



# The Influence of Ethical Leadership on Organizational Citizenship Behavior: The Mediating Role of Psychological Empowerment

Faisal Firman\*  and Mursalim Nohong 

Hasanuddin University, Makassar, Indonesia  
\*firmanf24a@student.unhas.ac.id

**Abstract.** This study explores the relationship between ethical leadership and Organizational Citizenship Behavior (OCB), focusing particularly on the mediating role of psychological empowerment. Ethical leadership, which emphasizes fairness, integrity, and concern for employees, is increasingly recognized as a critical driver of positive workplace behaviors. Drawing upon social learning theory, this research argues that leaders who act ethically serve as role models, shaping employees' attitudes and encouraging prosocial actions. In addition, psychological empowerment theory suggests that when employees feel a sense of meaning, competence, self-determination, and impact, they are more likely to engage in behaviors that go beyond formal job requirements. To examine these propositions, data were gathered from 310 employees working in the Indonesian public sector, a context where leadership credibility and employee engagement are crucial for organizational effectiveness. Structural Equation Modeling using Partial Least Squares (SEM-PLS) was employed to test the hypothesized relationships. The findings demonstrate that ethical leadership exerts a significant positive effect on OCB both directly and indirectly, with psychological empowerment serving as a meaningful mediator. These results highlight the need for organizations to promote ethical leadership practices while simultaneously fostering empowerment among employees to create a supportive environment that encourages voluntary, citizenship-oriented behaviors essential for long-term organizational success.terms.

**Keywords:** Ethical leadership, organizational citizenship behavior, psychological empowerment, SEM-PLS, Public sector.

## 1 Introduction

In the dynamic and complex landscape of organizational behavior, the success of any institution increasingly relies on employees' willingness to go beyond formal job descriptions. This discretionary effort, known as Organizational Citizenship Behavior (OCB), reflects employees' voluntary engagement in activities that support the social and psychological environment of the workplace. OCB includes behaviors such as helping others, being punctual, showing initiative, and maintaining positive attitudes toward

© The Author(s) 2026

M. Nohong et al. (eds.), *Proceedings of the 10th International Conference on Accounting, Management, and Economics (10th ICAME 2025)*, Advances in Economics, Business and Management Research 388, [https://doi.org/10.2991/978-94-6239-709-5\\_109](https://doi.org/10.2991/978-94-6239-709-5_109)

the organization [1]. As organizations face growing pressures to remain agile, ethical, and accountable—particularly in the public sector—understanding the antecedents of OCB has become a strategic imperative [2].

Among the various leadership styles influencing OCB, ethical leadership has garnered increasing scholarly attention [3,4]. Ethical leadership is defined as the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships and the promotion of such conduct among followers through communication, reinforcement, and decision-making. Ethical leaders act as moral role models, emphasizing fairness, honesty, responsibility, and respect for others. In doing so, they establish a normative framework that guides employees' behavior and fosters trust and mutual respect within organizations.

Given these considerations, this study aims to investigate the mediating role of psychological empowerment in the relationship between ethical leadership and OCB. By focusing on Indonesian public institutions, this research also addresses a contextual gap in leadership and behavioral studies, which remain predominantly Western-centric. The study contributes to the theoretical enrichment of the leadership–OCB nexus and offers practical implications for leadership development and human resource management in emerging market bureaucracies [5,6].

This study is guided by two central research questions that seek to deepen the understanding of organizational behavior in the public sector. The first explores whether ethical leadership has a significant influence on employees' organizational citizenship behavior (OCB). The second examines the potential mediating role of psychological empowerment, specifically investigating whether the effect of ethical leadership on OCB occurs indirectly through employees' enhanced sense of autonomy, confidence, and meaning in their work. Together, these questions aim to clarify both the direct and indirect pathways through which ethical leadership shapes positive discretionary behaviors in public organizations.

