

**ETHICAL LEADERSHIP AND EMPLOYEE MORAL VOICE:
THE MEDIATING ROLE OF PSYCHOLOGICAL SAFETY
AND FELT OBLIGATION FOR CONSTRUCTIVE CHANGE**

SKRIPSI

**Presented in partial fulfillment of the requirements for
The Bachelor's Degree in Accounting**



by

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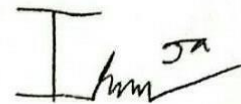
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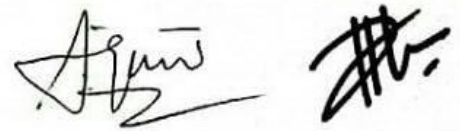
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ABSTRACT

This research examines the mediation role of psychological safety and felt obligation for constructive change towards ethical leadership and moral voice. A web-based survey is used in deploying and delivering questionnaires to 183 employees who work in Jakarta. Partial Least Square (PLS) was used to analyze the data. The result shows that psychological safety (PS) and felt obligation for constructive change (FOCC) is partially mediated the relationship between ethical leadership (EL) and moral voice (MV). Seeing this result, This study suggest that by having ethical leaders, organizations could facilitate the employee to feel freedom and comfort in delivering voices, and also can make employees will be more involved and feel responsible in their job in order to achieve the desired goal of the organizations.

Keywords: *ethical leadership, moral voice, psychological safety, felt obligation for constructive change*

INTISARI

Penelitian ini menguji peran mediasi dari keamanan psikologis dan rasa tanggungjawab untuk perubahan konstruktif terhadap pemimpin beretika dan suara moral. Survei berbasis web digunakan untuk menyebarkan kuesioner kepada 183 karyawan yang bekerja di Jakarta. Partial Least Square (PLS) digunakan untuk menganalisis data. Hasil penelitian menunjukkan bahwa keamanan psikologis dan kewajiban yang dirasakan untuk perubahan konstruktif. Melihat hasil ini, penelitian ini menunjukkan bahwa dengan memiliki pemimpin etis, organisasi dapat memfasilitasi karyawan untuk merasakan kebebasan dan kenyamanan dalam menyampaikan suara, dan juga dapat membuat karyawan akan lebih terlibat dan merasa bertanggung jawab dalam pekerjaan mereka dalam rangka mencapai tujuan yang diinginkan dari organisasi.

Kata kunci: *pemimpin beretika, suara moral, keamanan psikologis, rasa tanggungjawab untuk perubahan*

CHAPTER I

INTRODUCTION

1.1 Background of the study

Since historical times' philosophers have held that ethics is about developing good character in individuals so that societies and individuals may thrive (Avey et al. 2012). Some ethical scandals in business, for example, the Enron, Global Crossing, and WorldCom, which involving their top management have raised important questions about the role of leadership in shaping ethical conduct. Brown et al. (2005) said that a leader must be a key supply of ethical guidance for employees. Ethical leadership is defined as "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making" (Brown et al. 2005). Due to the fact that ethics in the organization has come to be extra crucial and people have become more aware of ethics, it is interesting to explore the impact of ethical leadership (Brown et al. 2005).

To build up an ethical organization, the presence of ethical leadership is essential. Essentially, the leader's behavior will affect on employees and work environment (Banerji & Krishnan, 2000; Park et al., 2004). In accordance with this, Tepper et al. (2008) notice that the leaders drives are expected to make an ethical behavior in the organization. Most notably, ethical leadership research asserts that the character of an individual leader (exemplified through traits such

as honesty and concern for others) is important for fostering positive outcomes in organizations, especially outcomes associated with their employees such as trust and job satisfaction (Avey et al. 2012).

Brown and Trevino (2006) added that ethical leadership is necessary for a good working relationship between leaders and employees and it may have positive influences on employee outcomes. The implication is clear, when the leader performing an ethical behavior consistently will positively influence employee outcomes, such as taking a proper action, being a moral role model, and acting according to the words (Moreno, 2010). Bateman and Porath (2003) stated when the employees work under an ethical leadership behavior, for example when the leader demonstrates respect, considers the employees' need, avoids personal attacks and provides opportunities for the employees to express opinions, thus, employees will be more likely to enhance their outcomes. From these explanations, it shows that ethical leadership is considered an important factor in determining employee outcomes.

This study examine an explicit ethical behavior of employees—moral voice—as the outcome of ethical leadership. Voice is defined as promotive conduct that emphasizes the expression of constructive challenges for development instead of mere criticism (Van Dyne and LePine, 1998). Voice that was intended to benefit one's organization may easily be misinterpreted as “bussiness, unsolicited interference, and an effort to undermine the credibility” of important stakeholders such as peer colleagues and supervisors (Tepper et al. 2004). Because of the potential personal benefits and risks associated with

speaking up, employees often choose to engage in voice only after cognitively calculating costs and benefits (Dutton et al. 1997; Kish-Gephart et al. 2009; Milliken et al. 2003).

Considering voice behavior as intentional conduct involving potential tension or damage to one's public image and relationships with others (Liu et al. 2010), various psychological factors may influence the enactment of such planned behavior (Ajzen 1991). Like felt obligation for constructive change, psychological safety, and moral efficacy which could also serve as additional mediating mechanisms (Liang et al. 2012).

Felt obligation for constructive change influences the extent to which employees are committed to developing new processes and correcting issues in their organization (Fuller et al., 2006; Morrison & Phelps, 1999). In particular, employees experiencing higher degrees of felt obligation for constructive change are more likely to discover speaking up as a positive means of caring for their organization and thus are more likely to engage in voice as "responsible citizens" of the organization.

Psychological safety refers to the extent to which individuals believe their colleagues (e.g., supervisors, coworkers) will not punish or misunderstand them for taking risks, such as speaking up with suggestions or concerns (Detert & Burris, 2007). When employees are free of fears and concerns about expressing their opinions, it can lead to a more positive evaluation of voice. In contrast, when psychological safety is lacking, employees feel that they cannot freely express themselves, and these fears and concerns cause them to avoid publicly

expressing their opinions and concerns (Zhao & Olivera, 2006). In keeping with this reasoning, psychological safety has been thought to facilitate voice because such perceptions increase the ease and reduce the felt risk of presenting new ideas (Ashford et al., 1998; Edmondson, 1999; Kahn, 1990).

The study of Lee et al. (2017) suggests the possibility of additional mediating routes through which ethical leadership fosters followers' moral voice:

“Furthermore, the partial mediation of moral efficacy in the ethical leadership–moral voice relationship suggests the possibility of additional mediating routes through which ethical leadership fosters followers' moral voice. For example, along with moral efficacy (i.e., perceived behavioral control), felt responsibility for fulfilling normatively appropriate ethical codes (i.e., subjective norms) and psychological safety for risky moral voice (i.e., a positive attitude) may also serve as additional mediating mechanisms (Liang et al. 2012).”

Considering voice behavior as something that is related to psychological condition of individual and its relationships to others, various psychological factors may influence the enactment of such planned behavior. Therefore, this research is set to examine psychological safety and felt obligation for constructive change as the other mediating mechanism. This research also will help advance our knowledge regarding the role of ethical leadership in organizations by shedding light on how and when the ethical leadership effect operates to promote employee moral voice.

