

Effect of Ethical Leadership on Employee Performance : Mediating Role of Job Satisfaction

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Abstract

This research attempts to investigate and evaluate how ethical leadership affects worker performance by using job satisfaction as a moderating factor for PT "X" Employees. A quantitative research design was employed in this study. 112 respondents, or the whole population, were included in the study's sample. Questionnaires were distributed to each respondent as part of the data collection procedure. Testing was then used to ascertain the direct and indirect effects of the research elements. The study's outcomes indicate that employee performance is not significantly impacted by ethical leadership. Measuring employee job satisfaction revealed that ethical leadership had an impact on performance in just 26.9% of cases. Only 26.9% of employee performance, as measured by job satisfaction, was attributed to ethical leadership; the remaining percentage was explained by factors not included in the study. The study's outcome also finds that ethical leadership alone may not directly influence employee performance at PT "X". Instead, job satisfaction emerges as a mediating variable, mitigating the impact of ethical leadership on staff performance.

Keywords: ethical leadership; employee performance; job satisfaction

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Introduction

Human resource management in businesses and organizations is critical since it encompasses a variety of organizational resources, including workers, executives, and processes built into the company itself. The job of human resource management is not only the duty of its employees, but also of the company's leadership, in order for an organization to stay productive in the era of Industry 5.0, which has infinite competition. The management and empowerment carried out by the leadership towards its employees continue to be optimally developed so that it can achieve company goals. A good company grows and develops carefully and has structures for optimizing human resources to carry out their functions properly, especially in the face of the rapid technological changes that occur (Indrayani

et al., 2023). In the landscape of Industry 5.0, characterized by rapid technological advancements and intense competition, the role of human resource management is pivotal in harnessing organizational resources. This encompasses not only the workforce but also executives and internal processes. In this era, staying productive demands a concerted effort from both employees and leadership. Recognizing this, the study delves into the intricate relationship between ethical leadership, job satisfaction, and employee performance within the context of PT "X".

This research aims to unravel the complex interplay of ethical leadership, job satisfaction, and employee performance at PT "X" in the era of Industry 5.0. The primary objective is to investigate how ethical leadership shapes employee performance through the mediating

influence of job satisfaction. By explicitly examining these dynamics, the study aspires to contribute valuable insights to the evolving landscape of human resource management.

Leadership is frequently regarded as a fundamental competence and personal knowledge in management courses (Kia et al., 2019). Leadership is also defined as the ability to persuade people to perform and achieve predetermined corporate goals, as well as the ability to inspire others to work toward a common purpose (Astuti et al., 2023). The technique of steering a group in one direction is known as leadership. Meanwhile, there is a reason why moral leadership promotes psychological empowerment in order to boost employee well-being and reduce emotional exhaustion. Ethical leaders are recognized because they exhibit these characteristics, as well as humanitarian desires and moral values in both their personal and professional life (Olannye, 2021). Leadership ethics is a moral norm that may assist leaders in making decisions by creating clear differences between good and evil. Ethics leaders must also behave and think in accordance with socially accepted norms (Ouakouak et al., 2020). It is thought that an emphasis on ethical leadership will energize followers and boost job satisfaction (Qing et al., 2020).

In addition to ethical leadership, job satisfaction also needs to get the attention of management. In order to retain staff, management must be able to motivate human resources to continue being productive in carrying out their responsibilities, particularly by raising job satisfaction. HRM procedures are thought to be an effective way to promote job satisfaction among employees (Mira et al., 2019). Job satisfaction can be defined as the affective orientation of the individual towards the work role he currently occupies, and it is related to the behavior of that individual at work (Singh & Onahring, 2019). Previous research conducted (Sugianingrat et al., 2019) employee performance is not significantly

impacted by ethical leadership outcomes. On the other hand, this research differs from that of Kia et al. (2019), which found that the outcomes of ethical leadership had a major impact on worker performance. The discussion acknowledges and delves into the discrepancies between previous research findings, particularly those of Sugianingrat et al. and Kia et al. By exploring potential contributing factors to these differences, the study aims to provide a nuanced interpretation of the existing literature, adding depth to the comparative analysis.

While employee performance is the anticipated outcome desired by both the organization and its employees, essential for advancing and initiating all organizational activities to achieve the set goals (Siregar & Nasution, 2023a). (Herawati et al., 2021) also defined employee performance as the overall outcome of work activities, encompassing the feeling of pleasure both before and after completing a job. A critical aspect of this is job satisfaction, as content and happy employees tend to produce excellent work. Performance indicators encompass various factors such as sequences, accuracy of business results, production output, effectiveness, future plans, self-discipline, cooperation, and consistency.

