The Impact of Ethical Leadership on Employee Performance: The Mediating Role of Employee Engagement and Organizational Citizenship Behavior (OCB)

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Abstract. A leader is a role model or example for subordinates in the organization whose attitude and behavior greatly affect the employees. Ethical leadership is needed for the company sustainability. According to previous studies, ethical leadership affects employees and overall organizational performance. This study aims to examine the effect of ethical leadership on employee performance mediated by employee engagement and Organizational Citizenship Behavior (OCB). Specifically, it clarifies the relationship between Ethical Leadership and Employee Performance mediated by employee engagement and Organizational Citizenship Behavior (OCB). Quantitative research methods and the Structural Equation Model were used to test the hypothesis. The respondents comprised of 207 outsourcing employees of service companies, such as banking and construction in Jakarta. The results show that Ethical Leadership positively affects Employee Performance with Employee Engagement as mediation. Furthermore, the effect of Ethical Leadership on Employee Performance is mediated by Organizational Citizenship Behavior (OCB). This contradicts a previous study, which showed that OCB is a mediating variable for the effect of ethical leadership on employee performance. However, this study contributes to knowledge about the relationship between ethical leadership and employee performance and helps understand the role of Organizational Citizenship Behavior (OCB).

Keywords: Ethical Leadership; Employee Performance; Employee Engagement; Organizational Citizenship Behavior

1 Introduction

Business competition is increasing with globalization amid the global pandemic caused by the Covid-19. As a result, sustainable competitiveness requires high employee performance, such as through ethical leadership. Brown et al. (2005) defined ethical leadership as behavior consistent with prevailing values and norms through personal and interpersonal relationships between leaders and employees [1]. Furthermore, it determines employee's ethical behavior and punishes or sanctions its violators. Moreover, ethical leadership arranges a work

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environment in a fair, honest, trustworthy, and caring manner. It acts wisely and is full of good values, perseverance, and authority in making decisions. Leaders with these characteristics dominate the battlefield currently facing a common enemy with the COVID-19 virus.

Yates (2011) stated that ethical leadership affects the followers' positive attitudes and behaviors measured by employee performance, job engagement, and satisfaction [2]. According to Malik (2016), it provides a strong foundation and improves organizational performance when combined with strong values [3]. Moreover, Jajuk (2015) showed that ethical leadership affects performance and organizational commitment as a part of the engagement [4]. Similarly, Yang & Wei (2018) found that ethical leadership could affect Organizational Citizenship Behavior (OCB), increasing performance [5]. A higher employee engagement increases job satisfaction and success in completing their work. These results could be a basis for whether their performance is good because it is a company's concern. Furthermore, a higher level of success in achieving company goals improves performance. This performance could be a benchmark to determine how the company is working. Therefore, the company should make changes to improve performance.

Many other factors also improve company performance, despite leadership. According to Alagraja & Shuck (2015), Lewiuci & Mustamu (2016), Muliawan et al. (2017), employee engagement improves performance [6]–[8]. Furthermore, Organizational Citizen Behavior (OCB) is a variable that could improve job performance [9]. Based on some research, OCB acts as a mediating variable. Baron & Kenny (1986) explained that Ethical Leadership could affect OCB, which also influences performance. Moreover, the two variables, engagement, and OCB could be mediating variables for the effect of Ethical Leadership on employee job performance [10]. This supports Khokhar & Zia-ur-Rehmen (2017), which hypothesized that ethical leadership affects Employee Performance through Engagement and OCB [11]. However, according to Sugianingrat 2019 and Khokhar & Zia-ur-Rehmen (2017), regarding OCB as a mediating variable, the effect of Ethical Leadership on performance is insignificant [9], [11]. Therefore, this study uses different units of analysis to show whether the results are consistent with the theory proposed. This theory is entitled The Effect of Ethical Leadership on Employee Performance Mediated by Employee Engagement and Organizational Citizenship Behavior.

