



The Ethical Leadership: Bridging Organizational Performance and Employee Well-being in Public and Private Spheres"

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ABSTRACT

Managers who promote ethical behavior are likely to influence the well-being of their employees. This study examined psychological empowerment as an important variable linking ethical leadership to employee well-being, work engagement, and emotional exhaustion. We used a survey to distribute questionnaires to 56 auditors from two audit firms in Bhopal. The study supported all the hypotheses that we proceed as a sample. Good and authentic ethical leadership has a strong influence on psychological influence. Thus, psychological empowerment is positively related to work engagement and negatively related to emotional exhaustion. The result showed that psychological empowerment partially mediates the effect of ethical leadership on work engagement and commitment, and it fully mediates the effect on ethical leadership and emotional intelligence. This study found that ethical leadership stimulates the psychological empowerment of employees; thus, it increases engagement and commitment to work and also reduces mental exhaustion.

Keywords: Ethical Leadership, Psychological Empowerment, Work Engagement, Emotional Exhaustion, Employee Well-being

1.INTRODUCTION

Some of the prominent ethical scandals that have attracted much attention in accounting in the past decade, such as the Enron-Arthur Andersen affair and the collapse of Lehman Brothers, have been attributed to unethical behavior (Monahan, 2012). Considering that ethical scandals and their catastrophic consequences can occur in any organization, it is clear that the ethical dimension of management is very important (Brown and Treviño, 2006). In recent years, the topic of ethical leadership has become a hot research topic for various reasons. First, there are so many business managers who have not implemented ethical management in their workplaces that ethical management issues attract considerable interest (Brown and Treviño, 2006). They explain that ethical scandals have led us to pay more attention to ethical leadership and to conduct research that examines the antecedents and outcomes of ethical leadership. Second, ethical leadership is crucial in directing an organization to achieve organizational goals. Every organization certainly wants to hire and retain ethical leaders who can improve employee performance and improve work results. Ethical management research is expected to provide organizations with more knowledge about ethical management, helping them achieve their goals.

Ethical leadership is expected to have a positive impact on the organization. Followers' perceptions of ethical leadership lead to various outcomes such as followers' ethical behavior, psychological well-being, work-related outcomes (satisfaction, work engagement, organizational commitment, etc.), their self-concept. - efficiency, workforce, reduction of work stress, etc. (Bedi et al., 2016). Kalshoven and Boon (2012) and Yang (2014) highlight the impact of ethical leadership on employee well-being. The behavior of supervisors can affect the performance of their subordinates positively or negatively, because superiors have considerable

control over subordinates and have a great influence on their job demands and social support (e.g., Gilbreath and Benson, 2004; Harris and Kacmar, 2006; Liu et al., 2010). The previous research of Chughtai et al. (2015) specifically looked at the relationship between ethical leadership and two types of employee well-being, namely work engagement and emotional exhaustion. Their research demonstrates that the presence of ethical leadership can have a positive impact on employee well-being.

Although previous studies have examined the relationship between ethical leadership and employee well-being, the processes by which a leader can promote employee well-being are still not well understood (Tuckey et al., 2012; Chughtai et al., 2015). This study aims to fill this gap by examining psychological empowerment as a potential variable that may link ethical leadership to employee well-being. To our knowledge, the process of how ethical leadership affects employee well-being through psychological empowerment has not been empirically investigated. Ethical leadership can promote emotional-psychological empowerment of employees (Zhu, 2008). Ethical leaders who present a moral vision and clearly define tasks, roles and rewards can instill power in their employees (Zhu, 2008).

This study supports the hypothesis that psychological empowerment can mediate the relationship between ethical leadership and employee well-being, work engagement, and emotional exhaustion. The results of this study contribute to previous research by providing more information and new evidence on how ethical leadership affects work engagement and emotional exhaustion. In addition, this research will help scholars and organizations better understand the importance of ethical leadership in their organizations. This study shows that a leader with ethical leadership behavior stimulates the psychological empowerment of employees, which increases their commitment to work and minimizes mental burnout. The results of this study are expected to be useful in promoting ethical management in organizations.

2. LITERATURE REVIEW

2.1 Ethical Management

Ethical management refers to the practice of conducting business and making decisions in a morally and socially responsible manner. It considers the impact of business activities on various stakeholders such as employees, customers, communities and the environment. Ethical management goes beyond compliance with the law and aims to promote honesty, transparency and integrity in all aspects of an organization's operations.

