

Influence of a Leader's Integrity and Organisational Transparency on Employee Engagement: The Mediating Role of Psychological Empowerment among Australian Employees

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Abstract

The impact of a leader's integrity on organizational and employee effectiveness has been a relatively unexplored area. Recent research delves into the influence of perceived leader integrity (PLI) and organizational transparency (OT) on employee engagement (EE), with psychological empowerment (PE) as a mediating factor. Utilizing a purposive sampling technique, Australian employees (N=763; Mean Age=36.10 years, SD=9.46) were recruited through an online survey. Results indicated that strong leader's-integrity contributes to enhanced OT, increased levels of PE, and heightened EE. Additionally, OT positively correlates with both PE and EE. A strong connection is established between PLI, OT, PE, and elevated EE levels. Notably, PE emerges as a complete mediator in the relationship between PLI, OT, and EE, underscoring their interconnectedness in fostering a positive workplace environment. These findings suggest that organizations can foster a vibrant and engaged workforce through customized management training that prioritizes integrity as a fundamental job requirement.

Keywords: leader's integrity, organisational transparency, employee engagement, psychological empowerment, ethical leadership, employees, Australia

Practitioner Points

- *Building Trust through Leadership:* Our study highlights how leader integrity and transparency foster employee empowerment and engagement, which are vital for a motivated workplace.
- *Empowerment's Mediating Role:* We find that psychological empowerment links leader integrity, transparency, and engagement, suggesting a practical method for enhancing outcomes.
- *Practical Approaches:* Introducing ethical leadership training and integrating integrity requirements can establish trust, autonomy, and enthusiasm, promoting a thriving workplace.
- *Leadership Impact:* Ethical leaders create a positive atmosphere, encouraging decision-making and ownership for engaged teams.

Introduction

The perception of a leader's integrity (PLI) in organisational outcomes has gained increased research attention. Clayton and George (2022) stated that we want leaders who "lead with purpose, principles, and ethics; leaders who establish enduring organisations, inspire their staff to deliver excellent customer service, and produce long-term value for shareholders." Seifu and Jalata (2022) used the principles of reciprocity and value congruence to explain how genuine leaders establish positive social exchanges with employees. For example, employees report feeling positive energy in corporate environments when their leader is unbiased, communicates honestly with their employees, and demonstrate integrity, fairness, and ethical standards (Baquero, 2023). In addition, employees are less likely to commit offences when they think their leader is honest and trustworthy (Baquero, 2023). Researchers have long held that ethical standards are vital to developing moral behaviour in employees and essential for the success and flourishing of organisations and their workforces (Ruehle, 2023). Consequently, leaders must set ethical standards for their employees to stop actions that damage an organisation's welfare (Liza & Moscosa, 2023). Jiang and Luo (2018) highlighted the direct impact of authentic leadership, transparent organisational (TO) communication, and employee engagement (EE) on employee trust. Notably, transparent organisational communication and EE mediated authentic leadership's influence on trust. This emphasises the crucial role of transparent organisational communication in translating authentic leadership into trust. According to Avolio et al. (2004), the development of a leader's integrity is a process that results from their ability to exercise healthy psychological traits, with self-awareness and self-control serving as the main foundations. However, researchers have not yet thoroughly defined the nature of a leader's integrity nor its sources and impacts (Shabir & Muazzam, 2022). According to the Gallup Institute, 85% of employees worldwide are not actively engaged within their organisation (Farley, 2023). Indeed, the success of an organisation depends on its ability to engage its employees (Malhotra & Pachauri, 2023). Engaged employees demonstrate better performance and job satisfaction regarding a strong commitment to their jobs and work activities

(Prasetya, Putra, & Sultan, 2023). Obuba (2023) has recently demonstrated that leadership integrity improves EE by helping employees build on and identify their strengths.

In recent years, researchers have investigated the impact of EE on organisational outcomes (Venkataramanan, 2023). For example, higher-engaged employees are less likely to plan to leave their jobs (Nakinaalwa, 2023). EE has also been linked positively to many organisational outcomes, including job satisfaction, psychological wellbeing, and organisational commitment (Aslam & Siddiqui, 2023). EE can lower the risk of employee turnover, increase customer satisfaction, increase organisational productivity, and create a more efficient and productive workforce (Singh et al., 2023). Suifan et al. (2020) examined the interplay of PE, organisational identification, leaders' integrity, and turnover intention among medium and top banking executives (N=324). Their study established that leader integrity reduces the turnover likelihood. Moreover, PE and organisational identification partially moderate the relationship between leader integrity and turnover intention.