2 Literature Review

2.1 Definition of Ethical Leadership

Ethical leadership was first conceptualized by Brown et al. (2005) as behavior consistent with prevailing values and norms through personal and interpersonal relationships between leaders and employees. It implements ethical behavior, rewards anyone working ethically, and imposes sanctions [1]. Brown & Trevino (2006) stated that ethical leaders are honest, caring, trustworthy, make fair decisions, and behave ethically in personal life and at work [12]. Furthermore, they always communicate about ethics, practice ethical behavior, and become role models. Malik et al. (2016) stated that ethical leadership communicates ethical standards and ensures they are followed by rewarding and punishing [3]. The leaders practice ethical behavior at work and in daily life. Furthermore, Yates (2011) stated that ethical leadership affects the followers' positive attitudes and behaviors measured by employee performance, job engagement, and satisfaction [2].

2.2 Definition of Employee Engagement

The concept of employee engagement was first developed by Kahn (1990) as a company or organization's personnel's identification with their work. When they are engaged, they work and express themselves physically, cognitively, and emotionally to show their performance [13]. Furthermore, Agarwal (2017) defined it as highly dedicated, motivated, ambitious, and strives to achieve additional excellence [14]. They lead as an example to others and make their ambitions consistent with organizational goals .

Schaufeli et al. (2001) stated that employee engagement is a positive psychological condition related to work [15]. These psychological conditions are characterized by vigor (spirit), dedication, and absorption. Vigor (spirit) is willing to invest a high level of energy and mentality at work without giving up easily. Dedication is the level of employee engagement to work with enthusiasm, inspiration, pride, and a feeling of being challenged. Absorption is employees' ability to fully concentrate on their work joyfully without separating themselves from their tasks, making time to pass quickly.

Amhalhal et al. (2015) defined this engagement as the relationship between an organization and its employees [16]. It is the intellectual and emotional commitment to the organization and work. Furthermore, it relates to how job performance is associated or in line with organizational results. Robinson et al. (2004) defined employee engagement as their positive attitude and the values adopted by the company. An engaged employee is aware of the organizational business context and works with colleagues to achieve company goals [17]. Therefore, companies should maintain and foster engagement, which requires two-way communication. The definitions in previous research show that employee engagement is a psychological condition with a positive impact, as well as physical and mental motivation. It is characterized by high dedication, motivation, ambition, and feelings of pleasure at work.

2.3 Type of Employee Engagement

Saks (2006) stated two types of employee engagement [18]:

Job Engagement

Job engagement is an employee's positive and satisfying relationship with work [19].

Organization Engagement

Farndale et al. (2014) defined this engagement as the employees' positive attitude toward the organization and their actions as ambassadors [20].

2.4 Definition of Employee Performance

Gibson et al. (2012) defined performance as the success in completing work and achieving company goals [21]. Moreover, Jajuk (2015) defined performance as the work achieved in performing the tasks assigned to employees based on their experience, sincerity, and time [4]. Obicci (2015) stated that employee performance results from actions towards achieving goals according to predetermined standards [22] . It could be observed directly as an action or mental product, such as an answer or decision, producing organizational or company results through goal achievement. In line with this, Agustinus (2015) defined it as a reflection of the work results. Suryadi (2012) defined performance as the work results achieved by an individual or group in the company, in line with their respective authorities and responsibilities. They aim to achieve company goals according to morals and ethics without violating the law. According to Arik (2016), employee performance comprises behaviors

contributing to achieving organizational goals. Furthermore, based on expert definition, employee performance reflects the work achieved in completing the assigned tasks according to experience, sincerity, and time. It contributes to the achievement of organizational or company goals. The result is a benchmark of whether employees work according to company standards.

