valid. In other words, the measurement model possesses discriminant validity. Also, all scales met the criteria for convergent validity, as shown in Table 4 (Hair et al., 2019), which shows that all scales had item loading and cross loading higher than 0.5 within their construct. 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)	1.000	0.259	0.660	0.644
Employee Performance (EP)	0.259	1.000	0.569	0.316
Organizational Citizenship Behavior (OCB)	0.660	0.569	1.000	0.749
Intrinsic Motivation (IM)	0.644	0.316	0.749	1.000

Table 4 Item Loading and Cross Loading

Construct	Ethical Leadership	Employee Performance	Organizational Citizenship Behavior	Intrinsic Motivation
EL1	**0.614**	0.232	0.371	0.488
EL2	**0.662**	0.005	0.438	0.488
EL3	**0.812**	0.142	0.387	0.514
EL4	**0.847**	0.280	0.578	0.500
EL5	**0.807**	0.231	0.543	0.409
EL6	**0.910**	0.269	0.632	0.551
EL7	**0.791**	0.197	0.621	0.633
EL8	**0.748**	0.218	0.458	0.393
EP1	0.068	**0.645**	0.197	0.275
EP2	0.177	**0.675**	0.267	0.330
EP3	0.337	**0.815**	0.483	0.445
EP4	0.374	**0.724**	0.513	0.289

EP5	0.130	**0.826**	0.482	0.147
EP6	0.060	**0.828**	0.446	0.117
OCB1	0.586	0.313	**0.779**	0.595
OCB2	0.586	0.450	**0.854**	0.664
OCB3	0.422	0.362	**0.752**	0.590
OCB4	0.554	0.460	**0.732**	0.591
OCB5	0.631	0.365	**0.704**	0.635
OCB6	0.424	0.547	**0.657**	0.384
OCB7	0.178	0.416	**0.633**	0.358
OCB8	0.603	0.502	**0.811**	0.549
OCB9	0.388	0.335	**0.637**	0.476
OCB10	0.343	0.301	**0.589**	0.432
OCB11	0.368	0.263	**0.628**	0.519
OCB12	0.385	0.365	**0.668**	0.475
OCB13	0.461	0.490	**0.734**	0.484
OCB14	0.379	0.395	**0.681**	0.624
IM1	0.635	0.239	0.792	**0.892**
IM2	0.552	0.358	0.643	**0.916**
IM3	0.492	0.284	0.613	**0.815**

IM4	0.551	0.214	0.538	**0.846**

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 5 provides illustrations of the PLS analysis findings. As can be seen, four out of seven hypotheses are supported.

Table 5. Hypotheses Test Results

	Variable	t-statistics	p-value	Conclusion
H_1	Ethical Leadership > Employee Performance	0.963	0.336	Rejected
H_2	Ethical Leadership > OCB	1.197	0.000	Accepted
H_3	Ethical Leadership> Intrinsic Motivation	9.190	0.000	Accepted
H_4	OCB > Employee Performance	3.964	0.000	Accepted
H_5	Intrinsic Motivation > Employee Performance	0.949	0.343	Rejected
H_6	Ethical Leadership > OCB > Employee Performance	3.467	0.000	Accepted
H_7	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; Moon et al., 2020; Potipiroon & Ford, 2017). 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 association between ethical leadership and employee performance through intrinsic motivation. In other words, intrinsic motivation cannot mediate 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's desire to work for the organization (Potipiroon & Ford, 2017). Therefore, with the support of organizational commitment, intrinsic motivation will better influence ethical leadership and employee performance.

This study also confirmed that ethical leadership impacts OCB and intrinsic motivation. This result is in line with past studies 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 Theoretical Contributions

Our findings offer three critical theoretical contributions. Firstly, our research's main contribution is the expansion of ethical leadership theory by identifying personal aspects, namely attitudes and motivation, in the relationship between ethical leadership and performance. This study provides a significant addition to understanding the mechanism by which ethical leadership affects performance by looking at two mediating factors. This demonstrates the usefulness of the social learning theory (such as employees modeling ethical leaders' behaviors) and the social exchange theory (such as employees returning favors to ethical leaders) in illuminating how ethical leadership may influence employee performance. Interestingly, intrinsic motivation did not mediate the association between ethical leadership and employee performance. Yet, OCB was the mediating factor that contributed to the ethical leadership-performance relationship.

Secondly, by doing our research in Eastern culture, we add to the literature by examining whether leadership may increase OCB and how it influences performance in Eastern culture. Past studies have stated that culture may significantly affect how organizations operate (Calza et al., 2016; Eisend et al., 2015). In addition, understanding how ethical leadership encourages back-office employees within a private sector in the Eastern nation is especially crucial because private organizations in Eastern countries—in our example, Indonesia—suffer from significant issues associated with performance. As a result, our research adds to the body of knowledge by providing fresh perspectives on OCB and its relationship with ethical leadership and performance in a specific cultural and organizational context.