Whitt (2023) recently concluded that PE is the main factor that sets honest leadership actions apart from other leadership theories. It includes assigning duties to employees and improving their empowerment in their capacity to come up with original and creative ideas. To empower, rather than control their employees, ethical leaders place more value on their initiative and autonomy. According to Kimakwa, Gonzalez, and Kaynak (2023), leaders with integrity develop an employee's sense of empowerment and serve as a motivator for those who endeavour to achieve them. According to White (2023), leaders with integrity inspire and empower their employees by generating passion for goal attainment and offering encouragement and appreciation for their jobs. Still, they also do so by guiding them directly toward worthy and vibrant purposes. Qing (2020) noted that PE may be a possible mediator in the relationship between moral leadership and employee attitudes (i.e., emotional commitment and work satisfaction); Specifically, Qing surveyed 467 employees from the Chinese public sector and demonstrated that whereas the relationship between moral leadership and job satisfaction was only somewhat mediated by PE, the correlation between ethical leadership and emotional commitment was entirely mediated by PE.

Similarly, Joo and Jo (2017) examined the relationship between organisational citizenship behaviour (OCB) and the perceived authentic leadership of supervisors and employees and the function of PE as a partial mediator of those interactions. The individual perceptions of employees working for one of the top corporations in Korea were collected. A sample of N=374 employees was examined. The authors reported that perceived authentic leadership, core self-evaluation, and PE significantly impacted employees' OCB. Likewise, Kim and Kim (2013) examined South Korean organisations, showing that OCB toward leaders and employee task performance positively correlated with leaders' moral competence. As anticipated, employees' PE somewhat mediated the association between leaders' moral competence, workers' task performance, and OCB towards leaders. However, Aggarwal, Dhaliwal, and Nobi (2018) revealed a positive relationship between women's EE and PE in organisations. Women employees have a high level of work engagement and commitment if they are psychologically satisfied, leading to high organisational success.

Despite the paucity of theoretical and empirical studies in this area, the current study sought to examine the link between PLI, OT, and EE and the mediating role of PE. A leader's integrity and OT are fundamentally critical to PE and EE. Unlike other leadership philosophies, leaders with integrity encourage individuals to feel empowered and promote corporate success (Yadav, Prakash, & Dalal, 2023). However, unethical actions significantly impact EE (Zhu, 2023). On the other hand, the influence of an employee's recognition and involvement inside a particular organisation can be defined as ethical leadership. This influence can be divided into three categories: organisational factors, personal factors, and work-related variables (Susanto, 2023).

Despite limited prior research, this study aimed to explore the connections between PLI and OT on EE and PE as a mediator. It was hypothesised that a leader's integrity and OT play crucial roles in PE and EE. For example, leaders with integrity empower individuals and contribute to corporate success (Yadav, Prakash, & Dalal, 2023). Conversely, unethical behaviour negatively affects EE (Zhu, 2023). Ethical leadership, which encompasses organisational, personal, and work-related factors, also impacts employee recognition and involvement within an organisation (Susanto, 2023).

The current study aimed to explore two research questions:

1. Is there a relationship between PLI, OT, PE, and EE? and
2. Does PE act as a mediator in the relationship between PLI, OT, and EE?

Hypothesis

- H1. There would be a significant positive relationship between PLI, OT, PE, and EE.
- H2. PE would mediate the relationship between PLI, OT, and EE.

Methodology

Sample

Seven hundred and sixty-three participants (n=365 men; n=398 women) were recruited for this study. Purposive sampling, a non-probability sampling approach, was used as the strategy. The following criteria were considered while recruiting the sample: i) aged 18 years or older, ii) currently employed by an Australian private and public organisation., iii) an Australian citizen, and iv) not a manager/supervisor (i.e., immediate bosses). The participants' average age was 36.10 years (SD=9.46), and their average current organisational experience was 10.18 years (SD=79.74).

Measures

Demographic Information Questionnaire

Using a demographic information questionnaire, the participant's age, gender, level of education, number of years spent working for the organisation, salary range, and other details were examined.

Perceived Leader's Integrity Assessment Scale (PLIAS)

The PLIAS is a 35-item scale that assesses a leader's integrity perceived by their employees (Shabir, Muazzam & Koppel, 2022). Each item is rated on a 4-point Likert scale (where 1=always, 4=never). The Cronbach's alpha is 0.93. This scale has five factors: ethical behaviour, immoral behaviour, unethical conduct, supportive behaviour, and positive attitude. Ethical behaviour, supportive behaviour, and positive attitude are reverse-coded subscales.