2.5 Factor affecting Employee Performance

Arik (2016) stated that factors affecting employee performance are grouped into two dimensions:

a) Individual Dimensions
   1. Ability
      Ability is the employees' capacity to complete various tasks in their work. It assesses an individual's intellectual and physical abilities.
   2. Work experience
      Work experience is the time spent to acquire knowledge, skills, and attitudes according to the task being performed. Companies choose more experienced employees to perform job responsibilities. As a result, the company does not incur costs for less-experienced employees.
   3. Work motivation
      An employee's motivation to achieve company goals makes them more engaged in their work, increasing performance.

b) Organizational Dimensions
   1. Leadership
      Leadership is used to achieve predetermined goals through controlling, directing, affecting thoughts, feelings, or behavior. The leader sets goals and controls, directs, and affects thoughts, feelings, or behavior to improve employee performance.
   2. Communication
      Communication is a basic need of every human being to convey and respond to ideas from others. Similarly, an employee communicates with others or subordinates in the workplace.
   3. Organizational Climate
      Organizational climate is how members understand their internal work environment analyzed through dimensions that affect their behavior in the workplace.

2.6 Definition of Organizational Citizenship Behavior

Organ et al. (2006) defined OCB as individual behavior free from consideration, not directly recognized by the formal reward system, and promotes an organization's effective functioning [23]. According to Rayner et al. (2012), OCB refers to employees with more value and could improve the company's productivity [24]. Furthermore, MacKenzie et al. (2000) and Jung and Hong (2008) defined it as employees' discretionary behavior directly promoting an organization's effective functioning, regardless of its productivity goals [25], [26].

Morhead and Griffin (2012) defined OCB as the employees' behavior and not part of their main job, but supports the organization's effective functioning. According to Greenberg (2008), it is a positive individual behavior, such as helping and working outside of their

assigned duties without expecting a reward [27]. Furthermore, Kumar et al. (2009) defined OCB as individual behavior contributing to its creation [28]. These expert opinions indicate that OCB is a voluntary behavior and not a forced action to prioritize the organization's interests for employee satisfaction or contribution to the company.

2.7 Organizational Citizenship Behavior Factors

Podsakoff et al. (2000) stated the following OCB factors [25]:

a) Employee characteristics
They are individual psychological factors, such as personality and attitudes. Patient, optimistic, honest, empathetic, and team-oriented attitudes prove organizational citizenship behavior.
b) Work characteristics
This concerns identifying task characteristics of job outcomes and their combinations to form different jobs related to employee motivation, job satisfaction, and performance.
c) Organizational characteristics
This concerns the behavior towards an organization's internal and external conditions. The focus is on people within the organization as company assets and external social responsibilities.
d) Leadership characteristics
Leadership is the creative spirit and focused thinking that directs employees to achieve maximum results with the least possible problems and significant work.

2.8 Organizational Citizenship Behavior Dimension

Williams and Anderson (1991) and Podsakoff et al. (2009) stated the following two important OCB dimensions related to the target and direction of employee behavior [29].

a) OCBI, Organizational Citizenship Behavior Individual (OCBI) is directed to benefit individuals in an organization, including altruism, courtesy, peacekeeping, and cheerleading.
b) OCBO, Organizational Citizenship Organizational Behavior (OCBO) benefits the organization as a whole. It comprises responsibility (conscientiousness), civic virtue, and sportsmanship [29].

Organ et al. (2006) stated the following five OCB dimensions [23]:

a) Altruism
It is the behavior of helping fellow employees with difficulties in completing their tasks. For instance, employees recovering from illness and unable to perform the job are assisted by healthy colleagues. This dimension refers to the assistance provision outside their obligation.
b) Sportsmanship
It is an attitude in which employees view each task positively regardless of disturbances or unideal conditions and work without complaining. The high scores in this dimension increase a positive climate. Employees become more polite and cooperate with others, creating a pleasing work environment.
c) Conscientiousness
It is the employees' behavior of carrying out obligations beyond the existing company requirements or exceeding expectations.

d) Courtesy
It is good and respectful behavior of teaching others before they make problem-solving decisions related to their work. An example is providing solutions to reduce the problem development. In this dimension, employees maintain good relations with colleagues, respect, and care for others.

e) Civic Virtue
It is a behavior that indicates an employee's responsibility in organizational life and is related to active participation in relationships. Examples include following information about changes in the company, recommending improvements in organizational operations, and protecting the resources.

