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Penulis : Ramlawati (Koresponden author), Serlin Serang, Arminas, Junaidi dan Ready Wicaksono

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Manuscript Submission

Inbox



Ramlawati Ramlawati <ramlawati.umi@gmail.com>

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Dear Editor (s)

We wish to submit an original manuscript entitled, "The role of ethical leadership on organizational commitment among employees" for review at [Organizacïonnaâ psihologiâ \(Organizational Psychology\)](#). This research involved an online survey to investigate the effects of ethical leadership on employees' job satisfaction and engagement, which subsequently influence their organizational commitment among Indonesian workers. The empirical results indicate that ethical leadership has significant and positive effects on employees' job satisfaction and engagement. Furthermore, employees' job satisfaction and job engagement have partial mediators between ethical leadership and employees' organizational commitment. This study contributes to managers' ethical or unethical leadership behavior and ethical climate theory (ECT) literature and, specifically, the decision-making process through developing and testing a model of employees' organizational commitment. This study also provides new insights into the determinants of these variables and employees' organizational commitment towards job satisfaction and engagement. Thanks for your consideration of our paper. Please let us know if you need more information.

Sincerely

The role of ethical leadership on organizational commitment among employees

Ramlawati Ramlawati, Serlin Serang

Department of Management
Universitas Muslim Indonesia, Indonesian
Ramlawati.ramlawati@umi.ac.id

Arminas Arminas

Department of Management
Politeknik ATI Makassar, Indonesian

Junaidi Junaidi

Department of Accounting
Universitas Muhammadiyah Palopo, Indonesian

Mispiyanti Mispiyanti⁵

Department of Accounting
Universitas Putera Bangsa, Indonesian

Ready Wicaksono

Department of Accounting
STIE Balikpapan, Indonesian.

Abstract

This research investigates whether and how ethical leadership influences the mediator variables (employees' job satisfaction and job engagement) in the organization context. It also examines how the mediators should influence employees' organizational commitment. 690 employees were recruited for a survey study, and Structural Equation Modeling was used to test the research hypotheses. The empirical results indicate that ethical leadership has significant and positive effects on employees' job satisfaction and engagement. Furthermore, employees' job satisfaction and job engagement have partial mediators between ethical leadership and employees' organizational commitment. The current study was limited to the private organization; there is a future need to study workers across the culture and region. It can help practitioners, regulators, and researchers observe the dynamic behavior to elaborate on the impact of ethical leadership in business and psychology. The managers need to build ethical standards in the workplace. As well as provide clear rules of the organization system, which possibly influence workers' job satisfaction, engagement, and organizational commitment. This study contributes to managers' ethical or unethical leadership behavior and ethical climate theory (ECT) literature and, specifically, the decision-making process through developing and testing a model of employees' organizational commitment. This study also provides new insights into the determinants of these variables and employees' organizational commitment towards job satisfaction and engagement.

Keywords: Ethical leadership, job satisfaction, job engagement, Ethical climate theory (ECT)

Paper type: Research Paper

1. Introduction

The competition has occurred in both local and global among companies. This phenomenon puts managers got pressure from the owners. The regulator and shareholders have paid attention to the organization's leadership style due to financial scandals and fraud such as Bernie Madoff, Enron, and Lehman Brothers, significantly more massive than in the past era. Hence, the regulator and organization need to develop ethical standards among the employees and decision-makers to prevent other business ethics and financial dishonors. The main issue is the ethical leadership among the managers and workers, which has become a serious cause for their integrity. Business ethics has a crucial focus on the public and private company areas (Goswami *et al.*, 2021; Marsh, 2013; Ouakouak *et al.*, 2020; Shakeel *et al.*, 2019). Moreover, the managers' ethical leadership also can influence their employees' psychology and well-being in the workplace (Dust *et al.*, 2018; Fu *et al.*, 2020). Some scholars argued ethical leadership has strong correlation to employees' job satisfaction and job engagement (Neale, 2020; Wang and Hsieh, 2012). It also has positively affected to workers' organizational commitment (Asif *et al.*, 2019; Gallego-Alvarez *et al.*, 2020; Jha and Singh, 2019). Today, some cases between managers' and workers have significantly increased than before (IBM [research](#), 2020). It commonly due to the weakness of systems control and workers' commitment to the organization.

Prior studies examined the correlation between ethics and job satisfaction in an organizational context. Such as Koh and Bo (2001). The authors concluded that Singapore's company managers positively influence the organization's ethical principles in the workplace and job engagement. India has the same pattern, where ethical leadership significantly affects employee engagement (Shrotryia and Dhanda, 2020; Zaman and Ansari, 2021). Job satisfaction and performance also possibly influence company performance and employees' commitment (Beuren *et al.*, 2021; Guinot *et al.*, 2021; Hendri, 2019). The ethical level also has an essential role in the deep understanding of personal psychology (Tang and Chiu, 2003; Shakeel *et al.*, 2019; Treuren and Frankish, 2014). However, the employees' ethics more a negligible less effect on organization commitment in Iraq (Al Halbusi *et al.*, 2021). However, preliminary researches focus more on pay satisfaction based on social exchange theory (SET) and social cognitive theory (SCT) rather than ethic perspective (ethics theory). Furthermore, there are many works of literature written by practitioners and consulting firms, while surprisingly lacking empirical study from the education context. There are also avoid to exam the important role of ethical climate theory (ECT). Hence, the theoretical foundation is weak due to being applied from different views (So *et al.*, 2021). Besides, the conclusion falls to provide whether moral development or sociological, which have a crucial role in comprehensively influencing employees' viewpoints and behavior toward ethical acceptable in the workplace.

This study aims to address this gap by examining the effect of ethical leadership on employees' job satisfaction and job engagement, which are also mediator variables. Furthermore, this study also analyzes the mediator variable's role to bridge ethical leadership and organizational commitment. In their research, Beuren *et al.* (2021); Neale (2021) and Mostafa *et al.* (2020) recommended examining the effect of ethics and the connection these fields with their ethics and employees' satisfaction and engagement; it also correlates with their decision on the organization (e.g., leave or stay). It also possibly obtain a complete view of the correlation these variables have with observation and provide insights to managers and company owners. Moreover, the recent

study also provides insight into testing the ethical climate theory (ECT) more expansively. Building upon arguments and discussion on individuals and groups attitudes across the regions and mixing insights from the ethics and business, as well as organization field literature, we aim to answer the following research questions:

RQ1. Does the ethical leadership level truly make employees satisfied and engaged in their workplace?

RQ2. Whether job satisfaction and job engagement positively affect employees' organizational commitment?

In answering these questions, this study provides some theoretical and practical contributions. First, this study validates the associations between ethical leadership, job satisfaction, and job engagement in the business context based on the ethics climate theory (ECT). It can help academicians and managers better comprehend the role of ethics in their employees' job satisfaction, influencing their engagement and commitment to the workplace. Second, few studies which examined the concept of ethics in the business and employees' field are neglected the mediating variable (Ouakouak *et al.*, 2020; Shakeel *et al.*, 2019; Shrotryia and Dhanda, 2020; Treuren and Frankish, 2014).

This research is divided into the following sections: literature review, methodology, key findings, conclusion, limitations, and directives for future studies. It is also expected to provide more insight on the variables examined on the ethical climate theory (ECT) for academics and practitioners.

2. Literature Review and Hypotheses development

2.1 Ethics climate theory (ECT)

Ethics are the rules and procedures on how personal and group members within social interaction behave. Ethical standards and phenomena have become essential to firms and individuals (e.g., academia and businesses) (Elgamal *et al.*, 2018). It creates an ultimate element of every society. Nevertheless, the personal characteristic is an essential stimulus to solve the ethical problem and commitment. The business process also needs to validate the managers' and workers' commitment based on ethical principles.

Ethical climate theory (ECT) was initially built to examine personal moral development, sociological and philosophical among firms' managers on the decision-making process (Neale, 2020). It includes the ethical views that correlate to culture, policy, and procedure of managers' decision-making process and describes how and what the workers expect. The moral climate also has a crucial role in workers' attitudes and behaviors. Hence, the workers are concerned with other workers' perceptions based on acceptable action, expected and ethical principles (e.g., bad or good), which acceptance in the workplace environment (Cullen *et al.*, 2003). The concept of climate type includes two common dimensions: the ethical criteria that have a relationship within the decision-making process (e.g., benevolence, egoism, and principle) and the locus of personal analysis (e.g., cosmopolitan and local). Furthermore, the ethical principles have three classes: egoism, which is more prone to maximizing self-interest; utilitarianism, which concerns mutual relationship or group interests, and deontology, which highlights the moral standards on the organization.

Preliminary studies validated that ethical climate strongly correlates with worker job satisfaction (Tsai and Huang, 2008). Through the right and obligations, it also positively affects employees' engagement (Coggburn *et al.*, 2017; Neale, 2020). The workers' perception and view

significantly affect their job satisfaction and behavior and their decision whether to stay or leave the company (Ladkin, 2018). Hence, influence the organization's existence in business and social context. Recently, Kaur (2017) confirmed that the ethical climate also positively affects worker commitment in India's banking sector. The lack of worker commitment is influenced by the reduction of performance and the growing of improper action among the managers (e.g., corruption and fraud). The unethical action intentions were predicted worker motivation and satisfaction in the workplace. It also strongly correlates with the real attitude and behavior (e.g., positive and negative) and maintains belief and moral issues (e.g., ethics and commitment).

2.2 Job Satisfaction

Ethical and employees satisfaction are critical key points in a company. Job satisfaction results from workers' perception and psychology (e.g., attitude and emotions) about their job and workplace environment (Hendri, 2019). Generally, job satisfaction is defined as a tool to bridge individual emotions and obtain. In some cases, managers and companies focus more on profit-making than ethics rules and employees' well-being hence enhancing the employees' dissatisfaction (Coggburn, 2017; Stringer *et al.*, 2011). Some studies have concluded the personal psychology has a crucial role in addressing the correlation between employees' job satisfaction and their job engagement (Dhamija *et al.*, 2019; Håvold *et al.*, 2021; Shrotryia and Dhanda, 2020) and organizational commitment (Bashir and Gani, 2020; Guinot *et al.*, 2021; Mwesigwa *et al.*, 2020). However, the lack of study examining the relationship between these variables comprehensively makes the empirical study and theoretical development in this context worthy. Furthermore, the benefit of ethical assistance programs, possibly to deliver benefit for managers, employees, and firms. Hence, the satisfaction among employees and also the organization performance seems more attractive. In other words, employees' and managers' can also strengthen their relationship. If all the members' teamwork is well organized on company goals and vision, it will develop expressive and interrelationship and offer their commitment to the organization.

The objective of the recent study also comes from calls for future management accounting and management operation research to address second issues. First, the ethical leadership construct has been examined in a different setting. Hence, this issue may be fascinating to investigate the managers' ethical leadership as a predictor of employees' job satisfaction and teamwork engagement. It has implications for private and public organizations. Second, human resources management and operational management studies have become hot issues due to the COVID-19 pandemic. Hence, the turnover study will provide essential literature. We entice the employees' attitudes and behavior in the business field and provide literature to further develop management accounting and operational areas.

2.4 Employees' Engagement

According to Schaufeli *et al.* (2002), employee engagement has three dimensions: vigor as positive energy and mental while working, and dedication refers to personal psychological well-being, including work challenges and experiencing commitment, sense of enthusiasm, and respect. Lastly, absorption is defined as serious concentrating on work. Moreover, the concept of worker engagement has a multidimensional motivation construct rather than job satisfaction. This concept has a more complete and comprehensive view. Hence, employee engagement in the workplace or organization has become an important issue for managers, supervisors, and employees. In the management resources and operational fields, some scholars are concerned about enhancing personal well-being and firms' performance (Shrotryia and Dhanda, 2021) and their commitment

to the organization (Hendri, 2019; Mwesigwa *et al.*, 2020; Zaman and Ansari, 2021). Recently, a study conducted by Devalekar (2021) concluded that employee engagement strongly correlates to company revenue. It implies the workers have become their greatest asset and resource. Hence, the need to allocate specific investments to enhance their professional skill, career-building, and employees' well-being (e.g., income and psychology). Furthermore, the study also needs to build current programs and teamwork, which refers to the apparent, then worker inquiries such as reward standard, training system, and career development standard and how employees feel and respect in their workplace, achieve aspirations and expectations to their managers. However, despite obtaining significant attention, the issue of employees' engagement is still the supreme challenge in the organizational context (Saks *et al.*, 2021; Shrotryia and Dhanda, 2021).

2.5 Organizational Commitment

The employees' engagement has a strong correlation to the organization's competitive advantage and loyalty. It also correlates to their emotional, mental, and spirit to achieve the organizations' goals. Hence, it directly affects company performance due to the workers fully allocate their resources to organization goals. Today, organization managers have paid attention to employee engagement and emotional well-being (Fu *et al.*, 2020; Jha and Singh, 2019; Mwesigwa *et al.*, 2020) toward their assignment, project, task, or task other activities which more prone to the organization rather than a specific job. Organizational commitment is also an important worker consideration to decide whether to leave or stay with the organization (Ramalho Luz *et al.*, 2018; Shrotryia and Dhanda, 2020). Organizational commitment refers to the connection between personal psychological and their workplace. The recent study applied tridimensional commitment dimensions from Meyer and Allen (1991) concept, namely affective commitment, instrumental commitment, and normative commitment.

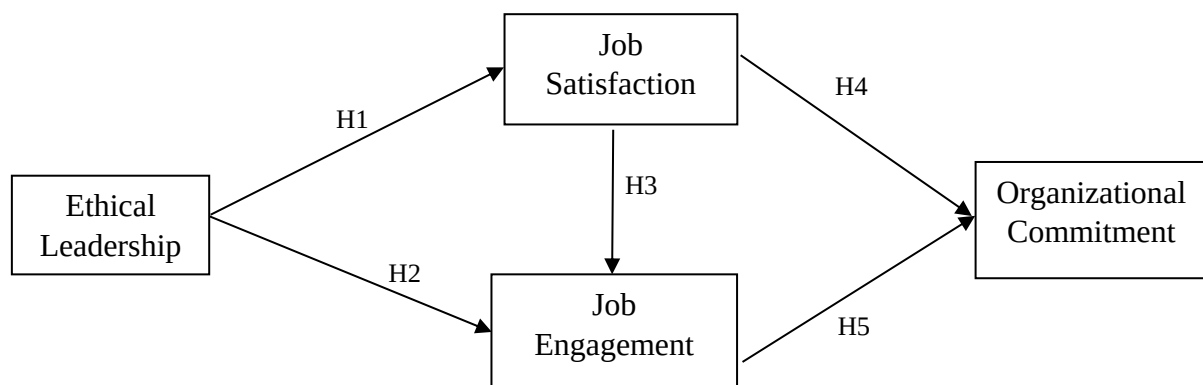


Figure. 1 Proposed research model.

3. Hypotheses development

3.1 Relationship between ethical leadership and employees' job satisfaction

Effective business processes and performance are close to the leader's attitude, ethics, and skill. Recently, a corporate world scandal has occurred, which is commonly due to the irresponsible and improper attitude of the organization leader. The managers' behavior also has a strong correlation to employees' satisfaction in the workplace. It implies the companies revise their ethical rule and standard (Sharma *et al.*, 2019). Effective and efficiency are related to honesty, integrity, and justice. Leaders concerned about the ethical decision-making process with respect, sincerity, and

honesty possibly strengthen their relationship with employees. The leader also needs to allocate specific effort and time to enhance their ethics understanding, intellect, and humanism. It is possible to become an inspiration and respect their workers and other people (Salas-Vallina *et al.*, 2020). Thus, causality flows among variables possibly occurred. Prior studies validated the effect of ethical leadership on job satisfaction, such as Salas-Vallina *et al.* (2019), which revealed that ethical leadership helps the workers' positive energy and motivation and satisfaction in the workplace. Similarly, In India, ethical leadership has a significant effect on employees' job satisfaction in the public sector (Al Halbusi *et al.*, 2021; Bashir and [Gani, 2020](#); Dhamija *et al.*, 2019; Goswami *et al.*, 2021; Shakeel *et al.*, 2020). Hence, we propose the following hypotheses:

H1. Ethical leadership has a positive effect on employee job satisfaction.