Here are some key principles and practices related to ethical leadership:

Ethical leadership: Ethical leadership begins with leaders who set the tone and example for the entire organization. Leaders must demonstrate honesty, integrity and a commitment to ethical behavior. **Code of Conduct:** Organizations should develop a code of conduct that defines the ethical standards expected of all employees. The code should cover, for example, conflicts of interest, confidentiality, anti-corruption measures and respect for diversity.

Consideration of stakeholders: Ethical management involves consideration of the interests and well-being of all stakeholders affected by the organization's activities. This includes employees, customers, suppliers, shareholders and the wider community.

Fair labor practices: Ethical management requires fair and respectful treatment of employees. This includes promoting equal opportunities, fair pay, safe working conditions and a supportive work environment.

Environmental sustainability: Organizations should strive to minimize their environmental impact by implementing sustainable practices such as reducing waste, conserving energy and using environmentally friendly materials.

Transparent Communication: Ethical leadership encourages open and honest communication both internally and externally. This includes sharing information, seeking feedback, and openly addressing concerns or conflicts.

Ethical supply chain: organizations must ensure that their supply chain partners also adhere to ethical standards. This includes due diligence, monitoring supplier practices and promoting responsible sourcing.

Ethical decision making: Ethical management encourages employees at all levels to make decisions based on ethical considerations. This may include consideration of potential impacts, consideration of alternative solutions and consultation with relevant stakeholders.

Social responsibility: Ethical leadership involves active participation in the well-being of the community and society. This can be achieved through initiatives such as corporate social responsibility programs, philanthropy and volunteering. **Regular ethical reviews:** Organizations should regularly review their policies and procedures to ensure they meet ethical standards. This may include conducting ethics reviews, seeking outside input and making corrections where necessary.

By implementing ethical management practices, organizations can build trust, improve their reputation, attract and retain talented employees, and promote sustainable and responsible business practices.

2.2 Psychological Empowerment

Psychological empowerment, as defined by Conger & Kanungo (1988), involves improving individuals' self-efficacy within an organization by identifying and addressing situations that create a sense of powerlessness. It encompasses formal organizational practices and informal techniques aimed at enhancing employees' belief in their ability to organize themselves and make effective decisions to achieve desired goals and performance.

According to Thomas & Velthouse (1990), psychological empowerment consists of four cognitive dimensions: impact, competence, meaningfulness, and self-determination. Impact refers to employees' perception of their ability to influence their work environment. Competence relates to individuals' confidence in their skills and expertise to perform tasks effectively. Meaningfulness involves the alignment of task goals with employees' personal values and standards. Self-determination emphasizes the autonomy and freedom employees have in initiating and organizing their work actions in a manner they deem appropriate.

Empowered individuals are motivated to take initiative, persist in their tasks, and actively contribute to problem-solving within the organization (Conger & Kanungo, 1988). They recognize the importance of their work and exhibit a sense of concern and engagement (Quinn & Spreitzer, 1997). Empowerment practices provide employees with the motivation and confidence to overcome challenges and make valuable contributions.

Psychological empowerment involves enhancing individuals' self-efficacy within the organization by addressing situations that create powerlessness. It encompasses dimensions such as impact, competence, meaningfulness, and self-determination. Empowered individuals are motivated, confident, and proactive in their work, recognizing the significance of their contributions and having the autonomy to determine how they approach their tasks.

2.3 Work Engagement

Schaufeli et al. (2002) introduced the concept of work engagement as a positive counterpart to burnout, comprising three dimensions: vigor, dedication, and absorption. Vigor reflects mental resilience, high levels of energy, and persistence in the face of challenges. Dedication involves enthusiasm, pride, and a strong sense of inspiration. Absorption refers to deep concentration and interest in one's work, making it difficult to detach from the job.

Previous research has positioned work engagement as the opposite of burnout, which is characterized by exhaustion, cynicism, and a diminished sense of professional efficacy (Maslach et al., 2001). Schutte et al. (2000) defined work engagement as an energetic state in which employees wholeheartedly dedicate themselves to performing their best and exhibit confidence in their effectiveness. Engaged employees possess the belief in their ability to effectively handle job demands, resulting in increased work effectiveness (Schaufeli et al., 2002). Work engagement serves as a protective factor against burnout by assisting employees in managing stressful job demands (Britt et al., 2001).