3 Conceptual Framework

The previous description shows that ethical leadership refers to a leader that communicates ethical standards. The leaders ensure that these ethical standards are followed by applying rewards and punishments. Moreover, they always practice ethical behavior at work and in daily life [3]. Therefore, the company should choose employees and leaders whose traits build a more ethical and fairer environment and motivate them to be more engaged in their work [30]. Rachna (2017) defined employee engagement as someone highly dedicated, motivated, ambitious, and strives to achieve additional excellence [14]. Moreover, they lead as an example to others and are consistent with organizational goals. It consists of job and organization engagement. A higher engagement increases organizational commitment and reduces turnover intention, improving job satisfaction (Sandi et al., 2018). According to Sugianingrat et al., ethical leadership affects employee performance mediated by their engagement [9].

This research adds OCB as a mediating variable as in several previous research. Baron & Kenny (1986) explained that ethical leadership affects OCB, which affects job performance [10]. This is in line with Khokhar and Zia-ur-Rehmen (2017) [11]. Sugianingrat et al. (2019) and Khokhar & Zia-ur-Rehmen (2017) showed that OCB could not mediate the effect of ethical leadership on employee performance. Therefore, this study analyzes further whether OCB mediates the effect of ethical leadership on employee performance [9], [11].

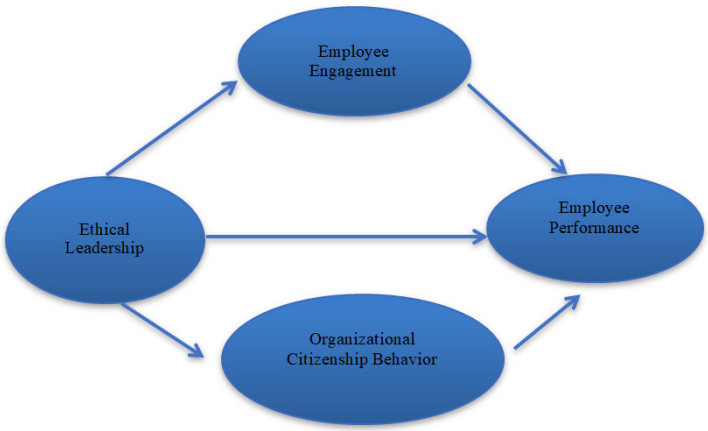

Fig.1. Conceptual Framework

4 Hypothesis Development

Ethical leadership affects employee performance. Zehir, C. and Erdogan, E. (2011) explained that leaders impact employees' decisions about giving opinions or remaining silent, meaning that company leadership is very important [31]. In this case, ethical leadership strongly supports free speech behavior, making employees confident in giving opinions and accepting constructive criticism, improving their performance.

Jajuk (2015) stated that ethical leadership positively and significantly affects employee performance, while this research explains that it also affects organizational commitment [4]. This means that performance increases with better ethical leadership or stronger organizational commitment. Obicci (2015) stated that ethical leadership positively affects performance when leaders emphasize moral values and goals in decision-making procedures [22]. Also, they clarify to their employees how they contribute to achieving important company goals and improving their performance.

Awais, Timsal, and Qureshi (2016) showed a significant positive effect of ethical leadership on employee performance with a value of β and a significance of 0.000 [3]. Employees are expected to fulfill moral standards and distinguish between them and immoral behavior. This is because ethical leaders cannot reward immoral behavior, even when it leads to success. This means that success is not determined by the final result but by how it is achieved. Therefore, ethical leadership affects performance positively. According to Malik et al. (2016), it provides a strong foundation but improves performance when combined with strong organizational values [3].

Based on this statement, the hypothesis is formulated as follows:

H1: Ethical Leadership positively affects Employee Performance.