3.2 Relationship between ethical leadership and job engagement

The competition makes the managers and workers need to adapt and consciousness of the business environment and need creativity and innovation as an essential point to organization success. Unfortunately, most employees depend on their managers' leadership approach. Therefore, the leader believes the organization's performance depends on worker job engagement, enhancing their motivation and engagement (Aljuhmani *et al.*, 2021; Nazir *et al.*, 2021). Some scholars have paid attention to examining ethical leadership. It has a dominant and influential role in measuring managers' success and moral outcomes. It is crucial due to some managers neglect the ethical value of their leadership approach. The employees also have paid attention to their leader promoting moral values due to historical ethical and financial scandals. Ethical leadership is also essential due to the workers' need to obtain honest guidance from their managers to deal with a moral dilemma (Islam *et al.*, 2019).

Preliminary concluded ethical leadership has a positive effect on employees' job engagement. For instance, Asif *et al.* (2019) and Salas-Vallina and Fernandez (2020) found that the firms' managers concerned with workers' well-being will influence their collaboration and trust. Hence, the leader becomes an inspiration to employees. Ethical leadership is also possible to enhance employee creativity and performance (Nazir *et al.*, 2019). Saks *et al.* (2021) and Sharma *et al.* (2019) revealed that ethical leadership positively affects building employee commitment. Ethical leadership also has a crucial role in an organization's existence (Al Halbusi *et al.*, 2021; Fu *et al.*, 2020; Mostafa *et al.*, 2020; Ouakouak *et al.*, 2020). Hence, we propose the following hypotheses:

H2. Ethical leadership has a positive effect on employees' job engagement.

3.3 Relationship between employees' job satisfaction and job engagement

Global Business and economic competition have rapidly changed. Today, companies have faced a complex, competitive environment. The leaders and workers need to transform the rapid change in the working environment. Hence, employees' job engagement has become a critically important issue in business and management. Some scholars argued job satisfaction has a vital role in employee job engagement (Bashir and Gani, 2020; Ramalho Luz *et al.*, 2018; Saks *et al.*, 2021) and improve organization performance (Devalekar, 2021). Other elements like ethics value in the workplace are employees' psychology and satisfaction (Cullen *et al.*, 2003; Guinot *et al.*, 2021; Håvold *et al.*, 2021; Sallas-Vallina *et al.*, 2019). Furthermore, job satisfaction is a manifest a worker to their career. Hence, it has a psychological effect on employees' job engagement. Job engagement is also considered a valuable investment among managers and workers to improve

company performance and prevent counterproductive behavior. Job satisfaction also prevents conflict management between managers and workers in the workplace (Coggburn *et al.*, 2017; Dust *et al.*, 2018; Mwesigwa *et al.*, 2020) and enhances employees' well-being (Fu *et al.*, 2020). Thus, this study proposes the following hypothesis:

H3. The employees' job satisfaction has a positive effect on job engagement.

3.4 Relationship between employees' job satisfaction and organizational commitment

Employees' commitment to an organization is different from their work teams (team commitment) and personal' commitment to their workplace organization. The initial aspect to distinguish employees' view of team commitment and organizational commitment are the workplace condition. The commitment dimensions such as instrumental, attitudinal, and temporal components strongly correlate with personal psychological. From the corporate field, employees' organizational commitment maintains a correlation between managers and employees. Whereas, in the business context, employees' job satisfaction influences their commitment to the organization toward relationships and a sense of belonging (Ramalho Luz *et al.*, 2018; Shrotyia and Dhanda, 2020; So *et al.*, 2021; Treuren and Frankish, 2014; Zaman and Ansari, 2021). Job satisfaction contributes to developing a meaningful and positive relationship and commitment among team members and the company. Commonly, employees tend to switch to other organizations if they perceive dissatisfaction with a particular organization. On the other hand, workers may have positive or negative possibly influence on their feelings to the organization.

This study also considers employees' job satisfaction as a mediator when examining the relationship between ethical leadership and employees' organizational commitment. Prior studies concluded when employees' satisfaction with the leader's ethical approach in the workplace possibly influences their commitment to the organization (Ouakouak *et al.*, 2020; Rai and Maheshwari, 2021; Sallas-Vallina *et al.*, 2020; Shakeel *et al.*, 2019; Sharma *et al.*, 2019). Hence, the recent study possibly enhances the quality of inferences, bridges access to knowledge, and provides substantial contribution. Thus, this study proposes the following hypothesis.

H4a. The employees' job satisfaction has a positive effect on their organizational commitment.

H4b. The manager's ethical leadership positively affects their employees' organizational commitment, mediated by job satisfaction.

3.5 Relationship between employees' job engagement and organizational commitment

Job engagement can explain job characteristics and satisfaction toward cognitive, emotional, and behavioral mechanisms. According to Shrotryia and Dhanda (2020), job engagement has three multidimensional constructs: alignment refers to employee understanding of her/his job and role in the organization. Hence, the worker has organizational value and makes them has felt empowered. The Affectiveness dimension refers to employees' engagement correlation to their psychology in the workplace. It also refers to emotional experience which obvious belongingness, commitment, and pride. This part possibly engages employees happy in the workplace and influence to enhance their commitment to the organization. Lastly, the Action-orientation dimension captures the employee's behavior and willingness to take a decision process. Furthermore, this condition may influence the employees' commitment, and the decision whether stay or leave the company (Asif *et al.*, 2019; Bailey *et al.*, 2016; Guinot *et al.*, 2021; Treuren and

Frankish, 2014). Thus, it is possibly applied to help the company exist. Hence, this study proposes the following hypothesis.

H5a. The employees' job engagement has a positive effect on their organizational commitment.

H5b. Ethical leadership positively affects employee organizational commitment, which is mediated by job engagement.

4. Methodology

3.1 Questionnaire design, pretest, and pilot study

This study applied multi-item scales for all of the constructs from prior studies for the concept of ethical leadership, employees' job satisfaction, job engagement, and their commitment. A professional translator reviewed all the instruments. Subsequently, this study conducts a pilot test of the measurement items to ensure the final formal survey. Hair Jr et al. (2019) stated that the pilot test was used to identify various responses, implications, difficulties, attentiveness, and kindness related to the pretest questions. Subsequently, a pilot test was carried out on 120 samples, considered adequate for statistical analyses.

3.2 Sample and data collection

All the participants in the recent study are Indonesian workers who active in private sector which invited to fill out an online survey. This online survey was carried out using Google Forms, which lasted from August 1 to September 30, 2021. Conversely, various control and filter questions were anonymous, and random constructs were carried out to avoid bias and ensure the survey was valid. The samples were gathered from random convenience sampling involving 690 employees of firms. However, 616 samples were valid, and this indication was experienced at a rate of 89.28 %. Table I shows the respondents' demographics.

Table I. Respondent demographics

Demographic Items	Frequency	Percentage (%)
Gender		
Male	289	46.92
Female	327	53.08
Age		
Under 26 years old	148	24.02
26~40 years old	288	46.75
Over 40 years old	180	29.22
Education		
Bachelor and below	340	55.19
Master	276	44.81
Time period as employee		
Below 5 years	79	12.82
6~10 years	155	25.16
11~15 years	192	31.17
Over 15 years	190	30.84

3.3 Measures

The items used to measure each of the constructs are presented in the Appendix. Demographic participants such as gender, age, education, and period of experience as employees were included in the questionnaire. A seven-point Likert scale anchored between 1 (“strongly disagree”) and 7 (“strongly agree”) was used for all scale items.

*** Insert Appendix here ***

3.4 Data analysis

The data were analyzed using two statistical programs, namely SPSS 22 and AMOS 22 software. Furthermore, hypothesis testing was carried out by applying the structural equation model (SEM). The main advantage of using SEM is because it facilitates the separate use of factor and regression analyses to test the model. Besides, it is simultaneously used to estimate all the path coefficients. According to Byrne (2016), SEM provides two essential aspects of the procedure. First, it is used to determine the causal effects of the observed variables, and (b) the structural relations among variables enable a clear description of the theory examined in this study. The hypothesized model is comprehensively used to validate all the variables to determine consistency with the investigation.

After that, descriptive statistics using frequency distribution were generated. Pearson correlation coefficient was also used to determine the relationship among variables observed. Third, standard method variance (CMV) was adopted as a prevention and post-detection technique. Lastly, this study applied the Hayes (2018) bootstrapping method to examine the mediating and indirect effect of ethical leadership on employees’ job satisfaction and job engagement as a mediator, which possibly influences their organizational commitment.

4. Results

4.1 Pilot study and *descriptive statistic*

The Means and standard deviations were adopted in this study to validate the subjective data and compare the variables that were initially observed in the first step (Hair Jr *et al.*, 2019). Table II shows the value of mean differences is stated in terms of standard deviations. Therefore an effect size greater than .5 shows that the mean difference is one-half of the standard deviation and good fit for the observed data (Byrne, 2016).

Table II. Correlation matrix for measurement scales

Constructs	Mean	SD	EL	ET	PS	OC
EL	5.49	0.76	0.808			
JS	5.68	0.68	0.209**	0.771		
JE	5.87	0.77	0.298**	0.619**	0.776	
OC	5.39	0.80	0.319**	0.689**	0.626**	0.734

Note: EL: Ethical Leadership, JS: Job satisfaction, JE: Job engagement, OC: Organizational commitment

SD: standard Deviation

Diagonal elements are the square roots of the AVE for each construct

Pearson correlations are shown below the diagonal

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

4.2 Common method variance (CMV)

This study adopted prevention and post-detection procedures to avoid and reduce the issue of common method variance (CMV). For prevention procedures, this study asked respondents to fill up the survey anonymously, randomized the order of measurement items, and obscured the labels for the constructs to reduce respondents' concerns (Podsakoff *et al.*, 2003).

4.3 Measurement model

Table III shows the CFA model reproduces the covariance matrix of the observed variables with a good fit (Byrne, 2016; Hair *et al.*, 2019). Besides, each item's factor loading and multiple square correlations were larger than 0.700. The Cronbach's α for all constructs was more than 0.800, indicating a good convergent validity and reliability for all measurement items and constructs.

Table III. Measurement results

Constructs	MLE estimates factor loading/ measurement error		Squared multiple correlation (SMC)	Composite reliability (CR)	Average of variance extracted (AVE)	Cronbach's α
Ethical Leadership				0.939	0.608	0.938
EL1	0.744	0.446	0.554			
EL2	0.853	0.272	0.728			
EL3	0.763	0.418	0.582			
EL4	0.777	0.396	0.604			
EL5	0.746	0.443	0.557			
EL6	0.735	0.460	0.540			
EL7	0.793	0.371	0.629			
EL8	0.840	0.294	0.706			
EL9	0.818	0.331	0.669			
EL10	0.718	0.484	0.516			
Job Satisfaction				0.904	0.653	0.902
JS1	0.749	0.439	0.561			
JS2	0.821	0.326	0.674			
JS3	0.769	0.409	0.591			
JS4	0.845	0.286	0.714			
JS5	0.851	0.276	0.724			
Job Engagement				0.864	0.616	0.909
JE1	0.760	0.422	0.578			
JE2	0.805	0.352	0.648			
JE3	0.769	0.409	0.591			
JE4	0.806	0.350	0.650			
JE5	0.720	0.482	0.518			
JE6	0.808	0.347	0.653			
JE7	0.724	0.476	0.524			

Organizational Commitment			0.924	0.602	0.925
OC1	0.811	0.342	0.658		
OC2	0.753	0.433	0.567		
OC3	0.761	0.421	0.579		
OC4	0.780	0.392	0.608		
OC5	0.773	0.402	0.598		
OC6	0.758	0.425	0.575		
OC7	0.807	0.349	0.651		
OC8	0.761	0.421	0.579		

Fit statistics (N = 616)

$\chi^2/df = 4.026$, Goodness-of-Fit Index (GFI) = 0.902, Nonnormed fit index (NFI) = 0.886, Comparative Fit Index (CFI) = 0.912, Incremental fit index (IFI) = 0.912, and Root Mean Square Error of Approximation (RMSEA) = 0.070

4.2 Structural model

This study empirically validates the managers' ethical leadership level has a significant and positive effect on employees' job satisfaction and job engagement ($\gamma_{11} = 0.227, p < 0.001$) and ($\gamma_{21} = 0.184, p < 0.001$), respectively, supporting H1 and H2. Furthermore, employees' job satisfaction also significantly affects their job engagement to support H3 ($\beta_{21} = 0.631, p < 0.001$). It implies that the leaders' behavior directly influences their employees' attitudes and motivation. It also has a positive effect on their organizational performance and possibly strengthens their relationship.

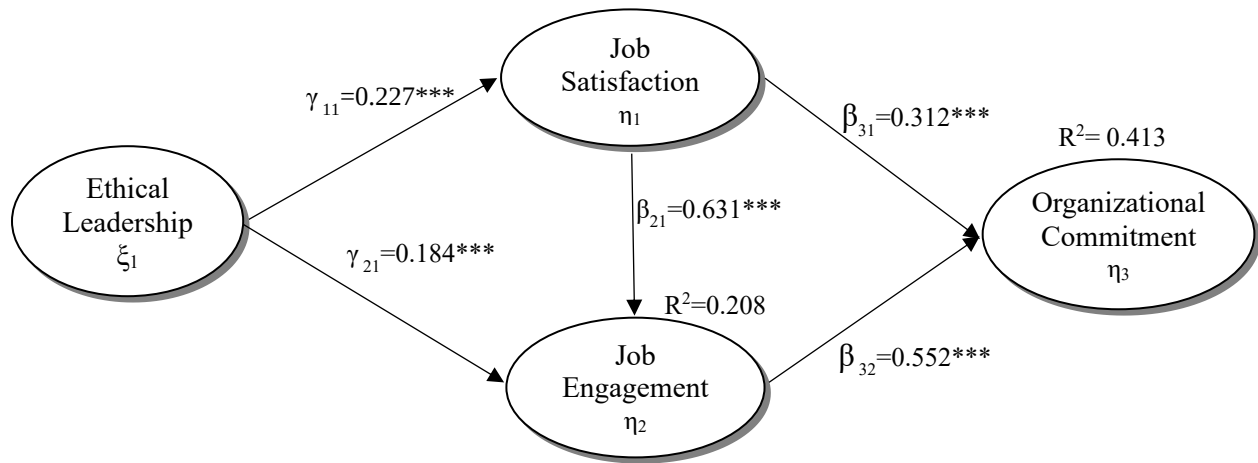
This study further confirms that employees' job satisfaction and job engagement significantly affect their organizational commitment ($\beta_{31} = 0.315, p < 0.001, \beta_{32} = 0.552, p > 0.001$). H4a and H5a are supported. It means that most workers believe their managers' ethical behavior strongly correlates to their job satisfaction and job engagement which also influences their commitment in their workplace (e.g., stay or leave). It also offers a solution to the firms and managers, and their leadership approach and pattern will give their employees reasons to compel an organization. The employees' job satisfaction and engagement among the workers and company system include developing mutual relationships. Table IV shows the results of the research hypotheses.

Table IV. Proposed model results

Hypotheses	Symbol	Path	Coefficients	Test results
H1	γ_{11}	Ethical Leadership → Job Satisfaction	0.227***	Supported
H2	γ_{21}	Ethical Leadership → Job Engagement	0.184***	Supported
H3	β_{21}	Job Satisfaction → Job Engagement	0.631***	Supported
H4a	β_{31}	Job Satisfaction → Organizational Commitment	0.312***	Supported
H5a	β_{32}	Job Engagement → Organizational Commitment	0.552***	Supported

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

$$R^2 = 0.298$$



Note. Model fit: $\chi^2 = 1599.03$, $df = 395$, $\chi^2/df = 4.048$, $GFI = 0.902$, $NFI = 0.885$, $CFI = 0.911$, $IFI = 0.911$, and $RMSEA = 0.070$.

Figure. 2 Structural model.

4.3 Mediating effect

This study adopted the procedure recommended by Hayes (2018) and the PROCESS macro for SPSS to calculate the 95% confidence interval (CI) with 5,000 bootstrapped samples to test the mediation effects of employees' job satisfaction and job engagement to bridge the managers' ethical leadership level and organizational commitment. Bootstrapping is a nonparametric statistical procedure in which the dataset is repeatedly sampled. Mediation analysis showed that the 95% CIs of all tested indirect effects did not include zero see Table V. The results from the regression show that the entire are partial mediators. Therefore, it was concluded that the ethical leadership level has a significant indirect and indirect effect on employees' organizational commitment through employees' job satisfaction and job engagement. All the aforementioned mentioned conditions were met because H4b and H5b are supported.

