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How Ethical Leadership Supports Employee Performance: The Role of Psychological Capital and Employee Engagement

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Abstract

This research investigated the relationship between ethical leadership and employee performance using data from the employees in Vietnamese service firms. We examined four dimensions of psychological capital (efficacy, hope, resilience, and optimism), and employee engagement as mediators of the ethical leadership to two dimensions of employee performance (task performance and contextual performance) relationship. Results from 563 respondents of 73 service firms revealed that ethical leadership was positively and significantly related to task performance and contextual performance and that this relationship was mediated by four dimensions of psychological capital and employee engagement, and work experience and education level, controlling for task performance and contextual performance. We discuss implication of our findings for theory and practice.

Keywords: Ethical leadership; Psychological capital; Employee engagement; Employee performance.

1. Introduction

Performance is a critical resource that helps organizations build a sustainable competitive advantage in a comptitive and dynamic economy. Performance is also considered as a key strategic output resource among all resources available to or owned by an organization. Organizational efficacy directly relates to performance of organizational members. Consequently, fostering employee performance becomes extremely important for every organization. It is one of the most important dependent variables and has been studies for a long decade. Borman and Motowidlo (1993), suggested two types of employee behavior that are important for organizational effectiveness: task performance and contextual performance. Task performance is defined as behaviors that are directly involved in producing goods or service, or activities that provide indirect support for the organization's core technical processes (Werner, 2000). Task performance directly relates to the formal organization reward system. On the other hand, contextual performance refers to individual efforts that are not directly related to theie main task functions. However, contextual performance is important because it shape the organizational, social, and psychological contexts serving as the critical catalyst for task activities and processes Werner (2000). Therefore, it is necessary to study these two dimensions of employee performance (task performance and contextual performance).

The study of Ahmad (2015) showed that various groups of factors affect the employee performance such as monetary benefits, training programs, non-monetary benefits, organizational support for career development, supervisory support and capacity building programs, etc. To promote employee performance, Ahmad (2015) suggested that more studies should be conducted on the role of factors such as leader characteristics, social cost, organizational support for career development and so on. Based on Ahmad (2015)'s suggestions, we decided to study the influence of leader characteristics on employee performance because leaders have a decisive role in all activities of an organization. Moreover, after conducting a literature review related to the topic of leader characteristics, we found that ethical leadership (EL) is one of the most effective leadership styles (Dust *et al.*, 2018). Ethical leadership as the process of effecting on employees through values, principles and beliefs that extensively border on the accepted norms in the organizational behaviors (Buble, 2012). Therefore, our study focuses on the influences of EL on EmPer in relation to the other mediating variables, including psychological capital and employee engagement. These mediating variables are in line with the instructions of Ahmad (2015). Prior studies had shown a significant relationship between leadership, leadership characteristics and employee performance (Buil *et al.*, 2019; Harwiki, 2016; Iqbal *et al.*, 2015).

Our study attempts to address the following research questions:

RQ1. Does EL significantly influence Emper?
RQ2. How different are EL's influences on task performance and contextual performance?
RQ3. Do types of psychological capital play a mediating role between EL and EmPer?
RQ4. Do employee engagement play a mediating role between EL and Emper?
RQ5. Which factor has a greater influence on task performance and contextual performance?

To answer these questions, structual equations modeling is applied to investigate the degree of influence that each variable has on the others, based on a survey of 986 respondents form 148 service firms in Vietnam. By answering the above questions, the first goal of this study is to analyze and provide empirical evidence about the

