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## **Linking Ethical Leadership to Job Satisfaction and Work Engagement: The Mediating Role of Psychological Empowerment**

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### **Abstract**

This study examines the relationship between ethical leadership and job satisfaction, work engagement, with mediating role of psychological empowerment. Data were collected from 574 supervisor-subordinate dyads in the Vietnamese service firm context. Confirmatory factor analysis confirmed the distinctiveness of variables used in our study. The results also confirmed that ethical leadership promotes job satisfaction at workplace, while psychological empowerment mediates the effect of ethical leadership on work engagement and job satisfaction. The cognitive evaluation theory was used to support findings. Implications are also discussed.

**Keywords:** Ethical leadership, Psychological empowerment; Job satisfaction; Work engagement, Cognitive Evaluation Theory

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### **Introduction**

Since 1920s, the important role of leaders in the decision-making and guidance of organization has been paid much attention by scholars. It has been studied deeply and carefully including the essential definition, content structure, causality variable and its mechanism of variable. There was very much study on leadership style. Scholars explored and verified many kinds of leadership style, such as transformational leadership, ethical leadership, paternalistic leadership, charismatic leadership. These studies not only had important implications for leadership research, but also provided a solid foundation for organization in the management practice.

Under the background of rapid economic development, modern companies were faced with the market competition very fierce because the internal and external environment was complex and changeable. The companies have focused on how to survive and develop under such

conditions. The importance of leaders to the company is self-evident. For this reason, leaders play an important role in organizational management. Different from the foreign employees, Vietnamese employees pay more attention to the moral character of the leaders. Ethical leadership is a leader style that integrates moral quality. In fact, the decision-making is the result of the communication between leader and employee or employee and employee. Therefore, more and more organizations realize that organizational decision can not only rely on management, but also to give full play to the strength of every employee in the organization. There are some differences in perception between employees and leaders. Through research, we recognize that leaders and employees have different cognition of leadership behavior. Leaders think themselves real and open-minded, but employees do not agree with them. Employees often worry that opinions that inconsistent with the status quo affect leaders and others perceptions of themselves. So, leaders should think deeply about how to make employees satisfied with their work

Ethical leadership behavior has received broad attention in both the business and the mass media literature. Brown et al., (2005) developed a new concept of leadership. That is ethical leadership which demonstrates normatively appropriate conduct through personal actions and interpersonal relationships, and fosters such conduct to employees through two-way communication, reinforcement and decision making [1]. The influence of ethical leadership has been interested in studying in recent year (e.g., [2-4]). Scholars have recognized that ethical leadership not only enhance employee performance [5] but also foster positive behavior beyond the immediate role of employee, such as job satisfaction [6, 7]. Psychological empowerment is the expression of opinions, concerns, or ideas about issues that relate to work [8]. Psychological empowerment represents the motivational construct of an intrinsic task, including four cognitions that reveal a personal orientation: competence, meaning, self-determination, and impact and demonstrates cognitive orientations about their job role [9]. However, the mechanisms by which ethical leadership influences psychological empowerment remains lack of research regarding. The main aims of current study are to address this research gap through exploring the mechanisms that connect ethical leadership to employee job satisfaction.

Prior research have used social learning theory to shed light on the influence of ethical leadership (e.g., [1, 3, 10]). Psychological empowerment, which is defined as the quality of exchange between a supervisor and an employee [11]. These exchange between leader and employees are posited to fall along a continuum. Leaders can form high level of quality social exchanges that are on open communication, liking of followers and information sharing. On the other hand, leaders can form low level of quality economic exchanges that do not extend beyond the employee contract [12]. Accordingly, the primary purpose of the present study is to extend more recent research by testing the role of Psychological empowerment as a social exchange processing the ethical leadership- employee job satisfaction link. This study continues prior studies that draw mainly on social learning theory and social exchange theory to shed light on the influence of ethical leadership by examining Psychological empowerment as a mediator between ethical leadership and employee job satisfaction.