Work engagement, with its dimensions of vigor, dedication, and absorption, represents a state of positive involvement and commitment to one's work. It stands in contrast to burnout and its associated exhaustion, cynicism, and reduced efficacy. Engaged employees demonstrate high levels of energy, enthusiasm, and concentration, leading to enhanced job performance and resilience against burnout.

2.4 Emotional Exhaustion

Emotional exhaustion is indeed one of the three dimensions of burnout, as defined by Schutte et al. (2000). It refers to the feeling of being over-extended and drained of emotional resources. When job demands exceed what employees can handle, emotional exhaustion is more likely to occur, as stated by Maslach et al. (2001). This means that individuals who lack necessary resources such as social support, feedback, and energy to cope with their work are more prone to experiencing emotional exhaustion.

Several factors can contribute to emotional exhaustion, including work overload, lack of autonomy, limited participation in decision making, role conflicts, and time pressures (Maslach et al., 2001). When employees feel emotionally exhausted, they often experience physical fatigue and a continuous sense of mental weariness (Wright & Cropanzano, 1998). They may also perceive a lack of adaptive resources and feel unable to make significant contributions to their job (Halbesleben & Buckley, 2004). As a result, the energy they once had to perform their work becomes depleted, further hindering their ability to meet job requirements (Halbesleben & Buckley, 2004).

Emotional exhaustion has negative effects on both employees and organizations. Individuals who experience emotional exhaustion tend to exhibit reduced effort and lower job performance (Tourigny et al., 2013). Moreover, emotional exhaustion can lead to various health problems, increased absenteeism rates, higher intentions to leave their job, decreased effectiveness and productivity, reduced commitment, diminished job satisfaction, and higher employee turnover for organizations (Maslach et al., 2001).

Emotional exhaustion is a state characterized by feeling over-extended and drained of emotional resources due to excessive job demands. It can be caused by factors such as work overload, lack of autonomy, role conflicts, and time pressures. Emotional exhaustion has detrimental effects on both employees and organizations, including reduced job performance, health issues, higher absenteeism rates, increased turnover, and diminished job satisfaction and commitment.

2.5 Hypotheses Developments

Relationship between Ethical Leadership and Psychological Empowerment

Ethical leadership and psychological empowerment are two important concepts in the realm of organizational behavior and management. While they are distinct concepts, there is a relationship between them, particularly in the context of fostering a positive work environment and employee well-being.

Ethical leadership refers to the demonstration of ethical principles and behaviors by leaders in an organization. Ethical leaders act with integrity, honesty, fairness, and accountability, and they prioritize the well-being of their employees and stakeholders. They set a positive example and promote ethical conduct throughout the organization. Ethical leadership is associated with higher levels of trust, job satisfaction, and organizational commitment among employees

Psychological empowerment, on the other hand, refers to the sense of control, autonomy, and self-efficacy that individuals experience in their work roles. It involves employees feeling that they have the ability to influence their work environment, make meaningful contributions, and achieve their goals. Psychological empowerment is characterized by four dimensions: meaning, competence, self-determination, and impact. When employees feel psychologically empowered, they are more engaged, motivated, and satisfied with their work.

The relationship between ethical leadership and psychological empowerment is reciprocal and mutually reinforcing. Ethical leaders create a supportive and empowering work environment by valuing and respecting their employees. They involve employees in decision-making, provide opportunities for growth and development, and encourage autonomy and self-expression. These actions foster a sense of psychological empowerment among employees.

At the same time, psychologically empowered employees are more likely to perceive their leaders as ethical. When employees feel empowered, they are more attuned to the ethical conduct of their leaders and the organization as a whole. They become more active in voicing their concerns, challenging unethical behaviors,

and holding leaders accountable. Psychological empowerment can amplify the positive effects of ethical leadership by encouraging employees to act ethically and contribute to a culture of integrity.

Ethical leadership and psychological empowerment are interconnected concepts that contribute to a positive work environment. Ethical leaders foster psychological empowerment by creating an atmosphere of trust, fairness, and respect, while psychologically empowered employees are more likely to recognize and support ethical leadership. Together, these factors promote employee well-being, engagement, and organizational success.