1.2 Research Question

Based on the research background stated above, the research questions are formulated as follow:

1. Does the role of psychological safety mediate the relationship between ethical leadership and moral voice?
2. Does the role of felt obligation for constructive change mediate the relationship between ethical leadership and moral voice?

1.3 Research Objectives

This study aims to examine whether psychological safety and felt obligation for constructive change will mediate the relationship between ethical leadership and moral voice. This study have been used primary quantitative as the method.

1.4 Significance of the Study

1.4.1 For Researcher

- Broaden the knowledge regarding relation of ethical leadership and moral voice

1.4.2 For Companies

- This research provides information for companies that ethical leadership has important role in the organization, specifically for enhancing the employees' to express their moral voice.

1.4.3 For Reader

- For reference material for the next research.
- Enhance the knowledge regarding the related research topic.

1.5 Organization of the Skripsi

This research divided into five chapters which consist of:

- Chapter I: Introduction

This chapter is an introduction to the background of this study, then this chapter will explain about research objectives, significance of the study, and writing structure.

- Chapter II: Literature Review

This chapter contains a description of the theories and previous research related to the topic/problem to be studied. This chapter also explains the hypotheses to be tested.

- Chapter III: Research Methodology

This chapter explains the operational definition of variables, the determination of population and sample research, types and sources of data, data collection methods and analysis methods to be used in this study.

- Chapter IV: Result and Discussion

This chapter explains about descriptive statistics of research, research results and research analysis.

- Chapter V: Conclusion, Limitation, and Future Research

This chapter explains research summary, research limitations and recommendation that can be used as a reference in doing further research.

CHAPTER II

LITERATURE REVIEW

2.1 Ethical Leadership

Leadership is about positively influencing others (Hannah et al. 2014; Yukl 2002). Trevino et al. (2014) postulated that leaders play a key role as authority figures and role models and have massive influence on subordinates' attitudes and behaviors. Ethical leadership, by the way of its specific moral focus, explains how leaders, through their ethical conduct, can positively influence those around them in the pursuit of broader organizational goals and objectives (Brown et al. 2005; Sumanth and Hannah 2014).

Ethical leadership can be reflected by leader traits such as integrity, social responsibility, fairness and the willingness to think through the consequences of one's actions. At the same time, ethical leadership is also reflected by specific behaviors, through which the leader promotes workplace ethicality. Drawing from social learning theory (Bandura 1986), ethical leadership involves influencing individuals to interact in ethical behaviors through behavioral modeling of transactional leadership behaviors (e.g., rewarding, communicating and punishing). In this way, ethical leadership is primarily based on the belief that ethics characterize a critical component of effective leadership and leaders are responsible for promoting ethical climates and behavior (Brown and Trevino 2006). This behavioral aspect is particularly important when it comes to understanding the cascading effects of leader behavior.

2.2 Psychological Safety

Kahn (1990) defined psychological safety as “feeling able to show and employ one's self without fear of negative consequences to self-image, status, or career”. When a team is psychologically safe, the team participants have a feel of confidence that they will no longer be embarrassed, rejected, or punished for taking risks or sharing thoughts and ideas (Edmonson, 1999). In the workplace, psychological safety represents an environmental state that offer employees with sufficient certainty and predict-capability to be creative (Gong et al. 2012).

The formal power relations affect the perceptions of personal risk held by followers within the workplace and that leader behavior informs followers of acceptable behaviors which further links to perceptions of psychological safety (Edmondson, et al., 2004). The leader behaviors outlined as promoting psychological safety include accessibility and approachable, inviting input, and modeling openness and falliability (Edmondson, et al., 2004). Kahn (1990) also said that psychological safety reflects supportive management, role clarity, and freedom of self-expression in the workplace.

2.3 Felt Obligation for Constructive Change

As we talk about felt obligation, it is commonly recognized that the most generally utilized structure is from Hackman and Oldham's (1976) job characteristics theory (Pearce & Gregersen, 1991). As indicated by Job Characteristics Theory (JCT), felt obligation is a basic mental state reflecting the

degree to which 'the individual feels personally responsible and in charge of the aftereffects of the work the individual does' (Hackman and Oldham, 1976). The theory suggests that once employees sense greater responsibility for their work item, they encounter more noteworthy intrinsic work inspiration, more noteworthy fulfillment with the job, and more prominent about the quality of their work.

People commonly believe constructive, change-related conduct to be a key aspect of effective leadership. Individuals involving leadership positions are probably going to know about this phenomenon and believe that their activities will be contrasted with the prototypical leadership behavior (Lord & Maher, 1991). To be sure, Kouzes and Posner (1995) state that leadership is tied in with 'accept(ing) the responsibility for making change happen'. This is resounded by Kotter (2001) who notes that leadership 'is about adapting with change'.

2.4 Moral Voice

Voice behavior, in well-known, has a tendency to create anxiety, distress, or harm to one's public image and relationships with others, conceivably putting his or her situation in risk (Detert and Burris 2007; Liu et al. 2010; Milliken et al. 2003). For instance, challenging voice possibly produces conflict with the norm and certain or unequivocal difference and confrontation with others, especially managers. Moral voice, specifically, is probably going to be joined by a significantly more prominent arrangement of individual hazard and dread in that such a proactive response to bad form in the organization may involve a backfire

or even a demonstration of striking back from the focus of moral voice (Morrison 2011).

When an employee points out problems suggests new ways of doing things about the current state of affairs within the workgroup and organization, it may conflict with the efforts of managers and leaders who spent a lot of time in establishing the current framework of thoughts and practices and want to sustain them. As a consequence, the employee can be labeled as a troublemaker or complainer, which may lead to a negative performance evaluation (Milliken et al. 2003; Morrison 2011). As much for what it's worth sensitive and difficult, moral voice should be given proper attention for the good of the organization because of its potential to keep the organization healthy and sustainable.

2.5 Hypothesis Development

Ethical Leadership and Psychological Safety

From the developmental point of view, individuals have an intrinsic need to diminish the vulnerability to comprehend and respond to their environment. To this cease, they are propelled to pursuit, process, and use data from the environment to decrease vulnerability (Ashford and Cummings 1985). Leader's characteristic as a large supply of information that may assist employees to diminish the vulnerability at the work environment. Ethical leaders decrease vulnerability by articulating moral models and illuminating conduct standards and roles for his or her followers (Loi et al. 2012; Mayer et al. 2012). Ethical leaders

improve the interpersonal trust and respect for each follower, in this way advancing a psychological safety climate (Mo et al. 2017; Newman et al. 2014).

For example, ethical leaders consider the personal situation of their employees, show genuine concern for them, and communicate with openness (Resick et al. 2013). Furthermore, ethical leaders respect the interests of their followers and provide them with instrumental and emotional support (Brown et al. 2005). These behaviors help team members feel they are being valued and respected, thereby creating a shared perception of psychological safety that allows these members to express their true selves (Loi et al. 2012). Therefore, the researcher suggests the following hypotheses:

Hypothesis 1: Ethical leadership has positive effect on psychological safety.