## **Literature Review**

### **Ethical leadership and psychological empowerment**

Psychological empowerment is conceptualized as an experienced mental state or band of cognitions. [13] defined psychological empowerment as ‘a process of heightening feelings of employee self-efficacy through the identification of conditions that foster powerlessness and through their removal by both formal organizational practices and informal techniques of

providing efficacy information'. Empowerment involves the concept of decentralization decision-making authority that is giving lower level employees decision-making responsibilities and ensuring that they have the resources to take decisions on their own <sup>[14, 15]</sup>. These are some characteristics promoted by ethical leadership <sup>[16]</sup>. Ethical leaders consider each employee's developmental needs and strengths in order to place them in positions in which there is a strategic fit <sup>[16, 17]</sup>. Such leaders deal with their employees with respect, rather than managing them simply as a means to an end, particularly with regard to organizational outcomes and productivity. Ethical leaders are adept at increasing: employees' self-respect and confidence; level of ownership; team members' development and growth; and alignment between the employees' ambitions and the organization's goals <sup>[16]</sup>. In summary, ethical leadership protects and promotes employees' rights, dignity, and autonomy which can result in psychological empowerment. Researchers have found this positive relationship between ethical leadership and psychological empowerment<sup>[16, 18]</sup>. We therefore hypothesize that:

**H1:** Ethical leadership has a positive effect on psychological empowerment

### **Relationship between Psychological Empowerment and Work Engagement**

Psychological empowerment is the process of increasing the feelings of self-efficacy and intrinsic task motivation, which consists of four cognitive dimensions: impact, competence, meaningfulness, and self-determination<sup>[19, 20]</sup>. On the other hand, work engagement is seen as the physical, cognitive, and emotional energy of employees which makes them survive when facing difficulties during their job and become engrossed in performing their work activities<sup>[21]</sup>.

The psychological empowerment may contribute to individual engagement with their job. Empowered employees have a greater sense of meaning in their jobs, especially when they feel that they have valuable job tasks. Meaningfulness at work fosters work engagement in the employees <sup>[20, 22]</sup>. Competencies possessed by employees will enhance their intrinsic motivation <sup>[23, 24]</sup>. When employees feel confident that they can deal with their job's demands (they have a high self-efficacy), they will be engaged at work. <sup>[25]</sup> found that self-efficacy has a strong correlation to engagement. Another dimension, such as self-determination, can also enhance the employee engagement with their organization <sup>[26]</sup>. Impact, defined as the employee believes that progress is made toward the set goals, and the feeling that their actions can make a difference in their organizations, contribute to work engagement <sup>[27]</sup>.

Several studies have confirmed the existence of a linkage between psychological empowerment and work engagement. <sup>[28]</sup> found that psychological empowerment is positively and significantly correlated to work engagement. Psychological empowerment predicted employee engagement because employees who feel empowered believe in themselves and the work that they do, therefore, it will help them to be more engaged at work <sup>[29]</sup>. Another researcher found that the increased feelings of self-efficacy are correlated with engagement <sup>[30]</sup>. It shows us that psychological empowerment has a relationship with work engagement. Based on the statement above, we argue that when employees are psychologically empowered, they will be more active and productive, they will be motivated to give their best to their organization, and as a result, they are more engaged in their job. Therefore, we hypothesize:

**H2:** Psychological empowerment has a positive effect on work engagement

### **Psychological Empowerment and Job Satisfaction**

Various studies had proved that psychological empowerment and job satisfaction have a positive relationship <sup>[31, 32]</sup> which indicated that empowerment help to increases job satisfaction which means that empowerment increases job satisfaction <sup>[31, 33]</sup>. Moreover, employees that have been empowered

tend to be satisfied with their job as compared to less empowered employees. When investigating the association between four dimensions of psychological empowerment (meaning, competence, self-determination, and impact) and job satisfaction, each dimension has positive influence<sup>[34]</sup>. Furthermore,<sup>[35]</sup> stated that among the four dimensions of psychological empowerment, competence and meaning were more significant in predicting job satisfaction. Based on<sup>[36]</sup>, employees were more satisfied as a result of being psychologically empowered. Further,<sup>[37]</sup> revealed that psychological empowerment had a positive effect on employees' job satisfaction. In line with these results, in a study that had been conducted by<sup>[38]</sup>, psychological empowerment appeared as a possible and crucial predictor of employee's job satisfaction and turnover intention in an organization. Likewise,<sup>[39]</sup> summarized that psychological empowerment mediates the association between empowerment climate and job satisfaction. Moreover, the findings of several studies discovered that an individual's perception of empowerment is an essential mediator between the organizational context and job satisfaction<sup>[39, 40]</sup>.