3. Research Model

Based on our review of the literature and the hypotheses development above, we constructed the research model in the following graph to figure out the relationship between ethical leadership, psychological empowerment, work engagement, and emotional exhaustion. The figure of the research model is as follows

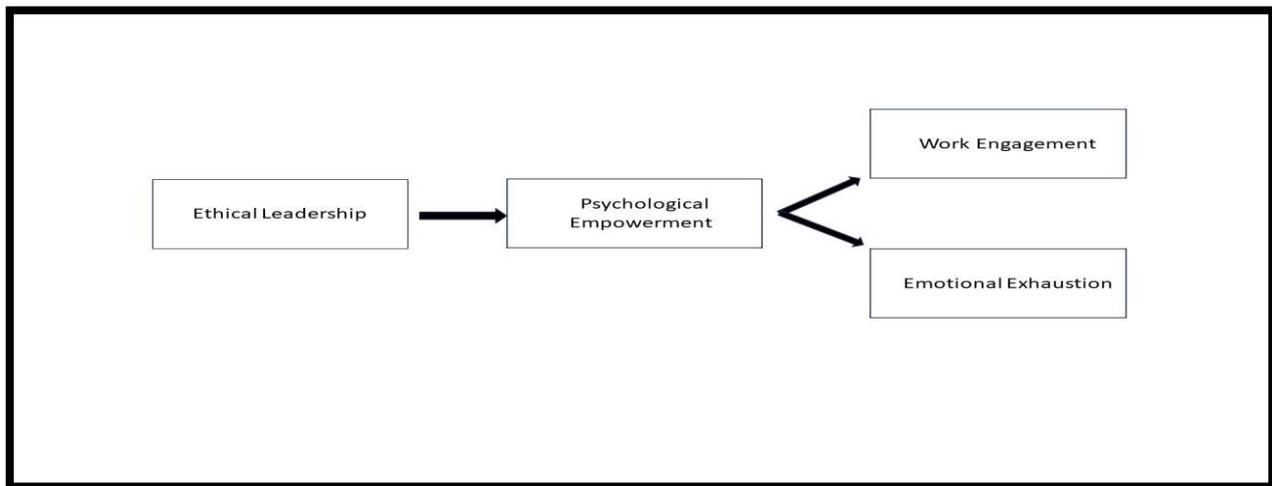


Figure 1. Research Model

4. METHODS

1. Sample and Procedure

Auditors from four large and small audit firms were selected for the study. Of the 60 questionnaires distributed, 33 were completely filled out, which gave a response rate of 60.83%. Questionnaires were filled by auditors of various accounting firms in Bhopal like Lupin, Havells, Sbi, SPS school, Eicher motors, RSM Madhya Pradesh, National hospital, Hind pharma, V-mart, PKF and M&M etc. 53 respondents, 45.66% were women and 54.34% were men. Most of the respondents were aged 20-25 years, (82.19%). 17.35% were 26-30 years old and only 0.46% were over 40 years old. Of these respondents, 61.64% were junior auditors, 36.07% were senior auditors, 1.83% were deputy directors, and 0.46% were inspectors. Each respondent's work experience in audit firms was varied. 23.29 percent of the respondents had less than one year of work experience in their audit firm. 50 points Six to eight percent of the respondents had 1-2 years, 19.63 percent three to four years, and 6.39 percent more than four years of work experience in an audit firm. The demographic information of the respondents is presented in Table 1.

Table 1. Demographic Data.

% of respondents	
Gender	
Male	54.34%
Female	45.66%
Age Groups	
20-25	82.19%
26-30	17.35%
>40	0.46%
Public Accounting Firm	
Big Four	47.95%
Non-Big Four	52.05%
Position	
Junior Auditor	61.64%
Senior Auditor	36.07%
Assistant Manager	1.83%
Manager	0.46%
Tenure	
<1 year	23.29%
1-2 years	50.68%
3-4 years	19.63%
>4 years	6.39%

2. Measures

Ethical leadership was used as an independent variable in this study. The ten-point Ethical-Leadership Scale (ELS) created by Brown and others (2005) was used to measure ethical leadership. An example item is "My supervisor conducts his personal life ethically." The answers to the questions were scaled from 1 = strongly disagree to 5 = strongly agree. Cronbach's alpha for this variable was 0.877. The mediating variable in this study was psychological empowerment. We used a 12-point scale developed by Spreitzer (1995) to measure this variable. This instrument measured psychological empowerment with four subscales: meaning, competence, autonomy, and influence. Example items for each of the four subscales are: "My work activities are personally meaningful to me" (meaningful), "I have acquired the skills necessary for my job" (competence), "I have significant opportunities for independence and freedom. I do my work" (autonomy), and "I have a significant impact on what happens in my department" (influence). All items were rated on a 5-point scale from 1 = strongly disagree to 5 = strongly agree. Cronbach's alpha for this variable was 0.756

Work engagement was measured with the nine-item version of Schaufel et al. (2006) Utrecht Work Engagement Scale (UWES-9). This metric was also used by Matta et al., (2015). The UWES-9 measures three dimensions of work engagement: vigor, engagement, and immersion. Each dimension was measured with three sentences. Some of these are "I feel energized in my work" (vigor), "I am enthusiastic about my work" (engagement), and "I am immersed in my work" (immersion). All items are rated on a five-point scale, 1 = strongly disagree and 5 = strongly agree. Cronbach's alpha for this variable was 0.889.