This research proposes that employee engagement mediates the effect of ethical leadership on employee performance. According to Zehir, C., and Erdoan, E. (2011), leaders affect employee decisions. Additionally, ethical leadership style strongly supports freedom of speech, improving their performance [31]. Obicci (2015) stated that leaders could emphasize moral values and goals in decision-making through ethical leadership [22]. Also, they could clarify how employees contribute to achieving important company goals, improving their performance.

Sugianingrat. IA et al. (2019) stated that ethical leadership could implement fairness, power-sharing, role clarification, people-oriented behavior, integrity, guidance, and concern for the company's sustainability. This increases vigor (spirit), dedication, absorption, and engagement [9]. Rich (2010) stated that engaged employees invest their energy into their work, increasing their performance. This is because they work with greater intensity and are more focused and responsible [32]. Furthermore, Muliawan et al. (2017) stated that the employees' desire to develop should be balanced through the company's efforts [8]. This includes freedom in completing their work or mutual respect and assistance among colleagues, which increases their performance.

Based on this statement, the hypothesis is formulated as follows:

H2: Employee Engagement mediates the effect of Ethical Leadership on Employee Performance.

Based on Podsakoff et al. (2000), Yang & Wei (2018), as well as Khokhar & Zia-ur-Rehmen (2017) and Sugianingrat et al. (2017), OCB mediates the effect of Ethical Leadership on Employee Performance [5], [25]. Therefore, the third hypothesis is:

H3: Organizational Citizenship Behavior mediates the effect of Ethical Leadership on Employee Performance.

5 Research Methodology

This quantitative research refers to Sugianingrat. I. A. et al., (2018) and Khokhar & Zia-ur-Rehmen (2017) [9], [11]. It examines the role of Employee Engagement and OCB as mediating variables in the effect of Ethical Leadership on Employee Performance. The research gap in testing OCB showed no significant mediation effect of ethical leadership on performance. However, some studies show the role of OCB as a mediating variable. Therefore, this study uses hypothesis testing to explain certain relationships or differences between groups or the independence of factors in a situation. The Structural Equation Model (SEM) method was used to test the hypothesis.

Each statement was tested for validity to ensure that the research instrument produces the right results [33]. The validity test was carried out using the factor analysis method based on the SEM factor loading. Furthermore, reliability tests were performed to ensure the measuring instruments used were consistent and reliable. The questionnaire is declared consistent when the Cronbach's alpha value is at least 0.60 [34]. This research uses cross-sectional data collected only once, while the analysis unit comprises outsourcing employees of banking service companies and contractors in Jakarta. Convenience sampling was used to select 207 respondents for this study.

5.1 Definition of Operational Variable

This research consists of independent, dependent, and mediating variables.

a) Independent variable

An Independent variable affects the dependent variable. Ethical leadership is an independent variable in this research. According to Brown (2005), this variable is measured using ten statement items [1], as follows:

1. The manager listens to what employees say.
2. The manager penalizes the employees for violating ethical standards.
3. The manager leads an ethical life.
4. The manager considers the interests of employees.
5. The manager makes fair and balanced decisions.
6. The manager is trustworthy.
7. The manager discusses business ethics or values with employees.
8. The manager sets an example of behaving ethically.
9. The manager determines success by results and by how success is achieved.
10. The manager decides by asking whether it is the right thing to be carried out.

b) Dependent variable

The dependent variable is affected by the independent variable. Employee performance is the dependent variable in this research. This variable is measured using six statement items as follows:

1. Understands the criteria for job performance in their organization
2. Understands their job and how to perform.
3. Completes unexpected schedules on time.
4. Maintains a good presence in this organization.
5. Performs the assigned tasks effectively and efficiently.
6. Familiar with the standard operating procedures of their job.

c) Mediating variable

The two mediating variables in this research are Employee Engagement and Organizational Citizenship Behavior (OCB). According to Saks (2006), the two types of employee engagement are job and organization engagement, measured using nine statement items [18], as follows:

Job engagement

1. Dedicate themselves to work.
2. Sometimes they like their job and lose track of time.
3. Their mind is not going anywhere, and they do not think about other things while working.
4. Very involved in this work.