Based on the study conducted by<sup>[41]</sup>, it revealed that increased job satisfaction is one of the key results of the perceived feeling of psychological empowerment among the employees in the organization. They also found that, even though impact and meaning dimensions lead to the overall feeling of job satisfaction, yet self-determination has been identified as a dimension that has the most significant relationship with job satisfaction. Regarding the competence dimensions of psychological empowerment,<sup>[42]</sup> summarized that a person who feel they have the required competency to perform their assigned tasks are more likely to feel more contented with their jobs. Furthermore,<sup>[31]</sup> revealed that all four psychological empowerment dimensions are positively associated to job satisfaction, where meaningfulness dimension showed the strongest relationship with job satisfaction. Additionally, study conducted by<sup>[43]</sup>, established the relationship between meaningfulness and competence dimensions with job satisfaction. Based on the study performed by<sup>[44]</sup> found that all four psychological empowerment dimensions have a key role in affecting the job satisfaction. Concerning the meaning dimension,<sup>[43]</sup> revealed that the meaning dimension of psychological empowerment has the strongest argument for a positive association to job satisfaction. Hence, the meaning is vital for job satisfaction since a person can only gain satisfaction from their job when their job is meaningful to them. Pertaining to the impact dimension,<sup>[43]</sup> contended that when employees have a feeling that the job they do can influence the outcomes within their organization, they will feel dynamically involved and thus develop a sense of job satisfaction. Figure 1 exhibited that the research framework for this study that illustrate the relationship between independent variables which are psychological empowerment (meaning, competence, self-determination, and impact) and dependent variable which is job satisfaction. Therefore, we hypothesize:

H3: Psychological empowerment has a positive effect on job satisfaction

### **Relationship between Ethical Leadership, Psychological Empowerment, Work Engagement and Job Satisfaction**

Ethical leadership has several characteristics which indicate that they empower a leader's behavior, such as concern for people, being open, encouraging participation in decision making, acting as a role model through their visible actions, and communicating regularly about ethics and values.<sup>[45]</sup> identified that encouraging participative decision making, leading by example, sharing information, coaching, and demonstrating concern for the employees are examples of an empowering leader's behavior. When the employees perceive their ethical leaders have such empowering behavior, they will feel empowered<sup>[17]</sup>. The feeling of empowerment will lead to the employees' engagement with their work and mitigate their emotional exhaustion.

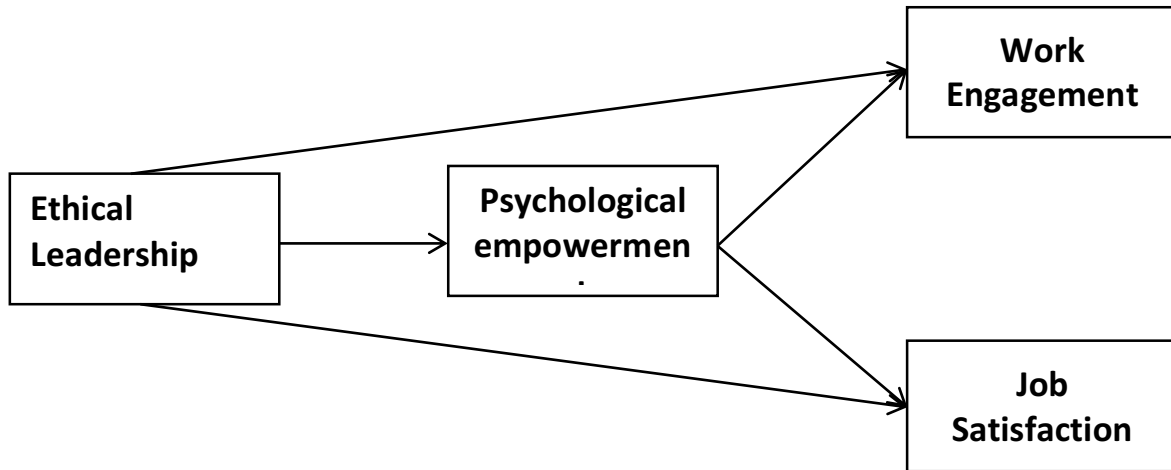
Several studies provide empirical support for the theoretical proposition that psychological empowerment affects work engagement and Job Satisfaction. In their research, <sup>[17, 46]</sup> found that employees who are psychologically empowered are more engaged and have a higher sense of loyalty to their organization. Research by <sup>[47]</sup> identified that psychological empowerment leads to higher levels of Job Satisfaction. Based on the statement above, we propose that the effect of ethical leadership on work engagement and Job Satisfaction will be transmitted indirectly through the employee's psychological empowerment. Ethical leaders will increase the feelings of empowerment in their employees, then, it is subsequently expected that this will make the employees more engaged with their jobs and increase employee satisfaction. Thus, we state the following hypotheses:

**H4a:** Ethical leadership has a positive effect on Job Satisfaction

**H4b:** Ethical leadership has a positive effect on Work Engagement

**H4c:** The relationship between ethical leadership and Job Satisfaction is mediated by psychological empowerment.

**H4d:** The relationship between ethical leadership and Work Engagement is mediated by psychological empowerment.



*Figure 1. Hypothesized model.*

## Research Methodology

### Sample and Data Collection

We adopted an empirical data based on a survey of 50 service firms in Vietnam. We first communicated with representatives of these firms by phone. In some cases, we made personal visits to interpret the goals of the research and inquired for the assistance in collecting data. Employees at some important departments of these firms (such as: operation, accounting, R&D, marketing, or sale) were collected to answer survey questionnaires. This study distributed 800 questionnaires and received 635 ones in final, among which 574 ones were valid (71.8% valid rate). Total of 574 respondents, 238 (41.46%) were male and 336 (58.5%) were female. They answered the issues relating to the study variables, including: Ethical leadership; Psychological empowerment, Work Engagement, and Job Satisfaction in their firm.

### Variable Measurement

Ethical leadership was assessed using 10 items from Brown et al., (2005)<sup>[48]</sup>. Items were scored on a 5-point Likert scale ranging from 1 (Strongly disagree) to 5 (Strongly agree). A sample item is

“My leader disciplines employees who violate ethical standards”. In this study, the subordinates indicated their perceptions about the behavior of ethical leadership of their leader. The authors develop a confirmatory factor analysis to validate the ethical leadership scale (Chi-square  $\chi^2(35) = 63.851$ ; Goodness of Fit Index [GFI]=.961; Comparative Fit Index [CFI]=.978; Incremental Fit Index [IFI]=.978 ; RMSEA=.050) and show that the scale is unidimensional and has high validity and reliability (Cronbach`s alpha=.921).

### **Psychological Empowerment**

Psychological empowerment was measured with the six-item version developed by Dhar (2016). All items were measured on a five-point scale ranging from 1= “Not at all” to 5= “Very much”. A sample item is “How well does your leader recognize your potential?” The Cronbach`s alpha coefficient was .919. A confirmatory factor analysis (CFA) of Psychological empowerment scale yielded a good fit ( $\chi^2(14)=31.501$ , IFI=.998, GFI=.986, TLI=.974, CFI=.998, RMSEA =.035).

### **Job Satisfaction**

Job Satisfaction was measured with eleven items version developed by (Rentsch and Steel, 1992)<sup>[48]</sup>. We used a five-point scale ranging from 1, “strongly disagree”, to 5, “strongly agree”. A sample item is “How do you feel your job?”. The Cronbach`s alpha coefficient was .864. A confirmatory factor analysis (CFA) of Job Satisfaction scale yielded a good fit ( $\chi^2(9)=24.091$ , IFI=.983, GFI=.967, TLI=.967 , CFI =.983, RMSEA =.047).

### **Work Engagement**

Work Engagement was measured with eight items version developed by (Schaufeli et al. (2006)<sup>[49]</sup>. We used a five-point scale ranging from 1, “strongly disagree”, to 5, “strongly agree”. A sample item is “I am enthusiastic about my job”. The Cronbach`s alpha coefficient was .904. A confirmatory factor analysis (CFA) of Work Engagement scale yielded a good fit ( $\chi^2(9)=65.091$ , IFI=.953, GFI=.961, TLI=.961 , CFI =.953, RMSEA =.032).

### **Control Variables**

We controlled age, gender and education because previous research has showed that these variables can effect on individual and organizational variables (i.e. Foote & Tang, 2008). In this study, we also used the work tenure of employee as a control variable because of their impact on job satisfaction and work engagement

## **Results and Analysis**

### **Descriptive Statistics**

The means, standard deviations and zero-order Pearson correlations of all the key variables are presented in Table 1. Fig. 1 showed the research model of gender, age, education, tenure, ethical leadership, psychological empowerment, job satisfaction and work engagement. As shown in Table 1, gender was negative related to, psychological empowerment ( $r = -.225$ ), job satisfaction ( $r = -.300$ ) and work engagement ( $r = -.133$ ). Age was positive related to psychological empowerment ( $r = .241$ ), job satisfaction ( $r = .257$ ) and work engagement ( $r = .111$ ). Tenure was positive related to ethical leadership ( $r = .018$ ), and psychological empowerment ( $r = .238$ ). Ethical leadership was positive related to psychological empowerment ( $r = .229$ ) and job satisfaction ( $r = .153$ ), work engagement ( $r = .094$ ). And psychological empowerment was positive related to job satisfaction ( $r = .664$ ), work engagement ( $r = .329$ ).

