THE INFLUENCE OF ETHICAL LEADERSHIP ON EMPLOYEE WELL-BEING: MEDIATING KNOWLEDGE HIDING AND MORAL DISENGAGEMENT

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ABSTRACT

This study examines the influence of ethical leadership on employee well-being by involving other antecedents as mediators and moderators. Knowledge hiding and moral disengagement act as mediators while self-enhancement and job involvement act as moderators. This quantitative research uses survey research conducted on three local government agencies. In this study, data were collected using a cross-section design with the help of questionnaires using a Likert scale. The data was analyzed using PLS-SEM and processed with the help of Smart-PLS. The sampling technique uses non-probability sampling with convenience sampling method. This study shows that ethical leadership influences minimizing knowledge hiding and moral disengagement to improve employee well-being.

Keywords: Ethical leadership, employee well-being, knowledge hiding, moral disengagement.

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INTRODUCTION

Employee well-being is something that needs to be considered by the organization. Mercer (2022) revealed that 39% of Indonesian employees feel their well-being has not been met. Employee well-being is defined as employee conditions that refer to psychological, physical, and social (Zheng et al., 2015). Well-being is not only related to salary and benefits but also related to the work environment. Sitepu et al., (2020) it was explained that the work environment affects

employee well-being through room cleanliness, completeness of facilities, and a supportive and positive work atmosphere. A positive and supportive work environment can create collaboration with colleagues through established interactions that facilitate the exchange of information and share information needed to complete work and can provide satisfaction which is a form of employee well-being. This makes organizations pay attention to factors that can cause a decrease in well-being such as knowledge hiding behavior.

Knowledge hiding behavior needs to be minimized by the organization. According to Satoto (2017), 42% of employees still carry out knowledge hiding behavior which causes delays in completing work. Knowledge hiding is the intentional behavior of withholding knowledge requested by colleagues (Connelly et al., 2012). This behavior occurs due to internal competition, lack of trust, and lack of knowledge sharing, to avoid excessive tasks. Employees will assume that withholding knowledge is the right behavior so there is no guilt to do it. This behavior is a form of separating oneself from existing moral standards and leads to moral disengagement.

Moral disengagement is disassociate moral standards for engaging in immoral behavior by justifying the behavior (Moore, 2015). Moral disengagement hampering cooperation and productivity in the work environment. To minimize the behavior of knowledge hiding and moral disengagement, ethical leadership is necessary.

Ethical leadership is considered to minimize the behavior of knowledge hiding and moral disengagement (Koay & Lim, 2022). Conservation of Resources Theory explains that ethical leadership helps conserve and acquire personal and psychological resources so that employees can avoid unethical behavior (Rousseau et al., 2014). Ethical leadership is also considered to minimize unethical behavior by creating a positive work environment to create collaboration that can reduce the behavior of knowledge hiding and moral disengagement. However, ethical leadership efforts to minimize knowledge hiding can also be influenced by motives for self-enhancement and job involvement from employees.

Self-enhancement is defined as personal resources that encourage employees to behave adaptively whereas job involvement refers to the total effort to engage in work with strong dedication and enthusiasm (Mudrack, 2004). Employees with high levels of motive self-enhancement and job involvement tend to strive for positive evaluations from ethical leaders and work as much as possible to achieve a positive self-image from leaders to colleagues. This positive self-image makes employees try to avoid unethical behavior or violating morals so that the motive for self-enhancement and high job involvement from employees can strengthen ethical leadership relationships in minimizing knowledge hiding behavior and weak behavior.

LITERATURE REVIEW

Employee well-being includes the overall perception of job satisfaction and employee life which includes life well-being, workplace well-being, and psychological well-being (He et al., 2022). This well-being can be obtained through a positive work environment. A positive work environment is obtained from ethical leaders with characteristics that can carry out two-way communication so that employees feel supported and valued by the leadership (Rantika & Yustina, 2017).

The relationship between ethical leadership in minimizing knowledge hiding is also explained by the Conservation of Resources Theory where ethical leadership can provide emotional support and other resources to employees to help employees in their duties (Hobfoll et al., 2016). This allows employees to get personal and psychological resources such as support and encouragement from leaders and minimizes knowledge hiding behavior (Agarwal, 2022).

Employees who hide knowledge choose to hide their information, thus hindering the exchange of information and lack of collaboration which has an impact on the emergence of dissatisfaction which is included in employee well-being. Hiding of knowledge occurs due to several factors, one of which is moral disengagement which makes employees perform unethical

behavior and tend to feel not and justify the behavior (Moore, 2015).