Organization engagement:

1. Being a part of this organization is very exciting.
2. One of the most enjoyable things is being involved with things happening in this organization.
3. Completely up to date on things happening in this organization
4. Being a part of this organization makes them feel alive
5. Very involved in this organization

OCB was measured by a questionnaire developed by Organ (1988) and Chiang & Hsieh (2012) [35], [36]. It consists of four dimensions, including altruism, sportsmanship courtesy, conscientiousness, and civic virtue, translated into the following statements:

1. Help those absent
2. On-time
3. Volunteer for unneeded things
4. Orienting new employees even when not required
5. Work attendance above the norm
6. Helping those with a heavy workload
7. Give advance notice in case they cannot come to work
8. Not taking unnecessary leave from work
9. Helping supervisors with work
10. Make innovative suggestions to improve the department
11. No need for additional rest
12. Attending unnecessary events but with potential help to company's image
13. Do not waste time on unimportant conversations.

All the statement items use an interval measurement scale based on the Likert scale with the following conditions:

a. Score 1 for Strongly Disagree
b. Score 2 for Disagree
c. Score 3 for Quite Agree
d. Score 4 for Agree
e. Score 5 for Strongly Agree

5.2 Data Quality Test

The data quality test results for all statements in the Ethical leadership variable found that the second indicator did not fulfill the validity test. Furthermore, for the Employee Engagement variable, indicators 1 and 2 do not fulfill the validity test. For the Organizational Citizenship Behavior variable, indicators 1, 2, and 13 do not pass the validity test because the factor loading value is below 0.4 [34]. Also, the minimum limit for the 200-249 sample is 0.4. As for the Employee Performance variable, all statement indicators pass the validity test. The indicators that fail to pass are not included in the reliability and hypothesis testing. The reliability test results for all indicators of each variable passed because Cronbach's alpha value was above 0.6. The data quality test results are in the followings tables:

Table 1. Ethical Leadership Validity Test

Indicator	Factor Loading
EL1	.539
EL2	.397*
EL3	.441
El 4	.636
EL5	.769
EL6	.722
EL7	.542
EL8	.757
EL9	.692
EL10	.770

Source: Amos 21 Data Processing

Table 2. Employee Performance Validity Test

Indicator	Factor Loading
EP1	.482
EP2	.761
EP3	.666
EP4	.607
EP5	.674
EP6	.577

Source: Amos 21 Data Processing

Table 3. Employee Engagement Validity Test

Indicator	Factor Loading
EE1	.352*
EE2	.073*
EE3	.459
EE4	.715
EE5	.760
EE6	.796
EE7	.856
EE8	.657
EE9	.762

Source: Amos 21 Data Processing

Table 4. Organizational Behavior Validity Test

Indicator	Factor Loading
OCB1	.322
OCB2	.318
OCB3	.550
OCB4	.586
OCB5	.607
OCB6	.628
OCB7	.464
OCB8	.528
OCB9	.558
OCB10	.521
OCB11	.510
OCB12	.642
OCB13	.352

Source: Amos 21 Data Processing

Table 5. Reliability Test

Variable	Cronbach's Alpha
Ethical Leadership	.833
Employee Performance	.832
Employee Engagement	.686
Organizational Citizenship Behavior	.759

Source: Amos 21 Data Processing

5.3. Model Fit Test (Goodness of Fit Test)

Before analyzing the hypotheses, the model's overall fit should be assessed to ensure that it describes the causal effect. The following are the GoodnessGoodness of fit test results:

Table 6. The Test Results of Goodness of Fit Model

Measurement Type	Measurement	Cut Off	Value	Conclusion
Absolute Fit Indices	GFI	GFI $\geq$ 0,90	0,750	Poor Fit
	RMSEA	RMSEA $\leq$ 0,08	0,80	Goodness of fit
	RMR	RMR $\leq$ 0,80	0,071	Goodness of fit
Incremental Fit Indices	NFI	0,90 $\leq$	0,601	Poor fit
	TLI	0,90 $\leq$	0,689	Poor fit
	CFI	0,90 $\leq$	0,712	Poor fit
	RFI	0,90 $\leq$	0,569	Poor fit
Persimony Fit Indices	AGFI	$\geq$ GFI	0,712	Poor fit
	PNFI	$\geq$ NFI	0,556	Poor fit

Source: Data processed using AMOS 21

Table 6 indicates that the test model is feasible because the RMSEA and RMR values meet the criteria of GoodnessGoodness of fit, meaning that it is useful for hypothesis testing.

6 Results and Discussion

The hypotheses in this research include three path analysis results. First, ethical leadership positively affects employee performance. Second, ethical leadership affects employee performance mediated by employee engagement. Third, ethical leadership affects employee performance mediated by organizational citizenship behavior. Data analysis shows that employee engagement and OCB mediate the effect of ethical leadership on performance positively and significantly. The conclusion is shown in the following image:

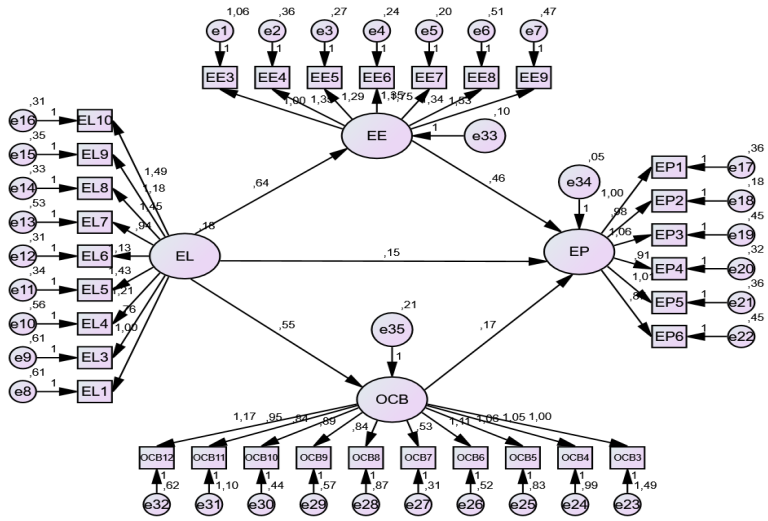

Fig. 2. Effect of Ethical leadership on Employee Performance mediated by Employee Engagement and OCB

Figure 2 shows that high ethical leadership in the company improves employee performance. Furthermore, employee engagement and OCB mediate the effect of ethical leadership on performance. Therefore, the hypothesis testing results indicate that Ha is accepted. This is supported by the SEM results as shown in Table 7:

Table 7. Hypothesis Test Results

			Theory	Estimate	S.E.	C.R.	Pvalue (2 Tail)	Pvalue (1 Tail)	Conclusion
EE	<--	EL	+	0,643	0,159	4,039	0,000	0,000	Significantly positive
OCB	<--	EL	+	0,549	0,157	3,488	0,000	0,000	Significantly positive
EP	<--	EL	+	0,146	0,101	1,444	0,149	0,075	H1 accepted*
EP	<--	EE	+	0,463	0,136	3,391	0,000	0,000	Significantly positive
EP	<--	OCB	+	0,173	0,074	2,347	0,019	0,010	Significantly positive

Description: Significance Level ***1%; **5% and *10%
Source: Amos 21 data processing

Table 7 shows that the p-value of the effect of ethical leadership on employee performance is 0.075 with a significance level of 10%, meaning that the impact is positive. This supports Zehir, C. and Erdogan, E. (2011), which showed that leaders influence employee decisions to give opinions or remain silent, meaning that company leadership is very important [31]. In this case, ethical leadership strongly supports freedom of speech, making employees confidently give opinions and accept constructive criticism, eventually improving their performance. This is in line with Malik et al. (2016), which found a significant positive effect of ethical leadership on performance with a value of β and a significance of 0.000 [3]. The implementation of ethical leadership by the companies in this research was seen from the respondents' answers with an average of 4.5710 on this variable. The variable positively and significantly impacted performance, as seen from the hypothesis testing results. Ethical leadership could be applied by exemplifying behavior to subordinates, punishing unethical employees, and listening and respecting the subordinates' opinions. This has a major impact on improving employee performance.