Table 1 Means, Standard Deviation, and Correlations (n=574)

Variable	Mean	Std. Deviation	age	Gender	Education	Tenure	Ethical	Psyco	JobSatis	Workenga
age	2.26	.812	1							
Gender	1.46	.498	-.205**	1						
Education	2.30	.797	.309**	.267**	1					
Tenure	2.39	.916	.234**	.182**	.230**	1				
Ethical	3.48	.937	.101 <sup>·</sup>	.106 <sup>·</sup>	.071	.018	1			
Psyco	3.81	.642	.241**	-.225**	.237**	.238**	.229**	1		
JobSatis	3.69	.614	.257**	-.300**	.286**	.252**	.153**	.664**	1	
Workenga	3.62	.688	.111**	-.133**	.184**	.073	.094 <sup>·</sup>	.329**	.384**	1

Note

(1). Cronbach alpha reliabilities for observed variables are in parenthesis in the diagonal

(2)\* Correlation is significant at the .05 level (2-tailed)

\*\* Correlation is significant at the .01 level (2-tailed). N =574

(3) The square root of AVE for discriminant validity are in parentheses along the diagonal



### Convergent and Discriminant Validity

In this study, we conducted an EFA using Principal Axis Factoring with promax with Kaiser Normalization to examine the observed variables loaded together to check criteria of reliability and validity. The results showed that the KMO and Bartlett's test of sampling adequacy was significant for each variable were sufficiently (KMO=.945). Moreover, as shown Table 2, all the factor loadings was significant at .001 levels (all above .546), the results showed a good discriminant validity. Therefore, all chosen variables were suitable for factor analysis. The Cronbach's alpha for variables were also presented in Table 2. All alphas are reflective because all of was above .902

On the other hand, we examined the common method bias through Harman's single-factor test. The ten items of ethical leadership, six items of psychological empowerment, eleven items of job satisfaction and eight items work engagement was entered in a principle component factor analysis. The results presented that the first factor in the model explained 39.723% of the variance. Thus, in here, the common method bias was not issue.

**Table 2 Item Loading of the Latent Constructs**

	Factor				Cronbach's Alpha
	Ethical Leadership	Psychological Empowerment	Job Satisfaction	Work Engagement	
EL1	.897				<b>0.975</b>
EL2	.893				
EL3	.904				
EL4	.864				
EL5	.896				
EL6	.821				
EL7	.924				
EL8	.901				
EL9	.921				
EL10	.896				
PE1		.616			<b>0.922</b>
PE2		.950			
PE3		.774			
PE4		.592			
PE5		.938			
PE6		.909			
JS1			.794		<b>0.902</b>
JS2			.763		
JS3			.612		
JS4			.838		
JS5			.829		
JS6			.603		
JS7			.546		
JS8			.909		
JS9			.674		
JS10			.599		
JS11			.582		
WE1				.805	<b>0.932</b>
WE2				.779	
WE3				.890	
WE4				.875	
WE5				.871	
WE6				.765	
WE7				.885	
WE8				.861	

Extraction Method: Principal Axis Factoring.

Rotation Method: Promax with Kaiser Normalization.

a. Rotation converged in 4 iterations.

The third, discriminant validity relates to the degree to which items differentiate between constructs, and presents by the square root of average variance extracted. In Table 1, the authors presented the square root of the average variance extracted of each latent construct. All of them was greater than that construct's correlation with other constructs.

The authors used CFA before testing the hypothesis to examine the fit of the three-factor model. The three-factor model included ethical leadership, psychological empowerment, job satisfaction and work engagement. The CFA for measurement model presented the following indices:  $\chi^2/df=22.520$ ,  $p=.000$ , IFI=.904, GFI=.902, TLI=.904, CFI=.902, RMSEA=.063 (see Fig. 2). The results showed a good fit between the measurement and the data collected.