Organisational Transparency (OT) Scale

The OT was measured using the OT scale developed by Rawlins (2008), which is a 38-item scale. Each item is rated as a 7-point Likert scale (1=strongly disagree, 7=strongly agree). Cronbach's alpha of this scale is 0.97.

Psychological Empowerment (PE) Scale

The PE scale is a 12-item scale that assesses employees' perception of their own PE (Spreitzer, 1997). Each item is rated on a 7-point Likert scale (where 1=very strongly disagree, 7=very strongly agree). This scale consists of four subscales: meaning, competence, self-determination, and impact. The Cronbach's alpha of this scale is 0.83.

Intellectual, Social, Affective (ISA) Engagement Scale

EE was measured using the ISA engagement scale. The ISA scale is a 9-item scale that assesses the degree to which an individual is intellectually, socially, and emotionally engaged in the workplace (Soane, Truss, Alfes, Shantz, Rees, & Gatenby, 2012). Each item is rated on a 7-point Likert scale (where 1=strongly disagree, 7=strongly agree). This scale consists of three subscales: intellectual engagement, social engagement, and affective engagement. The Cronbach's alpha is 0.88.

Results

The current study aimed to explore the relationship between PLI, OT, PE, and EE and the role of PE as a mediator in this relationship. To explore these connections, we used a statistical method called the Pearson product-moment correlation coefficient to measure how these variables are linked. We also conducted a detailed mediation analysis to investigate whether PE plays a role in mediating the relationships between PLI, OT, and EE. These analyses gave us a better understanding of how factors like PLI, OT, and EE are connected, especially when PE acts as a mediator.

TABLE 1

DESCRIPTIVE STATISTICS OF DEMOGRAPHIC CHARACTERISTICS OF PARTICIPANTS (N=763).

Variables	M (SD)	f (%)
Gender		
Men		365 (47.8%)
Women		398 (52.2%)
Age	36.10 (9.46)	
Marital Status		
Single		166 (21.8%)
Married		597 (78.2%)
Highest level of Education		
High School		292 (38.2%)
Undergraduate		262 (34.4%)
Postgraduate		209 (27.4%)
Income (Yearly)		
≤ \$50,000		68 (8.9%)
\$50,001 - \$150,000		529(69.3%)
\$150,001 - \$250,000		160 (21%)
≥ \$250,001		6 (0.8%)
Current organisation working experience (years)	10.18 (79.74)	
Total working experience (years)	14.38 (73.65)	

Note. M=Mean, SD= Standard Deviation, f= Frequency

The results in Table 1 showed descriptive statistics of demographic characteristics of participants. Table 2 showed that when leaders are perceived to have strong integrity, it is associated with greater transparency in the organisation (OT) and increased PE and EE in employees. Higher OT is also associated with higher PE and EE. Moreover, higher PE is associated with higher EE.

TABLE 2**CORRELATION BETWEEN STUDY VARIABLES (N=763).**

Variables	1	2	3	4
PLIS	-	.783**	.751**	.780**
OT		-	.692**	.645**
PE			-	.726**
EE				-

**p<.000

TABLE 3

CORRELATION MATRIX BETWEEN PLI, OT, PE, AND EE AND THEIR SUB-SCALES (N=763).

Sr. No.	Variables	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1.	PLI	-	.580**	.768**	.866**	.777*	.591**	.787**	.776**	.667**	.675**	.677**	.771**	.709**	.796**	.766**	.667	.751**	.697**	.716**	.776**	.756**	.780**	.770**	.669**	.681**
2.	EB		-	.665**	.767**	.708**	.670**	.769**	.606	.660	.500**	.668**	.656**	.665**	.688*	.661**	.671	.707	.710	.607**	.768	.696*	.616	.691*	.675	.668
3.	IM			-	.566**	.689**	.767**	.585**	.698**	.587**	.669**	.577**	.551**	.566**	.566**	.558**	.609	.667**	.666**	.599**	.616**	.556**	.677**	.660**	.567**	.665**
4.	UC				-	.695**	.696**	.678**	.560**	.696**	.717**	.611**	.678**	.667**	.665**	.601**	.677	.615**	.779**	.761**	.607**	.661**	.656**	.786**	.777**	.759**
5.	SB					-	.661**	.679**	.567**	.701**	.710**	.666**	.676**	.661**	.658**	.660**	.669	.786**	.705**	.697**	.776**	.665**	.615**	.759**	.696**	.769**
6.	PA						-	.567**	.660	.567**	.578**	.566**	.687*	.665	.576**	.506**	.675*	.606**	.579**	.569**	.586**	.508**	.665**	.666**	.565**	.567**
7.	OT							-	.783**	.706**	.805**	.796**	.860**	.865**	.811**	.860**	.657**	.692**	.679**	.681**	.686**	.577**	.645**	.716**	.666**	.568**
8.	Overall Trust								-	.767**	.661**	.769**	.619**	.607**	.607**	.769**	.706**	.601**	.767**	.669**	.695**	.766**	.791**	.686**	.700**	.778**
9.	OT Competence									-	.568**	.566**	.567**	.579**	.556**	.555**	.698**	.688**	.619**	.681**	.797**	.780**	.677**	.701**	.755**	.658**
10.	OT Integrity										-	.660**	.656**	.651**	.578**	.667**	.607**	.688**	.606**	.619**	.799**	.676**	.655**	.666**	.756**	.656**
11.	OT Goodwill											-	.666**	.666**	.596**	.676**	.668**	.675**	.770**	.797**	.789**	.667**	.797**	.775**	.769**	.666**
12.	OT Overall Transparency												-	.717**	.657**	.675**	.679**	.681**	.608**	.667**	.758**	.661**	.676**	.667**	.767**	.668**
13.	OT Participative													-	.678**	.687**	.697**	.656**	.769**	.788**	.607**	.667**	.616**	.617**	.756**	.606**
14.	OT Substantial Information														-	.667**	.669**	.679**	.798**	.661**	.790**	.607**	.697**	.717**	.619**	.676**