Ethical Leadership and Felt Obligation for Constructive Change

Leaders as individuals accept positions at increasingly higher levels within the organizational hierarchy, they are likely to feel greater responsibility for constructive change because they believe that change-oriented behavior is an important aspect of their leadership role within the organization and that they will be evaluated against prototypical leader behavior (Fuller et al. 2006). Under an ethical leader, employees thrive and flourish. Employees are rewarded for coming up with innovative ideas, and are encouraged to do what it takes to improve the way things are done. Therefore, the researcher suggests the following hypotheses:

Hypothesis 2: Ethical leadership has positive effect on felt obligation for constructive change.

Psychological Safety and Moral Voice

Voice as a form of personal initiative may have positive consequences (such as greater visibility at work) or negative consequences (such as being misunderstood as a fault-finder). Voice could be both a consequence and antecedent of certain psychological factors. For instance, a reverse causation argument for the positive relationship between psychological safety and voice is that employees who speak up have inferred that the interpersonal context is a safe one in which to do so to make an attitudinal evaluation of voice, employees often turn to their immediate interpersonal network (i.e., supervisors and coworkers) to “read the wind” and determine how favorable it is for them to express themselves at work (Dutton et al., 1997; Milliken et al., 2003). Empirical work has also shown that subordinate perceptions of psychological safety mediate the relationship between managerial openness and employee voice in restaurant chains (Detert & Burris, 2007). Therefore, the researcher suggests the following hypotheses:

Hypothesis 3: Psychological safety has positive effect on moral voice.

Felt Obligation for Constructive Change and Moral Voice

While felt obligation for task performance refers to an employee’s responsibility for assigned tasks, felt obligation for constructive change represents a more proactive conceptualization of an employee’s responsibility at work. With speaking up as a positive method for thinking about their organization and along these lines are bound to participate in voice as "capable natives" of the

organization constitutes one way for employees to reciprocate the organization's supportiveness and maintain a high-quality exchange relationship with it. In keeping with this reasoning, past empirical work has demonstrated support for the importance of felt obligation for constructive change as a psychological state leading to the performance of voice and other discretionary, change-oriented behaviors (Fuller et al., 2006; Morrison & Phelps, 1999; Withey & Cooper, 1989). Therefore, the researcher suggests the following hypotheses:

Hypothesis 4: Felt obligation for constructive change has positive effect on moral voice.

The Mediating Role of Psychological Safety towards Ethical Leadership to Moral Voice

Psychological safety describes individuals' perceptions about the consequences of interpersonal risks in their work environment. It consists of taken-for-granted beliefs about how others will respond when one puts oneself on the line, such as by asking a question, seeking feedback, reporting a mistake, or proposing a new idea (Edmondson, Kramer, & Cook, 2004). By observing what is ethical from their leaders and by learning how to perform their jobs in ethical ways (Walumbwa et al. 2011), employees realize that they not only need to be sensitive to moral issues at work but also need to speak up when observing practices against established moral standards. One of the most important traits of ethical leadership is the respect that is given to followers. An ethical leader shows respect all members of the team by listening to them attentively, valuing their

contributions, being compassionate, and being generous while considering opposing viewpoints. Therefore, the researcher suggests the following hypotheses:

Hypothesis 5: Psychological safety mediates the relationship between ethical leadership and moral voice.

The Mediating Role of Felt Obligation for Constructive Change towards Ethical Leadership to Moral Voice

Stamper and Van Dyne (2001) found that employees with full-time work status (or employees likely to perceive greater felt obligation for constructive change) were more likely to engage in voice when they also worked in less bureaucratic organizational cultures (or organizational cultures that permitted greater psychological safety). If employees observe their ethical leader involving others in decision making and stimulating voice, employees, in turn, may be more inclined to speak up and offer constructive suggestions for change. Similarly, ethical leaders are likely to engage in open and transparent communication (Kalshoven et al., 2011) and to stimulate open forms of expression. This combined with their caring and fair behaviour should help employees feel secure in pointing out problems, new ideas, or suggestions that are intended for the benefit of the work unit as a whole. Therefore, the researcher suggests the following hypotheses:

Hypothesis 6: Felt obligation for constructive change mediates the relationship between ethical leadership and moral voice.

2.6 Research Model

Based on the literature and hypothesis development above, researcher constructed the following graph to figure out the relation between ethical leadership, psychological safety, felt obligation for constructive change, and moral voice to provide a better understanding of this study.

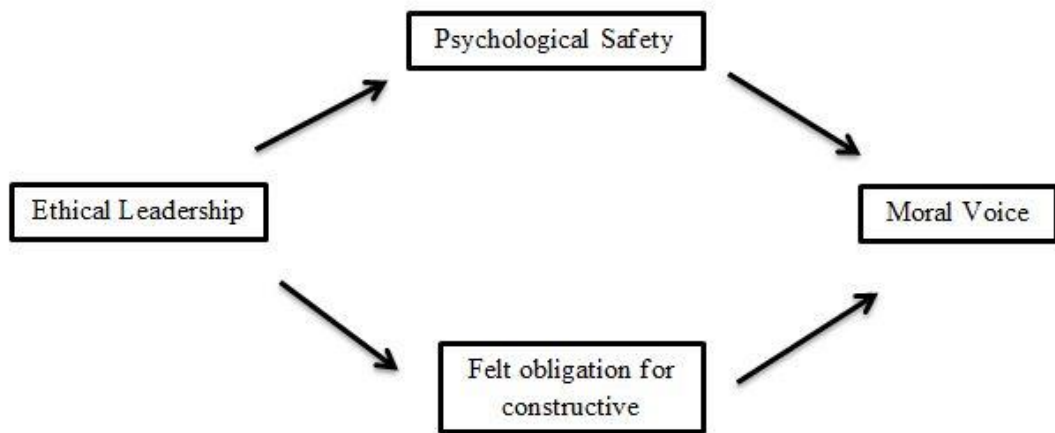


Figure 1. Research Model

CHAPTER III

METHODOLOGY

3.1 Operational Definition of Variables

3.1.1 Independent Variable

The independent variable of this research is ethical leadership. Ethical leadership means the action of leading a group of people or an organization which directed by respect for ethical beliefs and values for the dignity and rights of others. Ethical leadership was measured using questionnaire adopted from Brown et al. (2005) which consists of ten statements. Each statement was scored by using Likert scale from 1 to 5 (1=strongly disagree, 5=strongly agree). The example of the question was “My Supervisor discusses business ethics or values with employees”.

3.1.2 Dependent Variable

The dependent variable of this research is moral voice, which consist of three statements. Moral voice is the act of speaking up about what is right and ethical. It was measured using questionnaire adopted from Hannah and Avolio (2010). Each statement was scored using Likert scale from 1 to 5 (1=Strongly Disagree, 5=Strongly Agree). The example question was “I go against the group decisions whenever it violates the ethical standards”.

3.1.3 Mediating Variable

Psychological Safety

Psychological safety can be defined as feeling to be able to show the true selves with the condition of being protected from or unlikely to cause danger, risk, or injury from others. Psychological safety was measured using questionnaire adopted from May et al (2004) which consists of five statements. Each statement was scored using Likert scale from 1 to 5 (1=Strongly Disagree, 5=Strongly Agree). The example question was “In my work unit, I can freely express my thoughts”.