To measure emotional exhaustion, we used five items taken from Schaufel et al. (1996) Maslach Burnout Inventory-General Survey (MBI-GS), which was also used by Schaufel et al. (2002) and Wu et al., (2012). An example is "I am tired when I get up in the morning and I have to face a new day at work". Responses are on a five-point scale, 1 = strongly disagree and 5 = strongly agree. Cronbach's alpha for that scale was 0.64.

3. Statistical Analysis

We used structural equation modeling (SEM) with a partial least squares (PLS) approach to test the research hypotheses. SEM-PLS was chosen because it can work with a small sample and can also handle complex structures (Sarstedt et al., 2014). The use of SEM in hypothesis testing is considered because SEM is suitable for analyzing the latent variables that are the subject of the hypothesis. For software, we used Warp PLS software (version 3.0).

5. RESULT AND DISCUSSION

5.1 Descriptive Statistics

The mean, standard deviations, and correlations among the variables are presented in Table 2. As expected, ethical leadership is positively related to psychological empowerment ($r = 0.424$, $p < 0.01$). Psychological empowerment has a positive relationship with work engagement ($r = 0.738$, $p < 0.01$), while it has a negative relationship with emotional exhaustion ($r = -0.449$, $p < 0.01$).

Table 2. Descriptive Statistic

	Mean	SD	EL	PE	WE	EE
1. Ethical Leadership	3.750	0.889				
2. Psychological Empowerment	3.951	0.801	0.424**			
3. Work Engagement	3.749	0.861	0.534**	0.738**		
4. Emotional Exhaustion	2.989	1.074	-0.224**	-0.449**	-0.610**	

**Significant at $p < 0.01$

*Significant at $p < 0.05$

5.2 Measurement Model Analysis

Validity and Reliability Test

We tested the convergent and discriminant validity to assess the construct's validity. Convergent validity was assessed by considering two indicators based on Hair et al., (2010) such as factor loadings and Average Variance Extracted (AVE). A loading value which is higher than 0.5, or higher than the ideal value of 0.7 is a good rule of thumb (Hair et al., 2010).

The research has adequate convergence when it has an AVE of 0.5 or higher (Hair et al., 2010). The results in Table 3 show that all the values of the average variance extracted exceed the standard value of 0.5, ranging from 0.512 to 0.590. The loading factor for all the constructs ranges from 0.531 to 0.890. Several item constructs were deleted because they gave a loading factor of less than 0.4, although those with a loading of 0.4 - 0.7 should still be considered for retention (Hair et al., 2013). In summary, all the evidence above indicates that the convergent validity of the measurement model has been qualified.

Table 3. Reliability and Convergent Validity

Latent Variable	Mean	S.D.	Loading
Ethical leadership - EL (composite reliability = 0.903; AVE = 0.512)			
EL 1	3.831	0.809	(0.585)
EL 2	3.763	1.040	(0.698)
EL 3	3.863	0.893	(0.790)
EL 4	3.781	0.850	(0.531)
EL 5	3.740	0.767	(0.835)
EL 6	3.530	0.920	(0.720)
EL 7	3.763	0.789	(0.812)
EL 8	3.461	0.825	(0.748)
EL 9	4.023	0.960	(0.661)
Psychological empowerment - PE (composite reliability = 0.848; AVE = 0.590)			
PE 1	3.913	0.800	(0.857)
PE 2	4.091	0.863	(0.728)
PE 3	3.954	0.715	(0.550)
PE 4	3.845	0.803	(0.890)
Work engagement (composite reliability = 0.912; AVE = 0.566)			
WE 1	3.772	0.814	(0.803)
WE 2	3.785	1.042	(0.672)
WE 3	3.758	0.846	(0.794)
WE 4	3.416	0.936	(0.700)
WE 5	3.644	0.830	(0.849)
WE 6	3.616	0.789	(0.782)
WE 7	4.064	0.701	(0.659)
WE 8	3.941	0.730	(0.739)
Emotional exhaustion (composite reliability = 0.808; AVE = 0.586)			
EE 1	2.936	0.993	(0.782)
EE 2	2.927	1.064	(0.829)
EE 3	3.105	1.155	(0.678)

