



Ethical Leadership and Organizational Support on Employee Performance: Work Engagement as an Intervening Variable at PT MAS

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Abstract. This study examines the effects of ethical leadership and perceived organizational support on employee performance at PT MAS, with work engagement as an intervening variable. A quantitative, explanatory, cross-sectional design was applied to 200 employees selected through simple random sampling. Data were collected using a structured five-point Likert questionnaire measuring ethical leadership, organizational support, work engagement, and employee performance, and were analyzed using Structural Equation Modeling with bootstrapping. The measurement model met convergent, discriminant, and reliability requirements. The structural results show positive effects of ethical leadership on work engagement (beta = 0.41), organizational support on work engagement (beta = 0.38), work engagement on employee performance (beta = 0.49), ethical leadership on performance (beta = 0.22), and organizational support on performance (beta = 0.19). Work engagement significantly mediated both leadership-performance and support-performance relationships. The model explained 58% of the variance in work engagement and 67% of employee performance. These findings indicate that ethical leadership and organizational support improve performance most effectively when they strengthen employee engagement.

Keywords: *Employee Performance, Ethical Leadership, Organizational Support, Work Engagement, Intervening Variable.*

INTRODUCTION

Employee performance is a central determinant of organizational effectiveness, particularly in competitive industries where productivity, quality, and operational continuity depend on how employees carry out their responsibilities. Performance is not determined solely by technical competence. Leadership behavior, the degree to which employees feel supported by the organization, and the psychological connection employees develop with their work can jointly shape the effort, persistence, and quality they bring to their roles.

Ethical leadership is relevant because it emphasizes integrity, fairness, transparency, and role modeling. Leaders who behave consistently with ethical standards can build trust and make expectations clearer, thereby creating conditions in which employees are more willing to invest effort in their work. Organizational support is equally important. When employees believe that the organization values their contributions and cares about their well-being, they are more likely to reciprocate with commitment and stronger performance. These mechanisms are consistent with social exchange perspectives and with research linking ethical leadership and perceived organizational support to favorable employee outcomes (Brown et al., 2005; Eisenberger et al., 1986; Rhoades & Eisenberger, 2002).

Work engagement connects these organizational conditions to performance. Engagement is characterized by vigor, dedication, and absorption and reflects the energy and psychological

investment employees bring to their jobs. The Job Demands-Resources model positions supportive leadership and organizational support as job resources that can strengthen engagement, while engagement in turn contributes to performance (Bakker & Demerouti, 2007; Schaufeli & Bakker, 2004). This mechanism is particularly relevant when an organization seeks not only compliance with job requirements but also sustained initiative and commitment.

The study focuses on PT MAS in the palm oil industry and examines ethical leadership and organizational support simultaneously rather than treating them as isolated predictors. The analytical model places work engagement as the intervening mechanism linking these resources to employee performance. The study therefore aims to determine the direct effects of ethical leadership and organizational support on work engagement and employee performance, the effect of work engagement on performance, and the mediating role of work engagement in both relationships.

LITERATURE REVIEW

Ethical Leadership

Ethical leadership is leadership through normatively appropriate conduct, communication, and decision making. It requires leaders to demonstrate honesty, fairness, accountability, and consistency and to communicate the ethical standards expected from employees. Brown et al. (2005) emphasize the social-learning character of ethical leadership: employees observe the leader as a role model and use that behavior as a reference for their own conduct. Ethical leadership can therefore affect not only compliance but also trust, identification, motivation, and willingness to contribute.

When employees perceive leaders as fair and principled, the work environment becomes more predictable and psychologically safer. This condition can strengthen employees' emotional and cognitive connection to their work and encourage higher effort. Prior work has linked ethical leadership with favorable performance-related outcomes, including engagement, organizational identification, and employee performance (Walumbwa et al., 2011; Yukl et al., 2013).

Perceived Organizational Support

Perceived organizational support refers to employees' general belief that the organization values their contributions and cares about their well-being. Support can be expressed through recognition, adequate resources, development opportunities, fair treatment, and concern for employee welfare. Eisenberger et al. (1986) explain that employees who feel supported are more likely to reciprocate with commitment and constructive work behavior. The relationship is therefore grounded in social exchange: organizational care creates a felt obligation to contribute to organizational goals.