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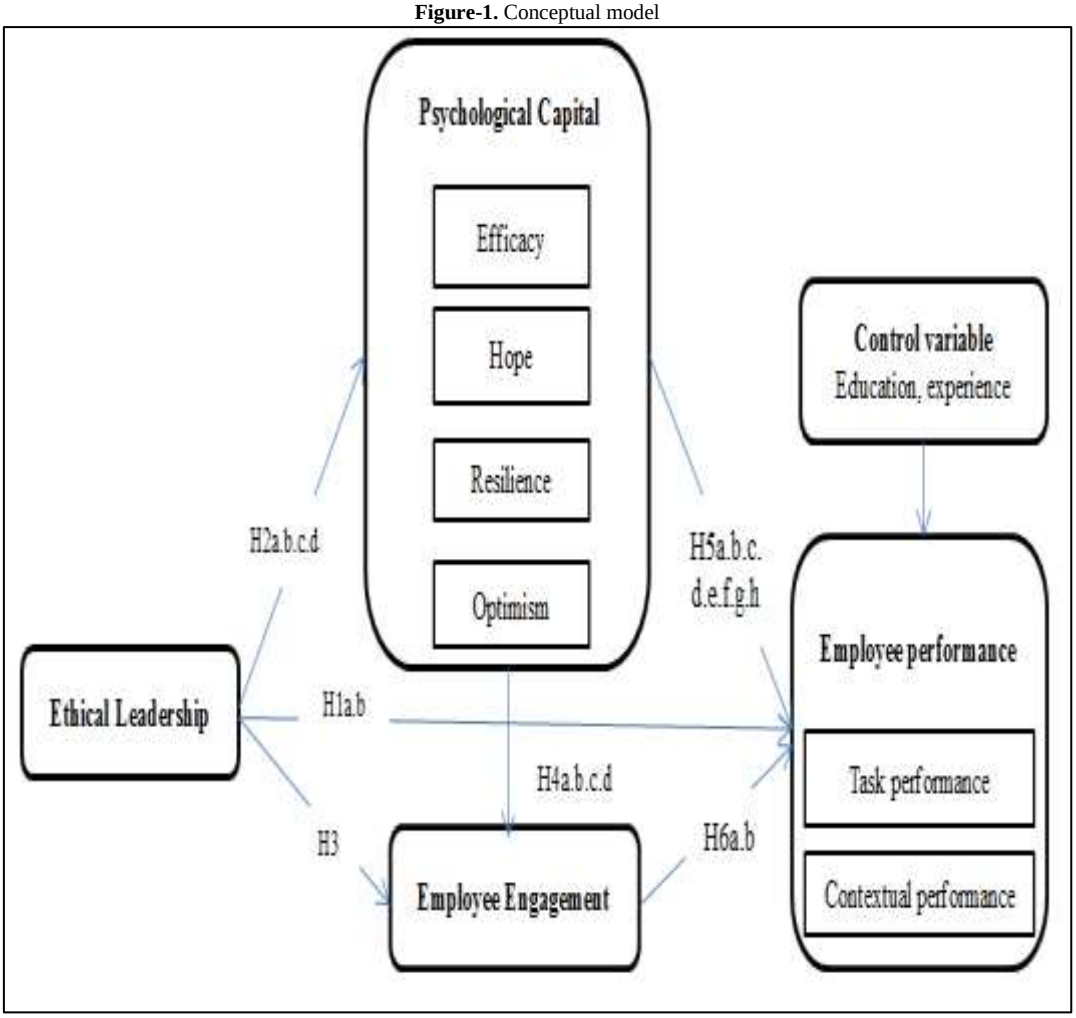
relationship between EL, aspects of psychological capital, employee engagement and EmPer in a model. For the second goal, this study not only estimate direct influences but also explores, more specifically, the indirect impacts of mediating variables pn EmPer. Thus, the study is expected to provide specific and effective solutions for directors or managers to promote performance among employees in an organization.

The remainder of this study is arranged as follows. Section 2 shows the literature review for the concepts in the proposed model and develops a research model to portray a hypothesized relationship. Section 3 discusses the research methods used to test the model and data collection. Section 4 analyzes the data and discussed the empirical results. Finally, section 5 presents conclusions, managerial implications and limitations and proposals for future research.