Felt Obligation for Constructive Change

Felt obligation for constructive change can be define as an essential mental state reflecting how much 'the individual feels by and by capable and responsible for the delayed consequences of the work the individual does. It was measured using questionnaire adopted from Eisenberger et al (2001) which consists of five statements. Each statement was scored by using Likert scale from 1 to 5 (1=strongly disagree, 5=strongly agree). The example of the question was “I feel a personal obligation to produce constructive suggestions to help the organization achieve its goals”.

3.2 Sampling Design

The research population for this research was the employees who work in Jakarta. The sample were taken from the population using purposive sampling method. Purposive sampling refers to deliberately chosen sample based on certain

concerns with the aim to achieve sampling units that have the desired traits according to the needs of the study. Means that this study choose participants based on the criteria that has been set. Similarly, this strategy allows the researcher to collect relevant and beneficial information in order to solve the research question.

The type of data that used in this study is primary data. Primary data means the information related to interest variables that used in this study is gain from the original source (Sekaran and Bougie, 2003). In this study, the primary data had been received was based on the collecting of questionnaires using the Likert Scale. The source of data is from employees who work in Jakarta.

In determining the sample size, this study use the requirement stated by Hair et al. (2010). It stated the requirement to identify the sample size, the researcher must collect at least 5 respondents from each question in the questionnaire.. This study comprised of independent variable, dependent variable and mediating variable, with the total of 23 questions. As required by Hair et al. (2010) the minimum sample for this research is 115 respondents. The questions were mixed and another several questions were reversed in order to avoid bias respondent.

3.3 Research Instrument

The data were collected directly from the respondents by using questionnaires. The questionnaires were distributed electronically specifically by using web-based questionnaires through the google form. Web-based questionnaires were used because it is more effective and efficient to collect the

data.. Beside that, the respondents can also fill in web-based questionnaires anytime and anywhere as they want, so, it will not interrupt the respondents in their busy time. To avoid social desirability bias, the researcher informed the respondents at the first time before they fill in the questionnaire that the information which is collected will be very confidential.

The procedure that we used for distributing the questionnaire is based on Dillman (2000). This questionnaire has two main section, first section of the questionnaire consists of question about the variable, that measured using 5 Likert Scale. Variable ethical leadership consists of 10 question, variable psychological safety consists of 5 question, variable felt obligation for constructive change consists of 5 question, and variable moral voice consists of 3 question. The second section consist of question regarding respondents' personal and demographic data include age, gender, workplace and position. Thus, the total question are 23 questions. This questionnaire distributed through social media, such as LinkedIn and Whatsapp.

Questionnaire will be given to respondents after the researcher conducted a pre-test on some students in President University. According to Sekaran (2003) respondents can fill out bias answers if they do not understand the questions. In consequence, a pilot tests of questions to be sent help to identify unclear and ambiguous statements. The purpose for pilot test itself is it allows researcher to reassess the questions to be spread to respondents. Thus, the questionnaire can be distributed and used as a research instrument.

3.4 Statistical Analysis

The analysis statistical that is used for this research is Structural Equation Model (SEM) with a Partial Least Squares (PLS) approach. SEM-PLS administer method of not only evaluating each of the relationship jointly rather than in separate analyses, but also combine the multi-item scales in the analysis to account for any measurement which associates with each of the scales (Hair et al. 2010). Sarstedt *et al.* (2014) also claimed that SEM could deal with complex constructs and small sample size, thus, the researcher chose to test all the latent variables which are being hypothesized using SEM-PLS. The software used in this research to run the data was Warp PLS Software version 3.0.

CHAPTER IV

RESULT AND DISCUSSION

4.1 Respondents Profile

The researcher obtained respondents through social media such as LinkedIn, WhatsApp and electronic mails to employees who work in Jakarta to fill in the questionnaires. The researcher asked about demographic data of the respondents such as age, gender, education, work experience, job position, and division. From the 270 questionnaires distributed, only 183 of them were filled completely. Thus, the response rate of this study is 67.8 %. From those 183 respondents, 63% were male and 37% were female. The majority of the respondent were having age between 24-28 years old, which stand at 43.9%. Out of the total survey participants, 76% were graduated from Bachelor Degree. Among this respondent, 46% of them have 2-4 years of work experience, 21% have 3 months – 1 year work experience, 20% have more than 7 years work experience, and 13% have 5 – 7 years' work experience. Continue with the position of the respondent, 48% of them is a staff, 27% of them is supervisor, and 25% of them is manager. The percentage respondent from accounting division is 28%, from marketing division is 22%, from audit division is 17%, from finance division is 13%, from Human Resource division is 11%, and from taxation division is 9%. The detailed information of demography of the respondents are summarized in the Table 4.1 below.

Table 1. Demographic details of respondents.

Description	% of respondents
Gender	
Male	63%
Female	37%
Age	
19-23	30%
24-28	44%
29-33	13%
34-38	5%
>38	8%
Education	
SMA/Sederajat	7%
D1/D2/D3	3%
S1	76%
S2	14%
Experience	
3 months - 1 year	21%
2 year - 4 years	46%
5 years - 7 years	13%
> 7 years	20%
Job Position	
Staff	48%
Supervisor	27%
Manager	25%
Division	
Accounting	28%
Audit	17%
Finance	13%
Human Resource	11%
Marketing	22%
Taxation	9%

4.2 Descriptive Analysis

Table 2 present the means, standard deviation and correlation among the study variables. The result indicates that ethical leadership has positive relationship towards psychological safety ($\beta = 0.66$, $p < 0.01$). Psychological

safety and moral voice also shows a positive relationship ($\beta = 0.48, p < 0.01$). Meanwhile the outcome between ethical leadership and felt obligation for constructive change shows a positive relationship ($\beta = 0.69, p < 0.01$). Felt obligation for constructive change also has positive but not significant relationship towards moral voice ($\beta = 0.25, p < 0.01$).

Table 2. Descriptive statistics and correlations

	Mean	SD	EL	PS	FOCC	MV
Ethical Leadership (EL)	3.960	0.893	0.900			
Psychological Safety (PS)	3.991	0.823	0.662 ^{***}	0.743		
Felt Obligation for Constructive Change (FOCC)	3.761	0.937	0.687 ^{***}		0.718	
Moral Voice (MV)	3.831	0.765		0.250 ^{***}	0.485 ^{***}	0.747

Elements in diagonal position (bold) represent the cronbach's alpha of each variable

^{***} Significant at $p < 0.01$

4.3 Inferential Analysis

Validity and Reliability Test

Before the hypothesis was tested, we made sure the measurement of the variable passed to the validity and reliability tests. Validity can be assessed with testing the convergent and discriminant among each construct. To measure convergent validity, Hair et al. (2010) mentioned two indicators such as Factor Loadings and Average Variance Extracted (AVE). If the loadings value is higher than 0.5 and 0.7, the convergent validity is considered reached. Therefore, some

item in this research from psychological safety and felt obligation for constructive change were deleted because their loading value less than 0.4. While, indicators with loadings between 0.5 until 0.7 should be considered (Hair et al, 2010). The consideration in the indicator deletion is based on the effect that influence the AVE and composite reliability to meet the standard required. When the deletion of indicator does not increase AVE and composite reliability above the standard required, it is better to keep the indicator rather than to delete it. The deletion item was from PS (4) Nobody in my unit will pick on me even if I have different opinions and from FOCC (2) I owe it to the organization to do whatever I can to come up with ideas/solutions to achieve its goals.