Rhoades and Eisenberger (2002) show that perceived support is associated with stronger commitment and performance-related outcomes. In the context of PT MAS, organizational support includes the resources and opportunities that allow employees to work effectively and to perceive that the organization is invested in their development. Such support is expected to strengthen engagement because employees can devote more energy to work when they feel valued and equipped to perform.

Work Engagement

Work engagement is a positive, fulfilling work-related state characterized by vigor, dedication, and absorption (Schaufeli et al., 2002; Schaufeli & Bakker, 2004). Vigor refers to energy and persistence, dedication to a sense of significance and enthusiasm, and absorption

to deep concentration in work. Engaged employees are therefore not merely satisfied; they actively invest physical, cognitive, and emotional resources in task performance.

The Job Demands-Resources model explains engagement as a motivational response to job resources. Ethical leadership can provide clarity, trust, and meaningful direction, while organizational support provides recognition, resources, and security. When these resources are available, employees are more likely to become engaged, and engagement can then translate those resources into stronger performance. This theoretical position makes work engagement an appropriate intervening variable in the relationship between the organizational environment and employee outcomes (Bakker & Demerouti, 2007).

Employee Performance and Proposed Relationships

Employee performance refers to the effectiveness with which employees complete tasks, maintain work quality, use resources efficiently, and achieve expected goals. Performance is influenced by capability, motivation, leadership, and work conditions (Campbell, 1990). In the proposed model, ethical leadership and organizational support are expected to have direct effects on performance because both shape employees' motivation and working environment. Work engagement is expected to have a particularly strong effect because engaged employees direct more energy and attention to their tasks.

The model further proposes indirect effects. Ethical leadership and organizational support should increase performance by first increasing engagement. This formulation integrates leadership and support within the JD-R framework and treats work engagement as the psychological pathway through which organizational resources are converted into employee performance.

METHODS

The study employed a quantitative explanatory design to test the relationships among ethical leadership, perceived organizational support, work engagement, and employee performance. Data were collected cross-sectionally, allowing the proposed direct and mediated relationships to be estimated from employee responses collected at one point in time.

The population consisted of employees of PT MAS across departments and job levels. Simple random sampling was used so that employees had an equal opportunity to be selected. A total of 200 respondents participated, a sample considered adequate for the Structural Equation Modeling analysis used in the study.

Data were collected through a structured questionnaire distributed in printed and digital forms. The questionnaire contained demographic items and four measurement sections. Ethical leadership was measured with a 10-item scale adapted from Brown et al. (2005); perceived organizational support used an 8-item scale adapted from Eisenberger et al. (1986); work engagement was measured with the Utrecht Work Engagement Scale covering vigor, dedication, and absorption; and employee performance used a 7-item measure based on Campbell (1990) and Koopmans et al. (2014). All substantive items used a five-point Likert scale from strongly disagree to strongly agree.

Validity was assessed through factor analysis and the measurement-model evaluation. Convergent validity required satisfactory factor loadings and Average Variance Extracted values, while discriminant validity was examined with the Fornell-Larcker criterion. Reliability was assessed through Cronbach's alpha and composite reliability. The structural model was then estimated with Structural Equation Modeling and bootstrapping to test direct and indirect effects. Model explanatory power was evaluated using R-squared values for work engagement and employee performance.

RESULTS

Respondent Profile and Descriptive Statistics

The 200 respondents were predominantly male (58%), while 42% were female. The largest age group was 26-35 years (45%). Sixty percent held a bachelor's degree, and the largest tenure category was three to five years (40%). The four principal variables all showed relatively high mean scores, indicating generally favorable employee perceptions of leadership, organizational support, engagement, and performance.

Table 1. Descriptive Statistics of Main Variables

Variable	Mean	SD
Ethical Leadership	4.10	0.45
Organizational Support	4.05	0.50
Work Engagement	4.20	0.40
Employee Performance	4.25	0.35

Measurement Model

The measurement model met the stated validity and reliability criteria. All measurement items had factor loadings above 0.70, and Average Variance Extracted values exceeded 0.50, supporting convergent validity. Composite reliability values ranged from 0.85 to 0.92 and Cronbach's alpha values were above 0.70, indicating strong internal consistency. The Fornell-Larcker assessment also supported discriminant validity, showing that the four constructs were empirically distinguishable.