Figure-1. Conceptual model



2. Literature Review and Hypotheses Development

2.1. Ethical Leadership and Employee Performance

EL can be defined as a style of leadership. 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). The ethical behavior of a leader is critical to his or her credibility and this behavior also has a meaningful effect on his or her employees (Brown *et al.*, 2005). In their own study, Brown *et al.* (2005) indicated that ethical leadership behavior play an important role in promoting enhanced employee attitudes and behaviors. Ethical leadership increases significance of task, which, in turn, results in improved performance (Ahn *et al.*, 2018; Piccolo *et al.*, 2010). In this study, we suggest that ethical leadership has positive effects on employee performance behaviors, which are inclusive of both task performance and contextual performance. These behaviors are important conditions of organizational effectiveness (Mo and Shi, 2018; Yun *et al.*, 2007).

Social learning theory and social exchange theory have explained the positive effects of ethical leadership on employee performance. First, social learning theory indicates that attitudes and behavior of other people impact people's own attitudes and behavior (Bandura, 1978). Individuals learn acceptable and normative behaviors by observing how others behave. Moreover, leaders are known to be an essential source from which to learn acceptable behaviors, treat their employees fairly, and care about their followers in the organization, they can funtion as a strong source of guidance (Brown and Treviño, 2006). Therefore, emplyees emulate the normatively appropriate attitudes, values, and behaviors of ethical leaders. Thus, employees who observe and learn such behaviors are more likely to engage their jobs, resulting in high levels of individual performance (task performance and contextual performance.

Prior study proved this argument by demonstrating that ethical leadership increases the reporting of unethical conduct (Mayer *et al.*, 2012), and OCB (Zhang *et al.*, 2019).

Besides, social exchange theory (Blau, 1964) also indicated a salient explanation for the relationship between ethical leadership and employee performance. Social exchange relationship are developed based on socio-emotional transactions among individuals, such as transactions pertain to trust, rather than economic transactions. The high-quality relationships of employees and their leaders are developed based on emotional attachments that derive from their experiences with them (Cropanzano and Mitchell, 2005). For several reasons, ethical leaders have social exchange relationship with their employees that are more favorable in quality. Ethical leaders are perceived as moral and fair person (Brown *et al.*, 2005). Employees who consider ethical leaders to be more caring and trustworthy are willing to remain loyal and emotionally connected. By providing fair and caring treatment, ethical leaders are likely to develop high-quality social exchange relationships with their employees. In turn, employees are willing to reciprocate with more favorable work-related behaviors and provide aid to the organization and their coworkers. In this manner, ethical leadership can exert positive effects on employee performance.

Based on above arguments, with the aim to provide clear evidence and explore more deeply the relationship between EL and two specific forms of EmPer (Task performance and contextual performance, we propose the following hypotheses:

H1a.b. EL has a significant influence on task performance and contextual performance

2.2 Ethical Leadership and Psychological Capital

Psychological capital is a positive psychological resource comprising the four facets of hope, resilience, self-efficacy, and optimism. These four facets have been found to converge, mirroring the overarching construct of Psychological capital (Avey *et al.*, 2010). Drawing from the social learning theory of Bandura (1986b) and from research that explored the role of other leadership (Gooty *et al.*, 2009), this study proposes that ethical leadership has a positive direct effect on employee psychological capital. More specifically, ethical leaders may increase employees' self-efficacy because ethical leaders are very consistent in clarifying how employees'actions and task will contribute to achieve the organization's goals (De Hoogh and Den Hartog, 2008). Ethical leaders encourage employees to assess the ethical consequences of their actions and decision-making. This action help employees to learn to think more strategically, which increases their perceived ability to execute specific tasks of chalenges, and therefore contributes to their self-efficacy. Moreover, ethical leaders evaluated their followers through engaging in behaviors such as honesty, fair treatment of employees, and consideration of others (Howell and Avolio, 1992). By engaging in transparent, fair, and caring actions, and by creating a fair working environment, the ethical leader becomes an important source of information, identification and, last but not least, motivational hope. Furthermore, when confronted with an obstacle or challenging situation, followers with ethical leaders are likely to develop more positive coping skills and are more resilient in the face of adverse situations (Snyder, 2002) because they can fall back on leaders who will stand beside them and help them face those challenges. Lastly, ethical leaders are more likely to exhibit active and adaptive coping skills when faced with setbacks (Luthans *et al.*, 2007b). It has been shown that when leaders adopt these positive approaches to problem solving, followers are likely to do the same (Peterson and Zhang, 2011), resulting in the development of a positive outlook or attribution of events (i.e., optimism).