Table V. Mediation effects

IV	M	DV	IV->DV (c)	IV->M (a)	IV+M->DV		Bootstrapping 95% CI	
					IV (c')	M(b)	Percentile method	Bias-corrected
EL	JS	JE	0.211***	0.211***	0.340***	0.614***	[0.027, 0.034]	[0.070, 0.094]
Standard Error			0.033	0.040	0.040	0.032		
EL	JS	OC	0.159***	0.241***	0.267***	0.512***	[0.027, 0.035]	[0.068, 0.091]
Standard Error			0.028	0.040	0.034	0.028		
EL	JS	OC	0.133***	0.267***	0.340***	0.778***	[0.032, 0.133]	[0.040, 0.178]
Standard Error			0.032	0.034	0.041	0.036		

Note: EL: Ethical leadership, JS: Job Satisfaction, JE: Job Engagement, OC: Organizational commitment

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

5. Discussion

5.1 Key findings

This study confirms that the managers' character (e.g., ethics), success perception with their counterparts, respect to workers' complaints and suggestions, respect to ethical standards in the organization, fair decision-making process, and the manager trusted their employees. All of them strongly correlate with employees' satisfaction at work, coordination with other workers'. Furthermore, surveillance processes, salary systems, and promotion procedures influence their workers' organizational expectations in their work system. It aligns with the company vision and mission, motivation to enhance company value, feel has a contribution, and respect their work toward organizational achievement. These are ground-breaking findings that have not been validated in earlier studies. Specifically, the recent study found that employees' job satisfaction and engagement align with their managers' leadership patterns. The result also proved the leader in the organization had played a pivotal role in mobile their workers' minds and views about company goals.

Although, every organization has had an ethics code of conduct for their managers and workers. The confirmed ethics climate theory (ECT) can explain the individual mind and view about their organization toward the ethics leadership pattern, job satisfaction, and job engagement, which also has an essential point to their organizational commitment. However, conflict is sometimes inevitable due to miscommunication and misperception about the rule and processes to obtain organizational goals. This study is opposites to the prior studies (Bashir and Gani, 2020; Bailey *et al.*, 2016; Coggburn *et al.*, 2017), which revealed other variables (e.g., salary) have a crucial role in workers' job satisfaction and job engagement.

This study suggests that the company owners, managers, and employees must collaborate on their ethics principle, which stakeholders need to evaluate. Therefore, they directly affect their employees' job satisfaction and job engagement and their motivation to keep their company ongoing concern. It also can avoid the potential worker migration to their competitors. Moreover, the firms' managers or organization leaders need to employ their employees to expose their organization's operational system and enlighten their workers by incorporating ethics, work standards, and remuneration systems to enhance their workers' loyalty. The findings indicate that the primary motivators ethics climate theory (ECT) context is the leaders' ethical leadership practice, job satisfaction, job engagement, and organizational commitment. Consequently, it will pursue the workers and firms' possibly maintaining their relationships to get success.

Both mediators (employees' job satisfaction and job engagement) are crucial in encouraging the workers to consider whether they leave or stay with their recent workplace. The findings are consistent with (Dust *et al.*, 2018; Fu *et al.*, 2020; Goswami *et al.*, 2021), which found that the leaders' leadership pattern allows the employees' personal to feel convenience their organization. However, lack of study to validate the correlation between ethical leadership, job satisfaction, job engagement, and workers' organizational commitment.

5.2 Conclusions

The results of this study strengthen the ethics climate theory (ECT) to prove the leaders are an important point to their worker psychology and their satisfaction and engagement on the job, which mediated their leader ethical leadership and organizational commitment. Although prior studies found culture, income, and education strongly correlate with employee and leader relationships. However, there are more prone on Western and developed countries rather than Eastern fields. It also probably strengthen the relationship among stakeholders. The leaders' moral and commitment

to ethical standards can be applied as a predictor of organizational commitment. The results indicate that the main idea of ethical climate theory (ECT) in this context are ethics leadership, job satisfaction, job engagement specifically engage the employees and their organization.

5.3 Theoretical implications

The result of this study has some contributions to ethics and employees' decision. First, the research model provides a better understanding of leaders' ethical leadership, which lacks studies that validate the concept of ethics, job satisfaction, job engagement, and employees' simultaneous commitment to the private field. This study concluded that ethical leadership has an essential role in employees' personal satisfaction and engagement, subsequently influencing their commitment to the organization. The workers who have had positive perceptions of the manager leadership are more prone to be committed and have a sense of belonging to their organization. It implies that this study also expands the concept of ECT to explain how ethical leadership has a strong correlation to their employees' job satisfaction and engagement and their behaviors on individuals and groups. Hence, it provides a solid theoretical for future studies by providing the mediating role of the employees' job satisfaction and engagement to develop commitment and reduce the frequent of workers who have plan to go outside. It also suggests that ethical leadership, job satisfaction, job engagement, and employees' commitment must be established at the initial phase of the organization. Finally, the recent study also strengthens ethics climate theory (ECT) to predict factors (e.g., ethical leadership) that influences worker frequency satisfaction, engagement, and behavior. It also reinforces the close relationships among workers individually to their organizational commitment.

5.4 Practical implications

This study suggests academics and organization stakeholders need to develop ethical leadership standards regarding which action is good or bad, which positively affects their workers' job satisfaction and engagement and their organization's sense of belonging. In addition, the organization system possibly to affects their attitude and behavior. It implies a leader's ethical and unethical organization's influence workers' attitude toward the organization. It could explain why some companies care about the ethical standard and operational system to embrace their talented employees'. This study implies that the company leaders need concerned about the ethics standard that will be applied to all workers.

Ethical leadership standard is one of the important points to workers by which allow the employees to revise their views and commitment through job satisfaction and engagement. The organization's leaders must also be conscious and identify the aims and workers' characteristics to enhance their concerns. Besides, the stakeholders also need to focus on the important measurements of the ethics climate theory (ECT) to increase their communication and worker attitudes and satisfaction with the organization.

5.5 Limitations and future research directions

Some parts need to enhance in the subsequent research. First, this study was limited to Indonesian workers. Hence, the following research needs more focus on the workers from other cultures and countries. It can help managers and regulators to understand many kinds of workers' dynamic economic and social aspects, which affect their ethical action, job satisfaction, job engagement, and organizational commitment. Second, convenience sampling and mixed-method techniques are needed to obtain more complete results and the quality of the participants. Because the workers

possibly have distinguished minds and views regarding ethical standards, job perception, and organizational commitment. Third, vast respondents were workers with bachelor's degrees. Hence, next studies need to focus on the employees' education and position.

Appendix.

Ethical Leadership Nazir et al. (2021)

1. My managers' conducts his/her personal life in an ethical manner.
2. My managers' defines success not just by results but also by the way that they are obtained.
3. My managers' listens to what employees have to say
4. My managers' disciplines employees who violate ethical standards
5. My managers' makes fair and balanced decisions
6. My managers' can be trusted
7. My managers' discusses business ethics or values with employees
8. My managers' sets an example of how to do things the right way in terms of ethics
9. My managers' has the best interests of employees in mind
10. My managers' makes decisions, asks "what is the right thing to do?"

Job satisfaction (Wright and Cropanzano, 1998)

1. I am satisfied with the work of my job
2. I am satisfied with my co-workers
3. I am satisfied with the supervision
4. I am satisfied with my salary system
5. I am satisfied with the promotional opportunities

Employees' engagement (Shrotryia and Dhanda, 2021)

1. I know what is expected out of me at work
2. My personal goals match with the vision and mission of the organization
3. I find that the work I do has useful for my company
4. I feel empowered while working for my job as it gives me confidence about my abilities
5. I believe that I am in-charge of the work I do in the organization I work for
6. I understand how my work is contributing toward achievement of organizational goals
7. I am aligned with the activities of the organization I work for

Commitment (Ramalho Luz *et al.*, 2018)

1. I have a sense of belonging to my organization
2. I have felt "emotionally attached" to this organization
3. This organization has a great deal of personal meaning for me
4. I have felt like "part of the family" at this organization
5. I am very happy to spend the rest of my career with this organization
6. I enjoy discussing my organization with people outside it
7. I feel as if this organization's problems are my own

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Accurate and useful interpretation has been made. Sound argument and discussion has been provided.				+		
Results have been reported. The study has been evaluated and compared to similar studies (if any).				+		
Conclusion describes implications for theory, research, and/or practice. Logical conclusions from the data have be drawn				+		
This study arises from new theoretical results or new empirical findings; it arises from new interpretation or synthesis of known material.				+		
The problem being studied is significant. It is applicable and of interest to the field; it has relevance beyond the case presented.				+		
The content is precise. The language of the paper is formal, technical and academic.					+	
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Ethical issues						



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respon kepada reviewer dan editor dan
artikel yang sudah direvisi
(12 Agustus 2022)**



Ramlawati Ramlawati <ramlawati.umi@gmail.com>

Aug 12,
2022,
2:20 PM

to Редакция

Dear Editor (s)

We would like to thank the Editor and Reviewers for their detailed and helpful feedback regarding our manuscript, and for providing us with the opportunity to revise our manuscript. We have revised the manuscript according to the Reviewers' recommendations. We did our best to give diligent and thoughtful consideration to each of the issues raised by the Reviewers in revising the paper. We sent three files including:

1. Figure.JPG (Research figure)
2. Cover letter and reviewers' response (Our response to reviewers' suggestion)
3. Main file (Manuscript file)

Thanks so much for your thoughtful and helpful review. We have addressed your concerns. If there were specific ways, you would like us to address any remaining concerns, please let us know.

Sincerely
Ramlawati

We would like to thank the Editor and Reviewers for their detailed and helpful feedback regarding our manuscript, and for providing us with the opportunity to revise our manuscript. We have revised the manuscript according to the Reviewers' recommendations. We did our best to give diligent and thoughtful consideration to each of the issues raised by the Reviewers in revising the paper. We also revise our text of manuscript refers to APA and paper which recent published and added some references from *Organizational Psychology*.

Response to Reviewer1's Comments

There are several missing references. Some references in the text don't exist in the used literature list or vice versa. For ex. Beuren et al., 2021(page 2).

Also in the list of references there are two sources that are not referenced in the text:

Ko, C., Ma., J., Bartnik, R., Haney, M.H. and Kang, M. (2018), "Ethical leadership: an integrative review and future research agenda", *Ethical & Behavior*, Vol. 28 No. 2, pp. 104-132.

Meyer, J.P. and Allen, N.J. (1991), "A three-component conceptualization of organizational commitment", *Human Resource Management Review*, Vol. 1 No. 1, pp. 61-89.

Response: Thank you so much for your positive comment. The references have revised as suggested.

Beuren, I.M., dos Santos, V., Theiss, V. (2022). Organizational resilience, job satisfaction and business performance. *International Journal of Productivity and Performance Management*, 71(6), 2262-2279.

Meyer, J.P., Allen, N.J. (1991). A three-component conceptualization of organizational commitment. *Human Resource Management Review*, 1(1), 61-89.

Ko, C., Ma., J., Bartnik, R., Haney, M.H. and Kang, M. (2018), "Ethical leadership: an integrative review and future research agenda", *Ethical & Behavior*, Vol. 28 No. 2, pp. 104-132. Has deleted as reference.

The writing style is somewhat complicated. There are missing words in several places.

Response: Thank you so much for your positive comment. Our manuscript has double checked to make sure consistency and grammar.

From my point of view, the theoretical introduction is somewhat verbose.

Response: Thank you so much for your positive comment. Our manuscript has double checked to make sure the content of the manuscript.

Response to Reviewer2's Comments

Thanks so much for your thoughtful and helpful review. We have addressed your concerns below. If there were specific ways, you would like us to address any remaining concerns, please let us know.

- 1) 1. it is necessary to indicate the key constructs in the title of the articleПоточнее описать выборку в абстракте.

Response: Thank you so much for your positive comment. The title has revised as suggested.

2. The author should describe the sample in more detail

Response: Thank you so much for your positive comment. The methodology part has revised the provide research process detail.

3. The author should check the list of references, it contains references that are not in the text. (ElGammal W., El-Kassar, A.N. and Canaan Messarra, L. (2018), “Corporate ethics, governance and social responsibility in MENA countries”, *Management Decision*, Vol. 56 No. 1, pp. 273-291).

Response: Thank you so much for your positive comment. We have deleted ‘ElGammal W., El-Kassar, A.N., Canaan Messarra, L. (2018). Corporate ethics, governance and social responsibility in MENA countries. *Management Decision*, 56(1), 273-291’ as refference.

4. the author should add a description of the psychometric properties of the methods used (validity and reliability). It is rather difficult to assess the quality of the study without this information.

Response: Thank you so much for your positive comment. The methodology part has revised as suggested.

Manuscript Submission Date: August, 8th 2022

Information about the author (if there are several authors, then such a table is filled in for each author separately)

Name, Surname	Ramlawati Ramlawati	Serlin Serang	Arminas Arminas	Junaidi Junaidi	Ready Wicaksono
Degree	Doctor	Doctor	Doctor	Doctor	Master
Affiliation (Organization name and post address)	Managmenet Department, Universitas Muslim Indonsia, 91111	Managmenet Department, Universitas Muslim Indonsia, 91111	Management Department, Politeknik ATI Makassar, 91115	Accounting Department, Universitas Muhammadiyah Palopo, 91911	Accounting Department, STIE Balikpapan, 71711
Position	1 st author and correspondent author	2 nd author	3 rd author	4 th author	5 th author
City, Country	Makassar, Indonesia	Makassar, Indonesia	Makassar, Indonesia	Palopo, Indonesia	Balikpapan, Indonesia
E-mail address	Ramlawati.umi@gmail.com	serlin.serang@umi.ac.id	arminas@atim.ac.id	junaidi@umpalopo.ac.id	ready@stiebalikpapan.ac.id
ORCID	0000-0002-4655-1225	0000-0002-6843-1064	0000-0002-3751-3657	0000-0003-1450-1933	0000-0003-0377-0648
Personal contribution to the joint manuscript	– Conception or design of the work – Data collection – Data analysis and interpretation – Drafting the article	– Conception or design of the work – Drafting the article – Critical revision of the article - Final approval of the version to be published	– Conception or design of the work – Data collection – Critical revision of the article - Final approval of the version to be published	– Data analysis and interpretation – Critical revision of the article – Final approval of the version to be published	– Critical revision of the article – Final approval of the version to be published

The role of ethical leadership on employee commitment to the organization: The mediating role of job satisfaction and job engagement

Abstract

*This research **aims to** investigate whether and how ethical leadership influences the mediator variables (employees' job satisfaction and job engagement) in the organization context. It also examines how the mediators should influence employees' organizational commitment. 690 participants were recruited for a survey study, and Structural Equation Modeling (**SEM**) was used to test the research hypotheses. The empirical results indicate that ethical leadership has significant and positive effects on employees' job satisfaction and engagement. Furthermore, employees' job satisfaction and job engagement have partial mediators between ethical leadership and employees' organizational commitment. **The result of this study** can practitioners, regulators, and researchers **an insight** to observe the dynamic behavior to elaborate on the impact of ethical leadership in business and psychology. The managers need to build ethical standards in the workplace. As well as provide clear rules of the organization system, which possibly influence workers' job satisfaction, engagement, and organizational commitment. The current study was limited to the private organization; there is a future need to study workers across the culture and region. This study contributes to managers' ethical or unethical leadership behavior and ethical climate theory (ECT) literature and, specifically, the decision-making process through developing and testing a model of employees' organizational commitment. This study also provides new insights into the determinants of these variables and employees' organizational commitment towards job satisfaction and engagement.*

Keywords: Ethical leadership, job satisfaction, job engagement, Ethical climate theory (ECT)

Paper type: Research Paper

Introduction

Competition has occurred in both local and global markets among companies. This phenomenon puts managers under pressure from the owners, as well as unethical action to make their objective come true. The regulator and shareholders have paid attention to the organization's leadership style due to financial scandals and fraud such as Bernie Madoff, Enron, and Lehman Brothers, which are significantly more massive than in the past era. Hence, it needs to develop ethical standards among the employees and decision-makers to prevent other business ethics and financial dishonors. The main issue is the ethical leadership among the managers and workers, which has become a serious issue for their integrity. As a solution to organizations facing scandals worldwide, some scholars attempt to elaborate on business ethics studies in the public and private company areas (Goswami *et al.*, 2021; **Hossain, 2021**; Marsh, 2013; Ouakouak *et al.*, 2020; Shakeel *et al.*, 2019). Prior studies found that managers' ethical leadership plays an important role in influencing employees' psychology and well-being in the workplace (Dust *et al.*, 2018; Fu *et al.*, 2020). Other scholars argue ethical leadership has a strong correlation to employees' job satisfaction and job engagement (**Lee et al., 2022**; Neale, 2020; Wang, Hsieh, 2012). It also has positively affected workers' organizational commitment (Gallego-Alvarez *et al.*, 2020; Jha, Singh, 2019; Limpo, Junaidi, 2022; **Ölçer, Coşkun, 2021**). It proves that ethical leadership has a crucial role in enhancing employees' engagement in the workplace.