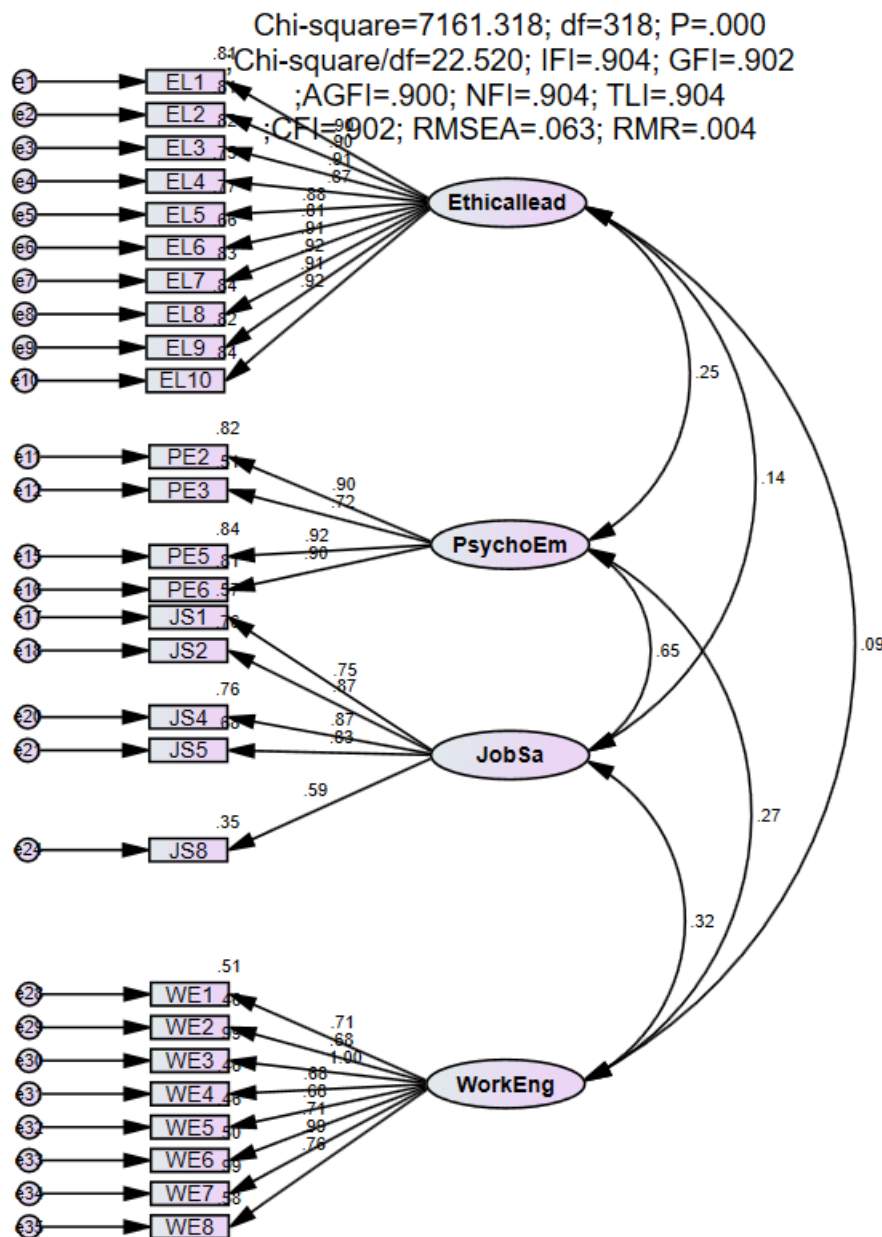


Figure 2 Confirmatory Factor Analysis

*Table 3 Validity, Reliability and Internal Consistency.*

Construct	No. of items	Variable	Standardized regression weights	C.R.	R2	AVE	Composite reliability
<i>Ethical leadership</i>	10	EL1	0.900	f.p	0.810	0.795	<b>.901</b>
		EL2	0.898	13.439	0.806		
		EL3	0.906	12.912	0.821		
		EL4	0.865	13.392	0.748		
		EL5	0.877	16.1	0.769		
		EL6	0.814	15.532	0.663		
		EL7	0.910	15.678	0.828		
		EL8	0.918	15.011	0.843		
		EL9	0.908	15.19	0.824		
		EL10	0.916	15.129	0.839		
Psychological empowerment	4	PE2	0.903	f.p	0.815	0.746	<b>.919</b>
		PE3	0.717	10.945	0.514		
		PE5	0.916	15.776	0.839		
		PE6	0.902	11.84	0.814		
Job satisfaction	5	JS1	0.755	f.p	0.570	0.623	<b>.916</b>
		JS2	0.874	13.47	0.764		
		JS4	0.869	11.955	0.755		
		JS5	0.826	11.757	0.682		
		JS8	0.588	14.789	0.346		
Work engagement	8	WE1	0.713	f.p	0.508	0.619	<b>0.930</b>
		WE2	0.678	8.943	0.460		
		WE3	0.996	16.837	0.992		
		WE4	0.682	16.835	0.465		
		WE5	0.677	16.837	0.458		
		WE6	0.706	4.641	0.498		
		WE7	0.993	16.846	0.986		
		WE8	0.764	16.834	0.584		