In essence, employee performance reflects the quality and success of job-related tasks, influenced by the individual's satisfaction and the achievement of specific performance indicators. Employee performance represents the optimal outcomes of employees' efforts, serving as a manifestation of their active contribution to the company. This positive impact extends to both individual growth and the realization of company objectives (Lindawati & Parwoto, 2021). (Jufrizen & Kandhita, 2021) stated that job satisfaction is related to employee performance, the positive value signifies that as job satisfaction rises, so does employee performance. The significance of job satisfaction becomes evident as it plays a crucial

role in the company's success in accomplishing its objectives. The correlation is highlighted by the understanding that elevated job satisfaction significantly correlates with enhanced employee performance, emphasizing its pivotal role in influencing and boosting overall work effectiveness.

The narrative seamlessly transitions from the broader overview of Industry 5.0 and the importance of human resource management to the specific focus on ethical leadership. By emphasizing the role of ethical leadership in fostering employee well-being, the logical flow prepares readers for the detailed exploration of its impact on job satisfaction and, subsequently, employee performance. Expanding on the notion of ethical leadership, the study provides concrete examples and mechanisms illustrating how ethical leadership promotes psychological empowerment and reduces emotional exhaustion. This detailed explanation enhances the reader's understanding of the intricate dynamics at play within the organizational framework.

The research objectives are clearly outlined, emphasizing the significance of investigating ethical leadership, job satisfaction, and employee performance at PT "X". The study positions itself as a valuable contribution to understanding the dynamics that drive organizational success in Industry 5.0.

According to the background presentation, researchers are interested in pursuing the title "Ethical Leadership of Employee Performance through Job Satisfaction as an Intervening Variable" to investigate how ethical leadership can shape employee performance through job satisfaction at PT "X". This title encapsulates the core themes explored in the study and seamlessly leads the reader into the research objectives and methodology.

Literature Review

We use the social learning theory in this work. According to the social learning theory, moral behavior can influence workers by serving as an example (Kia et al., 2019). Social learning theory (Yang & Wei, 2017) states that people like to observe and imitate the conduct of others with higher social standing. According to (Yang & Wei, 2017), ethical leaders possess a sense of collective direction and accountability, which encourages their subordinates to act ethically and support one another through learning and replication. Ethical leaders are more likely to build a personal identification with their subordinates as a result of the subordinates internalizing the leader's ideals and developing an emotional tie or relational attachment. The identification process may result in a high degree of commitment from subordinates toward the accomplishment of organizational objectives and their leader's vision when the ethical leader demonstrates qualities like justice, honesty, integrity, and compassion (Kia et al., 2019).

Ethical Leadership

Ethical leadership (EL) is commonly known as one way of leading which it improves the quality of performance either directly or indirectly (Seth et al., 2022). This behavior is promoted by subordinates through mutual communication (Shemeis, 2023). Then, (Eluwole et al., 2022) referred to EL as showing human behavior that is strengthened by good human relations between leaders and subordinates, which improves personal relationships in organizations. In the context (Ahmad & Gao, 2018) it is stated that ethical leaders must behave ethically in their professional and personal lives, make decisions in an ethical way, and their best try make all employees behave ethically. (Hoang et al., 2023) ethical leaders have a large influence on their followers by generating an ethical climate in the firm that supports employees and makes them feel more at ease at work. And then (Brown et al., 2005) introduced more ethical leadership indicators, including the following: Living an ethical life; Finding success; Listening to coworker; Discipline coworker;

Fairness and balance; Trustworthy; Discussion of business ethics or values with employees; Giving examples; Considering the interest of coworker the interests of coworker; and Ask other opinions.

Job Satisfaction

Goal achievement and employee success can be used to determine job happiness (Dziuba et al., 2020). Job satisfaction assists businesses in increasing productivity, employee loyalty, and customer satisfaction (Ahmed et al., 2021). (Judge et al., 2003) argues that job satisfaction is defined by cognitive states that appear pleasant or good as a result of individual evaluations or work experiences, which is contained in one of the most commonly used research definitions. Job satisfaction, from (Mittal & Bhakar, 2018) is a feeling of individual goals and successes at work, according to study. It represents an individual's spirit and enjoyment at work, and it is inextricably linked to an individual's health and production, resulting in a sense of satisfaction in terms of acknowledgement, money, and self-recognition or advancement. According to (Hanaysha & Tahir, 2016) there are 4 indicators used to measure job satisfaction, namely: The job itself; Salary; Organization; and Overall work.