Preliminary studies also examined the correlation between ethics and job satisfaction in an organizational context. Such as Koh and Boo (2001) and Lee et al. (2022). The authors concluded that Malaysia and Singapore's company leadership styles positively influence the work environment and ethical principles in the workplace. India has the same pattern, where ethical leadership significantly affects employee engagement (Shrotryia, Dhanda, 2020; Kurian et al., 2021; Zaman, Ansari, 2021). Job satisfaction and performance also possibly influence company performance and employees' commitment (Beuren et al., 2022; Guinot et al., 2021; Hendri, 2019; Limpo, Junaidi, 2022; Reddy, Kamesh, 2020). The ethical level also has an essential role in the deep understanding of personal psychology (Tang, Chiu, 2003; Shakeel et al., 2019; Treuren, Frankish, 2014). However, the employees' ethics have less effect on organization commitment in Iraq (Al Halbusi et al., 2021). Preliminary research has some weaknesses, such as focusing more on pay satisfaction based on social exchange theory (SET) and social cognitive theory (SCT) rather than ethic perspective (ethics theory). Furthermore, there are many works of literature written by practitioners and consulting firms that surprisingly lack empirical study from the educational context. There is also no need to examine the important role of ethical climate theory (ECT). Hence, the theoretical foundation is weak due to being applied from different viewpoints (Lee et al., 2022; So et al., 2021).

This study aims to address this gap by examining the effect of ethical leadership on employees' job satisfaction and job engagement, which are also mediator variables. Furthermore, this study also analyzes the mediator variable's role in bridging ethical leadership and organizational commitment. In their research, Beuren et al. (2022); Neale (2020) and Mostafa et al. (2021) recommended examining the effect of ethics and the connection between these fields with their ethics and employees' satisfaction and engagement; it also correlates with their decision on the organization (e.g., leave or stay). It may also possibly provide a complete view of the correlation these variables have with observation and provide insights to managers and company owners. Moreover, the recent study also provides insight into testing the ethical climate theory (ECT) more expansively. This study hope to answer the following research questions by building on arguments and discussion on individuals' and groups' attitudes across regions and combining insights from the ethics, business, and organization field literature:

RQ1. Does the ethical leadership level truly make employees satisfied and engaged in their workplace?

RQ2. Whether job satisfaction and job engagement positively affect employees' organizational commitment?

In answering these questions, this study provides some theoretical and practical contributions. First, this study validates the associations between ethical leadership, job satisfaction, and job engagement in the business context based on the ethics climate theory (ECT). It can help academicians and managers better comprehend the role of ethics in their employees' job satisfaction, influencing their engagement and commitment to the workplace. Second, few studies which examined the concept of ethics in the business and employees' fields neglected the mediating variable (Alam et al., 2022; Ouakouak et al., 2020; Shakeel et al., 2019; Shrotryia, Dhanda, 2020; Treuren, Frankish, 2014).

Literature Review and Hypotheses development

Ethics climate theory (ECT)

Ethics are the rules and procedures that govern how individuals and groups interact in social situations. Ethical standards and phenomena have become essential to firms and individuals (e.g., academia and businesses) (Elgamal *et al.*, 2018; Hosain, 2021; Junaidi, 2022). It is the ultimate element of any society. Nonetheless, the personal characteristic is a necessary stimulant for solving the ethical problem and committing. The business process also needs to validate the managers' and workers' commitment based on ethical and religion principles (Junaidi *et al.*, 2022).

Ethical climate theory (ECT) was initially built to examine personal moral development, sociological and philosophical among firms' managers in the decision-making process (Neale, 2020). It includes the ethical views that correlate to the culture, policy, and procedure of the managers' decision-making process and describes how and what the workers expect. The moral climate also has a crucial role in workers' attitudes and behaviors. Hence, workers are concerned with other workers' perceptions based on acceptable actions, expected and ethical principles (e.g., bad or good), which are accepted in the workplace environment (Cullen *et al.*, 2003; Junaidi, 2021). The concept of climate type includes two common dimensions: the ethical criteria that have a relationship within the decision-making process (e.g., benevolence, egoism, and principle) and the locus of personal analysis (e.g., cosmopolitan and local). Furthermore, the ethical principles have three classes: egoism, which is more prone to maximizing self-interest; utilitarianism, which concerns mutual relationships or group interests, and deontology, which highlights the moral standards of the organization.

Preliminary research has shown that ethical climate has a strong correlation with worker job satisfaction (Sharma *et al.*, 2019; Tsai, Huang, 2008; Wang, Hsieh, 2012). Through the rights and obligations, it also positively affects employees' engagement (Coggburn *et al.*, 2017; Neale, 2020). The workers' perception and views significantly affect their job satisfaction and behavior and their decision on whether to stay or leave the company (Ladkin, 2018). Hence, influence the organization's existence in a business and social context. Recently, Kaur (2017) confirmed that the ethical climate also positively affects worker commitment in India's banking sector. The lack of worker commitment is influenced by the reduction in performance and the growth of improper action among the managers (e.g., corruption and fraud). The unethical action intentions predicted worker motivation and satisfaction in the workplace. It also strongly correlates with real attitudes and behaviors (e.g., positive and negative) and maintains beliefs and moral issues (e.g., ethics and commitment).

Job Satisfaction

Ethical and employee satisfaction are critical key points in a company performance. Job satisfaction results from workers' perception and psychology (e.g., attitudes and emotions) about their job and workplace environment (Hendri, 2019). Job satisfaction is commonly defined as a tool for bridging individual emotions and obtaining. In some cases, managers and companies focus more on profit-making than ethics rules and employees' well-being, thus enhancing the employees' dissatisfaction (Coggburn, 2017; Stringer *et al.*, 2011). Some studies have concluded that personal psychology has a crucial role in addressing the correlation between employees' job satisfaction and their job engagement (Dhamija *et al.*, 2019; Håvold *et al.*, 2021; Shrotryia, Dhanda, 2020) and organizational commitment (Bashir, Gani, 2020; Guinot *et al.*, 2021;

Mwesigwa *et al.*, 2020). However, the lack of studies examining the relationship between these variables comprehensively makes the empirical study and theoretical development in this context worthwhile. Furthermore, the benefit of ethical assistance programs, possibly deliver benefits for managers, employees, and firms. Hence, the satisfaction among employees and also the organization's performance seems more attractive. In other words, employees' and managers' can also strengthen their relationship. If all the members' teamwork is well organized on company goals and vision, it will develop expressive and interpersonal relationships and offer their commitment to the organization.

The objective of the recent study also comes from calls for future management accounting and management operation research to address two issues. First, the ethical leadership construct has been examined in a different setting. Hence, this issue may be fascinating to investigate the manager's ethical leadership as a predictor of employees' job satisfaction and teamwork engagement. It has implications for private and public organizations. Second, human resources management and operational management studies have become hot issues due to the COVID-19 pandemic. Hence, the turnover study will provide essential literature. We encourage the employees' attitudes and behavior in the business field and provide literature to further develop management accounting and operational areas.

Employees' Engagement

According to Schaufeli *et al.* (2002), employee engagement has three dimensions: vigor as positive energy and mental focus while working; dedication refers to personal psychological well-being, including work challenges and experiencing commitment; a sense of enthusiasm, and respect. Lastly, absorption is defined as serious concentration on work. Moreover, the concept of worker engagement has a multidimensional motivation construct rather than job satisfaction. This concept has a more complete and comprehensive view. Hence, employee engagement in the workplace or organization has become an important issue for managers, supervisors, and employees. In the management resources and operational fields, some scholars are concerned about enhancing personal well-being and firms' performance (Shrotryia, Dhanda, 2021) and their commitment to the organization (Hendri, 2019; Mwesigwa *et al.*, 2020; Zaman, Ansari, 2021). Recently, a study conducted by Devalekar (2021) concluded that employee engagement strongly correlates to company revenue. It implies that workers have become their greatest asset and resource. Hence, the need to allocate specific investments to enhance their professional skills, career-building, and employees' well-being (e.g., income and psychology). Furthermore, the study also needs to build on current programs and teamwork, which refers to the apparent worker inquiries such as reward standards, training systems, and career development standards, and how employees feel and respect in their workplace, achieving aspirations and expectations from their managers. However, despite obtaining significant attention, the issue of employees' engagement is still the supreme challenge in the organizational context (Saks *et al.*, 2021; Shrotryia, Dhanda, 2021).

Organizational Commitment

The employees' engagement has a strong correlation to the organization's competitive advantage and loyalty. It also correlates to their emotional, mental, and spiritual well-being to achieve the organizations' goals. Hence, it directly affects company performance due to the workers' fully allocating their resources to organization goals. Today, organization managers have

paid attention to employee engagement and emotional well-being (Fu *et al.*, 2020; Jha, Singh, 2019; Mwesigwa *et al.*, 2020) toward their assignment, project, task, or other activities that are more prone to the organization rather than a specific job. Organizational commitment is also an important worker consideration in deciding whether to leave or stay with the organization (Ramalho Luz *et al.*, 2018; Shrotryia, Dhanda, 2020). Organizational commitment refers to the connection between **personal psychology and the workplace**. The recent study applied tridimensional commitment dimensions from Meyer and Allen (1991) concept, namely affective commitment, instrumental commitment, and normative commitment.

Insert Figure 1 Here

Hypotheses development

Relationship between ethical leadership and employees' job satisfaction

Effective business processes and performance are close to the leader's attitude, ethics, and skill. Recently, a corporate world scandal has occurred, which is commonly due to the irresponsible and improper attitude of the organization leader. **Managers' behavior also has a strong correlation to employees' satisfaction in the workplace**. It implies that companies revise their ethical rules and standards (Sharma *et al.*, 2019). **Effective and efficiency are related to honesty**, integrity, and justice. Leaders concerned about the ethical decision-making process with respect, sincerity, and honesty may possibly strengthen their relationship with employees. The leader also needs to allocate specific effort and time to enhance their ethical understanding, intellect, and humanism. It is possible to become an inspiration and respect their workers and other people (Salas-Vallina *et al.*, 2020). Thus, causality flows among variables and possibly occurs. Prior studies validated the effect of ethical leadership on job satisfaction, such as Salas-Vallina *et al.* (2019), which revealed that ethical leadership helps workers' positive energy, motivation, and satisfaction in the workplace. Similarly, in India, ethical leadership has a significant effect on employees' job satisfaction in the public sector (Al Halbusi *et al.*, 2021; Bashir, Gani, 2020; Dhamija *et al.*, 2019; Goswami *et al.*, 2021; **Shakeel *et al.*, 2019**). Hence, we propose the following hypotheses:

H1. Ethical leadership has a positive effect on employee job satisfaction.

The link between ethical leadership and job engagement

Because of the competition, managers and employees must adapt to and be aware of the business environment, and creativity and innovation are essential to organizational success. Unfortunately, most employees depend on their managers' leadership approaches. Therefore, the leader believes the organization's performance depends on worker job engagement, enhancing their motivation and engagement (Aljuhmani *et al.*, 2021; Nazir *et al.*, 2021). Some scholars have paid attention to examining ethical leadership. It has a dominant and influential role in measuring managers' success and moral outcomes. It is crucial because some managers neglect the ethical value of their leadership approach. The employees also paid attention to their leader's promoting moral values due to historical ethical and financial scandals. **Ethical leadership is also essential**

due to the workers' need to obtain honest guidance from their managers to deal with a moral dilemma (Al Halbusi et al., 2021; Jha, Singh, 2019).

Preliminary concluded that ethical leadership has a positive effect on employees' job engagement. For instance, Saks et al. (2021) and Salas-Vallina and Fernandez (2020) found that the firms' managers' concerns with workers' well-being will influence their collaboration and trust. Hence, the leader becomes an inspiration to employees. Ethical leadership is also possible to enhance employee creativity and performance (Nazir *et al.*, 2019). Saks et al. (2021) and Sharma et al. (2019) revealed that ethical leadership positively affects building employee commitment. Ethical leadership also has a crucial role in an organization's existence (Al Halbusi *et al.*, 2021; Fu *et al.*, 2020; Mostafa *et al.*, 2021; Ouakouak *et al.*, 2020). Hence, we propose the following hypotheses:

H2. Ethical leadership has a positive effect on employees' job engagement.

Relationship between employees' job satisfaction and job engagement

Global Business and economic competition have rapidly changed. Today, companies face a complex, competitive environment. Leaders and employees must work together to transform the workplace's rapid change. Hence, employees' job engagement has become a critically important issue in business and management. Some scholars argue that job satisfaction has a vital role in employee job engagement (Bashir, Gani, 2020; Ramalho Luz et al., 2018; Saks et al., 2021) and improve organization performance (Devalekar, 2021). Other elements like ethics value in the workplace are employees' psychology and satisfaction (Cullen et al., 2003; Guinot et al., 2021; Håvold et al., 2021). Furthermore, job satisfaction is a sign of a worker's commitment to their career. Hence, it has a psychological effect on employees' job engagement. Job engagement is also considered a valuable investment among managers and workers to improve company performance and prevent counterproductive behavior. Job satisfaction also prevents conflict management between managers and workers in the workplace (Coggburn et al., 2017; Dust et al., 2018; Mwesigwa et al., 2020) and enhances employees' well-being (Fu et al., 2020). Thus, this study proposes the following hypothesis:

H3. The employees' job satisfaction has a positive effect on job engagement.

Relationship between employees' job satisfaction and organizational commitment

Employees' commitment to an organization is different from their work teams (team commitment) and their personal' commitment to their workplace organization. The initial aspect to distinguish between employees' view of team commitment and organizational commitment is the workplace environment. The commitment dimensions such as instrumental, attitudinal, and temporal components strongly correlate with personal psychological well-being. In the corporate field, employees' organizational commitment maintains a correlation between managers and employees. whereas, in the business context, employees' job satisfaction influences their commitment to the organization toward relationships and a sense of belonging (Ramalho Luz *et al.*, 2018; Shrotyia, Dhanda, 2020; So *et al.*, 2021; Treuren, Frankish, 2014; Zaman, Ansari, 2021). Job satisfaction contributes to developing a meaningful and positive relationship and commitment among team members and the company. Commonly, employees tend to switch to other organizations if they perceive dissatisfaction with a particular organization. On the other hand, workers may have positive or negative influences on their feelings towards the organization.

This study also considers employees' job satisfaction as a mediator when examining the relationship between ethical leadership and employees' organizational commitment. Prior studies concluded that employees' satisfaction with the leader's ethical approach in the workplace possibly influences their commitment to the organization (Ouakouak *et al.*, 2020; Rai, Maheshwari, 2021; Sallas-Vallina *et al.*, 2020; Shakeel *et al.*, 2019; Sharma *et al.*, 2019). Hence, the recent study possibly enhances the quality of inferences, increases access to knowledge, and provides a substantial contribution. Thus, this study proposes the following hypothesis.

H4a. The employees' job satisfaction has a positive effect on their organizational commitment.

H4b. The manager's ethical leadership positively affects their employees' organizational commitment, mediated by job satisfaction.

Relationship between employees' job engagement and organizational commitment

Job engagement can explain job characteristics and satisfaction through cognitive, emotional, and behavioral mechanisms. According to Shrotryia and Dhanda (2020), job engagement has three multidimensional constructs: alignment, which refers to an employee's understanding of her/his job and role in the organization. Hence, the worker has organizational value and makes them feel empowered. The affectiveness dimension refers to employees' engagement with their psychology in the workplace. It also refers to an emotional experience that includes obvious belongingness, commitment, and pride. This part possibly engages employees happy in the workplace and influences them to enhance their commitment to the organization. Lastly, the action-orientation dimension captures the employee's behavior and willingness to take a decision process. Furthermore, this condition may influence the employees' commitment, and the decision to stay or leave the company (Bailey *et al.*, 2016; Guinot *et al.*, 2021; Treuren, Frankish, 2014). Thus, it is possibly applied to help the company exist. Hence, this study proposes the following hypothesis.