Aside from validity criteria, the study also have to fulfill the reliability assessment. Reliability shows how consistently the measuring model measures the concept. For measuring the reliability, the researcher used two measurements for reliability approaches, which are composite reliability (CR) and cronbach's alpha (CA) (Sholihin and Ratmono, 2013). Based on Chong and Monroe (2015), the requirement value of both CR and CA should be higher than 0.70. As shown in Table 3, the values of CR and CA for each variable are all above 0.70. Therefore, Ethical Leadership (EL), Psychological Safety (PS), Felt Obligation for Constructive Change (FOCC), and Moral Voice (MV) already met the standard required.

Table 3. Reliability and Convergent Validity.

Instruments	Loading
Ethical Leadership (AVE = 0.532; CR = 0.918; CA = 0.900)	
EL 1	(0.733)
EL 2	(0.784)

EL 3	(0.783)
EL 4	(0.652)
EL 5	(0.819)
EL 6	(0.609)
EL 7	(0.605)
EL 8	(0.857)
EL 9	(0.781)
EL 10	(0.616)
Psychological Safety (AVE = 0.548; CR = 0.827; CA = 0.718)	
PS 1	(0.806)
PS 2	(0.815)
PS 3	(0.731)
PS 4	(0.586)
Felt Obligation for Constructive Change (AVE = 0.569; CR = 0.839; CA = 0.743)	
FOCC 1	(0.780)
FOCC 3	(0.753)
FOCC 4	(0.836)
FOCC 5	(0.633)
Moral Voice (AVE = 0.676; CR = 0.859; CA = 0.747)	
MV 1	(0.895)
MV 2	(0.920)
MV 3	(0.616)

Discriminant validity was measured by comparing the square roots of average variance construct (AVE) with the correlations among latent variables. Fornell and Larcker (1981) stated that discriminant validity is fulfilled if the value of square root of the AVE is higher than the correlation between other latent variables in the same column (above or below it). As an example, the discriminant validity of latent variable “Ethical Leadership (EL)” is accepted since the square root of AVE (0.730) is higher than the correlation value within the same column of “EL” which are 0.576, 0.640, and 0.490. Hence, it can be concluded that the discriminant validity is fulfilled since all the square roots of AVE is higher than all the correlation value within the same column.

Table 4. Discriminant Validity

	EL	PS	FOCC	MV
Ethical Leadership (EL)	(0.730)			
Psychological Safety (PS)	0.576 ^{***}	(0.754)		
Felt Obligation for Constructive Change (FOCC)	0.640 ^{***}	0.534 ^{***}	(0.740)	
Moral Voice (MV)	0.490 ^{***}	0.509 ^{***}	0.619 ^{***}	(0.822)

Diagonal element: square root of AVE; off-diagonal: correlation between constructs.

^{***} Significant at $p < 0.01$

4.4 Structural Model Analysis

In performing structural model analysis, the researcher identifies the direct effect between Ethical Leadership (EL) as independent variable to Moral Voice (MV) as dependent variable. The objective to test this is to know whether EL affects MV directly. The result shown in Table 5 indicates that EL has significant impact for MV because all p value is less than 0.01. EL ($\beta = 0.522$) is has positive relation and significantly related to MV.

On evaluating the mediating effect, the researcher conducted further analysis for analyzing Psychological Safety (PS) and Felt Obligation for Constructive Change (FOCC) as a mediating variable between both item of EL and MV. The model and its result were shown in Table 5. The results revealed that EL affects PS ($\beta = 0.667$, $p < 0.01$) and FOCC ($\beta = 0.688$, $p < 0.01$) positively. Result also shows that PS ($\beta = 0.387$, $p < 0.01$) and FOCC ($\beta = 0.312$, $p < 0.01$) is positively related to MV. The role of PS as mediating variable between EL and MV have shwon the R squared for EL to PS is 0.444 which means EL only 44% out of 100% have significant impact than other existed

variables related to PS. While EL to MV is 0.363 which means EL only 36% out of 100% have significant impact than other existed variables related to MV. The role of FOCC as mediating variable between EL and MV have shown the R squared for EL to FOCC is 0.473 which means EL only 47% out of 100% have significant impact than other existed variables related to PS. While EL to MV is 0.323 which means EL only 32% out of 100% have significant impact than other existed variables related to MV.

Table 5. PLS result

Variable	Path to		
	Psychological Safety	Felt Obligation for Constructive Change	Moral Voice
Direct			
Ethical Leadership (EL)			0.522 ^{***}
R ²			0.272
Mediating			
Ethical Leadership (EL)	0.667 ^{***}		0.278 ^{***}
Psychological Safety (PS)			0.387 ^{***}
R ²	0.444		0.363
Ethical Leadership (EL)		0.688 ^{***}	0.306 ^{***}
Felt Obligation for Constructive Change (FOCC)			0.312 ^{***}
R ²		0.473	0.323
Full Model			
Ethical Leadership (EL)	0.662 ^{***}	0.687 ^{***}	0.091 ^{***}
Psychological Safety (PS)			0.452 ^{***}
Felt Obligation for Constructive Change (FOCC)			0.205 ^{***}
R ²	0.439	0.472	0.435

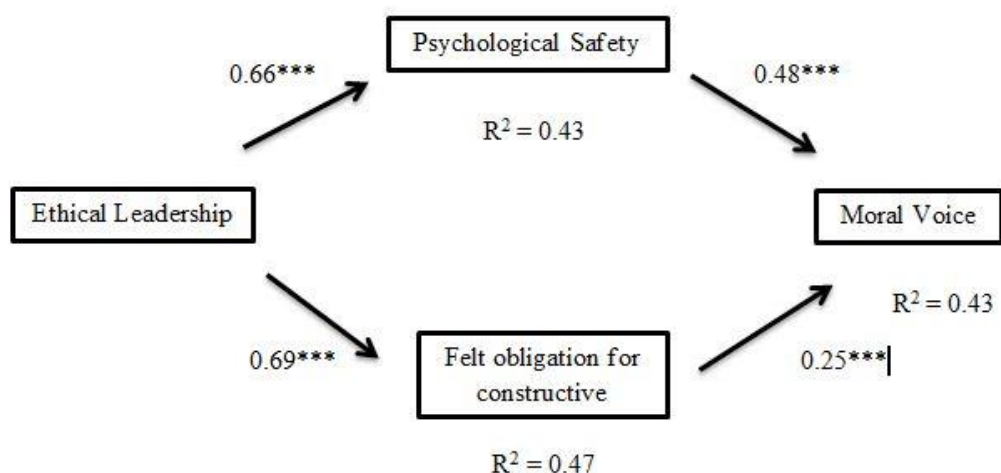
^{***} Significant at $p < 0.01$

The hypothesized model was shown in Figure 4. Results revealed that EL has positive relation and significantly related to PS ($\beta = 0.667, p < 0.01$). Thus,

the hypothesis 1 is supported which states ethical leadership has positive effect on psychological safety. EL also has positive relation and significantly related to FOCC ($\beta = 0.688, p < 0.01$). Thus, the hypothesis 2 is supported which states ethical leadership has positive effect on felt obligation for constructive change.