Source: PLS result

In evaluating discriminant validity, we compared the square root of the average variance extracted (AVE) to the correlation between the constructs. A study is considered to have sufficient discriminant validity if the value of the square root of the AVE is greater than the correlation between the latent variables in the same column (Fornell and Larcker, 1981). For example, the square root AVE of the latent variable "ethical management" is 0.715, which is higher than the correlation values of 0.424, 0.534 and 0.224 in the same "EL"

column. Thus, it provides evidence of sufficient discrimination. Overall, the results presented in Table 4 indicate that discriminant validity is adequate, since all the square roots of AVE (on the diagonal and in brackets) are higher than the inter-construct correlation (of the diagonal).

To measure reliability, we used two measurements for the reliability instrument, which are composite reliability and Cronbach's alpha (Sholihin and Ratmono, 2013). Both composite reliability and Cronbach's alpha should be greater than 0.7 (Sholihin and Ratmono, 2013). As shown in Table 3, the composite reliability values for each variable are greater than the accepted value of 0.7. Cronbach's alpha values for ethical leadership, psychological empowerment and work engagement were above 0.7, while Cronbach's alpha values for emotional exhaustion were 0.643. Hair et al (2010) state that reliability values between 0.6 and 0.7 can still be accepted if other indicators of the construct validity of the model are good.

By conducting a structural model analysis, we first looked at the direct effects of ethical leadership on work engagement and the direct effects of ethical leadership on emotional exhaustion. The purpose of this test was to find out if ethical leadership has a direct effect on work engagement and mental exhaustion. We did not include a mediating variable (psychological ability) in the model. The result shown in Figure 2 shows that ethical leadership has a significant effect on both work engagement and mental exhaustion, as all p-values are less than 0.01. Ethical leadership is positively related to work engagement ($\beta = 0.55$, $R^2 = 0.30$), while negatively related to emotional exhaustion ($\beta = -0.32$, $R^2 = 0.10$).

To analyze the mediating effect, we conducted an additional analysis by introducing psychological empowerment as a mediating variable between ethical leadership and work engagement and emotional exhaustion. The model and its result are presented in Figure 2.

The result revealed that ethical leadership affects psychological empowerment positively and significantly ($\beta = 0.44$, $p < 0.01$). Thus, it confirmed hypothesis 1 that ethical leadership has a positive effect on psychological empowerment. In addition, psychological empowerment has a positive correlation with work engagement ($\beta = 0.74$, $p < 0.01$) and a negative correlation with emotional exhaustion ($\beta = -0.46$, $p < 0.01$). Therefore, Hypothesis 2 and Hypothesis 3 are also supported.

Table 4. Discriminant Validity

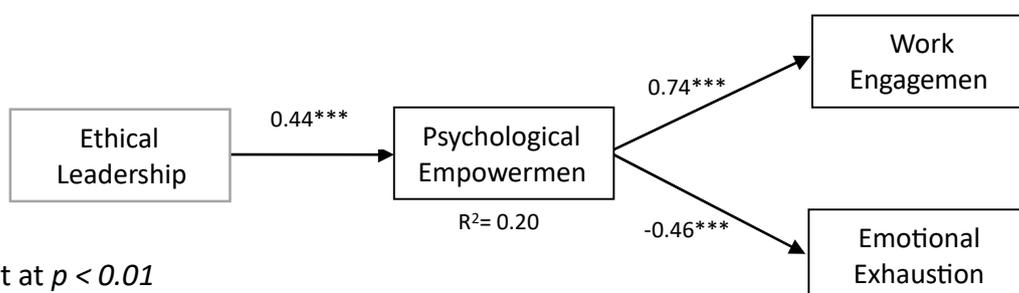
	EL	PE	WE	EE
Ethical Leadership	(0.715)			
Psychological Empowerment	0.424**	(0.768)		
Work Engagement	0.534**	0.738*	(0.752)	
Emotional Exhaustion	-0.224**	-0.449**	-0.610**	(0.765)

Diagonal element: Square root of AVE; off-diagonal: Correlation between constructs.