H5a. The employees' job engagement has a positive effect on their organizational commitment.

H5b. Ethical leadership positively affects employee organizational commitment, which is mediated by job engagement.

Methodology

Questionnaire design, pretest, and pilot study

This study applied multi-item scales to all of the constructs from prior studies for the concepts of ethical leadership, employee job satisfaction, job engagement, and employee commitment. A professional translator reviewed all the instruments. Subsequently, this study conducts a pilot test of the measurement items to ensure the final formal survey. Hair Jr et al. (2019) stated that the pilot test was used to identify various responses, implications, difficulties, attentiveness, and kindness related to the pretest questions. Subsequently, a pilot test was carried out on 120 samples, which were considered adequate for statistical analysis.

Sample and data collection

All the participants in the recent study are Indonesian workers who are active in the private sector, which invited them to fill out an online survey. This online survey was carried out using Google Forms, which lasted from August 1 to September 30, 2021. Conversely, various control and filter questions were anonymous, and random constructs were carried out to avoid bias and ensure the survey was valid. The samples were gathered from random convenience sampling involving 690 employees **who work on financial sector**. However, 616 samples were valid, and this indication was experienced at a rate of 89.28 %. Table 1 shows the respondents' demographics.

Table 1. Respondent demographics

Demographic Items	Frequency	Percentage (%)
Gender		
Male	289	46.92
Female	327	53.08
Age		
Under 26 years old	148	24.02
26~40 years old	288	46.75
Over 40 years old	180	29.22
Education		
Bachelor and below	340	55.19
Master	276	44.81
Time period as employee		
Below 5 years	79	12.82
6~10 years	155	25.16
11~15 years	192	31.17
Over 15 years	190	30.84

Measures

The items used to measure each of the constructs are presented in the Appendix. Demographic participants such as gender, age, education, and period of experience as employees were included in the questionnaire. A seven-point Likert scale anchored between 1 (“strongly disagree”) and 7 (“strongly agree”) was used for all scale items.

*** Insert Appendix here ***

Data analysis

The data was analyzed using two statistical programs, SPSS 22 and AMOS 22. Furthermore, hypothesis testing was carried out by applying the structural equation model (SEM). The main advantage of using SEM is that it facilitates the separate use of factor and regression analyses to test the model. Besides, it is simultaneously used to estimate all the path coefficients. According to Byrne (2016), SEM provides two essential aspects of the procedure. First, it is used to determine the causal effects of the observed variables, and (b) the structural relations among variables enable a clear description of the theory examined in this study. The hypothesized model is

comprehensively used to validate all the variables and determine consistency with the investigation.

After that, descriptive statistics using frequency distribution were generated. The Pearson correlation coefficient was also used to determine the relationship among the variables observed. Third, standard method variance (CMV) was adopted as a prevention and post-detection technique. Lastly, this study applied the Hayes (2018) bootstrapping method to examine the mediating and indirect effects of ethical leadership on employees' job satisfaction and job engagement as a mediator, which possibly influences their organizational commitment.

Results

Pilot study and descriptive statistic

The means and standard deviations were adopted in this study to validate the subjective data and compare the variables that were initially observed in the first step (Hair Jr *et al.*, 2019). Table 2 shows the value of mean differences is stated in terms of standard deviations. Therefore, an effect size greater than .5 shows that the mean difference is one-half of the standard deviation and a good fit for the observed data (Byrne, 2016).

Table 2. Correlation matrix for measurement scales

Constructs	Mean	SD	EL	ET	PS	OC
EL	5.49	0.76	0.808			
JS	5.68	0.68	0.209**	0.771		
JE	5.87	0.77	0.298**	0.619**	0.776	
OC	5.39	0.80	0.319**	0.689**	0.626**	0.734

Note: EL: Ethical Leadership, JS: Job satisfaction, JE: Job engagement, OC: Organizational commitment
SD: standard Deviation
Diagonal elements are the square roots of the AVE for each construct
Pearson correlations are shown below the diagonal
Significant at *: $p < 0.05$, **: $p < 0.01$, ***: $p < 0.001$

Common method variance (CMV)

This study adopted prevention and post-detection procedures to avoid and reduce the issue of common method variance (CMV). For prevention procedures, this study asked respondents to fill up the survey anonymously, randomized the order of measurement items, and obscured the labels for the constructs to reduce respondents' concerns (Podsakoff *et al.*, 2003).

Measurement model

Table 3 shows the CFA model reproduces the covariance matrix of the observed variables with a good fit (Byrne, 2016; Hair Jr *et al.*, 2019): $\chi^2/df = 4.026$, Goodness-of-Fit Index (GFI) = 0.902, Nonnormed Fit index (NFI) = 0.886, Comparative Fit Index (CFI) = 0.912, Incremental Fit index (IFI) = 0.912, Tucker Lewis Index (TLI) = 0.903, and Root Mean Square Error of Approximation

(RMSEA) = 0.070. Besides, each item's factor loading and multiple square correlations were larger than 0.700. The Cronbach's α for all constructs was more than 0.800, indicating good convergent validity and reliability for all measurement items and constructs. This indicates a good reliability for all measurement items (Table 3), constructs, and convergent validity (Hair Jr *et al.*, 2019; Byrne, 2016).

Table 3. Measurement results

Constructs	MLE estimates factor loading/ measurement error		Squared multiple correlation (SMC)	Composite reliability (CR)	Average of variance extracted (AVE)	Cronbach's α
Ethical Leadership				0.939	0.608	0.938
EL1	0.744	0.446	0.554			
EL2	0.853	0.272	0.728			
EL3	0.763	0.418	0.582			
EL4	0.777	0.396	0.604			
EL5	0.746	0.443	0.557			
EL6	0.735	0.460	0.540			
EL7	0.793	0.371	0.629			
EL8	0.840	0.294	0.706			
EL9	0.818	0.331	0.669			
EL10	0.718	0.484	0.516			
Job Satisfaction				0.904	0.653	0.902
JS1	0.749	0.439	0.561			
JS2	0.821	0.326	0.674			
JS3	0.769	0.409	0.591			
JS4	0.845	0.286	0.714			
JS5	0.851	0.276	0.724			
Job Engagement				0.864	0.616	0.909
JE1	0.760	0.422	0.578			
JE2	0.805	0.352	0.648			
JE3	0.769	0.409	0.591			
JE4	0.806	0.350	0.650			
JE5	0.720	0.482	0.518			
JE6	0.808	0.347	0.653			
JE7	0.724	0.476	0.524			
Organizational Commitment				0.924	0.602	0.925
OC1	0.811	0.342	0.658			
OC2	0.753	0.433	0.567			
OC3	0.761	0.421	0.579			
OC4	0.780	0.392	0.608			
OC5	0.773	0.402	0.598			
OC6	0.758	0.425	0.575			
OC7	0.807	0.349	0.651			
OC8	0.761	0.421	0.579			

Fit statistics (N = 616)

$\chi^2/df = 4.026$, Goodness-of-Fit Index (GFI) = 0.902, Nonnormed fit index (NFI) = 0.886, Comparative Fit Index (CFI) = 0.912, Incremental fit index (IFI) = 0.912, and Root Mean Square Error of Approximation (RMSEA) = 0.070

Structural model

This study empirically validates the managers' ethical leadership level has a significant and positive effect on employees' job satisfaction and job engagement ($\gamma_{11} = 0.227, p < 0.001$) and ($\gamma_{21} = 0.184, p < 0.001$), respectively, supporting H1 and H2. Furthermore, employees' job satisfaction also significantly affects their job engagement to support H3 ($\beta_{21} = 0.631, p < 0.001$). It implies that the leaders' behavior directly influences their employees' attitudes and motivation. It also has a positive effect on their organizational performance and possibly strengthens their relationship.

This study further confirms that employees' job satisfaction and job engagement significantly affect their organizational commitment ($\beta_{31} = 0.315, p < 0.001, \beta_{32} = 0.552, p > 0.001$). H4a and H5a are supported. It means that most workers believe their managers' ethical behavior strongly correlates to their job satisfaction and job engagement which also influences their commitment in their workplace (e.g., stay or leave). It also offers a solution to the firms and managers, and their leadership approach and pattern will give their employees reasons to compel an organization. The employees' job satisfaction and engagement among the workers and company system include developing mutual relationships. Table 4 shows the results of the research hypotheses.

Table 4. Proposed model results

Hypotheses	Symbol	Path		Coefficients	Test results
H1	γ_{11}	Ethical Leadership	→ Job Satisfaction	0.227***	Supported
H2	γ_{21}	Ethical Leadership	→ Job Engagement	0.184***	Supported
H3	β_{21}	Job Satisfaction	→ Job Engagement	0.631***	Supported
H4a	β_{31}	Job Satisfaction	→ Organizational Commitment	0.312***	Supported
H5a	β_{32}	Job Engagement	→ Organizational Commitment	0.552***	Supported

Note: Significant at *: $p < 0.05$, **: $p < 0.01$, ***: $p < 0.00$

Insert Figure 2 Here

Mediating effect

This study adopted the procedure recommended by Hayes (2018) and the PROCESS macro for SPSS to calculate the 95% confidence interval (CI) with 5,000 bootstrapped samples to test the mediation effects of employees' job satisfaction and job engagement to bridge the managers' ethical leadership level and organizational commitment. Bootstrapping is a nonparametric

statistical procedure in which the dataset is repeatedly sampled. See Table 5. Mediation analysis showed that the 95% CIs of all tested indirect effects did not include zero. The results from the regression show that the entire set are partial mediators. Therefore, it was concluded that the ethical leadership level has a significant **direct and indirect** effect on employees' organizational commitment through their job satisfaction and job engagement. **All the aforementioned conditions were met because H4b and H5b are supported.**

Table 5. Mediation effects

IV	M	DV	IV->DV (c)	IV->M (a)	IV+M->DV		Bootstrapping 95% CI	
					IV (c')	M(b)	Percentile method	Bias-corrected
EL	JS	JE	0.211***	0.211***	0.340***	0.614***	[0.027, 0.034]	[0.070, 0.094]
Standard Error			0.033	0.040	0.040	0.032		
EL	JS	OC	0.159***	0.241***	0.267***	0.512***	[0.027, 0.035]	[0.068, 0.091]
Standard Error			0.028	0.040	0.034	0.028		
EL	JS	OC	0.133***	0.267***	0.340***	0.778***	[0.032, 0.133]	[0.040, 0.178]
Standard Error			0.032	0.034	0.041	0.036		

Note: EL: Ethical leadership, JS: Job Satisfaction, JE: Job Engagement, OC: Organizational commitment
Significant at *: $p < 0.05$, **: $p < 0.01$, ***: $p < 0.001$

Discussion

Key findings

This study confirms that the managers' character (e.g., ethics), success perception with their counterparts, respect to workers' complaints and suggestions, respect to ethical standards in the organization, fair decision-making process, and the manager trusted their employees. All of them strongly correlate with employees' satisfaction at work, coordination with other workers'. Furthermore, surveillance processes, salary systems, and promotion procedures influence their workers' organizational expectations in their work system. It aligns with the company's vision and mission, motivation to enhance company value; feeling like they have made a contribution, and respecting their work toward organizational achievement. These are ground-breaking findings that have not been validated in earlier studies. Specifically, a recent study found that employees' job satisfaction and engagement align with their managers' leadership patterns. The result also proved the leader in the organization had played a pivotal role in mobile their workers' minds and views about company goals.

Although, every organization has had an ethics code of conduct for their managers and workers. The confirmed ethics climate theory (ECT) can explain the individual's mind and view about their organization toward the ethical leadership pattern, job satisfaction, and job engagement, which also has an essential point to their organizational commitment. However, conflict is sometimes inevitable due to miscommunication and misperception about the rules and processes

to obtain organizational goals. This study is contrary to the prior studies (Bashir, Gani, 2020; Bailey *et al.*, 2016; Cogburn *et al.*, 2017), which revealed other variables (e.g., salary) have a crucial role in workers' job satisfaction and job engagement.

This study suggests that the company's owners, managers, and employees must collaborate on their ethics principles, which stakeholders need to evaluate. Therefore, they directly affect their employees' job satisfaction and job engagement and their motivation to keep their company's ongoing concern. It can also avoid the potential for worker migration to their competitors. Moreover, the firms' managers or organization leaders need to employ their employees to expose their organization's operational system and enlighten their workers by incorporating ethics, work standards, and remuneration systems to enhance their workers' loyalty. The findings indicate that the primary motivators in the ethics climate theory (ECT) context are the leaders' ethical leadership practice, job satisfaction, job engagement, and organizational commitment. Consequently, it will pursue the workers and firms' possibly maintaining their relationships to achieve success.

Both mediators (employees' job satisfaction and job engagement) are crucial in encouraging the workers to consider whether they leave or stay with their current workplace. The findings are consistent with (Dust *et al.*, 2018; Fu *et al.*, 2020; Goswami *et al.*, 2021), which found that the leaders' leadership pattern allows the employees' personal to feel convenient in their organization. However, there is a lack of study to validate the correlation between ethical leadership, job satisfaction, job engagement, and workers' organizational commitment.

Conclusions

The results of this study strengthen the ethics climate theory (ECT) to prove that the leaders are an important point in their worker psychology and their satisfaction and engagement on the job, which mediated their leader's ethical leadership and organizational commitment. Although previous research found that culture, income, and education all have a strong correlation with employee-leader relationships. However, Western and developed countries are more prone than Eastern fields. It will probably also strengthen the relationship among the stakeholders. The leaders' moral and commitment to ethical standards can be applied as a predictor of organizational commitment. The results indicate that the main ideas of ethical climate theory (ECT) in this context are ethics leadership, job satisfaction, and job engagement, specifically engaging the employees and their organization.

Theoretical implications

The result of this study has some implications for ethics and employee decisions. First, the research model provides a better understanding of leaders' ethical leadership, which lacks studies that validate the concept of ethics, job satisfaction, job engagement, and employees' simultaneous commitment to the private field. This study concluded that ethical leadership has an essential role in employees' personal satisfaction and engagement, subsequently influencing their commitment to the organization. The workers who have had positive perceptions of the manager's leadership are more prone to be committed and have a sense of belonging to their organization. It implies that this study also expands the concept of ECT to explain how ethical leadership has a strong correlation to their employees' job satisfaction and engagement and their behaviors as individuals and groups. Hence, it provides a solid theoretical basis for future studies by providing the mediating role of the employees' job satisfaction and engagement to develop commitment and reduce the frequency of workers who have planned to go outside. It also suggests that ethical

leadership, job satisfaction, job engagement, and employees' commitment must be established in the initial phase of the organization. Finally, the recent study also strengthens the ethics climate theory (ECT) to predict factors (e.g., ethical leadership) that influence worker frequency, satisfaction, engagement, and behavior. It also reinforces the close relationships among workers, individually and in terms of their organizational commitment.

Practical implications

This study suggests academics and organizational stakeholders need to develop ethical leadership standards regarding which actions are good or bad, which positively affects their workers' job satisfaction and engagement and their organization's sense of belonging. In addition, the organizational system possibly affects their attitude and behavior. It implies a leader's ethical and unethical organization's influence on workers' attitudes toward the organization. It could explain why some companies care about the ethical standards and operational system to embrace their talented employees'. This study implies that company leaders need to be concerned about the ethics standard that will be applied to all workers.

Employees value the ethical leadership standard because it allows them to revise their views and commitment through job satisfaction and engagement. The organization's leaders must also be conscious and identify the aims and characteristics of their workers to enhance their concerns. Besides, the stakeholders also need to focus on the important measurements of the ethics climate theory (ECT) to increase their communication and worker attitudes and satisfaction with the organization.

Limitations and future research directions

Some parts need to be enhanced in the subsequent research. First, this study was limited to Indonesian workers. Hence, the following research needs more focus on workers from other cultures and countries. It can help managers and regulators to understand many kinds of workers' dynamic economic and social aspects, which affect their ethical actions, job satisfaction, job engagement, and organizational commitment. Second, convenience sampling and mixed-method techniques are needed to obtain more complete results and improve the quality of the participants. because the workers possibly have distinguished minds and views regarding ethical standards, job perception, and organizational commitment. Third, the vast majority of respondents held bachelor's degrees. Hence, future studies need to focus on the employees' education and position.

Appendix.