PS has positive relation and significantly related to MV ($\beta = 0.48, p < 0.01$). Thus, the hypothesis 3 is supported which states psychological safety has positive effect on moral voice. While FOCC has positive relation but not significantly related to MV ($\beta = 0.25, p < 0.01$). Thus, the hypothesis 4 is supported which states felt obligation for constructive change has positive effect on moral voice.

According to Sholihin and Ratmono (2013) measuring the mediating role with WarpPLS is by comparing the direct effect without mediating variable and with the existence of mediating variable. The result shows that PS ($\beta = 0.278, p < 0.01$) and FOCC ($\beta = 0.306, p < 0.01$) has partially mediated EL to MV. Thus, hypothesis 5 and 6 were supported.



*** Significant at $p < 0.01$

Figure 2. Full Model

Conducting further analysis for PS and FOCC as mediating variable, this study used VAF test (Variance Accounted For). According to Hair et al. (2013) if the VAF value is above 80%, it means full mediation, but if it is between 20% - 80% the mediation effect is partial, and if the value is less than 20 percent, means the effect is very small, which can be said there is no mediation. As shows in table 6, PS and FOCC has a partial effect towards EL and MV.

Table 6. VAF (Variance Accounted For)

Description	Calculation	
Indirect Effect (EL-PS-MV)	0.667×0.387	0.258
Direct Effect (EL-MV)		0.522
Total Effect		0.780
VAF for EL-PS-MV	$0.258 / 0.780$	0.330
Indirect Effect (EL-FOCC-MV)	0.688×0.312	0.214
Direct Effect (EL-MV)		0.522
Total Effect		0.736
VAF for EL-FOCC-MV	$0.214 / 0.736$	0.290

4.5 Discussion and Implication

This study examines the relationship of ethical leadership to moral voice and two other variables which is psychological safety and felt obligation for constructive change as the mediating variable. In this study, employee from in Jakarta act on behalf of the respondents. Ethical leadership is considered important for performance because it can encourage effective interaction between leaders and employees by emphasizing ethical behavior in the workplace (Engelbrecht et al., 2015). Leadership such as this involves employees in

decision-making procedures, and supports employee welfare and development (Zhu et al., 2004). It can make the employee feel able to show what they feel about their job without fear of negative consequences that will occur to them. This is in line with the definition of psychological safety which is feeling able to show and employ one's self without fear of negative consequences to self-image, status, or career (Kahn, 1990). Hence, this research shows that ethical leadership has positive effect on psychological safety. Therefore, first hypothesis is supported.

The second hypotheses also supported, which are related to the relation of ethical leadership and felt obligation for constructive change. Ethical leadership have the courage to change their moral intentions into ethical behavior (Zhu et al., 2004). Such leaders make decisions in a balanced and fair manner, and care about the circumstances and welfare of their subordinates and behave ethically, both in their personal and professional lives. Specifically, they are proactively trying to change their followers by modeling ethical behavior, designing clear ethical standards, and using rewards and punishment to ensure that these standards are followed (Chughtai 2015). This things make the employees experience a higher degree of felt obligation for constructive change, inspired from they leaders who have a high ethical sense, so that they are committed to developing new processes and correcting issues in their organization.

Organizational learning and functioning depend on the willingness of employees to give voice to their ideas, opinions, and concerns. When expressed constructively, employee voice helps groups learn, make better decisions, and identify and address problems. Yet the default tendency for employees in many

organizations is simply to remain silent; speaking up at work is perceived to be risky. Therefore with psychological safety where employees can freely and comfortably voice what they are thinking without feeling afraid that something bad will happen to them, then the possibility for moral voice to be higher. Hence the third hypothesis is supported. The fourth hypothesis also supported. Employee voice is a vital part of organizational functioning, because the ideas raised by employees can be a valuable source of innovation and a powerful impetus for change. When employees have felt obligation for constructive change, they discover speaking up as a positive means of caring for their organization and thus are more likely to engage in voice as responsible people of the organization.

The result of the study shown a similar result with previous study that ethical leadership have a positive relationship with moral voice (Liu et al. 2015). It means that the more ethical of the leader, the more able employee to express their moral voice. In this study the researcher use psychological safety and felt obligation for constructive change as mediating variable between ethical leadership and moral voice. Hypothesis 5 and 6 is supported but it is unfortunate since psychological safety and felt obligation for constructive change just partially mediated the relation between ethical leadership and moral voice. In summarize, the findings in this research provided the support for all hypotheses and were in line with the previous study.

Based on the results, both theoretical and practical implications of this research are as follows. In terms of theoretical implications, this research provides evidences that psychological safety and felt obligation for constructive change

mediated the relation between ethical leadership and moral voice. The result sharpen our understanding regarding through which ethical leadership promote employee moral voice.. As discussed earlier, the research from Lee et al (2017) was the first time that the role of ethical leadership has been examined in relation to an explicit employee moral behavior, moral voice. Furthermore, this study also provide evidence for the future research recommended by Lee et al (2015) that psychological safety and felt obligation for constructive change mediated the relation between ethical leadership and moral voice.

In terms of practical implications, the findings of this research demonstrate that ethical leadership has important role in the organization, specifically for enhancing the employees' to express their moral voice. Thus, it is important for the organizations to have such kind of leaders with ethical leadership. Organizations could utilize the human resources practices that can help in selecting ethical leaders, retaining ethical leaders, and promoting ethical leadership inside the organization itself. Some of the ways that the company can do are by hiring the leaders selectively and through several considerations related to ethical behavior. In addition, they can also provide the ethics training programs that can inspire the existing leaders to exhibit the ethical behaviors.

CHAPTER V

CONCLUSION, LIMITATION, AND FUTURE RESEARCH

5.1 Conclusion

This current study examined the impact of ethical leadership to moral voice with psychological safety and felt obligation for constructive change as the mediator. Hypotheses tested with 183 employees who work in Jakarta. The hypothesis statements were tested using Structural Equation Modelling-Partial Least Square (SEM-PLS). The result of the study shows that ethical leadership has positive and significant to both psychological safety and felt obligation for constructive change. Although however, psychological safety and felt obligation for constructive change also has positive effect but not significant to moral voice. While psychological safety and felt obligation for constructive change as the mediating role, gave a partial mediation among ethical leadership and moral voice.

This research provides important insights which contribute to the literature of ethical leadership and its relation to an explicit employee moral behavior, moral voice. The results suggest that by having ethical leaders, organizations could facilitate the employee to feel freedom and comfort in delivering voices, and also can make employees will be more involved and feel responsible in their job in order to achieve the desired goal of the organizations. Therefore, the result of this study has answered all the research question and research objectives.

Hence, this research provides significant understandings which contribute to the literature of ethical leadership and moral voice. The researcher hope that this research will inspire the other researchers to further examine the research on leadership and moral voice in a varied contexts, so that it will provide the more comprehensive picture of the role of styles of leadership in facilitating employees' voice.