15.	OT Accountability	-	.777**	.666**	.765**	.786**	.790**	.678**	.797**	.601**	.767**	.799**
16.	OT Secrecy	-	.696**	.669**	.778**	.671**	.656**	.665**	.679**	.669**	.660**	
17.	PE	-	.751**	.666**	.818**	.760**	.726**	.556**	.507**	.657**		
18.	Meaning	-	.666**	.568**	.661**	.666**	.577**	.676**	.589**			
19.	Competence	-	.687**	.701**	.696**	.668**	.756**	.775**				
20.	SD	-	.688**	.577**	.669**	.799**	.566**					
21.	Impact	-	.677**	.680**	.758**	.676**						
22.	EE	-	.780**	.776**	.807**							
23.	Intellectual EE	-	.678**	.677**								
24.	Social EE	-	.675**									
25.	Affective EE	-										

Note. **p< .000, PLI= Perceived Leader's Integrity, EB= Ethical Behaviour, IB= Immoral Behaviour, UC=Unethical Conduct, SB= Supportive Behaviour, PA=Positive Attitude, OT= Organisational Transparency, PE= Psychological Empowerment, SD= Self-Determination, EE= Employee's Engagement

Table 3 revealed several significant correlations between study variables. PLI showed a strong positive correlation with various dimensions, including: ethical behaviour, immoral behaviour, unethical conduct, supportive behaviour, positive attitude, and all dimensions of organisational transparency. Positively linked to PE across all dimensions and employee engagement across all dimensions. OT positively correlated with overall trust, competence, integrity, goodwill, transparency, participative behaviour, information sharing, accountability, and secretive behaviour. There is a strong positive correlation between psychological empowerment and employee engagement across all its dimensions. PE positively correlated with all its dimensions: meaning, competence, self-determination, and impact. Strong positive correlation with employee engagement across all its dimensions. EE positively correlated with all its dimensions: intellectual, social, and affective engagement. These findings highlight the correlation between different factors in a work environment. Leaders' integrity and organisational transparency are key drivers of psychological empowerment and employee engagement. These positive associations underscore the importance of a leader's integrity, OT, and empowering work environment in promoting EE.

TABLE 4**MEDIATION ANALYSIS OF PE BETWEEN PLI AND EE (N=763).**

Variables	B	SE	p	t
Model I				
PLI → PE	.351	.034	.000	10.33
Model II				
PLI → EE	.357	.031	.000	11.35
Model III				
PLI → EE	.135	.025	.000	5.49
PE → EE	.633	.025	.000	25.89

Note. * $p < 0.001$, PLI= Perceived Leader's Integrity, PE=Psychological Empowerment, EE= Employee Engagement

Table 4 indicated a statistically significant positive direct effect ($B = 0.351$, $SE = 0.034$, $p < 0.001$) from PLI to PE. This suggests that employees who hold perceptions of high integrity in their leaders are more inclined to experience greater levels of PE. This relationship underscores the role of leadership integrity in fostering employees' sense of empowerment. In Model II, our results revealed a positive and statistically significant direct effect ($B = 0.357$, $SE = 0.031$, $p < 0.001$) from PLI to EE. This implies that a perception of high leader integrity correlates with higher levels of EE, emphasising the impact of leader integrity on workforce engagement. Model III extended our understanding by incorporating PE as a mediating factor. The results indicated a positive and statistically significant direct effect ($B = 0.135$, $SE = 0.025$, $p < 0.001$) from PLI to EE while accounting for the mediating influence of PE. This suggests that when employees perceive their leaders as having integrity and concurrently experience PE, they are more likely to exhibit heightened levels of EE. This finding underscores the dual role of both leader integrity and PE in shaping EE dynamics within the workplace. Our research highlights the link between PLI, PE, and EE. The findings underscore the importance of leadership qualities and employee perceptions in fostering a workplace environment conducive to enhanced engagement.