This makes the role of ethical leadership important in minimizing knowledge hiding behavior that impacts employee well-being. Ethical leadership efforts are also influenced by employee characteristics such as motives for self-enhancement and job involvement. Employees with high motives for self-enhancement and job involvement tend to strive to look good through their behavior to maintain their self-image (Yun et al., 2007). This makes employees try to avoid unethical behavior.

Based on the formulation of the problem and the theory presented, the following hypotheses can be obtained:

H1: Ethical leadership affects employee well-being

H2: Ethical leadership affects reducing knowledge hiding

H3: Knowledge hiding affects employee well-being

H4: Ethical leadership influences employee well-being through mediating knowledge hiding

H5: Self-enhancement moderates the influence of ethical leadership on knowledge hiding

H6: Job involvement moderates the influence of ethical leadership on knowledge hiding

H7: Ethical leadership affects moral disengagement

H8: Moral disengagement affects the knowledge hiding

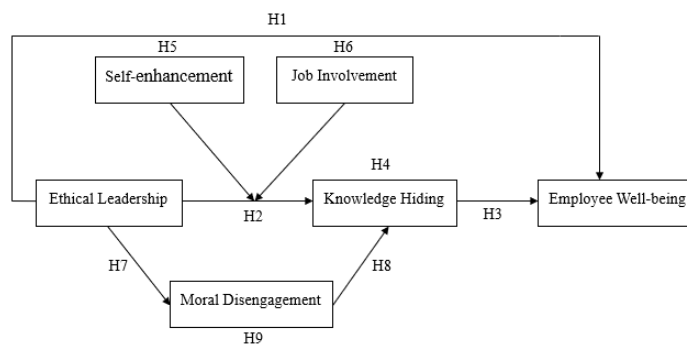H9: Ethical leadership affects the knowledge hiding through the mediation of moral disengagement.

Figure 1. Conceptual Framework
Source: Agarwal (2022), Koay & Lim (2022)

METHODOLOGY

This research is quantitative research that shows the relationship between theory and applied research with structured and numerically presented data collection (Bryman & Bell, 2007). This study uses a quantitative approach to investigate causal relationships and correlations (Sekaran & Bougie, 2011).

This study uses a survey research design by collecting data and utilizing various instrument methods to collect information related to behavior and preferences from individual samples regarding characteristics, actions, and opinions through responses to questions (Leavy, 2017). Data collection is carried out by cross-section method or data collected at a certain time (Sekaran & Bougie, 2011). Data collection was carried out using questionnaires measured by a Likert scale and conducted on individual units of analysis. The questionnaire contains questions asked to respondents related to ethical leadership as an independent variable, employee well-being as a dependent variable, knowledge hiding and moral disengagement as mediation variables, and self-enhancement and job involvement as moderation variables.

Sampling in this study is guided by Sekaran & Bougie (2016) which uses 5-10 times the number of indicators from the entire model to be a minimum reference for the number of samples. The total sample in this study was 150 respondents from three local government agencies. Samples are taken using probability sampling techniques with a sampling design, namely convenience

sampling, where sampling techniques are based on ease, chance, and willingness of the population encountered by researchers to be used as samples (Sekaran & Bougie, 2011).

RESULT AND DISCUSSION

This study used PLS-SEM for the research data analysis process. PLS-SEM analysis involves the outer model and inner model (Hair et al., 2017). Table 1 shows the outer model results through AVE and Cronbach's alpha values. Each variable is known to have an AVE value of > 0.5 which indicates the variables in this study can explain variations in indicators well and Cronbach's alpha value > 0.7 which indicates each variable of this study is reliable or feasible.

Table 1. Measurement Values of Outer Models

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Ethical Leadership	0,840	0,879	0,510
Employee Well-being	0,818	0,873	0,514
Job Involvement	0,870	0,901	0,605
Moral Disengagement	0,941	0,951	0,709
Self Enhancement	0,900	0,924	0,670
Knowledge Hiding	0,919	0,933	0,531

Source: Primary Data Processing (2024)