5.2 Limitation and Future Research

This research has some limitations that should be noted. First, the data in this research were collected only at one time period while there were many questions that should be answered by the respondents. Beside that, the data were also self-reported. There was possibility that the data had been affected by common method variance (Podsakoff et al., 2003). To control for common method variance, researcher can separate the measurement of the predictor and criterion variables (Podsakoff et al., 2003). One of the ways to separate the measurement is by introducing a time lag between the measurement for both the predictor and criterion variables. Thus, to avoid the problem of common method variance, future research might collect the data at two time periods (Podsakoff et al., 2003). The respondents who fill out the data in the second time must be the same respondents as in the first time. For example, respondents may fill out the questionnaire measuring predictor variables at the first time of data collection, then fill out the questionnaire measuring criterion variables at the second time of data collection. Second, the sample of this research was limited to only one field

of profession and only from specific region in Indonesia which is Jakarta. Subsequently, the results cannot be generalized to other profession and another country or several regions in Indonesia. Thus, future research should examine the research model in other profession and other regions in Indonesia that the result could be used universally.

This study found that ethical leadership had an important and meaningful impact on morally courageous voice behavior. This finding, however, may not attest to the unique effect of ethical leadership beyond the contribution of other related leadership constructs (e.g., transformational leadership and authentic leadership). Also, leaders' individual characteristics such as agreeableness, conscientiousness, and moral identity have been directly or indirectly related to followers' behavioral outcomes (e.g., Mayer et al. 2012; Walumbwa and Schaubroeck 2009). Furthermore, the partial mediation of psychological safety and felt obligation for constructive change in the ethical leadership–moral voice relationship suggests the possibility of additional mediating routes through which ethical leadership fosters followers' moral voice. Future research may enhance the internal validity of our findings by including some of these variables, thereby more accurately evaluating the contribution of ethical leadership to employee ethical performance.