**Significant at $p < 0.01$

*Significant at $p < 0.05$

Source: PLS result



***Significant at $p < 0.01$

**Significant at $p < 0.05$

Figure 2-Full model

We tested whether psychological empowerment fully or partially mediated the relationship between ethical leadership and emotional exhaustion and work engagement, as shown in the full model (Figure 2). When psychological empowerment was the mediating variable, the relationship between ethical leadership and work engagement was still significant ($\beta = 0.27$, $p < 0.01$), but the direct effect coefficient was smaller, falling from 0.55 to 0.27. This indicated that psychological empowerment only partially mediated the relationship between

ethical leadership and work engagement. Thus, support was provided for hypothesis 4a (the relationship between ethical leadership and work engagement is mediated by psychological empowerment). This form of partial mediation indicates that other factors can drive the relationship between the independent variable and the dependent variable (Baron and Kenny, 1986). The result showed that the relationship between ethical leadership and emotional exhaustion decreased ($\beta = -0.20, p = 0.17$) and the value of the direct effect coefficient is lower than before (see Table 5). That is, psychological empowerment fully mediated the relationship between ethical leadership emotional exhaustion. This result supported hypothesis study.

Table 5. PLS Result

Variable	Path to		
	Psychological Empowerment	Work Engagement	Emotional Exhaustion
Direct			
Ethical Leadership		0.55***	-0.32***
R ²		0.30	0.10
Mediating			
Ethical Leadership	0.44***	0.27***	-0.20
Psychological Empowerment		0.62***	-0.40***
R ²	0.20	0.61	0.25
Full Model			
Ethical Leadership	0.44***		
Psychological Empowerment		0.74***	-0.46***
R ²	0.20	0.55	0.21

***significant at $p < 0.01$

Source: PLS result

Overall, the results indicate that psychological empowerment partially and fully mediated the ethical leadership relationship between work engagement and emotional exhaustion. Baron and Kenny (1986) found that partial mediation exists when the relationship between the independent and dependent variables remains significant and the coefficient values of the direct effect decrease after controlling for the effects of the mediating variable. However, full mediation exists when the direct effect becomes insignificant and the coefficient values of the direct effect are smaller than the values of the existing mediating variable.

We performed an effect size test to measure the contribution of each predictor latent variable to the criterion latent variable. Based on Sholihini and Ratmono (2013), there are three effect sizes: weak (0.02), medium (0.15), and strong (0.35).

	EL	PE	WE	EE
EL				
PE	0.196**			
WE		0.549** *		
EE		0.209**		

*** Strong

* Weak

** Medium

As shown in Table 6, the effect size value of the effect of psychological empowerment on work engagement is 0.549. It was classified as a strong effect size, which means that psychological empowerment plays an important role in increasing work engagement from a practical perspective. The effect of ethical leadership on psychological empowerment and the effect of psychological empowerment on emotional exhaustion were classified as medium effects due to values greater than 0.15 (0.196 and 0.209). The results show that, from a

practical perspective, the effect of the predictive latent variable on the criterion latent variable was average (mean).

6. Discussions

In support of the first hypothesis, we found that ethical leadership has a positive effect on psychological empowerment. Ethical leaders who care about their subordinates and protect everyone's rights (respect, dignity and autonomy) are likely to put subordinates in positions where they can experience meaning in their work, feel a sense of competence in their work, a sense of autonomy, and make them understand the impact on the organization that fosters an employee's sense of influence. This result is consistent with the previous research of Zhu (2008) that ethical leadership can promote the psychological empowerment of employees.

Another observation shows that psychological empowerment has a significant positive effect on work engagement. This result is consistent with previous studies by Bhatnagar (2012) and Stander and Rothmann (2010). Bhatnagar (2012) and Stander and Rothmann (2010) previously hypothesized the relationship between psychological empowerment and work engagement. A study by Bhatnagar (2012) indicated that psychological empowerment was a strong predictor of work engagement. Thus, individuals with psychological influence are more committed to their work (Bhatnagar, 2012; Stander and Rothmann, 2010). Similar to the findings of Cole et al., (2010), it was found that there is a negative relationship between psychological empowerment and emotional exhaustion.

This result confirms and supports the results of previous research on psychological empowerment and emotional exhaustion (Cole et al., 2010; Mardani & Mardani, 2014). Psychological empowerment is negatively related to emotional exhaustion. Psychological empowerment can energize employees and motivate them to do their best in their work. Thus, it will prevent them from feeling emotional exhaustion because they will no longer have low energy levels at work.