Table 3 presented the Composite Reliabilities (CR) and the Average Variance Extracted (AVE). The authors used these factors to examine the quality of measurement model for the sample. The scales showed satisfactory levels of reliability with CR range from .901 to .930 and AVE from .619 to .795

### Hypothesis Testing

The authors used SEM (structural equations modeling) to test direct and indirect effects using AMOS software (version 22). Figure 3 indicated the standardized structural coefficients. The all scales fit measures, multiple squared correlation coefficients of the variables, and significance levels of the path coefficients showed that the model fits the data well  $\chi^2/df=2.266$ ,  $p=.000$ ,  $IFI=.956$ ,  $GFI=.946$ ,  $TLI=.956$ ,  $CFI=.959$ ,  $RMSEA=.047$ ).

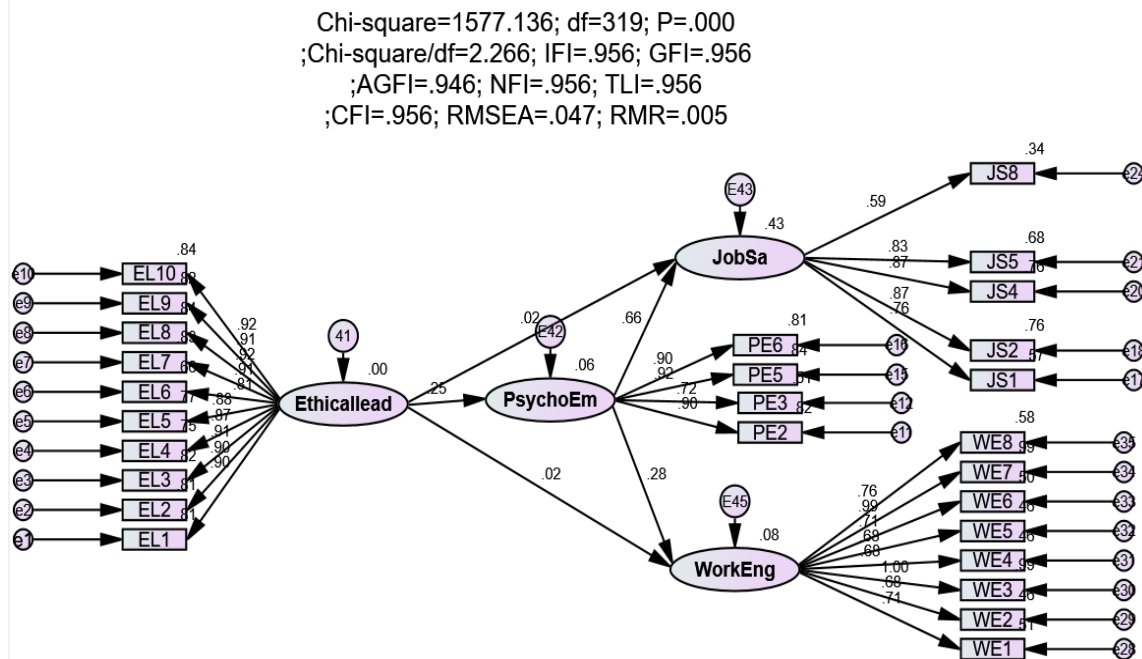


Figure 3 Results of Structural Equation Model

Table 4 presented that ethical leadership is closely related to and effects Psychological Empowerment ( $\gamma=.478$ ,  $p<.001$ ), Job Satisfaction ( $\gamma=.293$ ,  $p<.001$ ) and work engagement ( $\gamma=.375$ ,  $p<.001$ ), as predicted in hypotheses 1, 2, 4a, 4b respectively. Addition, the results showed an indirect effect of ethical leadership on Job Satisfaction (.165,  $p<.001$ ) by Psychological Empowerment (.478x.345). The influence of ethical leadership on work engagement is thus .281 ( $p<.001$ ). Comparing the magnitudes of these effects indicated that the effect of ethical leadership on work engagement is larger than the total effects of Psychological Empowerment on Job Satisfaction and work engagement. Therefore, the model explains Job Satisfaction and work engagement well. Finally, Table 4 also presented a direct effect ( $\gamma=.345$ ,  $p<.001$ ) Psychological Empowerment on Job Satisfaction and work engagement, supporting hypotheses 3, 4c, 4d.

Table 4 Structural Model Result (Direct, Indirect and Total Effects).

Effect from	To	Direct effectsa	Indirect effectsa	Total effectsa
Ethical leadership	Psychological Empowerment	.478***		.478***
Ethical leadership	Job Satisfaction	.293***	.165***	.458***
Ethical leadership	work engagement	.375***	.281***	.656***
Psychological Empowerment	Job Satisfaction	.345***		.345***
Psychological Empowerment	work engagement	.398***		.398***
Goodness of fit statistics	Chi-square = 1577.136; chi-square/df = 2.266; df = 319; P=0.000; IFI=.956; GFI=.956; TLI=.956; CFI=.956; RMSEA=.047			

Note: a Standardized Structural Coefficients: \*\*\*  $p<.001$ .

## Discussion

This study examined the role of ethical leadership and psychological Empowerment in influencing Job Satisfaction and work engagement of employees associated with service companies in Vietnam. The results highlighted the existence of a positive relationship between ethical leadership and job satisfaction, work engagement of employee service company staff. These findings are consistent with the findings of Qing et al (2020)<sup>[50]</sup> who argued that ethical leadership plays a very important role in influencing the behavior of the employees' attitude in a positive way in the workplace. The presented findings on the positive relationship between ethical leadership and job satisfaction, work engagement have led to several suggestions.