Ethical Leadership Nazir et al. (2021)

1. My managers' conducts his/her personal life in an ethical manner.
2. My managers' defines success not just by results but also by the way that they are obtained.
3. My managers' listens to what employees have to say
4. My managers' disciplines employees who violate ethical standards
5. My managers' makes fair and balanced decisions
6. My managers' can be trusted
7. My managers' discusses business ethics or values with employees
8. My managers' sets an example of how to do things the right way in terms of ethics
9. My managers' has the best interests of employees in mind
10. My managers' makes decisions, asks "what is the right thing to do?"

Job satisfaction (Tsai, Huang, 2008)

1. I am satisfied with the work of my job
2. I am satisfied with my co-workers
3. I am satisfied with the supervision
4. I am satisfied with my salary system
5. I am satisfied with the promotional opportunities

Employees' engagement (Shrotryia, Dhanda, 2020)

1. I know what is expected out of me at work
2. My personal goals match with the vision and mission of the organization
3. I find that the work I do has useful for my company
4. I feel empowered while working for my job as it gives me confidence about my abilities
5. I believe that I am in-charge of the work I do in the organization I work for
6. I understand how my work is contributing toward achievement of organizational goals
7. I am aligned with the activities of the organization I work for

Commitment (Ramalho Luz et al., 2018)

1. I have a sense of belonging to my organization
2. I have felt "emotionally attached" to this organization
3. This organization has a great deal of personal meaning for me
4. I have felt like "part of the family" at this organization
5. I am very happy to spend the rest of my career with this organization
6. I enjoy discussing my organization with people outside it
7. I feel as if this organization's problems are my own

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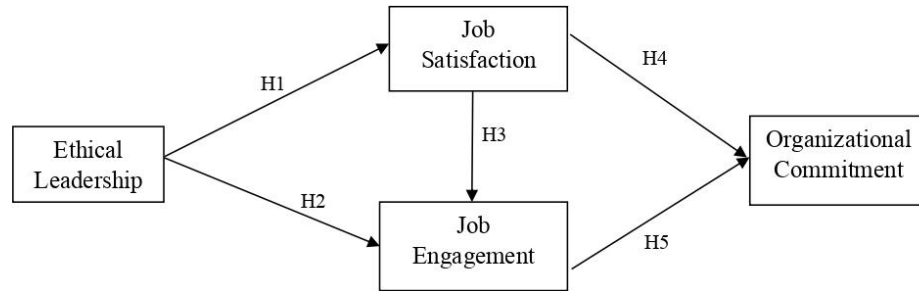
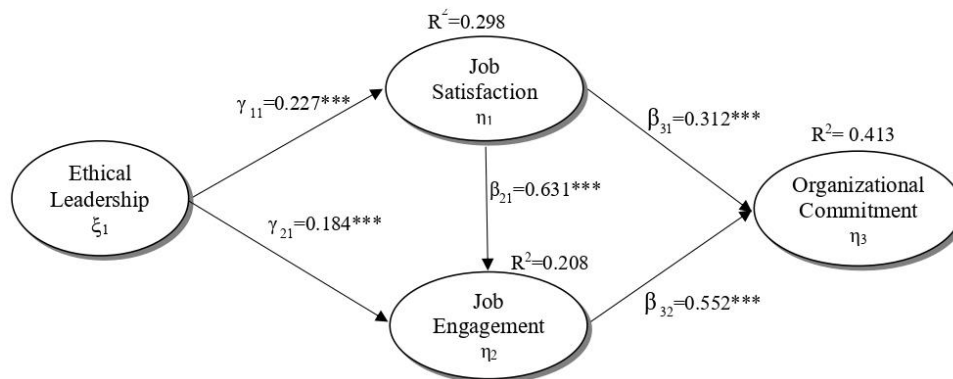


Figure. 1 Proposed research model.



Note. Model fit: $\chi^2 = 1599.03$, $df = 395$, $\chi^2/df = 4.048$, GFI = 0.902, NFI = 0.885, CFI = 0.911, IFI = 0.911, and RMSEA = 0.070.

Figure. 2 Structural model.

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The role of ethical leadership on employee commitment to the organization: The mediating role of job satisfaction and job engagement

2023, Vol. 13, No. 1, P. 73-91 [\[issue contents\]](#)

Purpose. This research aims to investigate whether and how ethical leadership influences the mediator variables (employees' job satisfaction and job engagement) in the organization context. It also examines how the mediators should influence employees' organizational commitment. **Study design.** All the participants in the recent study are Indonesian workers who are active in the private sector, which invited them to fill out an online survey. This online survey was carried out using Google Forms. Various control and filter questions were anonymous, and random constructs were carried out to avoid bias and ensure the survey was valid. The initial empirical data were gathered from convenience sample involving 690 employees who work on financial sector. This study applied multi-item scales to all the constructs from prior studies for the concepts of ethical leadership, employee job satisfaction, job engagement, and employee commitment. A professional translator reviewed all the instruments. Subsequently, this study conducts a pilot test of the measurement items to ensure the final formal survey. Demographic parameters such as gender, age, education, and period of experience as employees were included in the questionnaire. Structural equation modeling was used to test the research hypotheses. **Findings.** The empirical results indicate that ethical leadership has significant and positive effects on employees' job satisfaction and engagement. Furthermore, employees' job satisfaction and job engagement have partial mediators between ethical leadership and employees' organizational commitment. **Implications for practice.** The result of this study can practitioners, regulators, and researchers an insight to observe the dynamic behavior to elaborate on the impact of ethical leadership in business and psychology. The managers need to build ethical standards in the workplace. As well as provide clear rules of the organization system, which possibly influence workers' job satisfaction, engagement, and organizational commitment. The current study was limited to the private organization; there is a future need to study workers across the culture and region. **The values of results.** This study contributes to managers' unethical leadership behavior and ethical climate theory literature and, specifically, the decisionmaking process through developing and testing a model of employees' organizational commitment. This study also provides new insights into the determinants of these variables and employees' organizational commitment towards job satisfaction and engagement.

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The role of ethical leadership on employee commitment to the organization: The mediating role of job satisfaction and job engagement

Ramlawati RAMLAWATI

ORCID: 0000-0002-4655-1225

Universitas Muslim Indonesia, Makassar, Indonesia

Serlin SERANG

ORCID: 0000-0002-6843-1064

Universitas Muslim Indonesia, Makassar, Indonesia

Arminas ARMINAS

ORCID: 0000-0002-3751-3657

Politeknik ATI Makassar, Makassar, Indonesia

Junaidi JUNAIDI

ORCID: 0000-0003-1450-1933

Universitas Muhammadiyah Palopo, Palopo, Indonesia

Ready WICAKSONO

ORCID: 0000-0003-0377-0648

STIE Balikpapan, Balikpapan, Indonesia

Abstract. *Purpose.* This research aims to investigate whether and how ethical leadership influences the mediator variables (employees' job satisfaction and job engagement) in the organization context. It also examines how the mediators should influence employees' organizational commitment. *Study design.* All the participants in the recent study are Indonesian workers who are active in the private sector, which invited them to fill out an online survey. This online survey was carried out using Google Forms. Various control and filter questions were anonymous, and random constructs were carried out to avoid bias and ensure the survey was valid. The initial empirical data were gathered from convenience sample involving 690 employees who work on financial sector. This study applied multi-item scales to all the constructs from prior studies for the concepts of ethical leadership, employee job satisfaction, job engagement, and employee commitment. A professional translator reviewed all the instruments. Subsequently, this study conducts a pilot test of the measurement items to ensure the final formal survey. Demographic parameters such as gender, age, education, and period of experience as employees were included in the questionnaire. Structural equation modeling was used to test the research hypotheses. *Findings.* The empirical results indicate that ethical leadership has significant and positive effects on employees' job satisfaction and engagement. Furthermore, employees' job satisfaction and job engagement have partial mediators between ethical leadership and employees' organizational commitment. Implications for practice. The result of this study can practitioners, regulators, and researchers an insight to observe

the dynamic behavior to elaborate on the impact of ethical leadership in business and psychology. The managers need to build ethical standards in the workplace. As well as provide clear rules of the organization system, which possibly influence workers' job satisfaction, engagement, and organizational commitment. The current study was limited to the private organization; there is a future need to study workers across the culture and region. *The values of results.* This study contributes to managers' ethical or unethical leadership behavior and ethical climate theory literature and, specifically, the decision-making process through developing and testing a model of employees' organizational commitment. This study also provides new insights into the determinants of these variables and employees' organizational commitment towards job satisfaction and engagement.

Keywords: ethical leadership, job satisfaction, job engagement, ethical climate theory.

Introduction

Competition has occurred in both local and global markets among companies. This phenomenon puts managers under pressure from the owners, as well as unethical action to make their objective come true. The regulator and shareholders have paid attention to the organization's leadership style due to financial scandals and fraud such as *Bernie Madoff*, *Enron*, and *Lehman Brothers*, which are significantly more massive than in the past era. Hence, it needs to develop ethical standards among the employees and decision-makers to prevent other business ethics and financial dishonors. The main issue is the ethical leadership among the managers and workers, which has become a serious issue for their integrity. As a solution to organizations facing scandals worldwide, some scholars attempt to elaborate on business ethics studies in the public and private company areas (Goswami et al., 2021; Hossain, 2021; Marsh, 2013; Ouakouak et al., 2020; Shakeel et al., 2019). Prior studies found that managers' ethical leadership plays an important role in influencing employees' psychology and well-being in the workplace (Dust et al., 2018; Fu et al., 2020). Other scholars argue ethical leadership has a strong correlation to employees' job satisfaction and job engagement (Lee et al., 2022; Neale, 2020; Wang, Hsieh, 2012). It also has positively affected workers' organizational commitment (Gallego-Alvarez et al., 2020; Jha, Singh, 2019; Limpo, Junaidi, 2022; Ölçer, Coşkun, 2021). It proves that ethical leadership has a crucial role in enhancing employees' engagement in the workplace.

Preliminary studies also examined the correlation between ethics and job satisfaction in an organizational context (Koh, Boo, 2001; Lee et al., 2022). The authors concluded that Malaysia and Singapore's company leadership styles positively influence the work environment and ethical principles in the workplace. India has the same pattern, where ethical leadership significantly affects employee engagement (Kurian et al., 2021; Shrotryia, Dhanda, 2020; Zaman, Ansari, 2021). Job satisfaction and performance also possibly influence company performance and employees' commitment (Beuren et al., 2022; Guinot et al., 2021; Hendri, 2019; Limpo, Junaidi, 2022; Reddy, Kamesh, 2020). The ethical level also has an essential role in the deep understanding of personal psychology (Tang, Chiu, 2003; Shakeel et al., 2019; Treuren, Frankish, 2014). However, the employees' ethics have less effect on organization commitment in Iraq (Al Halbusi et al., 2021). Preliminary research has some weaknesses, such as focusing more on pay satisfaction based on social exchange theory and social cognitive theory rather than ethic perspective (ethics theory). Furthermore, there are many works of literature written by practitioners and consulting firms that surprisingly lack empirical study from the educational context. There is also no need to examine the important role of ethical climate theory. Hence, the theoretical foundation is weak due to being applied from different viewpoints (Lee et al., 2022; So et al., 2021).

This study aims to address this gap by examining the effect of ethical leadership on employees' job satisfaction and job engagement, which are also mediator variables. Furthermore, this study also analyzes the mediator variable's role in bridging ethical leadership and organizational commitment. In some research recommended examining the effect of ethics and the connection between these fields with their ethics and employees' satisfaction and engagement; it also correlates with their decision on the organization e.g., leave or stay (Beuren et al., 2022; Neale, 2020; Mostafa et al., 2021). It may also possibly provide a complete view of the correlation these variables have with observation and provide insights to managers and company owners. Moreover, the recent study also provides insight into testing the ethical climate theory more expansively. This study hope to answer the following research questions by building on arguments and discussion on individuals' and groups' attitudes across regions and combining insights from the ethics, business, and organization field literature.

RQ1. Does the ethical leadership level truly make employees satisfied and engaged in their workplace?

RQ2. Whether job satisfaction and job engagement positively affect employees' organizational commitment?

In answering these questions, this study provides some theoretical and practical contributions. First, this study validates the associations between ethical leadership, job satisfaction, and job engagement in the business context based on the ethics climate theory. It can help academicians and managers better comprehend the role of ethics in their employees' job satisfaction, influencing their engagement and commitment to the workplace. Second, few studies which examined the concept of ethics in the business and employees' fields neglected the mediating variable (Alam et al., 2022; Ouakouak et al., 2020; Shakeel et al., 2019; Shrotryia, Dhanda, 2020; Treuren, Frankish, 2014).

Literature review and hypotheses development

Ethics climate theory

Ethics are the rules and procedures that govern how individuals and groups interact in social situations. Ethical standards and phenomena have become essential to firms and individuals, e.g., academia and businesses (Elgamal et al., 2018; Hosain, 2021; Junaidi, 2022). It is the ultimate element of any society. Nonetheless, the personal characteristic is a necessary stimulant for solving the ethical problem and committing. The business process also needs to validate the managers' and workers' commitment based on ethical and religion principles (Junaidi et al., 2022).

Ethical climate theory was initially built to examine personal moral development, sociological and philosophical among firms' managers in the decision-making process (Neale, 2020). It includes the ethical views that correlate to the culture, policy, and procedure of the managers' decision-making process and describes how and what the workers expect. The moral climate also has a crucial role in workers' attitudes and behaviors. Hence, workers are concerned with other workers' perceptions based on acceptable actions, expected and ethical principles, e.g., bad, or good, which are accepted in the workplace environment (Cullen et al., 2003; Junaidi, 2021). The concept of climate type includes two common dimensions: the ethical criteria that have a relationship within the decision-making process, e.g., benevolence, egoism, and principle, and the locus of personal analysis, e.g., cosmopolitan, and local. Furthermore, the ethical principles have three classes: egoism, which is more prone to maximizing self-interest; utilitarianism, which concerns mutual relationships or group interests, and deontology, which highlights the moral standards of the organization.

Preliminary research has shown that ethical climate has a strong correlation with worker job satisfaction (Sharma et al., 2019; Tsai, Huang, 2008; Wang, Hsieh, 2012). Through the rights and obligations, it also positively affects employees' engagement (Coggburn et al., 2017; Neale,

2020). The workers' perception and views significantly affect their job satisfaction and behavior and their decision on whether to stay or leave the company (Ladkin, 2018). Hence, influence the organization's existence in a business and social context. Recently, it was confirmed that the ethical climate also positively affects worker commitment in India's banking sector (Kaur, 2017). The lack of worker commitment is influenced by the reduction in performance and the growth of improper action among the managers, e.g., corruption and fraud. The unethical action intentions predicted worker motivation and satisfaction in the workplace. It also strongly correlates with real attitudes and behaviors, e.g., positive, and negative, and maintains beliefs and moral issues, e.g., ethics and commitment.

Job satisfaction

Ethical and employee satisfaction are critical key points in a company performance. Job satisfaction results from workers' perception and psychology, e.g., attitudes, and emotions, about their job and workplace environment (Hendri, 2019). Job satisfaction is commonly defined as a tool for bridging individual emotions and obtaining. In some cases, managers and companies focus more on profit-making than ethics rules and employees' well-being, thus enhancing the employees' dissatisfaction (Coggburn, 2017; Stringer et al., 2011). Some studies have concluded that personal psychology has a crucial role in addressing the correlation between employees' job satisfaction and their job engagement (Dhamija et al., 2019; Håvold et al., 2021; Shrotryia, Dhanda, 2020) and organizational commitment (Bashir, Gani, 2020; Guinot et al., 2021; Mwesigwa et al., 2020). However, the lack of studies examining the relationship between these variables comprehensively makes the empirical study and theoretical development in this context worthwhile. Furthermore, the benefit of ethical assistance programs, possibly deliver benefits for managers, employees, and firms. Hence, the satisfaction among employees and the organization's performance seems more attractive. In other words, employees' and managers' can also strengthen their relationship. If all the members' teamwork is well organized on company goals and vision, it will develop expressive and interpersonal relationships and offer their commitment to the organization.

The objective of the recent study also comes from calls for future management accounting and management operation research to address two issues. First, the ethical leadership construct has been examined in a different setting. Hence, this issue may be fascinating to investigate the manager's ethical leadership as a predictor of employees' job satisfaction and teamwork engagement. It has implications for private and public organizations. Second, human resources management and operational management studies have become hot issues due to the COVID-19 pandemic. Hence, the turnover study will provide essential literature. We encourage the employees' attitudes and behavior in the business field and provide literature to further develop management accounting and operational areas.