TABLE 5

STANDARDISED DIRECT AND INDIRECT EFFECT OF PSYCHOLOGICAL EMPOWERMENT BETWEEN PERCEIVED LEADERS' INTEGRITY AND EMPLOYEES' ENGAGEMENT (N=763).

Variables	Direct Effect	Indirect Effect	CI		t	Conclusion
			BootLLCI	BootULCI		
PLI → PE → EE	.135	.222	.2951	.4185	11.35	Fully Mediate

Note. * $p < 0.001$, PLI= Perceived Leader's Integrity, PE=Psychological Empowerment, EE= Employee Engagement

Table 5 observed a significant and direct impact of PLI on PE ($B = 0.351$, $SE = 0.034$, $p < 0.001$). This suggests that when employees perceive their leaders as having strong integrity, they are more likely to experience higher levels of PE. Secondly, when we introduced PE as a mediating factor, we still found a significant and direct relationship between PLI and EE ($B = 0.135$, $SE = 0.025$, $p < 0.001$). This indicates that even when considering PE, the influence of PLI on EE remains noticeable. Notably, the direct effect size between PLI and EE is relatively small, which implies a full mediation of PE. In essence, this means that PE acts as the complete mediator between PLI and EE. This mediation effect is evident because the direct influence of PLI on EE becomes nearly negligible when PE is considered. In conclusion, our study supports the notion that PE plays a pivotal role in explaining how PLI impacts EE, showcasing a strong mediation effect.

TABLE 6

MEDIATION ANALYSIS OF PSYCHOLOGICAL EMPOWERMENT BETWEEN ORGANISATIONAL TRANSPARENCY AND EMPLOYEES' ENGAGEMENT (N=763).

Variables	B	SE	p	t
Model I				
OT → PE	.214	.011	.000	20.28
Model II				
PE → EE	.184	.010	.000	17.94
Model III				
OT → EE	.059	.010	.000	5.85
PE → EE	.582	.028	.000	20.52

Note. * $p < 0.001$, OT=Organisational Transparency, PE=Psychological Empowerment, EE= Employee Engagement

Table 6 demonstrated a statistically significant positive direct effect ($B = 0.214$, $SE = 0.011$, $p < 0.001$) from OT to PE. This signifies that employees who place trust in OT are more inclined to experience higher levels of PE. This highlights the impact of transparency on employees' sense of empowerment. In Model II, our investigation revealed a positive and statistically significant direct effect ($B = 0.184$, $SE = 0.010$, $p < 0.001$) from OT to EE. This suggests that when employees perceive transparency in the organisation, it relates to greater levels of EE. This underscores the role of transparency in fostering engagement. In Model III, when we introduced PE as a mediator, we found a significant and positive direct effect ($B = 0.059$, $SE = 0.010$, $p < 0.001$) from OT to EE. This indicates that even when considering PE, the connection between OT and EE remains strong. The direct effect size is relatively moderate, suggesting PE as full mediator. In essence, this implies that PE fully mediates the relationship between OT and EE. In other words, the impact of transparency on EE is entirely

explained by the positive influence of PE. In conclusion, our research underscores the pivotal role of PE as a complete mediator between OT and EE, illustrating the interconnectedness of these factors in shaping a positive and engaged workplace environment.

TABLE 7

STANDARDISED DIRECT AND INDIRECT EFFECT OF PSYCHOLOGICAL EMPOWERMENT BETWEEN ORGANISATIONAL TRANSPARENCY AND EMPLOYEES' ENGAGEMENT (N=763).