Based on above arguments, we propose the following hypotheses:

H2a.b.c.d. EL has apositive influence on psychological capital (Efficacy, hope, resilience and optimism)

2.3. Ethical Leadership and Employee Engagement

When leaders treat employees in a fair and respectful way, employees are likely to think about their relationship with their leader in terms of social exchange (Blau, 1964) rather than economic exchange. Moreover, employees seem to reciprocate by putting extra effort into their work, through increased job dedication (Brown *et al.*, 2005) and willing to become more actively engaged in work (Macey *et al.*, 2011). According to Macey *et al.* (2011), When an employee has the freedom to make decisions and take action without consulting the supervisor all the time, it can result in work engagement. Ethical leaders empower employees by training and supporting and they want to provide freedom to their employees to show initiative through responsibility and authority (Bandura, 1986a). Ethical leaders take their employees into consideration and through open communication make it clear what organizaion's goals are and what expected from employees, which leads to employee work engagement (Macey *et al.*, 2011). Besides, there is a positive relationship between ethical leadership and job dedication (Brown *et al.*, 2005), which is a major element of work engagement . Consequently, the following can be postulated:

H3. EL has a significant influence on employee engagement

2.4. Psychological Capital and Employee Engagement

Employee engagement is "a positive work-related psychological state characterized by a genuine willingness to contribute to organizational success" (Albrecht and Andreetta, 2011). Along with creating an optimal service climate for employees, it is important to understand how positive attributes such as psychological capital elevate their level of engagement. Frontline employees with high psychological capital are more engages (Karatepe and Karadas, 2015) and leaders' psychological capital positive influences employees' states, behavior, and performance (Walumbwa *et al.*, 2010). Psychological capital has recently received more attention from scholars because of its role in enhancing positive behaviors. Employees with a high level of psychological capital were more satisfied with their job and tended to help co-worker or their leaders (Jung and Yoon, 2015). Kang and Busser (2018), investigated how service

climate and psychological capital influence employee engagement. Still, it remains unclear how to promote employee engagement, warranting further examination of the relationship between psychological capital and employee engagement.

H4a.b.c.d. Psychological capital (Efficacy, hope, resilience and optimism) has a significant influence on employee engagement

2.5. Psychological Capital and Employee Performance

In prior research, several scholars has explored the relationship between psychological capital and a number of desirable work related behaviors (Schuckert *et al.*, 2018; Zubair and Kamal, 2015). Based on the research results of these studies, we ague for a positive relationship between psychological capital on employee performance. Significant theoretical and empirical works suggest that individuals who possess greater levels of psychological resources are more likely to strive to achieve their work related objectives (Gooty *et al.*, 2009). Particularly, this view advocates the notion that employees need to build up strong psychological resources so they can develop positive work-related cognitions and positive energy that directs them toward positive work-related outcomes. Psychological capital represents an important psychological resource in the form of hope, optimism, resilience, and self-efficacy (Gooty *et al.*, 2009; Luthans *et al.*, 2010), which provides the necessary fuel to perform successfully. More specifically, being hopeful about one's work has been related to the motivational drive required to succeed at work, optimism has been linked to a positive approach toward one's work, self-efficacy has been associated with the mobilization of resources required for successful task accomplishment, and resilience has been related to perseverance in the face of adversity (Luthans *et al.*, 2010). Consistent with this research, we hypothesize:

H5a.b.c.d.e.f.g.h. Psychological capital (Efficacy, hope, resilience, and optimism) has a positive impact on task performance and contextual performance, respectively.