Employee Performance

In doing a job, someone will produce something both in the form of goods and services. A person's ability to produce something can be measured qualitatively and quantitatively, the results he achieves are called achievements. Employee performance is something that the company and its employees demand in order to develop and streamline every organizational job so that the desired goals can be fulfilled (Siregar & Nasution, 2023b).

Hypotheses

Persuading others to work together to achieve a common goal is an element of leadership. Leaders may inspire others by setting an example via their actions, according to ethical decision-making theory, since people follow and replicate what they see. According to the ethical decision-

making hypothesis, people are influenced and educated by others in their social circles. As a result, followers will accept their signals from leaders, including moral cues, and mimic the activities they observe (Schwepker & Dimitriou, 2021). Ethical leaders are bound to generate positive energy and outcomes for the employees because they perceive them to be fair, just and trustworthy. Therefore, employees who believe their leaders are fair tend to be motivated and satisfied (Fan et al., 2021). Therefore, ethical leaders set the foundation for role modelling and emulative processes that lead to subordinate emulation of their ethical leaders' committed examples (Vasudevan & Aslan, 2022). According to (Oladimeji & Abdulkareem, 2023; Siregar & Nasution, 2023a) ethical leadership has positive and significant effect on employee performance. The following theories were developed as a result of such research :

H1: Ethical leadership has a positive effect on employee performance

Several studies have discovered a correlation between moral leadership and job satisfaction, which improves performance (Freire & Bettencourt, 2020). Employee attributes can be influenced by ethical leadership through cognitive and emotional methods. This strategy's primary goal is to identify crucial positions that will support the company's long-term competitive advantage. Furthermore, a lot of studies have concluded that moral leadership plays an important role in increasing employee job satisfaction (Schwepker & Dimitriou, 2021). The following theories were developed as a result of such research:

H2: Ethical leadership is beneficial to job satisfaction.

Job satisfaction is a positive emotional state that occurs as a result of appraising one's job experience and work performed. One of the most crucial elements in assessing organizational behavior, attitudes toward the impact of work on one's living situation, and life happiness is said to be job

satisfaction. The pleasure a person feels for a role or job inside an organization is known as job satisfaction.

H3: Job satisfaction has a positive effect on Employee performance

Job satisfaction, employee performance, and ethical leadership are integral components of any organization or business. Due to the fact that in order for an organization to accomplish its objectives and produce positive outcomes, its employees must always be motivated to work appropriately and correctly (Riswanto, 2014). According to (Kristianto, 2011), an employee's degree of job satisfaction is determined by their judgment of how effectively their employment offers items that are thought significant. When it comes to how ethical leadership influences worker performance, job happiness may play a role. Employee performance will suffer if there is high ethical leadership but low job satisfaction. Nonetheless, enhanced workplace happiness and moral leadership will undoubtedly raise worker productivity.

Methods

Sample and Procedure

This study's design is quantitative research, and the object in this study is PT "X", which operates in the field of tax consulting. PT "X" is located in Solo, Central Java. PT "X" was chosen as the subject of this study because it discovered ethical leadership difficulties affecting employee performance at PT "X". The population in this research consists of all PT "X" employees, with a total of 112 persons employed by PT "X". Data for this study were gathered via questionnaires issued to PT "X" workers all at once. The research questionnaire was delivered utilizing the census approach, in which the research questionnaire was given to all PT "X" workers in the form of a googleform.

Measures

(Brown et al., 2005) indicators are used to gauge ethical leadership. Question items include "My boss is trustworthy" and "My boss listens to what employees say."

Employee Performance. Employee Performance is measured using indicators developed by Mathis and Jackson (2006). The indicator items used include "quantity of work" and "quality of work".

Job Satisfaction. Job Satisfaction is measured using indicators developed by (Hanaysha & Tahir, 2016). The indicator items used include "the job itself" and "salary".

Results and Discussion

Characteristics of Respondents

112 workers of PT "X" in Solo City, Central Java were used as respondents in this study. Table I shows the full characteristics of the respondents. According to the data in this table, women account for the vast majority of respondents who work for PT "X", with 69 individuals (61.61 percent) and 43 individuals (38.39 percent) being female. This shows that most of the jobs at PT "X" requires women's administrative skills, but does not exclude that men's roles have been considered even though they are fewer than the number of female employees.