The presented findings also revealed that psychological empowerment plays a mediating role in influencing job satisfaction and work engagement. The social learning theory and the social exchange theory (Bandura, 1977, 1986) are two main theories proposed by many researchers (Brown et al., 2005) that explained the mechanism by which ethical leaders affect their employees. This study found psychological empowerment act as a very important intervening variable in the ethical leadership- job satisfaction and work engagement link. This study adds to the literature on ethical leadership by testing the psychological and social aspects that explain the ethical leadership- job satisfaction and work engagement link. The findings, which indicate that psychological empowerment acts as a partial mediator, lead to the important contribution of this study. Therefore, this research could be regarded as one of the first studies that integrate the social learning theory and the social exchange theory in explaining the relationship between psychological empowerment and job satisfaction, work engagement.

Third, data for the research sample was collected from 61 service companies in Vietnam in order to avoid self-selection bias. Finally, virtually no studies to the author's knowledge have been conducted on ethical leadership and its relationship with job satisfaction; work engagement in Vietnam where various aspects such as ethics, psychological empowerment, job satisfaction and work engagement are highlighted. Thus, this research tried to add to the literature generalizing and externally validating ethical leadership and job satisfaction and work engagement, all three of which have been originally developed and primarily studied in Western countries. The study findings lead to the suggestion that service companies need to understand the advantages of enhancing ethical leadership and psychological empowerment to achieve employee job satisfaction and work engagement. Managers are advised to enhance a healthy relationship between themselves and their followers so that there can be open and free communication on a frequent basis. Through employee empowerment, hence, managers can attempt to create an environment that promotes job satisfaction and work engagement of employees.

## Limitations and Directions for Future Research

This research has several limitations that can point toward further studies. First, similar all cross-sectional researches, drawing a causal relationship between the

different factors was not possible in this study. Hence, further researches could be taken up using a longitudinal design to examine the existence of a relationship between ethical leadership and Job Satisfaction, Work Engagement, that interacts through Psychological empowerment variables.

Second, while testing the relationship between the different factors considered in this research, there are not much emphasis given on the various cultural aspects. Future researches could test the impact of cultural factors on these variables because Vietnam is a collectivist nation and may have different findings from other culture or nations. Lastly, the staffs considered in this research belonged to service firms in Vietnam. Therefore, the presented findings may not be conformity with another organizational context. Thus, future studies may be considered collecting the data from different sectors in order to generalize the findings of this study.

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