2.6. Employee Engagement and Employee Performance

Employee engagement is a good tool to help every organisation to strive to gain competitive advantage over the others. Employee engagement is considered to be the most powerful factor to measure a company's vigour (Mani, 2011). A number of studies show that an important way to enhance employee performance is to focus on fostering employee engagement (Lisbona *et al.*, 2018; Meyers *et al.*, 2019). The presence of high levels of employee engagement enhances job performance, task performance, and organisational citizenship behaviour, productivity, discretionary effort, affective commitment, continuance commitment, levels of psychological climate, and customer service (Meyers *et al.*, 2019). As the effect of employee engagement on employee performance was already presented in these earlier studies, this study intended to study the strength of impact employee engagement has on employee performance. Meyers *et al.* (2019), confirmed that engagement can lead to enhanced performance as a result of various factors. These findings are supported by a growing number of studies arriving at a positive relationship between engagement and individual performance (Lisbona *et al.*, 2018). This study aims to identify and measure the impact of the key factors of employee engagement, recognised in this study, on employee performance.

H6a.b. Employee engagement has a positive influence on task performance and contextual performance, respectively.

3. Research Methodology

3.1. Sample and Data Collection

The empirical data in this study were collected from employees in departments of acounting, marketing or sales. This study used the survey method and employed a questionnaire for data collection. We got in touch with representatives of the 100 service firms by phone and/or personal visits to elucidate the aim of the study and to confirm whether their firms would be willing to participate. These 100 service firms were randomly selected from a list of the top 1,000 largest enterprises in Vietnam published by a Vietnam report and Vietnamnet magazine in 2018. Results is that 73 firms agreed to participate in our research.

The measurement items are adapted from existing scale in the literature for developing an initial list of items. A pilot test by means of in-depth interviews with six outstanding academic scholars from two universities with deep knowledge in the field of organizational behavior and 30 participants from five service firms were conducted to confirm the efficiency of the questionnaire before implementing the process of formal data collection. A total 950 questionnaires were distributed, and 672 copies were returned during the formal data collection process. As a results, 563 were valit (a 59.3 per cent validity rate). This response rate is similar to those of relevant prior research on EmPer for surveys of similar participants in Vietnam (Yuan *et al.*, 2018). Potential non-response bias was accessed basing on suggestion of Armstrong and Overton (1977). We compared the first 100 respondents and the last 100 respondents based on demographic variables including gender, age, and level of education by using chi-square and an independent sample t-test. The results presented that there were no significant differences between two groups responses ($p>0.05$). Hence, the results indicated that common method bias was not a concern.

The descriptive statistics for the sample demographics are shown in table 1. Of the total 563 respondents, 324 (57.5 per cent) were male and 239 (42.5 per cent) were female. They answered the questions relating to the study variables, such as ethical leadership, psychological capital, task performance, and contextual performance in their firm.

Table-1. Sample demographics

Characteristics	Frequency	(%)
Gender		
Male	324	57.5
Female	239	42.5
Experience		
<3 years	143	25.4
3 to < 6 years	238	42.3
6 to < 9 years	128	22.7
≥ 9 years	54	9.6
Age (years)		
21-30	120	21.3
31-40	257	45.6
41-50	149	26.5
> 50	37	6.6
Education level		
Vocational diploma	49	8.7
Bachelor	433	76.9
Master	78	13.9
PhD	3	0.5
Total	**563**	**100**

3.2. Variable Measurement

We adopted measurement items developed and used in prior empirical studies to ensure the validity and reliability of the study. All constructs were measured using multiple items, and all items were measured on five-point Likert scales ranging from 1 (strongly disagree) to 5 (strongly agree).