By answering these questions, this study aims to enhance our understanding of how ethical leadership can inspire proactive, value-driven behaviors through psychological pathways, thereby advancing ethical governance and performance in public institutions.

## **2 Literature Review**

The link between ethical leadership and OCB is grounded in social learning theory, which posits that individuals learn appropriate behaviors by observing role models, especially those in positions of authority. Employees are likely to emulate the values and behaviors exhibited by ethical leaders, including helping behaviors and civic virtue. However, while several studies confirm the direct effect of ethical leadership on OCB, the underlying psychological mechanisms that facilitate this relationship remain less explored—especially in non-Western, hierarchical work environments such as the Indonesian public sector [5,6].

One potential mechanism is psychological empowerment, a motivational construct encompassing four cognitions: meaning, competence, self-determination, and impact [7]. Psychological empowerment represents an individual's perception of control over

their work and its outcomes. When employees feel empowered, they are more likely to take ownership of their tasks, engage in problem-solving, and demonstrate proactive, citizenship-oriented behaviors. Ethical leaders can cultivate psychological empowerment by fostering trust, encouraging participative decision-making, and supporting employees' sense of purpose and capability.

Research integrating ethical leadership and psychological empowerment is still evolving, but initial findings suggest a promising mediating role [8, 9]. Ethical leadership may not only model desirable behavior but also create a supportive climate that nurtures employees' internal motivation. In turn, empowered employees may reciprocate through behaviors that go beyond formal obligations. In contexts where organizational hierarchies are rigid and formal supervision dominates—such as in many public sector organizations in Indonesia—empowerment can serve as a critical driver of discretionary effort and civic commitment.

### **3 Methodology**

#### **3.1 Research design and sample**

This study employed a quantitative, explanatory research design using a cross-sectional survey approach. The sample comprised 310 employees from various government agencies in Indonesia, selected through proportionate stratified random sampling. Respondents were full-time staff members with at least one year of work experience.

#### **3.2 Measures**

All constructs in this study were measured using validated Likert-scale instruments, ranging from 1 (*strongly disagree*) to 7 (*strongly agree*). Ethical leadership was measured using the 10-item Ethical Leadership Scale developed by Brown et al. [3], which captures leaders' fairness, integrity, and role-modeling behaviors. Psychological empowerment was assessed through Spreitzer's 12-item scale, which covers four dimensions: meaning, competence, self-determination, and impact, reflecting employees' sense of control and purpose in their work. Finally, OCB was measured using the 16-item scale developed by Podsakoff et al. [9] comprising dimensions such as altruism, civic virtue, conscientiousness, and courtesy, which collectively represent employees' discretionary contributions to organizational effectiveness.

#### **3.3 Data Analysis**

Data were analyzed using SmartPLS 4, which is widely applied in management and social sciences research for variance-based Structural Equation Modeling (PLS-SEM). This approach was chosen due to its suitability for predictive modeling and its ability to handle complex models with latent variables, even under conditions of non-normal data distribution and relatively small-to-medium sample sizes [10].

Validity was examined through Average Variance Extracted ( $AVE > 0.5$ ) to ensure convergent validity, while reliability was assessed using Composite Reliability ( $CR >$

0.7) as recommended in methodological literature [11]. Structural relationships were evaluated using path coefficients ( $\beta$ ), *t*-values, and *p*-values derived from the bootstrapping procedure with 5,000 subsamples, which provides robust estimates of standard errors and significance testing [12].

## 4 Results

### 4.1 Measurement Model

The measurement model was first evaluated for validity and reliability. As shown in **Table 1**, the Average Variance Extracted (AVE) values ranged from 0.582 to 0.703, exceeding the recommended threshold of 0.50, thereby confirming convergent validity. Composite Reliability (CR) values ranged from 0.861 to 0.915, which are well above the recommended cut-off of 0.70, indicating internal consistency reliability. Furthermore, discriminant validity was confirmed using the HTMT criterion, with all values below the recommended threshold of 0.85.