The results of the inner model in Figure 1 show the results of ethical leadership in employee well-being obtained 0.047, ethical leadership in knowledge hiding obtained 0.101, knowledge hiding in well-being obtained 0.755, ethical leadership in moral disengagement obtained 0.315, and moral disengagement in knowledge hiding obtained 0.539.
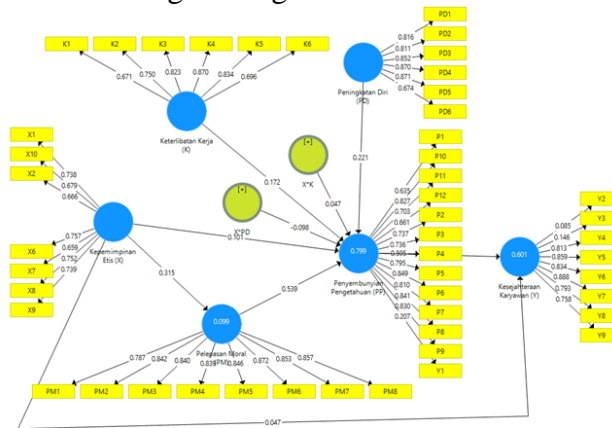

Figure 2. Inner Model Test Result

The level of model compatibility can be known through the GoF test as in Table 2 and Figure 2 (Olivares & A. Garcia Forero, 2010). It is known that the GoF test result of 0.474 or the research model has a match rate of 47.4%.

Table 2. Goodness of Fit Model

Variable	*Communality*	R Square
Ethical Leadership	0,256	
Employee Well-being	0,409	0,601
Job Involvement	0,441	
Moral Disengagement	0,593	0,099

Self Enhancement	0,480	
Knowledge Hiding	0,519	0,799
Average	**0,450**	**0,500**

Source: Primary Data Processing (2024)

$$GoF = \sqrt{A.R^2 \ x \ A.Com^2}$$
$$= \sqrt{0,450 \ x \ 0,500}$$
$$= \sqrt{0,225}$$
$$= 0,474$$

Figure 3. Goodness of Fit Result

The validity of the hypothesis of this study is shown in Table 3 where there are hypotheses that are not supported such as H1 and H6 because they have a statistical value of $t < 1.960$ and p value > 0.05 and this is contrary to the results of Agarwal et al., (2022) where ethical leadership affects employee well-being and job involvement moderates ethical leadership on knowledge hiding. Meanwhile, H2, H3, H4, H5, H7, H8, and H9 show that the results of the hypothesis are supported by the results of Agarwal et al., (2022) dan Koay & Lim (2022). A hypothesis can be said to be supported or have a significant influence if it has a statistical t-value > 1.960 and p-value < 0.05..

Table 3. Hypothetical Results

Hypothesis	Original sample	Sample Mean	Standard Deviation	T Statistics	P Values	Information
Ethical leadership -> Employee well-being	0,047	0,051	0,066	0,704	**0,241**	H1 not supported
Ethical leadership -> Knowledge hiding	0,101	0,096	0,046	2,186	**0,015**	H2 Supported
Knowledge hiding -> Employee well-being	0,755	0,759	0,054	14,045	**0,000**	H3 Supported
Ethical leadership -> Knowledge hiding -> Employee well-being	0,076	0,073	0,036	2,153	0,016	H4 Supported
Ethical leadership*Self-enhancement -> Knowledge hiding	-0,098	-0,088	0,057	1,972	**0,042**	H5 Supported
Ethical leadership*Job involvement -> Knowledge hiding	0,047	0,034	0,057	0,826	**0,205**	H6 Not Supported
Ethical leadership -> Moral disengagement	0,315	0,340	0,071	4,436	**0,000**	H7 Supported
Moral disengagement -> Knowledge hiding	0,539	0,529	0,080	6,699	**0,000**	H8 Supported
Ethical leadership -> Moral disengagement -> Knowledge hiding	0,170	0,179	0,042	4,008	0,000	H9 Supported

Source: Primary Data Processing (2024)

CONCLUSION

This study was conducted to determine the influence of ethical leadership on employee well-being through mediating knowledge hiding with moderation of self-enhancement and job involvement involving moral disengagement as mediators of ethical leadership on knowledge hiding.

The hypothetical results show that employee well-being can be improved by ethical behavior from leaders and by reducing knowledge hiding and moral disengagement. In addition, self-enhancement motives and job involvement of employees also help strengthen ethical leadership relationships reducing knowledge hiding so that employee well-being can improve.

This research has several limitations, such as the first is that this study is only conducted in three agencies so it is not enough to describe the overall employee situation so that further research can expand the scope of the research object. Second, this study uses a Likert scale of 1-5 so that there may still be biased responses so that future studies can use a Likert scale of 1-4 to reduce bias and doubts of respondents in answering. Third, further research is expected to use other leadership styles such as responsible leadership to reduce knowledge hiding and moral disengagement.

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