Structural Model and Mediation

Bootstrapping results showed positive structural relationships throughout the model. Ethical leadership had a positive effect on work engagement ($\beta = 0.41$), and organizational support also increased work engagement ($\beta = 0.38$). Work engagement had the strongest direct effect on employee performance ($\beta = 0.49$). Ethical leadership and organizational support additionally had direct positive effects on performance, with coefficients of 0.22 and 0.19, respectively. Work engagement significantly mediated the ethical leadership-performance relationship and the organizational support-performance relationship. The model explained 58% of the variance in work engagement and 67% of the variance in employee performance.

Table 2. Summary of Structural Relationships

Relationship	Coefficient / Result	Conclusion
Ethical Leadership -> Work Engagement	$\beta = 0.41$	Positive, significant
Organizational Support -> Work Engagement	$\beta = 0.38$	Positive, significant
Work Engagement -> Employee Performance	$\beta = 0.49$	Positive, significant
Ethical Leadership -> Employee Performance	$\beta = 0.22$	Positive, significant
Organizational Support -> Employee	$\beta = 0.19$	Positive, significant

Performance		
Ethical Leadership -> Work Engagement -> Performance	Mediation confirmed	Significant mediation
Organizational Support -> Work Engagement -> Performance	Mediation confirmed	Significant mediation

DISCUSSION

The positive effect of ethical leadership on work engagement indicates that employees respond to leaders who display integrity, fairness, and accountability by becoming more psychologically invested in their work. Ethical role modeling can reduce uncertainty and strengthen trust, making employees more willing to contribute energy and attention. This finding is consistent with Brown et al. (2005) and Walumbwa et al. (2011), who connect ethical leadership with positive employee attitudes and performance-related behavior.

Organizational support also increased engagement. Employees who believe that the organization values their contributions and cares about their welfare appear more willing to reciprocate through greater enthusiasm and commitment. The result supports perceived organizational support theory and earlier findings that support is associated with stronger engagement and favorable employee outcomes (Eisenberger et al., 1986; Rhoades & Eisenberger, 2002). For PT MAS, the implication is that support must be visible in resources, recognition, development opportunities, and employee well-being rather than existing only as formal policy.

Work engagement produced the strongest direct coefficient on employee performance. This result is theoretically important because it shows that organizational resources become especially valuable when they alter how employees experience and approach their work. Engaged employees invest more energy, persist longer, and remain focused on task achievement. The finding is consistent with the JD-R model and with Schaufeli and Bakker (2004), who position engagement as a motivational outcome of job resources and an antecedent of performance.

Ethical leadership and organizational support also had direct positive relationships with performance, but their influence is more fully understood when work engagement is included. The confirmed mediation effects show that ethical leadership and organizational support do not improve performance only by giving employees instructions or resources; they also shape employees' psychological connection to the job. This explains why the indirect pathway through engagement is central to the model.

The model's R-squared values reinforce this interpretation. Ethical leadership and organizational support explained 58% of the variance in work engagement, while the full model explained 67% of employee performance. These values indicate substantial explanatory capacity within the studied organization, while also leaving room for other determinants of performance not included in the model. The practical priority should therefore be an integrated strategy: ethical leadership development, credible organizational support, and deliberate engagement practices should be managed together rather than as separate initiatives.

For managers and human-resource practitioners at PT MAS, the findings support regular ethical leadership development focused on integrity, transparency, and accountability; support systems that make employees feel recognized, resourced, and able to develop their careers; and engagement strategies based on meaningful work, balanced workload, feedback, and opportunities to contribute. Such practices are aligned with the study's central finding that an ethical and supportive environment improves performance most effectively when it produces a highly engaged workforce.

Interpretation of the Measurement and Structural Model

The measurement-model results provide an important foundation for interpreting the structural relationships. Factor loadings above 0.70 indicate that the observed indicators represented their intended constructs strongly, while Average Variance Extracted values above 0.50 show that each construct explained more variance in its indicators than measurement error. Composite reliability values between 0.85 and 0.92 and Cronbach's alpha values above 0.70 demonstrate consistent measurement. The Fornell-Larcker result further indicates that ethical leadership, organizational support, work engagement, and employee performance were empirically distinct rather than different labels for the same employee perception.

The descriptive results are consistent with the structural findings. Mean scores above 4.00 for all four variables suggest that respondents generally experienced the organizational environment positively. Work engagement had a mean of 4.20 and employee performance 4.25, while ethical leadership and organizational support also received high evaluations. These levels do not by themselves prove causality, but they provide contextual support for the structural model: employees who reported positive leadership and organizational support also reported strong engagement and performance.