**Table 1.** Convergent Validity and Reliability of Constructs

Construct	AVE	CR	HTMT
Ethical Leadership	0.582	0.861	<0.85
Psychological Empowerment	0.703	0.915	<0.85
Organizational Citizenship Behavior (OCB)	0.629	0.892	<0.85

Source: Team Calculation

### 4.2 Structural Model

The structural model was assessed to examine the hypothesized relationships. Path coefficients, *t*-values, and significance levels were obtained through bootstrapping with 5,000 resamples. The results are summarized in **Table 2**.

**Table 2.** Structural Model Results

Path	$\beta$	<i>p</i> -value	Result
Ethical Leadership → OCB	0.39	<0.001	Supported
Ethical Leadership → Psychological Empowerment	0.46	<0.001	Supported
Psychological Empowerment → OCB	0.41	<0.001	Supported

OCB

Source: Team Calculation

The analysis also revealed a significant indirect effect of ethical leadership on OCB through psychological empowerment ( $\beta = 0.19, p < 0.001$ ), with a Variance Accounted

For (VAF) value of 49%, indicating partial mediation [9,10,11,12]. The explanatory power of the model was satisfactory, with  $R^2 = 0.21$  for Psychological Empowerment and  $R^2 = 0.47$  for OCB.

## 5 Discussion

The findings provide robust empirical support for the proposition that ethical leadership strengthens Organizational Citizenship Behavior in the Indonesian public sector. The significant direct path from ethical leadership to OCB indicates that when leaders consistently demonstrate fairness, integrity, and respect, employees are more inclined to engage in discretionary behaviours that sustain the social and psychological functioning of their organisations, including helping colleagues, demonstrating conscientiousness, and exhibiting civic virtue [8,9]. This pattern is consistent with social learning theory, which emphasises that employees acquire behavioural cues by observing and emulating role models in positions of authority. In public organisations where formal rules and hierarchical oversight remain salient, ethical leaders appear to function as credible reference points for appropriate conduct, thereby facilitating citizenship-oriented behaviours that exceed contractual job requirements [10,11].

The results further show that ethical leadership has a significant positive influence on psychological empowerment, and that empowerment is, in turn, positively associated with OCB. This aligns with psychological empowerment theory, which conceptualises empowerment as a motivational state reflecting meaning, competence, self-determination, and impact [7]. Ethical leaders can enhance these cognitions by clarifying the value and purpose of work, enabling participative decision-making, and providing consistent support and recognition. Such leadership practices cultivate a sense of agency and ownership among employees, which plausibly increases their willingness to contribute beyond prescribed duties. This mechanism complements evidence in the broader leadership literature indicating that leadership behaviours, together with empowering practices and positive psychological resources, can reduce employee negativity and stimulate constructive, proactive contributions at work [14,15].

The mediation results indicate that psychological empowerment partially transmits the effect of ethical leadership to OCB, as reflected by the significant indirect effect and the VAF value indicating partial mediation [9,10,11,12]. This finding implies that ethical leadership promotes OCB through at least two pathways. First, employees may directly emulate ethical role modelling and translate it into prosocial and cooperative behaviour. Second, ethical leadership shapes the psychological conditions that enable employees to feel capable and autonomous, thereby increasing their inclination to display OCB as a voluntary expression of commitment and responsibility. The partial nature of the mediation is theoretically meaningful because it suggests that empowerment is an important, but not exclusive, mechanism, leaving scope for complementary processes such as organisational identification, trust, and justice perceptions that have been highlighted in related work [10,11]. Methodologically, the use of PLS-SEM is appropriate for examining these predictive relationships within a latent variable framework and for estimating direct and indirect effects through resampling-based inference

[16,17], while convergent validity and reliability checks align with established measurement standards commonly used in structural equation modelling research [18].