3.2.1. Ethical Leadership

We recognized participants' perceptions of their supervisor's EL using ten items designed by Brown *et al.* (2005) for diverse aspects of EL. A sample item was "My boss established a model of doing things based on code of ethics". Cronbach's alpha coefficient for the scale in this study was 0.97.

3.2.2. Psychological Capital

To measure psychological capital, we used 24 items adapted from the research of Luthans *et al.* (2007a). Luthans and colleague's items were split into four sub-categories: Hope (six items), efficacy (six items), resilience (six items), and optimism (six items). Sample items included: "I feel confident analyzing a long-term problem to find a solution" (Efficacy); "Right now I see myself as being pretty successful at work" (Hope); "I won't hesitate to take my own decision at work if necessary" (Resilience); and "I'm optimistic about what will happen to me in the future pertaining to work" (Optimism). Each sub-scale demonstrated adequate internal reliability (Cronbach's alpha of Efficacy = 0.93, Hope = 0.90, Resilience= 0.88, Optimism = 0.89, and the overall psychological capital question = 0.95).

3.2.3. Employee Engagement

To measure the level of perceived work engagement of the participants, we used the nine-item shortened version of the Utrecht Work Engagement Scale-UWES 9 (Schaufeli *et al.*, 2006). According to Xanthopoulou *et al.* (2009), this instrument has been validated in various cultural and ethnic contexts (e.g., Europe, Asia, Africa, Australia, and North America) The UWES 9's items were split into three aspects of employee engagement: Vigor, dedication, and absorption. Each facet of engagement was assessed with three items. Sample questions for each dimension are "At my work, I feel bursting with energy" (vigor), "I am enthusiastic about my job" (dedication), and "I am immersed in my work" (absorption). After the CFA was performed, the items were collapsed into a single composite measure to obtain a global measure of employee engagement (Breevaart and Bakker, 2018; Macsinga *et al.*, 2015). Overall consistency for the composite engagement scale was 0.92.

3.2.4. Task Performance and Contextual Performance

To measure employee performance, we used 10 items of Koopmans *et al.* (2012). Employees were asked to rate their own performance. Koopmans *et al.* (2012), were split into two sub-categories: "task performance" (5 items) and contextual performance (5 items). Sample questions for each dimension are "I always completes job assignment on time" (Task performance), and "I persists with enthusiasm" (Contextual performance). Each sub-scale demonstrated adequate internal reliability (Cronbach's alpha of task performance = 0.85, contextual performance = 0.90, and the overall employee performance question = 0.93).

3.2.5. Control Variables

Education level and working experience are two demographic characteristics acting playing as control variables to account for differences among their potential impact on the employee performance. It is consistent with previous research (Kurniawan *et al.*, 2019).

3.3. Data Analysis Methodology

Analysis of Moment Structures (AMOS) was used for measurement validation and for testing the structural model based on the data gathered from the 563 respondents of 73 large service firms. Data analysis was conducted by using SPSS and AMOS version 23. Confirmatory factor analysis (CFA) was implemented to examine the validity and reliability of the constructs.

4. Data Analysis and Results

4.1. Measurement Model

We first examined the reliability of all scales in this study through testing the individual Cronbach`s alpha coefficients. The results were that the Cronbach's alpha ranged from 0.85 to 0.97, which were all higher than the recommended level of 0.7 (Nunnally, 1994). We then used CFA to check the convergent and discriminant validity of the overall measurement model. Table 2 presented that all factor loadings ranged from 0.64 to 0.94 (all exceeding the threshold of 0.6) at $p < 0.001$; the values of composite reliability (CR) ranged from 0.86 to 0.97 (all exceeding the threshold of 0.7); and the values of average variance extracted (AVE) range from 0.55 to 0.78 (all exceeding the threshold of 0.5). These resulds indicated that all the measurea presented adequate convergent validity and met the standard of convergent validity of (Hair, 2010). Table 2 presented the means, standard deviations, factor loading, AVE, CR and Cα values of each construct.