Variables	Direct Effect	Indirect Effect	CI		t	Conclusion
			BootLLCI	BootULCI		
OT → PE → EE	.059	.124	.1642	.2045	17.94	Fully Mediate

Note. * $p < 0.001$, PLI= Perceived Leader's Integrity, PE=Psychological Empowerment, EE= Employee Engagement

Table 7 focused on the role of PE as a bridge between OT and EE. The findings highlight a significant link between OT and PE ($B=.214$, $SE=.011$, $p<.001$). When an organisation is more transparent, it positively influences employees' feelings of empowerment. Furthermore, even when taking into account the impact of PE, the direct link between OT and EE remains meaningful. This indicates that OT has a direct effect on EE, but this effect is partially explained by PE ($B=.059$, $SE=.010$, $p<.001$). Interestingly, the strength of the direct relationship between OT and EE is relatively weak. This suggests that PE fully mediates the link between OT and EE. The reason why OT affects EE is largely because it enhances employees' sense of PE. It's like PE acts as the middle ground that makes the relationship between transparency and engagement stronger and more impactful.

TABLE 8

PSYCHOLOGICAL EMPOWERMENT AS PREDICTORS OF PERCEIVED LEADER'S INTEGRITY, ORGANISATIONAL TRANSPARENCY AND EMPLOYEE'S ENGAGEMENT (N=763).

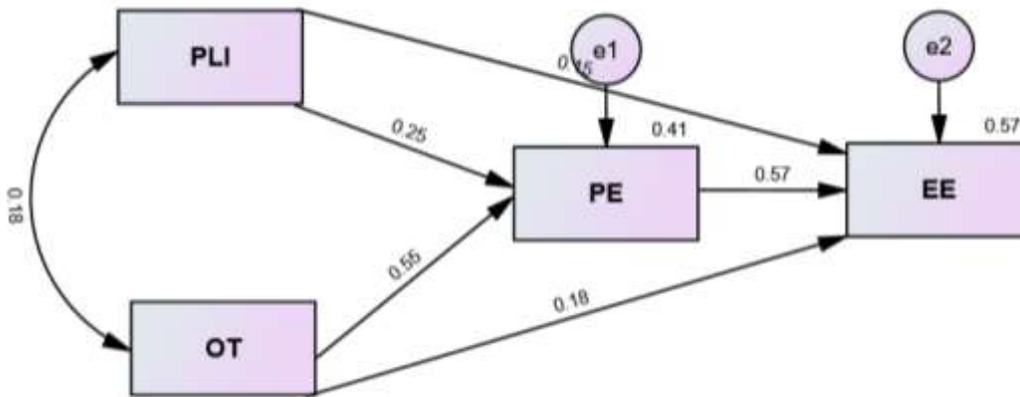
Predictors	ΔR^2	β	R^2
Step I			.14
Perceived Leader's Integrity	.380**	.380**	
Step II			.37
Perceived Leader's Integrity	.615**	.290**	
Organisational Transparency		.492**	
Step III			.56
Perceived Leader's Integrity	.753**	.149**	
Organisational Transparency		.183**	

Note. ** $p < .001$

Table 8 showed that PLI has a significant effect on EE ($F = 128.783, p < 0.001$). This means that how trustworthy leaders are impacts how engaged employees are. The value of R^2 , which is 0.14, indicates that 14% of the changes in EE can be explained by PLI. When both PLI and OT are considered, they together predict EE ($F = 231.701, p < 0.001$). In this case, the R^2 value is 0.37, meaning that 37% of the changes in EE are explained by both PLI and OT. When adding PE, the combination of PLI, OT, and PE predicts EE ($F = 33.627, p < 0.001$). The R^2 value is 0.56, indicating that 56% of the changes in EE can be explained by the interplay of PLI, OT, and PE. In summary, the results suggest that these factors are important predictors of EE, and the overall model fits the data well.

FIGURE I

STANDARDISED PATH MODEL (N=763)



Note. The standardised path model depicts PE as a mediator among the PLI, OT, and EE (N=763).

TABLE 9

MODEL FIT INDICES OF PATH ANALYSIS OF STUDY VARIABLES (N = 763).

Model	χ^2	TLI	CFI	GFI	RMSEA
Study Variables	.000	1.00	1.00	1.00	.000

Note. TLI= Tucker-Lewis Index, CFI= Comparative Fix Index, GFI= Goodness of Fit Index, RMSEA= Root Mean Square Error of Approximation

Table 9 indicated positive results. The chi-square test is significant, and other indices confirm a strong fit. The Goodness of Fit Index (GFI) is 1.00, which is the highest possible value. This means the model accounts well for the sample's variance-covariance, indicating a strong fit. The Root Mean Square Error of Approximates (RMSEA) is .000, which is lower than the threshold of .05. This suggests a strong fit, as lower RMSEA values indicate better model fit. The Comparative Fit Index (CFI) is 1.00, another indicator of a solid model fit. In conclusion, all these values collectively indicate that the model fits the data exceptionally well, and no further adjustments are needed for analysis.