### **5.1 Theoretical implications**

This study extends the ethical leadership and OCB literature by empirically validating psychological empowerment as a motivational mechanism that helps explain how ethical leadership translates into discretionary behaviour in a non-Western public sector context [8,9]. By integrating social learning theory with empowerment theory, the study offers a more complete explanation of the leadership–OCB nexus, demonstrating that ethical role modelling operates alongside internal motivational states characterised by meaning, competence, autonomy, and impact [7]. The findings are also consistent with wider leadership and organisational behaviour research showing that leadership and empowerment-related processes can foster positive employee outcomes and proactive behaviours, including performance-relevant discretionary contributions [14,15]. In addition, the study contributes a contextually grounded perspective by demonstrating these mechanisms in Indonesian public institutions, where hierarchical structures may otherwise inhibit autonomy and initiative, thereby making empowerment particularly salient for eliciting OCB [5,6].

### **5.2 Practical implications**

The results imply that public sector organisations should treat ethical leadership development as a strategic priority. Leadership selection, training, and performance management systems should reinforce fairness, integrity, accountability, and transparent decision-making, given their demonstrated influence on citizenship-oriented behaviour [8,9]. At the same time, efforts to strengthen psychological empowerment should be embedded in managerial practice, including opportunities for participative input, delegated discretion over task execution, and recognition mechanisms that reinforce employees' perceived competence and impact [7,14]. Such initiatives are likely to be especially consequential in public bureaucracies where formalisation can constrain individual agency. By simultaneously cultivating ethical leadership and empowerment-supportive conditions, organisations can strengthen voluntary, prosocial behaviours that support service quality, organisational effectiveness, and public trust, which remain essential for sustained performance in the public sector [10,11].

## **6 Conclusion and Implications**

This study advances our understanding of the relationship between ethical leadership and Organizational Citizenship Behavior (OCB) by integrating social learning theory with psychological empowerment theory. The findings confirm that ethical leadership not only directly fosters OCB but also operates indirectly through psychological empowerment, which functions as a significant mediating mechanism. This highlights the importance of psychological empowerment as a theoretical bridge in explaining how

ethical role modeling translates into discretionary employee behaviors. The novelty of this research lies in validating this mechanism within the Indonesian public sector context, thereby offering fresh empirical evidence from a non-Western setting where hierarchical structures are prevalent.

From a theoretical standpoint, the study contributes by expanding the leadership–OCB literature. While prior research has predominantly focused on transformational and transactional leadership styles, this research underscores the role of ethical leadership as a distinct and critical predictor of OCB. Furthermore, by situating psychological empowerment as a mediator, the study refines existing theoretical frameworks and provides a more nuanced explanation of employee behavioral outcomes.

The practical implications of these findings are twofold. First, organizations, particularly in the public sector, should prioritize ethical leadership development, ensuring that leaders embody fairness, integrity, and accountability. Leadership training and performance evaluations should incorporate ethical dimensions to strengthen leaders' credibility and trustworthiness. Second, enhancing psychological empowerment through participative decision-making, recognition systems, and opportunities for skill development can cultivate a workforce that is both engaged and willing to go beyond formal job descriptions, thereby improving organizational effectiveness and public service delivery.

Despite these contributions, the study has several limitations. The cross-sectional design restricts causal inferences, and the reliance on self-reported survey data may introduce common method bias. In addition, the research is limited to a single cultural and sectoral context, which may constrain the generalizability of the findings to other organizational settings or cultural environments.

Future research should address these limitations by employing longitudinal or experimental designs to strengthen causal claims. Comparative studies across sectors or countries could also shed light on contextual variations in the leadership–OCB relationship. Moreover, integrating additional mediators or moderators, such as organizational justice, trust, or cultural values, would provide deeper insights into the complex mechanisms through which ethical leadership influences employee behaviors.