Table 1. Characteristics of Respondents

	Characteristic	Total	Percentage
Gender	Male	24	38,39%
	Female	70	61,61%
	Total	94	100%
Age	<25 years old	20	27,68%
	25–35 years old	53	47,32%
	36–45 years old	20	19,64%
	<45 years old	1	5,36%
	Total	94	100%
Length of Work	<2 years	27	22,32%

	2–5 years	30	46,34%
	6–10 years	47	22,32%
	>10 years	10	8,93%
	Total	94	100%
Recent Education	D I	5	4,46%
	D II	2	1,79%
	D III	25	22,32%
	D IV / S1	62	71,43%
	Total	94	100%

Source: Data Processing Results (2023)

Workers with an age range of 25-30 years account for 40% of the workforce, followed by workers with an age range of 25-35 years accounting for 47.32 percent, employees with an age range of 25 years accounting for 27.68 percent, employees with an age range of 36-45 years accounting for 19.64 percent, and employees with an age range of >45 years accounting for 5.36 percent. This demonstrates that the majority of employees at PT "X" are at a very productive age, when people have the ability to direct their own career growth.

Furthermore, 71.43 percent of respondents have a DIV / S1 education, 22.32 percent have a Diploma III education, 1.79 percent have a Diploma II education, and 4.46 percent have a Diploma I education. This criterion indicates that the work at PT "X" necessitates strong strategic and administrative abilities attained at the Diploma level of study. In terms of working duration, 2-5 years of employment account for 46.43 percent, 6-10 years of work account for 22.32 percent, 2 years of work account for 22.32 percent, and >10 years of work account for 9.83 percent. This demonstrates that workers of PT "X" have a reasonably modest level of job attachment to the firm over this duration of employment.

Questionnaire's Validity and Reliability

Discriminant validity can be used to evaluate the validity of a variable's indication. This is accomplished by comparing the correlation coefficients of the model's other latent variables to

the square root of the AVE coefficient (AVE) for each latent variable. If the square root of the AVE coefficient (AVE) is greater than the correlation coefficient between the variables in the model, the indicators in the variable have significant discriminant validity. An AVE rating greater than 0.50 is considered outstanding. Table 2 shows the results of the discriminant validity computation in this investigation.

Table 2. Discriminant validity

Variable	AVE	Correlation Coefficient		
		EL	EP	JS
Ethical Leadership	0,615	0,784		
Employee Performance	0,607	0,442	0,779	
Job Satisfaction	0,646	0,600	0,500	0,804

Source: Data Processing Results (2023)

As shown in table 2, According to the results of the discriminant validity calculation, the square root of each variable's AVE coefficient (AVE) is greater than the correlation coefficient between the variables in the model. It is possible to determine that the variable's indicator has a high degree of discriminant validity. This suggests that the correlation coefficients for the other variables, which are 0.517 and 0.597, are not as high as the AVE value of 0.615 for the ethical leadership variable. Employee performance has a square root of AVE of 0.779, which is more than the correlation coefficient between employee performance and other parameters. The square root of AVE for the job satisfaction variable is 0.804.

The method used to assess the dependability of indicators derived from the variables that make up the composite reliability test is called Cronbach's alpha. The results are deemed adequate when the reliability and Cronbach composite scores are higher than 0.70. The results of the Cronbach and composite reliability measurements made using the SmartPLS 3.0 application are shown in Table 4.

Table 3. Composite reliability calculations and cronbach's α

Variable	Composite Reliability	Cronbach's α
Ethical Leadership	0,888	0,843
Employee Performance	0,860	0,784
Job Satisfaction	0,645	0,817

Source: Data Processing Results (2023)

Table 3 presents the findings from Cronbach α and composite reliability computations, which indicate that every variable has a composite reliability coefficient value between 0.645 and 0.888. Thus, the indicators that comprise the research variables are trustworthy, according to the composite's reliability. This table's Cronbach α coefficient has values between 0.784 and 0.843. Thus, the indicators employed in the research variables are dependable according to the Cronbach's α conditions.