Discussion

The current research marks a pioneering effort to explore the relationship between PLI, OT and EE while considering the mediating role of PE among employees in Australia. This study represents a unique endeavour in shedding light on the potential connections and interdependencies among these variables within the specific context of Australia.

The first hypothesis was there would be a significant positive relationship between PLI, OT, PE, and EE. The study's results revealed important connections between the variables studied. For instance, PLI is positively linked to ethical behaviour, supportive behaviour, and all aspects of OT. It's also connected to PE and EE. Similarly, OT is positively related to trust, competence, integrity, transparency, and other factors. It's also connected to PE and EE. PE is positively connected to dimensions like meaning, competence, and impact. It's also linked to EE. EE is positively linked to intellectual, social, and affective engagement. The study highlights how leader integrity and OT are essential for PE and EE. This shows how integrity and a transparent work environment play important roles in boosting EE. The findings of this study align with previous literature. We discovered that when employees view their leaders as honest and the organisation as transparent, it positively impacts their sense of empowerment and engagement. Leaders who show care for their team and uphold their rights like respect, dignity, and autonomy tend to create an environment where employees feel a sense of purpose, competence, autonomy, and an understanding of their impact, which in turn fosters empowerment. This supports the findings of Zhu (2008), who also found that ethical leadership can empower employees. Previous studies have shown that when employees perceive fairness and transparency in leadership and the organisation, their connection to their work is strengthened, resulting in increased engagement (Antony, 2018).

Similarly, when employees feel treated fairly and honestly, they gain confidence and contribute to engagement at work (Shanock et al., 2019). The feeling of being empowered, competent, and confident about important goals leads to higher intrinsic motivation and engagement (Spreitzer et al., 1997). Our study's results are consistent with Ahmad and Gao's (2018) findings, which show that leaders who exhibit ethical behaviours contribute to employees' PE, ultimately leading to increased work engagement. Additionally, Guo (2022) conducted research on the mediating role of perceived OT between ethical leadership and EE. They sampled N=276 employees in the service sector of Macau. The study discovered a positive and significant relationship between ethical leadership, EE, and perceived OT. The perception of OT also acted as a mediator between ethical leadership and EE.

The second hypothesis focused on whether PE acts as a mediator between PLI, OT and EE. The results revealed direct effect size is relatively moderate between PLI, OT and EE, suggesting PE as full mediator. In essence, this implies that PE fully mediates the relationship between PLI, OT and EE. In other words, the impact of leader's integrity and transparency on EE is entirely explained by the positive influence of PE. In conclusion, our research underscores the pivotal role of PE as a complete mediator between PLI, OT and EE, illustrating the interconnectedness of these factors in shaping a positive and engaged workplace environment. The findings of our study indicate that PE acts as a bridge between PLI, OT, and EE. The positive impact of leader integrity and OT on EE is facilitated by promoting PE. This highlights the significance of focusing on PE and cultivating leaders' understanding of this concept. Organisations should provide the necessary support to foster strong relationships between leaders and employees, encouraging group decision-making, granting decision-making authority, and nurturing an organisational culture that values empowerment and support. These steps contribute to a harmonious work environment and help reduce burnout, ultimately benefiting the organisation. Our findings align with previous studies. Zhu, May, and Avolio (2004) explained how ethical leader behaviour influences employees' commitment and trust in the organisation through PE. They suggested that employees' sense of empowerment, including aspects like meaning, self-determination, competence, and impact, mediates the relationship between ethical leader behaviour and organisational commitment and trust. They also proposed that employees' perception of a leader's authentic ethical behaviour, aligning moral intentions with actions, moderates the connection between ethical leadership and commitment/trust.

Yazdanshenas and Mirzaei (2022) demonstrated that leader integrity and ethical leadership positively affect employees' success, and this effect is moderated by psychological capital and PE. Leader integrity indirectly influences employees' success through their perception of ethical leadership. Rantika and Yustina (2017) found that leaders promoting ethical behaviour positively impact employees' PE and wellbeing. Their study linked ethical leadership to PE and subsequently to work engagement. The research concluded that ethical leadership enhances PE, which in turn boosts work engagement. Chughtai et al. (2015) proposed that PE might mediate the connection between ethical leadership and work engagement. Ahmad and Gao (2018) explored the mediating role of PE in the relationship between ethical leadership

and employee work engagement. Their study demonstrated that PE partially mediates this relationship. PE is a critical motivational resource that drives increased EE (Macsinga et al., 2015). Bhatnagar (2012) also noted that PE is a strong predictor of work engagement, implying that empowered individuals are more likely to be engaged in their jobs. In a similar vein, Qing (2020) investigated the potential mediating role of PE between moral leadership and employee attitudes, such as emotional commitment and job satisfaction. Qing's study among Chinese public sector employees revealed that PE partially mediated the correlation between moral leadership and job satisfaction, while the connection between ethical leadership and emotional commitment was fully mediated by PE.