The R-squared results show that the model captures a substantial portion of the outcomes examined. Ethical leadership and organizational support explained 58% of work engagement, meaning that these two job resources account for much of the variation in how energetically and psychologically employees connect with their work. When work engagement was combined with ethical leadership and organizational support in the performance model, 67% of employee performance was explained. The remaining variance indicates that performance is also shaped by other factors outside the study, but the explanatory contribution of the proposed framework is strong within PT MAS.

Theoretical Implications

The findings strengthen the Job Demands-Resources interpretation of leadership and organizational support as motivational job resources. Ethical leadership provides employees with clear moral expectations, trust, and a sense of fair treatment, while organizational support signals that the organization values employees and is willing to provide resources for their success. Both conditions reduce uncertainty and provide psychological resources that can be invested in work. Their positive relationships with work engagement therefore fit the motivational process proposed by the JD-R model (Bakker & Demerouti, 2007).

The mediation results are particularly important because they show that the effect of organizational conditions on performance is not purely mechanical. Ethical leaders and supportive organizations do not improve performance only because they control behavior or provide material resources.

They influence the degree to which employees become energized, dedicated, and absorbed in their work. Work engagement thus functions as a psychological transmission mechanism between organizational resources and behavioral outcomes. This interpretation is consistent with Schaufeli and Bakker (2004) and extends the source article's argument that engagement should be treated as a central explanatory variable rather than an additional employee attitude.

The direct paths from ethical leadership and organizational support to performance remain positive even after engagement is considered. This indicates that both resources can influence employee performance through more than one mechanism. Ethical leadership may improve clarity, trust, and accountability, while organizational support can improve access to resources and reduce uncertainty.

Nevertheless, the stronger coefficient from work engagement to performance and the confirmed mediated paths show that the motivational pathway is a major part of how leadership and support create performance gains.

Practical Implications for PT MAS

The results suggest that leadership development at PT MAS should include ethical conduct as an operational management capability. Training should not be limited to abstract values; it should help supervisors apply fairness, transparency, accountability, and consistent decision making to everyday issues such as task allocation, feedback, recognition, conflict, and performance evaluation. Employees are more likely to engage deeply with their work when ethical standards are visible in routine managerial behavior rather than communicated only through formal statements.

Organizational support should also be experienced directly by employees. The source study identifies recognition, professional development, career opportunities, resources, and concern for well-being as forms of support that can strengthen engagement. These practices are likely to be especially effective when they are accessible across departments and job levels and when employees understand how the organization responds to their needs. A supportive policy that employees cannot access or do not trust is unlikely to produce the psychological reciprocity described by perceived organizational support theory.

Engagement itself should be managed as an outcome that deserves regular attention. PT MAS can strengthen vigor by providing adequate resources and manageable demands, dedication by connecting tasks to meaningful organizational goals, and absorption by reducing avoidable interruptions and allowing employees to focus on work that uses their capabilities. Regular feedback and opportunities to participate in decisions can reinforce these dimensions because employees are more likely to invest themselves in work when they perceive both purpose and influence.

Taken together, the findings favor an integrated human-resource strategy. Ethical leadership, organizational support, and work engagement should not be managed by separate initiatives with unrelated objectives. Leadership development should reinforce support practices; support systems should make ethical commitments credible; and engagement measures should be used to evaluate whether these organizational resources are actually changing employee experience. Such integration is consistent with the study's evidence that performance improves through both direct organizational effects and the motivational pathway represented by work engagement.

CONCLUSION

The study confirms that ethical leadership and perceived organizational support are important resources for improving employee performance at PT MAS. Both variables increase work engagement and also have direct positive effects on performance, while work engagement itself has the strongest direct relationship with employee performance. The mediation findings show that engagement is the principal psychological bridge through which ethical leadership and organizational support are translated into stronger work outcomes. The model explains 58% of work engagement and 67% of employee performance, supporting the relevance of the proposed framework. Accordingly, PT MAS can strengthen employee performance by combining ethical leadership development, visible organizational support, and management practices that sustain vigor, dedication, and absorption in work.

LIMITATION

The study uses a cross-sectional design, so the observed relationships cannot establish temporal causality. The variables were measured through employee self-reports, which may be affected by common-method bias or socially desirable responses. The research was also conducted within a single organization, PT MAS, which limits direct generalization to organizations with different industries, cultures, or employment systems. Future research may use longitudinal or multi-organization designs and combine employee questionnaires with supervisor-rated or objective performance indicators.

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