## Reference

1. Organ, D.W.: *Organizational Citizenship Behavior: The Good Soldier Syndrome*. Lexington Books, Lexington (1988)
2. Bedi, A., Alpaslan, C.M., Green, S.: A Meta-analytic Review of Ethical Leadership Outcomes and Moderators. *Journal of Business Ethics* 170(1), 117–136 (2021)
3. Brown, M.E., Treviño, L.K., Harrison, D.A.: Ethical Leadership: A Social Learning Perspective for Construct Development and Testing. *Organizational Behavior and Human Decision Processes* 97(2), 117–134 (2005)
4. Brown, M.E., Treviño, L.K.: Ethical Leadership: A Review and Future Directions. *The Leadership Quarterly* 17(6), 595–616 (2006)
5. Zhu, W., May, D.R., Avolio, B.J.: The Impact of Ethical Leadership Behavior on Employee Outcomes: The Roles of Psychological Empowerment and Authenticity. *Journal of Leadership & Organizational Studies* 11(1), 16–26 (2004)

6. Newman, A., Round, H., Bhattacharya, S., Roy, A.: Ethical Leadership and Employee WellBeing: The Mediating Role of Psychological Empowerment. *International Journal of Manpower* 41(2), 196–211 (2020)
7. Spreitzer, G.M.: Psychological Empowerment in the Workplace: Dimensions, Measurement, and Validation. *Academy of Management Journal* 38(5), 1442–1465 (1995)
8. Walumbwa, F.O., Hartnell, C.A., Oke, A.: Servant Leadership, Procedural Justice Climate, Service Climate, Employee Attitudes, and Organizational Citizenship Behavior: A CrossLevel Investigation. *Journal of Applied Psychology* 96(3), 517–529 (2011)
9. Podsakoff, P.M., MacKenzie, S.B., Moorman, R.H., Fetter, R.: Transformational Leader Behaviors and Their Effects on Followers' Trust in Leader, Satisfaction, and Organizational Citizenship Behaviors. *Leadership Quarterly* 1(2), 107–142 (1990)
10. Afsar, B., Shahjehan, A., Rehman, Z.U.: The Mediating Role of Organizational Identification Between Ethical Leadership and Employees' OCB. *European Journal of Investigation in Health, Psychology and Education* 10(1), 262–275 (2020)
11. Zheng, Y., Graham, L., Wang, X.: Linking Empowering Leadership and OCB: The Role of Psychological Empowerment and Affective Commitment. *Personnel Review* 49(5), 1140–1156 (2020)
12. Kim, J., Kim, H.: Ethical Leadership and Public Employees' Empowerment: Moderating Role of Organizational Culture. *Public Personnel Management* 51(1), 42–65 (2022)
13. Singh, S.K., Del Giudice, M., Chierici, R., Graziano, D.: Green Innovation and Environmental Performance: The Role of Green Transformational Leadership and Green HRM. *Technological Forecasting and Social Change* 162, 120388 (2021)
14. Avey, J.B., Hughes, L.W., Norman, S.M., Luthans, K.W.: Using Positivity, Transformational Leadership and Empowerment to Combat Employee Negativity. *Leadership & Organization Development Journal* 29(2), 110–126 (2008)
15. Aryee, S., Walumbwa, F.O., Zhou, Q., Hartnell, C.A.: Transformational Leadership, Innovative Behavior, and Task Performance. *Human Performance* 25(1), 1–25 (2012)
16. Hair, J.F., Hult, G.T.M., Ringle, C.M., Sarstedt, M.: A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM), 2nd edn. Sage, Thousand Oaks (2017)
17. Preacher, K.J., Hayes, A.F.: Asymptotic and Resampling Strategies for Assessing and Comparing Indirect Effects in Multiple Mediator Models. *Behavior Research Methods* 40(3), 879–891 (2008)
18. Fornell, C., Larcker, D.F.: Evaluating Structural Equation Models with Unobservable Variables and Measurement Error. *Journal of Marketing Research* 18(1), 39–50 (1981)

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