Thirdly, we widen the scope of existing theories by offering perspectives on how ethical leadership might foster employee motivation, particularly intrinsic motivation. Few studies have looked at the impact of ethical leadership style on employee motivation, although many scholars have identified leadership as a crucial tool for organizational success (Li et al., 2017; Tian and Sanchez, 2017). We start to fill this gap in the literature by looking at how ethical leadership affects employee motivation.

5.3 Managerial Contributions

This research has several practical applications for leaders and human resource managers in the private sector. First, our study recommends that leaders should adopt an ethical leadership style. Leaders can inspire their employees more by being fair, employee-oriented (appreciating and prioritizing employees), and upholding integrity. Doing so will encourage employees to show extra role attitudes and work behavior; hence; as a result, they will perform better. On the other hand, leaders with low ethical leadership tend to discourage employees from demonstrating OCB, which eventually will negatively impact their performance.

Also, based on our findings, ethical leadership is crucial to increase employee motivation and OCB. In line with previous studies (Joplin et al., 2018; Kia et al., 2019), ethical leadership influences positive outcomes, such as engagement. Therefore, organizations should develop human resource management (HRM) practices that build their managers' ethical leadership. Particularly, because leaders serve as role models for their teams, they must act ethically in public because others take their cues from them.

Finally, organizations must make significant investments in management development centered on ethical leadership and improving staff members' ethical behavior. It can be necessary to fire any management or staff members who have encouraged or carried out unethical or even illegal behavior. Communication of the value of ethics and the tenets of ethical leadership should be included in management development and staff training (Montague et al., 2016). Additionally, we would encourage the adoption of HRM techniques that foster the growth of an ethical climate.

5.4 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 must 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. In addition, our scales were filled out by the same respondents so that it may raise the possibility of same-source bias. Future studies should consider asking direct supervisors to assess employee performance. Finally, it is

recommended to use a more significant number of respondents and varied business industries to obtain more credible results.

6. Conclusions

This study aimed to investigate the effects of ethical leadership on employee performance through OCB and intrinsic motivation. Based on the analysis results, it can be concluded that ethical leadership does not affect employee performance. However, applying ethical leadership will positively influence employee performance if it is through organizational citizenship behavior (OCB). In another sense, leaders who behave ethically and are supported by the behavior of employees who voluntarily help their colleagues and without expecting rewards will improve employee performance. Ethical leadership affects organizational citizenship behavior, meaning that the more the leader behaves ethically and fairly, the more OCB behavior emerges from an employee. Ethical leadership affects intrinsic motivation, meaning that the more the leader behaves ethically, the more employees are motivated. OCB affects employee performance. Therefore employees who show a voluntary attitude to help their colleagues will further improve their performance. Intrinsic motivation does not affect employee performance. Therefore, intrinsic motivation needs to be supported by providing constructive feedback. Ethical leadership affects employee performance through organizational citizenship behavior as a mediating variable, meaning that applying ethical leadership, if supported by OCB, will improve performance. Ethical leadership does not affect employee performance through intrinsic motivation. This research contributes to understanding an emerging leadership style, ethical leadership, and its relationship with employee performance in the Indonesian context. Previous studies in Indonesia focus more on transformational leadership. Practical contributions that can be derived from this study are 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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4. Bukti konfirmasi artikel accepted melalui OJS (27 Desember 2023)

Notifications   ✖

[Petra IJBS] Editor Decision

2023-12-27 05:49 PM

Sherly Rosalina Tanoto, Mr:

We have reached a decision regarding your submission to Petra International Journal of Business Studies, "How does Ethical Leadership Influence Employee Performance? The Mediating Roles of Organizational Citizenship Behavior and Intrinsic Motivation".

Our decision is to: Accept Submission

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Petra International Journal of Business Studies

5. Bukti konfirmasi artikel sedang dalam proses produksi (29 Desember 2023)

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Sherly Rosalina Tanoto <sherlytanoto@petra.ac.id>

[Petra IJBS] Editor Decision
1 message

admin admin <ijbs@petra.ac.id>   Fri, Dec 29, 2023 at 8:41 PM
To: Sherly Rosalina Tanoto <sherlytanoto@petra.ac.id>, Mr <tangkawarowgabriely@gmail.com>

Sherly Rosalina Tanoto, Mr:

The editing of your submission, "How does Ethical Leadership Influence Employee Performance? The Mediating Roles of Organizational
Citizenship Behavior and Intrinsic Motivation," is complete. We are now sending it to production.

Submission URL: https://ijbs.petra.ac.id/index.php/ijbs/authorDashboard/submission/254

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Petra International Journal of Business Studies

6. Bukti konfirmasi artikel published online melalui OJS (29 Desember 2023)

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Subtitle

Abstract

B   *I*   x²   x₂   &

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

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