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Orginal Article

Ethical leadership and Employee Well-Being by Moderating Individual Characteristics and Mediating Knowledge Hiding

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Abstract

Employee well-being is fundamentally linked to a deeper understanding of life's existential challenges, including purpose, meaning, and interpersonal dynamics within organizational contexts. This study investigates the influence of ethical leadership on employee well-being, examines the moderating effects of individual characteristics (self-enhancement motivations and job involvement), and examines the mediating role of knowledge hiding. The aim is to provide insights into how leadership practices can foster a healthier work environment. Methodologically, this applied research adopts a descriptive-survey approach. The target population comprised 100 employees of the Shiraz Municipality in 1401 (Persian calendar, equivalent to 2022–2023 Gregorian). A census method ensured comprehensive coverage. Data were collected using the questionnaire developed by Agarwal et al. (2022), which assesses variables such as ethical leadership, knowledge hiding, and well-being. Analysis employed structural equation modeling (SEM), with SPSS for preliminary statistics and SmartPLS 3 for path testing and effect evaluation. Results showed that all constructs demonstrated adequate validity and reliability, with average variance extracted (AVE) and composite reliability surpassing established thresholds. Model fit was satisfactory, as indicated by indices including RMSEA, GFI, and CFI. Key findings reveal that ethical leadership diminishes knowledge hiding and directly augments well-being. It also exerts a positive indirect effect on well-being via knowledge hiding mediation, as information concealment fosters stress and reduced job satisfaction. However, the moderating effects of self-enhancement motivations (e.g., the pursuit of personal achievement) and job involvement were not substantiated, possibly due to cultural or organizational-specific factors. In practice, organizations should encourage prosocial behaviors such as knowledge sharing while curbing deviant ones. Leaders can bolster ethics through training and incentives. Furthermore, raising employee awareness of knowledge hiding's psychological impacts such as anxiety and lowered self-esteem is vital. These approaches can enhance morale, productivity, and retention in institutions like municipalities. Future studies could expand to diverse sectors or

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employ longitudinal designs. Future research may extend to other sectors or incorporate longitudinal designs.

Keywords: employee well-being, ethical leadership, individual characteristics, knowledge Hiding

Extended Abstract

Introduction

This study explores the impact of ethical leadership on employee well-being through the prism of knowledge hiding. Employee well-being, encompassing job satisfaction and productivity, is often eroded by counterproductive behaviors, such as deliberate knowledge concealment. Ethical leadership, characterized by integrity and fairness, is posited to improve well-being both directly and indirectly by mitigating such actions. Leaders who embody moral standards discourage knowledge hiding, which, according to theory, depletes personal resources and adversely affects individuals' psychological health. The research also investigates whether personal factors, such as self-enhancement motives (e.g., striving for a favorable self-image) and job involvement, moderate this relationship. Conducted in the Shiraz Municipality, this inquiry highlights the importance of ethical leadership in the public sector to promote knowledge sharing and employee welfare.

Method

This applied research employs a descriptive-correlational design with a survey. The statistical population included all 100 employees of the Shiraz Municipality in 1401 (2022). Given the population's limited size, a full census was performed. Data were gathered using validated standard questionnaires distributed in person. The instruments included: Ethical Leadership (Brown et al., 2005; 10 items), Knowledge Hiding (Connelly et al., 2012; 12 items), Employee Well-being (Hills & Argyle, 2002; 4 items), Self-Enhancement Motives (Yun et al., 2007; 6 items), and Job Involvement (Lodahl & Kejner, 1965; 4 items). All items utilized a five-point Likert scale. Content validity was verified by expert panels, and construct validity was confirmed via confirmatory factor analysis (CFA), with factor loadings exceeding 0.40. Reliability was evaluated using Cronbach's alpha, yielding strong values: Ethical Leadership ($\alpha = 0.92$), Knowledge Hiding ($\alpha = 0.919$), Well-Being ($\alpha = 0.719$), Self-Enhancement ($\alpha = 0.85$), and Job Involvement ($\alpha = 0.719$). Data

analysis involved structural equation modeling (SEM) using the partial least squares (PLS) method in SmartPLS 3, complemented by descriptive statistics in SPSS 25.

Results

The measurement model exhibited strong fit, with all constructs showing sufficient validity and reliability. The structural model displayed significant path coefficients. Ethical leadership exerted a significant positive direct effect on employee well-being ($\beta = 0.264$, $t = 2.091$). It also had a significant negative direct effect on knowledge hiding ($\beta = -0.577$, $t = 7.151$). Knowledge hiding, in turn, negatively affected well-being ($\beta = -0.511$, $t = 4.167$). The Sobel test confirmed a significant partial mediating role for knowledge hiding in the ethical leadership–well-being relationship ($Z = 3.528$). Thus, ethical leadership enhances well-being directly and indirectly by curbing knowledge-hiding behaviors. However, the moderating effects of self-enhancement motives ($\beta = -0.046$, $t = 1.109$) and job involvement ($\beta = -0.077$, $t = 1.109$) on the ethical leadership–knowledge hiding link were nonsignificant. While core and mediated effects were robustly supported, the proposed contingencies based on individual characteristics were not evident in this sample.

Discussion

The results strongly affirm that ethical leadership serves as a critical resource for elevating employee well-being. Leaders exemplifying integrity, fairness, and empathy cultivate a secure milieu that satisfies psychological needs, thereby directly amplifying well-being. Additionally, by modeling ethical behavior, they foster a normative culture that deters resource-depleting practices like knowledge hiding. This reduction alleviates associated negative emotions (e.g., guilt, anxiety), further bolstering well-being, as posited by conservation of resources (COR) theory. This dual mechanism highlights the multifaceted benefits of ethical leadership. The absence of significant moderation by self-enhancement and job involvement implies that, within the context of Shiraz Municipality, ethical leadership's suppression of knowledge hiding is pervasive and independent of these personal attributes. This may reflect the dominant influence of an ethical organizational climate, which affects employees uniformly, irrespective of self-promotion tendencies or role identification. Organizations should cultivate ethical leadership via integrity-focused training and transparent communication. To minimize knowledge hiding, promote a collaborative culture by incentivizing it and educating about its psychological toll. For the Shiraz Municipality, implementing advanced knowledge management systems and recognition initiatives could heighten motivation.

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