In conclusion, this study sheds light on the relationship between PLI, OT, PE, and EE in Australia. The findings go beyond borders and industries, emphasising how leader integrity, OT, and PE play a vital role in cultivating an engaged and empowered workforce that drives organisational success.

Conclusion

The results of this research are not only novel but also in harmony with previous studies. This study adds to the body of knowledge by showing that leader integrity, transparency, and PE collectively contribute to EE. This echoes the conclusions of studies that have delved into ethical leadership, PE, and their effects on employee outcomes. The research emphasises the crucial role of PE in mediating these connections and fostering an engaged workforce. In conclusion, this study provides a comprehensive perspective on the relationships between PLI, OT, PE, and EE in the Australian context. By highlighting the role of PE as a mediator, the research offers valuable insights for organisations aiming to enhance engagement and create a positive work environment. The findings underscore the importance of leaders' actions and OT in nurturing PE and fostering engagement among employees.

Implications

The findings of our study hold significant implications for both supervisors/managers and organisations. Firstly, our research highlights that employees experience enhanced PE and engagement when they perceive their leaders as honest and possessing integrity as well as organisations are transparent. This underscores the crucial role that a leader's integrity and OT plays in establishing a work environment where employees feel comfortable, psychologically well-supported, and intrinsically motivated to excel in their tasks. Secondly, our study uncovers an indirect link between a leader's integrity, OT and EE through the mediating role of PE. This suggests that fostering PE could be a strategic avenue for organisations and leaders to enhance EE and help individuals achieve their utmost potential. Thirdly, the positive impact of a leader's integrity and OT on EE becomes evident. To leverage this dynamic, organisations can consider implementing targeted management training programs. Such programs would educate supervisors/managers and employees on ethical and moral conduct, further promoting a workplace culture of honesty and integrity. Moreover, integrating a leader's integrity as a formal job requirement within the organisational framework presents another approach. By establishing a system where supervisors/managers and employees/subordinates are subject to official rewards or consequences tied to their integrity-related actions, the cultivation of integrity becomes a shared commitment. This initiative is anticipated to create an environment where supervisors/managers are motivated to uphold ethical standards, subsequently empowering employees and instilling a greater sense of control and enthusiasm in their work. In summary, our study underscores the significance of leader integrity and OT in influencing PE, EE, and overall workplace dynamics. By prioritising integrity, and transparency organisations stand to foster an atmosphere of trust, autonomy, and sustained interest among employees, ultimately contributing to a thriving and engaged workforce.

Recommendations

In today's business landscape, it's crucial for organisations to provide training to leaders who prioritise ethical behaviour. Leaders who exemplify integrity and honesty can set a positive tone for the entire workplace. Supervisors/managers play a significant role in empowering their employees. They should empower their team members to take ownership of their tasks and decisions. This empowerment could lead to a more motivated and engaged workforce. To enhance employees' PE, organisations can implement interventions. These measures can make employees feel more in control of their work and encourage them to reach their full potential. Greco et al. (2006) emphasise the pivotal role of supervisors/managers in creating dynamic and motivating work environments. Leaders need to ensure that employees understand the significance of their tasks and assist them in improving their skills. Furthermore, leaders can foster an environment that supports autonomy. This can be achieved by actively listening to employees, offering them more choices

in their work, and encouraging self-initiative. Gagne and Deci (2005) supports the idea that autonomy-supportive work environments can enhance motivation and engagement among employees. In essence, the current business world demands leaders who champion ethical conduct and transparent organisations. Supervisors/managers should empower their teams, and organisations can utilise interventions to enhance PE. By following these principles, organisations can cultivate engaging and productive workplaces.

Limitations

Although this study provides valuable insights into the effects of organisational psychology, certain limitations must be considered.

- Multiple data sources, such as leader self-assessments of their integrity and leadership of ethics and peer ratings, could be considered in future research.
- Future research could investigate other mediating and moderating variables (e.g., integrity-related personality traits, ethical climate, and organisational justice) to clarify the nomological network that may influence ethical leadership and work engagement.
- Another limitation pertains to the sample population. Therefore, it is recommended that future studies refrain from using specific samples like the one used in the present research; we chose the sample from Australia. Future research should utilise a representative sample of employees. It will make the findings generalise the business population as a whole.

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