Employees' engagement

According to W. Schaufeli, employee engagement has three dimensions: vigor as positive energy and mental focus while working; dedication refers to personal psychological well-being, including work challenges and experiencing commitment; a sense of enthusiasm, and respect (Schaufeli et al., 2002). Lastly, absorption is defined as serious concentration on work. Moreover, the concept of worker engagement has a multidimensional motivation construct rather than job satisfaction. This concept has a more complete and comprehensive view. Hence, employee engagement in the workplace or organization has become an important issue for managers, supervisors, and employees. In the management resources and operational fields, some scholars are concerned about enhancing personal well-being and firms' performance and their commitment to the organization (Hendri, 2019; Mwesigwa et al., 2020; Shrotryia, Dhanda, 2021; Zaman, Ansari, 2021). Recently, it was

concluded that employee engagement strongly correlates to company revenue (Devalekar, 2021). It implies that workers have become their greatest asset and resource. Hence, the need to allocate specific investments to enhance their professional skills, career-building, and employees' well-being, e.g., income and psychology. Furthermore, the study also needs to build on current programs and teamwork, which refers to the apparent worker inquiries such as reward standards, training systems, and career development standards, and how employees feel and respect in their workplace, achieving aspirations and expectations from their managers. However, despite obtaining significant attention, the issue of employees' engagement is still the supreme challenge in the organizational context (Saks et al., 2021; Shrotryia, Dhanda, 2021).

Organizational commitment

The employees' engagement has a strong correlation to the organization's competitive advantage and loyalty. It also correlates to their emotional, mental, and spiritual well-being to achieve the organizations' goals. Hence, it directly affects company performance due to the workers' fully allocating their resources to organization goals. Today, organization managers have paid attention to employee engagement and emotional well-being toward their assignment, project, task, or other activities that are more prone to the organization rather than a specific job (Fu et al., 2020; Jha, Singh, 2019; Mwesigwa et al., 2020). Organizational commitment is also an important worker consideration in deciding whether to leave or stay with the organization (Ramalho Luz et al., 2018; Shrotryia, Dhanda, 2020). Organizational commitment refers to the connection between personal psychology and the workplace. The recent study applied tridimensional commitment dimensions from J. Meyer and N. Allen concept, namely affective commitment, instrumental commitment, and normative commitment (Meyer, Allen, 1991).

Relationship between ethical leadership and employees' job satisfaction

Effective business processes and performance are close to the leader's attitude, ethics, and skill. Recently, a corporate world scandal has occurred, which is commonly due to the irresponsible and improper attitude of the organization leader. Managers' behavior also has a strong correlation to employees' satisfaction in the workplace. It implies that companies revise their ethical rules and standards (Sharma et al., 2019). Effective and efficiency are related to honesty, integrity, and justice. Leaders concerned about the ethical decision-making process with respect, sincerity, and honesty may possibly strengthen their relationship with employees. The leader also needs to allocate specific effort and time to enhance their ethical understanding, intellect, and humanism. It is possible to become an inspiration and respect their workers and other people (Salas-Vallina et al., 2020). Thus, causality flows among variables and possibly occurs. Prior studies validated the effect of ethical leadership on job satisfaction, such as Salas-Vallina et al. (2019), which revealed that ethical leadership helps workers' positive energy, motivation, and satisfaction in the workplace. Similarly, in India, ethical leadership has a significant effect on employees' job satisfaction in the public sector (Al Halbusi et al., 2021; Bashir, Gani, 2020; Dhamija et al., 2019; Goswami et al., 2021; Shakeel et al., 2019). Hence, we propose the following hypothesis.

H1. Ethical leadership has a positive effect on employee job satisfaction.

The link between ethical leadership and job engagement

Because of the competition, managers and employees must adapt to and be aware of the business environment, and creativity and innovation are essential to organizational success. Unfortunately, most employees depend on their managers' leadership approaches. Therefore, the leader believes the organization's performance depends on worker job engagement, enhancing their motivation and engagement (Aljuhmani et al., 2021; Nazir et al., 2021). Some scholars have paid attention to examining ethical leadership. It has a dominant and influential role in measuring managers' success

and moral outcomes. It is crucial because some managers neglect the ethical value of their leadership approach. The employees also paid attention to their leader's promoting moral values due to historical ethical and financial scandals. Ethical leadership is also essential due to the workers' need to obtain honest guidance from their managers to deal with a moral dilemma (Al Halbusi et al., 2021; Jha, Singh, 2019).

Preliminary concluded that ethical leadership has a positive effect on employees' job engagement. For instance, it was found that the firms' managers' concerns with workers' well-being will influence their collaboration and trust (Saks et al., 2021; Salas-Vallina, Fernandez, 2020). Hence, the leader becomes an inspiration to employees. Ethical leadership is also possible to enhance employee creativity and performance (Nazir et al., 2019). The researcher revealed that ethical leadership positively affects building employee commitment (Saks et al., 2021; Sharma et al., 2019). Ethical leadership also has a crucial role in an organization's existence (Al Halbusi et al., 2021; Fu et al., 2020; Mostafa et al., 2021; Ouakouak et al., 2020). Hence, we propose the following hypothesis.

H2. Ethical leadership has a positive effect on employees' job engagement.

Relationship between employees' job satisfaction and job engagement

Global business and economic competition have rapidly changed. Today, companies face a complex, competitive environment. Leaders and employees must work together to transform the workplace's rapid change. Hence, employees' job engagement has become a critically important issue in business and management. Some scholars argue that job satisfaction has a vital role in employee job engagement (Bashir, Gani, 2020; Ramalho Luz et al., 2018; Saks et al., 2021) and improve organization performance (Devalekar, 2021). Other elements like ethics value in the workplace are employees' psychology and satisfaction (Cullen et al., 2003; Guinot et al., 2021; Håvold et al., 2021). Furthermore, job satisfaction is a sign of a worker's commitment to their career. Hence, it has a psychological effect on employees' job engagement. Job engagement is also considered a valuable investment among managers and workers to improve company performance and prevent counterproductive behavior. Job satisfaction also prevents conflict management between managers and workers in the workplace (Coggburn et al., 2017; Dust et al., 2018; Mwesigwa et al., 2020) and enhances employees' well-being (Fu et al., 2020). Thus, this study proposes the following hypothesis.

H3. The employees' job satisfaction has a positive effect on job engagement.

Relationship between employees' job satisfaction and organizational commitment

Employees' commitment to an organization is different from their work teams (team commitment) and their personal' commitment to their workplace organization. The initial aspect to distinguish between employees' view of team commitment and organizational commitment is the workplace environment. The commitment dimensions such as instrumental, attitudinal, and temporal components strongly correlate with personal psychological well-being. In the corporate field, employees' organizational commitment maintains a correlation between managers and employees. whereas, in the business context, employees' job satisfaction influences their commitment to the organization toward relationships and a sense of belonging (Ramalho Luz et al., 2018; Shrotyia, Dhanda, 2020; So et al., 2021; Treuren, Frankish, 2014; Zaman, Ansari, 2021). Job satisfaction contributes to developing a meaningful and positive relationship and commitment among team members and the company. Commonly, employees tend to switch to other organizations if they perceive dissatisfaction with a particular organization. On the other hand, workers may have positive or negative influences on their feelings towards the organization.

This study also considers employees' job satisfaction as a mediator when examining the relationship between ethical leadership and employees' organizational commitment. Prior studies concluded that employees' satisfaction with the leader's ethical approach in the workplace possibly

influences their commitment to the organization (Ouakouak et al., 2020; Rai, Maheshwari, 2021; Sallas-Vallina et al., 2020; Shakeel et al., 2019; Sharma et al., 2019). Hence, the recent study possibly enhances the quality of inferences, increases access to knowledge, and provides a substantial contribution. Thus, this study proposes the following hypothesis.

H4a. The employees' job satisfaction has a positive effect on their organizational commitment.

H4b. The manager's ethical leadership positively affects their employees' organizational commitment, mediated by job satisfaction.

Relationship between employees' job engagement and organizational commitment

Job engagement can explain job characteristics and satisfaction through cognitive, emotional, and behavioral mechanisms. According to V. K. Shrotryia and U. Dhanda, job engagement has three multidimensional constructs: alignment, which refers to an employee's understanding of her / his job and role in the organization (Shrotryia, Dhanda, 2020). Hence, the worker has organizational value and makes them feel empowered. The affective dimension refers to employees' engagement with their psychology in the workplace. It also refers to an emotional experience that includes obvious belongingness, commitment, and pride. This part possibly engages employees happy in the workplace and influences them to enhance their commitment to the organization. Lastly, the action-orientation dimension captures the employee's behavior and willingness to take a decision process. Furthermore, this condition may influence the employees' commitment, and the decision to stay or leave the company (Bailey et al., 2016; Guinot et al., 2021; Treuren, Frankish, 2014). Thus, it is possibly applied to help the company exist. Hence, this study proposes the following hypotheses.

H5a. The employees' job engagement has a positive effect on their organizational commitment.

H5b. Ethical leadership positively affects employee organizational commitment, which is mediated by job engagement.

The Figure 1 presents all hypotheses of this study.

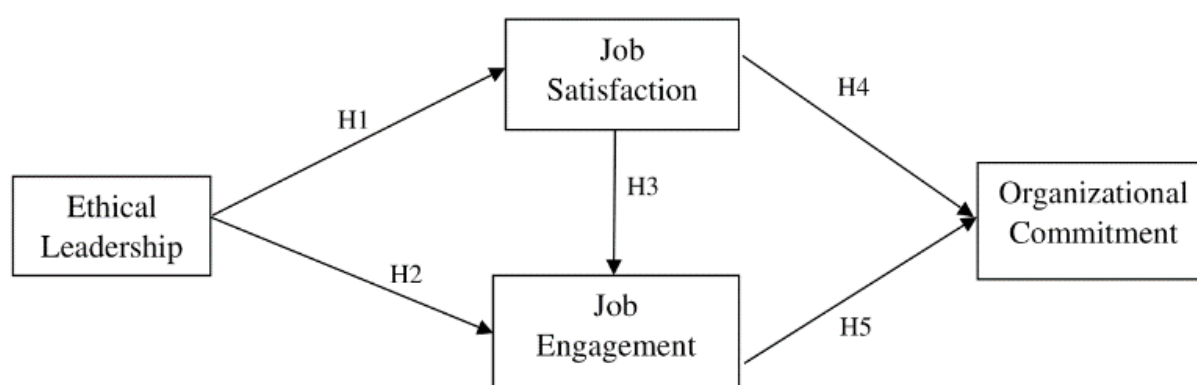


Figure 1. Proposed research model

Methodology

Questionnaire design, pretest, and pilot study

This study applied multi-item scales to all the constructs from prior studies for the concepts of ethical leadership, employee job satisfaction, job engagement, and employee commitment. A professional translator reviewed all the instruments. Subsequently, this study conducts a pilot test of the measurement items to ensure the final formal survey. The pilot test was used to identify various responses, implications, difficulties, attentiveness, and kindness related to the pretest questions (Hair Jr et al., 2019). Subsequently, a pilot test was carried out on 120 samples, which were considered adequate for statistical analysis.

Sample and data collection

All the participants in the recent study are Indonesian workers who are active in the private sector, which invited them to fill out an online survey. This online survey was carried out using Google Forms, which lasted from August 1 to September 30, 2021. Conversely, various control and filter questions were anonymous, and random constructs were carried out to avoid bias and ensure the survey was valid. The samples were gathered from random convenience sampling involving 690 employees who work on financial sector. However, 616 samples were valid, and this indication was experienced at a rate of 89.28 %. Table 1 shows the respondents' demographics.

Table 1. Respondent demographics

Demographic items	Frequency	Percentage (%)
Gender		
Male	289	46.92
Female	327	53.08
Age		
Under 26 years old	148	24.02
26~40 years old	288	46.75
Over 40 years old	180	29.22
Education		
Bachelor and below	340	55.19
Master	276	44.81
Time period as employee		
Below 5 years	79	12.82
6~10 years	155	25.16
11~15 years	192	31.17
Over 15 years	190	30.84

Measures

The items used to measure each of the constructs are presented in the Appendix. Demographic parameters such as gender, age, education, and period of experience as employees were included in the questionnaire. A seven-point Likert scale anchored between 1 ("strongly disagree") and 7 ("strongly agree") was used for all scale items.

Data analysis

The data was analyzed using two statistical programs, SPSS 22 and AMOS 22. Furthermore, hypothesis testing was carried out by applying the structural equation model (SEM). The main advantage of using SEM is that it facilitates the separate use of factor and regression analyses to test the model. Besides, it is simultaneously used to estimate all the path coefficients. According to Byrne (2016), SEM provides two essential aspects of the procedure. First, it is used to determine the causal effects of the observed variables, and (b) the structural relations among variables enable a clear description of the theory examined in this study. The hypothesized model is comprehensively used to validate all the variables and determine consistency with the investigation.

After that, descriptive statistics using frequency distribution were generated. The Pearson correlation coefficient was also used to determine the relationship among the variables observed. Third, standard method variance was adopted as a prevention and post-detection technique. Lastly, this study applied the bootstrapping method (Hayes, 2018) to examine the mediating and indirect effects of ethical leadership on employees' job satisfaction and job engagement as a mediator, which possibly influences their organizational commitment.

Results

Pilot study and descriptive statistic

The means and standard deviations were adopted in this study to validate the subjective data and compare the variables that were initially observed in the first step (Hair Jr et al., 2019). Table 2 shows the value of mean differences is stated in terms of standard deviations. Therefore, an effect size greater than 5 shows that the mean difference is one-half of the standard deviation and a good fit for the observed data (Byrne, 2016).

Table 2. Correlation matrix for measurement scales

Constructs	Mean	SD	EL	ET	PS	OC
Ethical leadership (EL)	5.49	.76	.808			
Job satisfaction (JS)	5.68	.68	.209**	.771		
Job engagement (JE)	5.87	.77	.298**	.619**	.776	
Organizational commitment (OC)	5.39	.80	.319**	.689**	.626**	.734

Note: Diagonal elements are the square roots of the AVE for each construct. Pearson correlations are shown below the diagonal. Significant at * — $p < 0.05$, ** — $p < 0.01$, *** — $p < 0.001$.

Common method variance

This study adopted prevention and post-detection procedures to avoid and reduce the issue of common method variance. For prevention procedures, this study asked respondents to fill up the survey anonymously, randomized the order of measurement items, and obscured the labels for the constructs to reduce respondents' concerns (Podsakoff et al., 2003).

Measurement model

Table 3 shows the CFA model reproduces the covariance matrix of the observed variables with a good fit (Byrne, 2016; Hair Jr et al., 2019): $\chi^2/df = 4.026$, goodness-of-fit index (GFI) = 0.902, nonnormed fit index (NFI) = 0.886, comparative fit index (CFI) = 0.912, incremental fit index (IFI) = 0.912, Tucker — Lewis index (TLI) = 0.903, and root mean square error of approximation (RMSEA) = 0.070. Besides, each item's factor loading, and multiple square correlations were larger than 0.700. The Cronbach's α for all constructs was more than 0.800, indicating good convergent validity and reliability for all measurement items and constructs. This indicates a good reliability for all measurement items (Table 3), constructs, and convergent validity (Hair Jr et al., 2019; Byrne, 2016).

Table 3. Measurement results

Constructs	MLE estimates factor loading	Measurement error	Squared multiple correlation (SMC)	Composite reliability (CR)	Average of variance extracted (AVE)	Cronbach's α
Ethical leadership				.939	.608	.938
EL1	.744	.446	.554			
EL2	.853	.272	.728			
EL3	.763	.418	.582			
EL4	.777	.396	.604			
EL5	.746	.443	.557			
EL6	.735	.460	.540			
EL7	.793	.371	.629			
EL8	.840	.294	.706			
EL9	.818	.331	.669			
EL10	.718	.484	.516			
Job satisfaction				.904	.653	.902
JS1	.749	.439	.561			
JS2	.821	.326	.674			
JS3	.769	.409	.591			

JS4	.845	.286	.714			
JS5	.851	.276	.724			
Job engagement				.864	.616	.909
JE1	.760	.422	.578			
JE2	.805	.352	.648			
JE3	.769	.409	.591			
JE4	.806	.350	.650			
JE5	.720	.482	.518			
JE6	.808	.347	.653			
JE7	.724	.476	.524			
Organizational commitment				.924	.602	.925
OC1	.811	.342	.658			
OC2	.753	.433	.567			
OC3	.761	.421	.579			
OC4	.780	.392	.608			
OC5	.773	.402	.598			
OC6	.758	.425	.575			
OC7	.807	.349	.651			
OC8	.761	.421	.579			

Note: Fit statistics ($N = 616$); $\chi^2/df = 4.026$, Goodness-of-Fit Index (GFI) = .902, Nonnormed fit index (NFI) = .886, Comparative Fit Index (CFI) = .912, Incremental fit index (IFI) = .912, and Root Mean Square Error of Approximation (RMSEA) = .070.