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APPENDICES

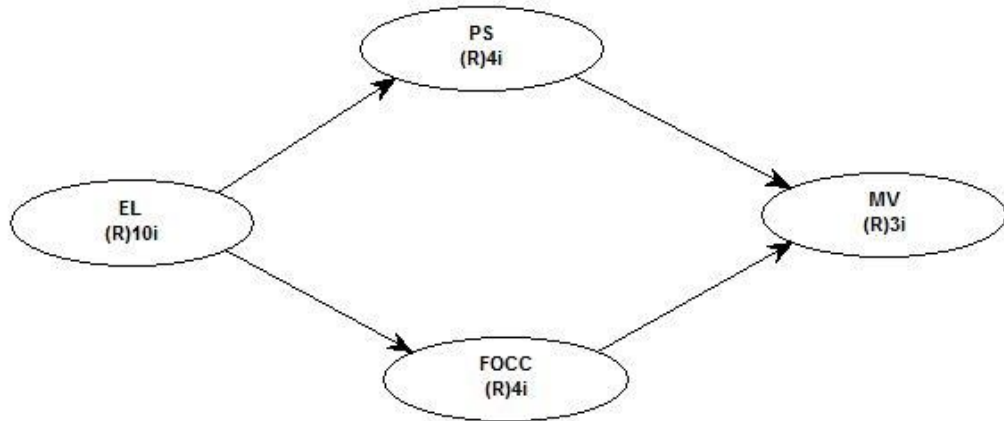


Figure 1. Research Model

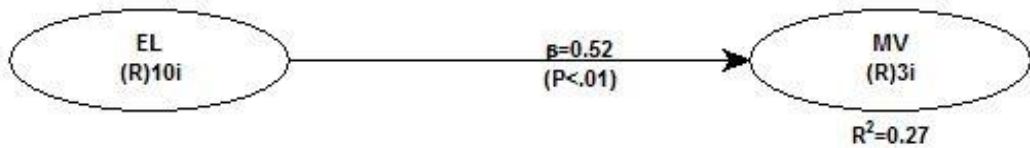


Figure 2. Direct Effect

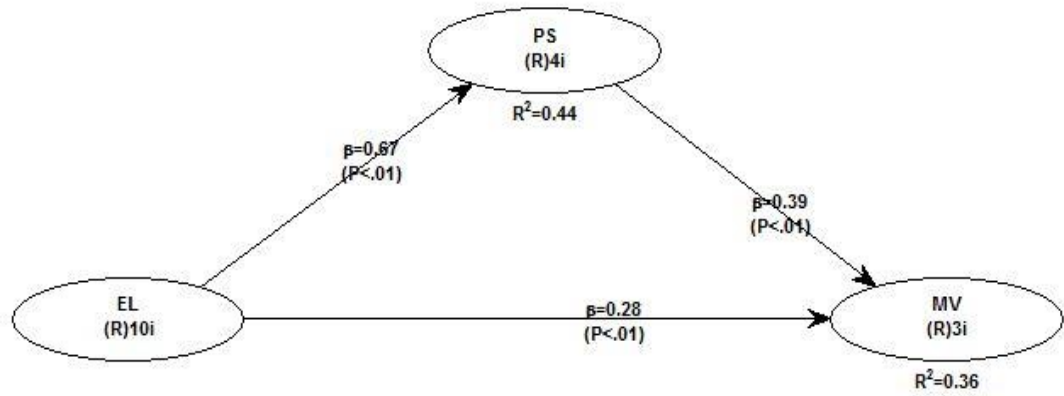


Figure 3. Mediating Effect

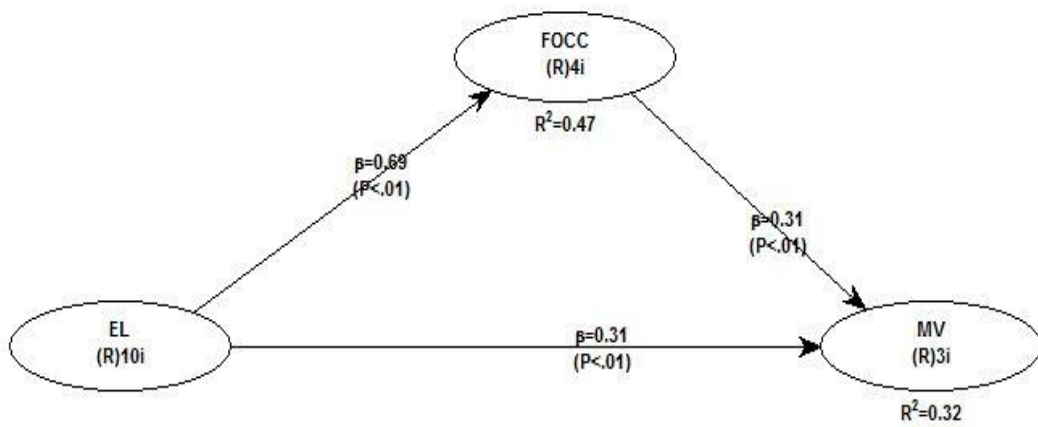


Figure 4. Mediating Effect

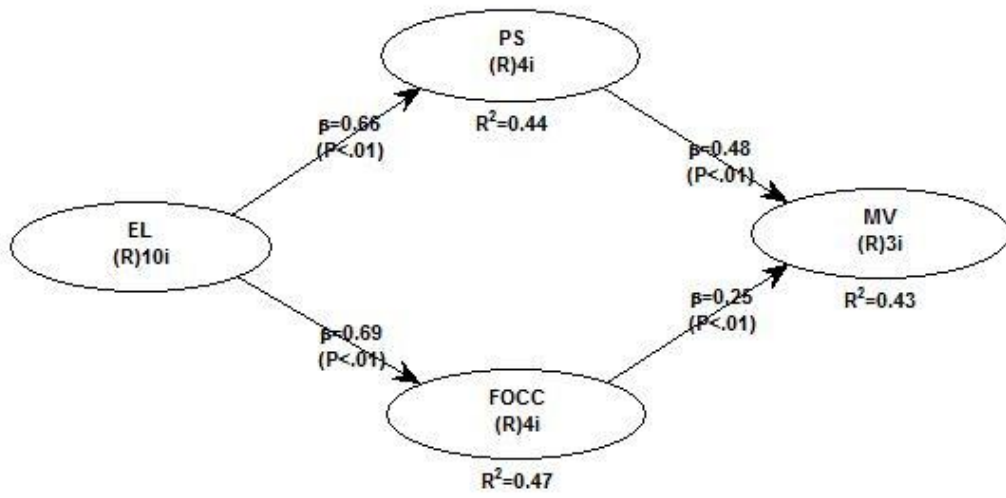


Figure 5. Full Hypothesized Model

LIST OF TABLE

Table 1. Demographic details of respondents.

Description	% of respondents
Gender	
Male	63%
Female	37%
Age	
19-23	30%
24-28	44%
29-33	13%
34-38	5%
>38	8%
Education	
SMA/Sederajat	7%
D1/D2/D3	3%
S1	76%
S2	14%
Experience	
3 months - 1 year	21%
2 year - 4 years	46%
5 years - 7 years	13%
> 7 years	20%
Job Position	
Staff	48%
Supervisor	27%
Manager	25%
Division	
Accounting	28%
Audit	17%
Finance	13%
Human Resource	11%
Marketing	22%
Taxation	9%

Table 2. Descriptive statistics and correlations

	Mean	SD	EL	PS	FOCC	MV
Ethical Leadership (EL)	3.960	0.893	0.900			
Psychological Safety (PS)	3.991	0.823	0.662*	0.743		
Felt Obligation for Constructive Change (FOCC)	3.761	0.937	0.687*		0.718	
Moral Voice (MV)	3.831	0.765		0.250*	0.485*	0.747

Elements in diagonal position (bold) represent the cronbach's alpha of each variable

*Significant at $p < 0.01$

Table 3. Reliability and convergent validity.

Instruments	Loading
Ethical Leadership (AVE = 0.532; CR = 0.918; CA = 0.900)	
EL 1	(0.733)
EL 2	(0.784)
EL 3	(0.783)
EL 4	(0.652)
EL 5	(0.819)
EL 6	(0.609)
EL 7	(0.605)
EL 8	(0.857)
EL 9	(0.781)
EL 10	(0.616)
Psychological Safety (AVE = 0.548; CR = 0.827; CA = 0.718)	
PS 1	(0.806)
PS 2	(0.815)
PS 3	(0.731)
PS 4	(0.586)
Felt Obligation for Constructive Change (AVE = 0.569; CR = 0.839; CA = 0.743)	
FOCC 1	(0.780)
FOCC 3	(0.753)
FOCC 4	(0.836)
FOCC 5	(0.633)
Moral Voice (AVE = 0.676; CR = 0.859; CA = 0.747)	
MV 1	(0.895)

MV 2	(0.920)
MV 3	(0.616)

Table 4. Discriminant Validity

	EL	PS	FOCC	MV
Ethical Leadership (EL)	(0.730)			
Psychological Safety (PS)	0.576*	(0.754)		
Felt Obligation for Constructive Change (FOCC)	0.640*	0.534*	(0.740)	
Moral Voice (MV)	0.490*	0.509*	0.619*	(0.822)

Diagonal element: square root of AVE; off-diagonal: correlation between constructs.

*Significant at $p < 0.01$

Table 5. PLS result

Variable	Path to		
	Psychological Safety	Felt Obligation for Constructive Change	Moral Voice
Direct			
Ethical Leadership (EL)			0.522*
R ²			0.272
Mediating			
Ethical Leadership (EL)	0.667*		0.278*
Psychological Safety (PS)			0.387*
R ²	0.444		0.363
Ethical Leadership (EL)		0.688*	0.306*
Felt Obligation for Constructive Change (FOCC)			0.312*
R ²		0.473	0.323
Full Model			
Ethical Leadership (EL)	0.662*	0.687*	0.091*
Psychological Safety (PS)			0.452*
Felt Obligation for Constructive Change (FOCC)			0.205*
R ²	0.439	0.472	0.435

* Significant at $p < 0.01$

Table 6. VAF (Variance Accounted For)

Description	Calculation	
Indirect Effect (EL-PS-MV)	0.667×0.387	0.258
Direct Effect (EL-MV)		0.522
Total Effect		0.780
VAF for EL-PS-MV	$0.258 / 0.780$	0.330
Indirect Effect (EL-FOCC-MV)	0.688×0.312	0.214
Direct Effect (EL-MV)		0.522
Total Effect		0.736
VAF for EL-FOCC-MV	$0.214 / 0.736$	0.290

Measurement Scales

Ethical Leadership, based on Brown et al (2005)

1. Listens to what employees have to say.
2. Disciplines employees who violate ethical standards.
3. Conducts his/her personal life in an ethical manner.
4. Has the best interest of employees in mind.
5. Makes fair and balanced decisions.
6. Can be trusted.
7. Discusses business ethics or values with employees.
8. Sets an example of how to do things the right way in terms of ethics.
9. Defines success not just by results but also the way that they are obtained.
10. When making decisions, asks “what is the right thing to do?”

Moral Voice, based on Hannah and Avolio (2010)

1. This person confronts his or her peers when they commit an unethical act.
2. This person goes against the group's decision whenever it violates the ethical standards.
3. This person always states his or her views about ethical issues to me.

Psychological Safety, based on May, Gilson, & Harter (2004)

1. In my work unit, I can express my true feelings regarding my job.
2. In my work unit, I can freely express my thoughts.
3. In my work unit, expressing your true feelings is welcomed.
4. Nobody in my unit will pick on me even if I have different opinions.
5. I'm worried that expressing true thoughts in my workplace would do harm to myself (reverse-coded).

Felt Obligation for Constructive Change, based on Eisenberger, Armeli, Rexwinkel, Lynch, and Rhoades's (2001)

1. I owe it to the organization to do whatever I can to come up with.
2. I have an obligation to the organization to voice out my own opinions.
3. I feel a personal obligation to produce constructive suggestions to help the organization achieve its goals.
4. I owe it to the organization to do what I can to come up with brilliant ideas, to ensure that our customers are well served and satisfied.
5. I would feel an obligation to take time from my personal schedule to generate ideas/solutions for the organization if it is needed.