Hypothesis Testing

In this study, hypothesis testing was carried out by taking into account the results of the PLS computations shown in Figure 1. The p-values in the model are shown by numbers; p-values less than 0.05 indicate a significant association, whereas p-values more than 0.05% do not. The direct and indirect influences in the following figure demonstrate the analysis's findings :

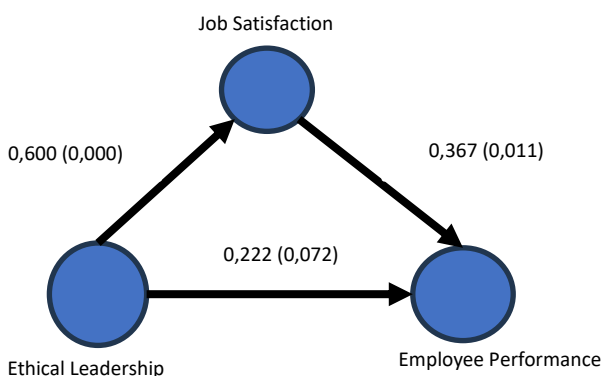


Figure 1. SmartPLS 3.0 Output

Figure 1 shows that the study's test of the direct relationship between employee performance

characteristics and ethical leadership had a significant value of 0.072 and a coefficient path value of 0.222. Conversely, the direct effect of moral leadership on job satisfaction has a significance value of 0.000 and a path coefficient value of 0.600. Additionally, the path coefficient and significance value for the direct relationship between job satisfaction and employee performance are 0.367 and 0.011, respectively. This proves that moral leadership has no bearing on workers' output. The results of the indirect influence of this study are explained in the following table.

Table 4. Indirect Effects of X on Y Through Z

Variable	Path Coef fi- cient	P- Value	Sig. (5%)	Result
Ethical Leadership->Job Satisfaction-> Employee Performance	0,220	2,226	0,05	Positive Significant

Source: Data Processing Results (2023)

The effect of ethical leadership on employee performance via job satisfaction has a coefficient path value of 0.220 with a significance value of 0.05, according to table 4 in this study. This suggests that work happiness can positively and significantly moderate the impact of ethical leadership on employee performance.

Discussion

The Effect of Ethical Leadership on Employee Performance

The data rejected the study's first hypothesis, demonstrating that moral leadership at PT "X" had no visible impact on worker performance. The study's findings corroborated those of earlier investigations by (Alkhadra et al., 2023; Sugianingrat et al., 2019; Ouakouak et al., 2020; Yang & Wei, 2017), which discovered that

moral leadership has no direct or indirect significant impact on worker performance.

Based on the results of the data processing carried out, it can be concluded that the existence of ethical behavior indicators shown by the leadership at PT "X" is not felt by employees at PT "X". This is because the performance of employees at PT "X" itself can be said to have run in such a way without any ethical behavior demonstrated by their superiors. This is in line with the findings expressed by (Ayu Putu Widani Sugianingrat et al., 2019), which states that ethical leadership has no effect on employee performance because employee performance has run in such a way without requiring the role of ethical leadership values. Moreover, with the conditions at PT "X" where the majority of employees have worked for approximately 6-10 years, this means that employees at PT "X" also have stable performance regardless of whether or not there is the influence of ethical leadership shown by their superiors.

Apart from the situation that occurred at PT "X", the result that ethical leadership does not have a significant effect on employee performance can also be seen from the indicators measured, especially the outer loading value of employee performance indicators. When processing the data in this research, the outer loading values obtained for each indicator were 0.822, 0.830, 0.712 and 0.746. The existence of these outer loading results shows that employee performance at PT "X" has also reached a fairly good stage regardless of the presence or absence of ethical behavior shown by superiors.

The Effect of Ethical Leadership on Job Satisfaction

The second study hypothesis was accepted based on the findings, which indicated that moral leadership in PT "X" has a favorable and significant impact on job satisfaction. The study's findings corroborated those of other investigations by (Ren & Chadee, 2017), (Aftab et al., 2022),

(Ahmad & Umrani, 2019), and (Freire & Bettencourt, 2020), which discovered a substantial direct or indirect impact of ethical leadership on job satisfaction.

Based on the results of data processing, the ethical behavior in leadership shown by superiors at PT "X" seems to have a strong impact on the job satisfaction of PT "X" employees. This can be seen from the path coefficient value between ethical leadership and job satisfaction, where the path coefficient value is 0.600. This path coefficient value is also the largest value of the path coefficient value among the other variables, where the path coefficient value between ethical leadership and employee performance is 0.222, and the path coefficient value between job satisfaction and employee performance is 0.367. In other words, ethical leadership has the greatest influence on job satisfaction.

Apart from the path coefficient value explained above, this research also looked at the outer loading value of the ethical leadership indicator. Based on the results of data processing, it was noted that high outer loading values were found in indicators that spoke about making fair and balanced decisions, listening to employees' words, disciplining employees who violate ethical standards, considering the best interests of employees, and an attitude that can be trusted by the employees. In other words, employees at PT "X" feel satisfied at work because of the ethical behavior shown by their superiors in accordance with these characteristics.