Structural model

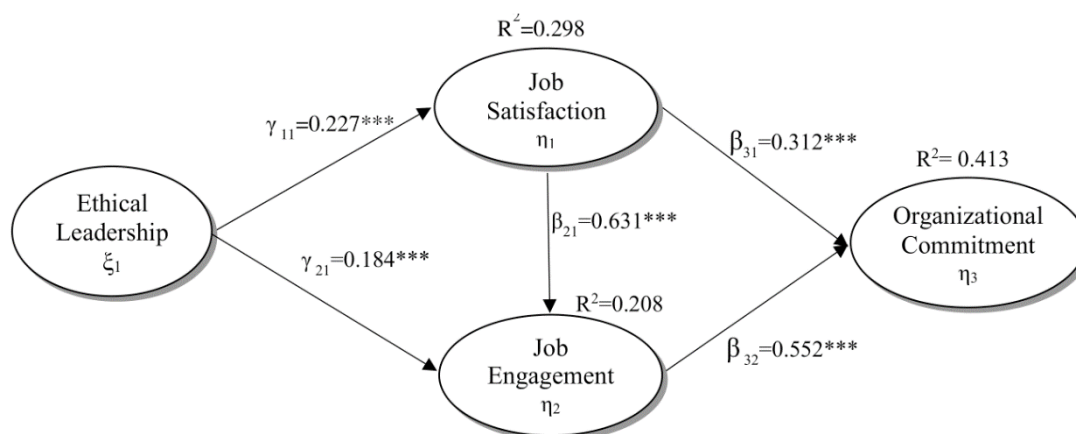
This study empirically validates the managers' ethical leadership level has a significant and positive effect on employees' job satisfaction and job engagement ($\gamma_{11} = .227, p < .001$) and ($\gamma_{21} = .184, p < .001$), respectively, supporting *H1* and *H2*. Furthermore, employees' job satisfaction also significantly affects their job engagement to support *H3* ($\beta_{21} = .631, p < .001$). It implies that the leaders' behavior directly influences their employees' attitudes and motivation. It also has a positive effect on their organizational performance and possibly strengthens their relationship.

Table 4. Proposed model results

Hypotheses	Symbol		Path		Coefficients	Test results
H1	γ_{11}	Ethical leadership	—>	Job satisfaction	.227***	Supported
H2	γ_{21}	Ethical leadership	—>	Job engagement	.184***	Supported
H3	β_{21}	Job satisfaction	—>	Job engagement	.631***	Supported
H4a	β_{31}	Job satisfaction	—>	Organizational commitment	.312***	Supported
H5a	β_{32}	Job engagement	—>	Organizational commitment	.552***	Supported

Note: Significant at: * — $p < .05$, ** — $p < .01$, *** — $p < .00$.

This study further confirms that employees' job satisfaction and job engagement significantly affect their organizational commitment ($\beta_{31} = .315, p < .001, \beta_{32} = .552, p < .001$). *H4a* and *H5a* are supported. It means that most workers believe their managers' ethical behavior strongly correlates to their job satisfaction and job engagement which also influences their commitment in their workplace, e.g., stay or leave. It also offers a solution to the firms and managers, and their leadership approach and pattern will give their employees reasons to compel an organization. The employees' job satisfaction and engagement among the workers and company system include developing mutual relationships. Table 4 and Figure 2 show the results of the research hypotheses.



Note. Model fit: $\chi^2 = 1599.03$, $df = 395$, $\chi^2/df = 4.048$, GFI = 0.902, NFI = 0.885, CFI = 0.911, IFI = 0.911, and RMSEA = 0.070.

Figure 2. Structural model

Mediating effect

This study adopted the procedure recommended by A. F. Hayes and the PROCESS macro for SPSS to calculate the 95% confidence interval (CI) with 5,000 bootstrapped samples to test the mediation effects of employees' job satisfaction and job engagement to bridge the managers' ethical leadership level and organizational commitment (Hayes, 2018). Bootstrapping is a nonparametric statistical procedure in which the dataset is repeatedly sampled (Table 5). Mediation analysis showed that the 95% CIs of all tested indirect effects did not include zero. The results from the regression show that the entire set are partial mediators. Therefore, it was concluded that the ethical leadership level has a significant direct and indirect effect on employees' organizational commitment through their job satisfaction and job engagement. All the conditions were met because *H4b* and *H5b* are supported.

Table 5. Mediation effects

IV	M	DV	IV->DV (c)	IV->M (a)	IV+M->DV		Bootstrapping 95% CI	
					IV (c')	M(b)	Percentile method	Bias-corrected
Ethical leadership	Job satisfaction	Job engagement	.211***	.211***	.340***	.614***	[.027; .034]	[.070; .094]
Standard error			.033	.040	.040	.032		
Ethical leadership	Job satisfaction	Organizational commitment	.159***	.241***	.267***	.512***	[.027; .035]	[.068; .091]
Standard error			.028	.040	.034	.028		
Ethical leadership	Job satisfaction	Organizational commitment	.133***	.267***	.340***	.778***	[.032; .133]	[.040; .178]
Standard error			.032	.034	.041	.036		

Note: Significant at: * — $p < .05$, ** — $p < .01$, *** — $p < .001$.

Discussion

Key findings

This study confirms that the managers' character (e.g., ethics), success perception with their counterparts, respect to workers' complaints and suggestions, respect to ethical standards in the organization, fair decision-making process, and the manager trusted their employees. All of them

strongly correlate with employees' satisfaction at work, coordination with other workers. Furthermore, surveillance processes, salary systems, and promotion procedures influence their workers' organizational expectations in their work system. It aligns with the company's vision and mission, motivation to enhance company value; feeling like they have contributed and respecting their work toward organizational achievement. These are ground-breaking findings that have not been validated in earlier studies. Specifically, a recent study found that employees' job satisfaction and engagement align with their managers' leadership patterns. The result also proved the leader in the organization had played a pivotal role in mobile their workers' minds and views about company goals.

Although, every organization has had an ethics code of conduct for their managers and workers. The confirmed ethics climate theory can explain the individual's mind and view about their organization toward the ethical leadership pattern, job satisfaction, and job engagement, which also has an essential point to their organizational commitment. However, conflict is sometimes inevitable due to miscommunication and misperception about the rules and processes to obtain organizational goals. This study is contrary to the prior studies (Bashir, Gani, 2020; Bailey et al., 2016; Cogburn et al., 2017), which revealed other variables, e.g., salary, have a crucial role in workers' job satisfaction and job engagement.

This study suggests that the company's owners, managers, and employees must collaborate on their ethics principles, which stakeholders need to evaluate. Therefore, they directly affect their employees' job satisfaction and job engagement and their motivation to keep their company's ongoing concern. It can also avoid the potential for worker migration to their competitors. Moreover, the firms' managers or organization leaders need to employ their employees to expose their organization's operational system and enlighten their workers by incorporating ethics, work standards, and remuneration systems to enhance their workers' loyalty. The findings indicate that the primary motivators in the ethics climate theory (ECT) context are the leaders' ethical leadership practice, job satisfaction, job engagement, and organizational commitment. Consequently, it will pursue the workers and firms' possibly maintaining their relationships to achieve success.

Both mediators (employees' job satisfaction and job engagement) are crucial in encouraging the workers to consider whether they leave or stay with their current workplace. The findings are consistent with other investigations, which found that the leaders' leadership pattern allows the employees' personal to feel convenient in their organization (Dust et al., 2018; Fu et al., 2020; Goswami et al., 2021). However, there is a lack of study to validate the correlation between ethical leadership, job satisfaction, job engagement, and workers' organizational commitment.

Conclusions

The results of this study strengthen the ethics climate theory to prove that the leaders are an important point in their worker psychology and their satisfaction and engagement on the job, which mediated their leader's ethical leadership and organizational commitment. Although previous research found that culture, income, and education all have a strong correlation with employee-leader relationships. However, Western and developed countries are more prone than Eastern fields. It will probably also strengthen the relationship among the stakeholders. The leaders' moral and commitment to ethical standards can be applied as a predictor of organizational commitment. The results indicate that the main ideas of ethical climate theory in this context are ethics leadership, job satisfaction, and job engagement, specifically engaging the employees and their organization.

Theoretical implications

The result of this study has some implications for ethics and employee decisions. First, the research model provides a better understanding of leaders' ethical leadership, which lacks studies

that validate the concept of ethics, job satisfaction, job engagement, and employees' simultaneous commitment to the private field. This study concluded that ethical leadership has an essential role in employees' personal satisfaction and engagement, subsequently influencing their commitment to the organization. The workers who have had positive perceptions of the manager's leadership are more prone to be committed and have a sense of belonging to their organization. It implies that this study also expands the concept of ethics climate theory to explain how ethical leadership has a strong correlation to their employees' job satisfaction and engagement and their behaviors as individuals and groups. Hence, it provides a solid theoretical basis for future studies by providing the mediating role of the employees' job satisfaction and engagement to develop commitment and reduce the frequency of workers who have planned to go outside. It also suggests that ethical leadership, job satisfaction, job engagement, and employees' commitment must be established in the initial phase of the organization. Finally, the recent study also strengthens the ethics climate theory to predict factors (e.g., ethical leadership) that influence worker frequency, satisfaction, engagement, and behavior. It also reinforces the close relationships among workers, individually and in terms of their organizational commitment.

Practical implications

This study suggests academics and organizational stakeholders need to develop ethical leadership standards regarding which actions are good or bad, which positively affects their workers' job satisfaction and engagement and their organization's sense of belonging. In addition, the organizational system possibly affects their attitude and behavior. It implies a leader's ethical and unethical organization's influence on workers' attitudes toward the organization. It could explain why some companies care about the ethical standards and operational system to embrace their talented employees'. This study implies that company leaders need to be concerned about the ethics standard that will be applied to all workers.

Employees value the ethical leadership standard because it allows them to revise their views and commitment through job satisfaction and engagement. The organization's leaders must also be conscious and identify the aims and characteristics of their workers to enhance their concerns. Besides, the stakeholders also need to focus on the important measurements of the ethics climate theory to increase their communication and worker attitudes and satisfaction with the organization.

Limitations and future research directions

Some parts need to be enhanced in the subsequent research. First, this study was limited to Indonesian workers. Hence, the following research needs more focus on workers from other cultures and countries. It can help managers and regulators to understand many kinds of workers' dynamic economic and social aspects, which affect their ethical actions, job satisfaction, job engagement, and organizational commitment. Second, convenience sampling and mixed-method techniques are needed to obtain more complete results and improve the quality of the participants. because the workers possibly have distinguished minds and views regarding ethical standards, job perception, and organizational commitment. Third, most respondents held bachelor's degrees. Hence, future studies need to focus on the employees' education and position.

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Appendix. The items used to measure each of the constructs

Ethical leadership (Nazir et al., 2021)

1. My manager conducts his/her personal life in an ethical manner.
2. My manager defines success not just by results but also by the way that they are obtained.
3. My manager listens to what employees have to say
4. My manager disciplines employees who violate ethical standards
5. My manager makes fair and balanced decisions
6. My manager can be trusted
7. My manager discusses business ethics or values with employees
8. My manager sets an example of how to do things the right way in terms of ethics
9. My manager has the best interests of employees in mind
10. My manager makes decisions, asks “what is the right thing to do?”

Job satisfaction (Tsai, Huang, 2008)

1. I am satisfied with the work of my job
2. I am satisfied with my co-workers
3. I am satisfied with the supervision
4. I am satisfied with my salary system
5. I am satisfied with the promotional opportunities

Employees' engagement (Shrotryia, Dhanda, 2020)

1. I know what is expected out of me at work
2. My personal goals match with the vision and mission of the organization
3. I find that the work I do has useful for my company
4. I feel empowered while working for my job as it gives me confidence about my abilities
5. I believe that I am in-charge of the work I do in the organization I work for
6. I understand how my work is contributing toward achievement of organizational goals
7. I am aligned with the activities of the organization I work for

Organizational commitment (Ramalho Luz et al., 2018)

1. I have a sense of belonging to my organization
2. I have felt “emotionally attached” to this organization
3. This organization has a great deal of personal meaning for me
4. I have felt like “part of the family” at this organization
5. I am very happy to spend the rest of my career with this organization
6. I enjoy discussing my organization with people outside it
7. I feel as if this organization's problems are my own

Роль этического лидерства в приверженности сотрудников организации: опосредующая роль удовлетворённости работой и вовлечённости в работу

РАМЛАВАТИ Рамлавати

ORCID: 0000-0002-4655-1225

Исламский университет Индонезии, Макаassar, Индонезия

СЕРАНГ Серлин

ORCID: 0000-0002-6843-1064

Исламский университет Индонезии, Макаassar, Индонезия

АРМИНАС Арминас

ORCID: 0000-0002-3751-3657

Политехнический институт Макассара, Макаassar, Индонезия

ДЖУНАИДИ Джунаиди

ORCID: 0000-0003-1450-1933

Университет Мухаммеда Палопо, Палопо, Индонезия

ВИЦАКСОНО Рэди

ORCID: 0000-0003-0377-0648

СТИЕ Баликпапана, Баликпапан, Индонезия

Аннотация. Цель. Это исследование направлено на изучение того, влияет ли и как этическое лидерство на медиаторные переменные (удовлетворённость сотрудников работой и их вовлечённость в работу) в контексте организации. Кроме того, исследуется, как должны влиять на организационную приверженность сотрудников медиаторные переменные. *Дизайн исследования.* Все участники исследования — индонезийские работники, работающие в частном секторе, которым было предложено принять участие в интернет-опросе. Опрос был проведён с использованием *Google Forms*. Различные контрольные и фильтрующие вопросы носили анонимный характер. Чтобы избежать систематической ошибки и обеспечить достоверность опроса вопросы предъявлялись в случайном порядке. Первичные данные были собраны на удобной выборке из 690 сотрудников, работающих в финансовом секторе. В этом исследовании были применены шкалы из нескольких пунктов, заимствованные из предыдущих исследований, для измерения таких конструктов, как «этическое лидерство», «удовлетворённость трудом», «вовлечённость сотрудников в работу» и «организационная приверженность». Все инструменты были перепроверены профессиональным переводчиком. Далее было проведено пилотажное исследование, направленное на проверку измерительного инструментария, чтобы обеспечить окончательное официальное обследование. В анкету были включены такие демографические параметры, как пол, возраст, образование и стаж работы в качестве наёмного работника. Для проверки гипотез исследования использовалось моделирование структурными уравнениями. *Выводы.* Эмпирические результаты показывают, что этическое лидерство вносит значительный положительный вклад в удовлетворённость трудом и вовлечённость в работу. Кроме того, удовлетворённость сотрудников своим трудом и их вовлечённость в работу частично опосредуют связь между этическим лидерством и приверженностью сотрудников организации. Практическая значимость. Результаты этого исследования могут помочь специалистам-практикам, регулирующим органам и исследователям наблюдать за организационным поведением, чтобы уточнить влияние этического лидерства на бизнес- и психологические аспекты. Руководителям необходимо создавать этические стандарты на рабочем месте, а также

задавать чёткие правила организационной системы, которые, возможно, влияют на удовлетворённость работников трудом, на их вовлечённость в работу и на их организационную приверженность. Настоящее исследование было ограничено организациями частной собственности. Существует потребность изучения в будущем работников в разных культурах и регионах. *Ценность результатов.* Это исследование вносит свой вклад в понимание этического или неэтического поведения руководителей, в литературу по теории этического климата в организации и, в частности, в процесс принятия решений путём разработки и тестирования модели организационной приверженности сотрудников. Это исследование также даёт новое представление о связи организационной приверженности сотрудников с их удовлетворённостью трудом и вовлечённостью в работу.

Ключевые слова: этическое лидерство; удовлетворённость трудом; вовлечённость в работу; теория этического климата в организации.