The SEM analysis results show that Employee Engagement mediates the effect of ethical leadership on performance. Table 7 shows that ethical leadership positively affects engagement, with a p-value of 0.000 and a β of 0,643. Similarly, employee engagement positively affects performance, with a p-value of 0.000 and β of 0,463). Furthermore, the significance test using the Sobel test supports the SEM analysis results. The results of the Sobel test for the second hypothesis are in Table 8:

Table 8. Significance Test Results Employee Management mediates the effect of Ethical Leadership on Employee Performance

Input:			Test statistic:	Std. Error:	*p*-value:
a	0.643	Sobel test:	2.60441633	0.1143093	0.00920309
b	0.463	Aroian test:	2.55903051	0.11633664	0.01049645
s_a	0.159	Goodman test:	2.65230592	0.11224535	0.00799441
s_b	0.136	Reset all	Calculate		

Source: Amos 21 Data Processing

The Sobel test results in Table 8 show a p-value of 0.0092, below the 5% significance level. Therefore, the second hypothesis that employee management mediates the effect of ethical leadership on its performance is accepted. This is in line with Sugianingrat. I. A et al. (2018) [9]. Some research on employee engagement and performance show a strong relationship between the two [8]. Moreover, ethical leadership increases employee engagement, meaning that it indirectly affects performance.

The third hypothesis test results in Table 9 show that OCB mediates the effect of ethical leadership on employee performance. The effect of ethical leadership on OCB has a p-value of 0.000 and β = 0.549, implying a positive effect. Furthermore, the test results on the effect of OCB on employee performance show a p-value of 0.019 and β = 0.173, implying a significant positive effect. This proves that OCB mediates the effect of ethical leadership on performance, supporting the Sobel test significance results in Table 9:

Table 9. Significance Test Results Organizational Citizenship Behavior (OCB) mediates the effect of Ethical Leadership on Employee Performance

	Input:		Test statistic:	Std. Error:	*p*-value:
a	0.549	Sobel test:	1.94349687	0.04886913	0.05195615
b	0.173	Aroian test:	1.89079835	0.05023116	0.05865127
s_a	0.157	Goodman test:	2.00086247	0.04746803	0.04540721
s_b	0.074	Reset all	Calculate		

Source: Amos 21 Data Processing

The Sobel Test significance test results show a significant level of 10%, meaning that OCB mediates the effect of ethical leadership on employee performance. These results support the previous theory on the significant role of OCB on behavior in organizations. Barron & Kenny (1986) stated that ethical leadership affects OCB, which impacts employee performance, meaning that it is a mediator [10]. However, these results contradict Khokhar. et al. (2017) and Sugianingrat I. A., et al. l (2018) that OCB does not mediate the effect of ethical leadership on performance. Therefore, this research reinforces previous findings [9], [11].

7 Conclusions

Ethical leadership positively and significantly affects employee performance. The mediating variables in this research are employee engagement and OCB and have also been shown to affect the relationship between ethical leadership and employee performance. OCB is an important factor in affecting employee behavior in organizations. This is evident from the SEM significance test results that OCB mediates the effect of ethical leadership on employee performance. However, these results contradict Khokhar et al. (2017) and Suguaningrat. I.A, et al., (2018) [9], [11].

These findings could be a reference for company leaders to apply ethical leadership that exemplifies behavior to subordinates and punishes unethical employees. Also, they listen to and respect subordinates' opinions, resulting in significant performance improvement. The company should own employee Engagement by providing opportunities to be involved in organizational activities and decision-making. These could improve employee and the overall company performance.

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