The Effect of Job Satisfaction on Employee Performance

The third hypothesis in this study was accepted since the data showed that job satisfaction had a favorable and significant impact on employee performance at PT "X". The study's findings corroborated those of earlier investigations by (Harris et al., 2017; Pio, 2022; Schwepker & Dimitriou, 2021; Siengthai & Pila-Ngarm, 2016),

which found a direct or partially positive and significant relationship between job satisfaction and employee performance.

Based on the results of data processing, the results showed that job satisfaction experienced by PT "X" employees had a moderate influence on the performance of PT "X" employees. This can be seen from the path coefficient value of the relationship between job satisfaction and employee performance, where the path coefficient value of the relationship between job satisfaction and employee performance is 0.367. This means that job satisfaction has a positive influence on employee performance, but it does not have a very significant effect.

Apart from the path coefficient values explained above, this research also looks at indicators of job satisfaction to see the influence of job satisfaction on employee performance. In processing the data in this research, the results obtained were that adequate salaries, choosing the right company to work for, recognition from superiors and fellow employees, and the work carried out made employees at PT "X" feel satisfied at work. The existence of satisfaction based on these things brings PT "X" employees towards even better performance.

The Effect of Ethical Leadership on Employee Performance Through Job Satisfaction as an Intervening Variable

However, the intriguing aspect of our findings emerges in the fourth finding, where we explored the mediating role of job satisfaction in the relationship between ethical leadership and employee performance. Contrary to expectations, the data indicate that ethical leadership alone may not directly influence employee performance at PT "X". Instead, job satisfaction emerges as a mediating variable, mitigating the impact of ethical leadership on staff performance. This implies that the relationship between ethical leadership and employee performance may be contingent upon the

levels of job satisfaction among employees. In essence, our results suggest that the positive influence of ethical leadership on employee performance is channeled through the mediating effect of job satisfaction, unveiling a more nuanced understanding of the dynamics at play within the organizational context of PT "X".

To provide a more comprehensive understanding, future research may delve into the specific dimensions of ethical leadership, such as transparent communication, fairness, and moral guidance, to unravel the mechanisms through which these elements impact job satisfaction and, subsequently, employee performance. Furthermore, acknowledging any variations in methodologies or contextual factors between our study and the cited research can contribute to a nuanced interpretation of our findings. These insights not only contribute to the academic discourse surrounding ethical leadership but also offer practical implications for organizations navigating the challenges of Industry 5.0.

Conclusions

Several conclusions came from this investigation, including the following: To begin with, research has demonstrated that employee performance remains unaffected by ethical leadership. PT "X"'s performance does not significantly improve when the value of leadership is increased. Second, research shows that ethical leadership has a major impact on job contentment. It has been established that the higher the level of activity or conduct of their leaders at work, the greater the possibility of enhanced employee job satisfaction. The third study revealed that job happiness has a significant impact on employee performance, and that higher levels of job satisfaction can improve employee performance. According to the study, the higher an employee's compensation, the appropriate workload, and organizational characteristics can enhance that employee's performance. Fourth, research has

demonstrated that job happiness moderates the association between ethical leadership and employee performance. This is a study of PT "X" personnel that found that ethical leadership roles can boost employee performance when individuals are happy with their jobs.

Research Implications

The outcomes of this investigation were consistent with the notions employed in the presentation. Some theoretical ramifications of the research findings could be provided based on all of this. The combination of three options: contentment According to Ethical Leadership, Job Satisfaction, and Employee Performance, enhancing ethical leadership standards—which are heavily influenced by job satisfaction—may be a prerequisite for improving employee performance. Ethical leadership cannot influence employee performance without the function of work happiness. The practical implications for management and employees are as follows: ethical leadership is one of the keys to boosting employee performance via job happiness.

Limitation of Research

Job satisfaction influences PT employees' performance, and this study develops an integrated model of ethical leadership and job satisfaction PT "X" in Solo, Central Java. However, it is recognized that there are still limitations that make this research not perfect, namely: Sampling only uses one of the companies engaged in services in Solo, Central Java where there are still many other competing companies that may provide different findings or results.

Theoretical Recommendations

First, given the limits of this study, additional research on service-related businesses in other or larger regions may be conducted. Second, using PT "X" as a comparative material, research can be undertaken by investigating difficulties connected to ethical leadership, job happiness, and employee

performance. Third, researchers need to develop other variables that lead to improved employee performance, which may produce different findings.

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