This study shows that psychological empowerment mediates the relationship between ethical leadership and work engagement and emotional exhaustion. This finding provides new evidence and support for the claim of Chughtai et al. (2015) that psychological empowerment can mediate the relationship between ethical leadership, work engagement and emotional exhaustion. Overall, the results of this study supported all hypotheses and were consistent with previous studies.

7. CONCLUSION, LIMITATION, AND RECOMMENDATION

The purpose of this study was to test a theoretical model that seeks to explain how ethical leadership affects two indicators of employee well-being: work engagement and emotional exhaustion through psychological empowerment. Data were collected from 219 auditors from 11 audit firms in Bhopal. Five hypotheses were tested using SEM-PLS. All hypotheses were confirmed. The results showed that there are positive relationships between ethical leadership and psychological empowerment and between psychological empowerment and work commitment. However, there was a negative relationship between psychological empowerment and emotional exhaustion. Also, psychological empowerment partially mediated the relationship between ethical leadership and work engagement, while fully mediated the relationship between ethical leadership and emotional exhaustion.

This study provides important insights that add to the literature on ethical leadership and the occupational health and well-being of employees. The results suggest that with the help of ethical leaders, organizations could encourage the empowerment of their employees, making them more committed to their work and protecting themselves from burnout. We hope that this study will inspire other researchers to further explore the relationship between leadership and employee health and well-being in different contexts to provide a more comprehensive picture of the role of leadership style in employee engagement. "Occupational health and well-being.

Based on the results, the theoretical and practical implications of this study are as follows: According to theoretical implications, this study shows that psychological empowerment mediates the relationship between ethical leadership and work engagement and emotional exhaustion. The result sharpens our understanding of

how ethical leadership affects work engagement and mental exhaustion. As noted earlier, the study by Chughtai et al. (2015) were the first to link ethical leadership to work engagement and emotional exhaustion, introducing trust as a mediator of these relationships. In addition, this study also provides evidence for future research as suggested by Chughtai and others (2015) that psychological empowerment mediates the relationship between ethical leadership and work engagement and emotional exhaustion. From a practical perspective, the results of this study show that ethical leadership plays an important role in organizations, especially in promoting the occupational health and well-being of employees.

Therefore, it is important for organizations to have leaders who practice ethical leadership. Organizations could leverage their HR practices to help select, retain and promote ethical leadership within the organization itself. Some companies can do this by hiring their managers selectively and based on ethical behavior. They can also provide ethics training programs that can inspire existing managers to exhibit more ethical behavior.

This study has several limitations that should be highlighted. First, we only collected data for one time period, but there are also many questions that we could not ask, respondents should answer. In addition, the information was self-reported. It is possible that common method variance affected the data (Podsakoff et al., 2003). According to Podsakoff et al (2003), the researcher can separate the measures of predictor variables and criterion variables to control for common method variance. One way to separate these measurements is to introduce a time lag between the measurements of both the predictor and criterion variables. Therefore, to avoid the problem of common method variance, future studies may collect data at two different time points (Podsakoff et al., 2003). The respondents filling the information for the second time must be the same respondents as the first time. For example, respondents may complete a questionnaire measuring predictor and mediator variables in the first data collection session and then complete a questionnaire measuring the new criterion variables in the second data collection session.

Second, the sample of this study was limited to only one type of occupation and only from one district of Madhya Pradesh, namely Bhopal. Therefore, it limits the generalization of the results to other types of occupations and other states or regions of Madhya Pradesh. Therefore, future studies could evaluate the study design using data from other agencies and many districts of Madhya Pradesh to generalize the results. Finally, the result showed that the Cronbach's alpha variable of emotional exhaustion is quite low, only 0.643. Therefore, it is better for future research to revisit this study by expanding the current research design to obtain a higher value of Cronbach's alpha.

Affective job insecurity may be one of the variables that moderated the effect of psychological empowerment on employee engagement and emotional exhaustion (Stander and Rothmann, 2010). Thus, it is desirable to include effective job insecurity as a moderating variable of the relationship between psychological empowerment and work engagement and emotional exhaustion. This study also recommends the inclusion of occupational outcomes in all future studies. According to Rich and others (2010), Kim and others (2012), and Wright and Cropanzano (1998), work engagement and emotional exhaustion can predict job performance, including aspects of job performance such as work outcome. work commitment and emotional exhaustion can add important points to the literature.

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