Table-2. Convergent and reliability

Construct	Mean	SD	Item	Loading	AVE	CR	Cα
Ethical leadership (EL)	3.49	0.93	EL1	0.89***	0.78	0.97	0.97
			EL2	0.89***			
			EL3	0.90***			
			EL4	0.85***			
			EL5	0.86***			
			EL6	0.80***			
			EL7	0.90***			
			EL8	0.91***			
			EL9	0.90***			
			EL10	0.91***			
Hope (HO)	3.63	0.71	HO1	0.77***	0.64	0.91	0.90
			HO2	0.88***			
			HO3	0.64***			
			HO4	0.89***			
			HO5	0.84***			
			HO6	0.73***			
Efficacy (EF)	3.81	0.65	EF1	0.73***	0.69	0.93	0.93
			EF2	0.92***			
			EF3	0.72***			
			EF4	0.75***			
			EF5	0.92***			
			EF6	0.91***			
Resilience (RE)	3.77	0.65	RE1	0.60***	0.55	0.89	0.88
			RE2	0.89***			
			RE3	0.77***			
			RE4	0.72***			
			RE5	0.65***			
			RE6	0.79***			
Optimism (OP)	3.71	0.62	OP1	0.67***	0.63	0.91	0.89
			OP2	0.75***			
			OP3	0.90***			
			OP4	0.84***			
			OP5	0.67***			
			OP6	0.88***			
Employee engagement (EE)	3.63	0.68	EE1	0.70***	0.58	0.92	0.92
			EE2	0.67***			
			EE3	0.96***			

			EE4	0.67***			
			EE5	0.67***			
			EE6	0.69***			
			EE7	0.94***			
			EE8	0.75***			
			EE9	0.74***			
Task performance (TP)	3.71	0.66	TP1	0.64***	0.55	0.86	0.85
			TP2	0.64***			
			TP3	0.85***			
			TP4	0.82***			
			TP5	0.73***			
Contextual performance (CP)	3.78	0.65	CP1	0.72***	0.64	0.90	0.90
			CP2	0.85***			
			CP3	0.77***			
			CP4	0.83***			
			CP5	0.82***			
Education (ED)	2.30	0.79	ED	NA	1	1	NA
Experience (EX)	2.39	0.91	EX	NA	1	1	NA

Note: Cα ≥ 0.7; CR ≥0.7; AVE ≥ 0.5; *** Significant at p <0.001

We used AVE to test dicriminant validity based on suggestion of Fornell and Larcker (1981). Table 3 shown that the square root of AVE for each construct (diagonal elements in italics) was higher than the correlations among constructs in the model, confirming discriminant validity.

Table-3. Correlations and average variances extracted from the constructs

Constructs	**EL**	**EF**	**HO**	**RE**	**OP**	**EE**	**TP**	**CP**	**ED**	**EX**
Ethical leadership (EL)	*0.88*									
Efficacy (EF)	0.35**	*0.83*								
Hope (HO)	0.20**	0.59**	*0.79*							
Resilience (RE)	0.29**	0.61**	0.61**	*0.74*						
Optimism (OP)	0.25**	0.60**	0.63**	0.56**	*0.77*					
Engagement (EE)	0.29**	0.39**	0.42**	0.41**	0.34**	*0.76*				
Task performance (TP)	0.35**	0.32**	0.48**	0.28**	0.28**	0.13**	*0.74*			
Contextual performance (CP)	0.34**	0.25**	0.33**	0.33**	0.18**	0.16**	0.44**	*0.80*		
Education (ED)	0.16*	0.28**	0.17**	0.26**	0.21**	0.13**	0.28**	0.11**	1	
Experience (EX)	0.14	0.25**	0.21**	0.22**	0.23**	0.15	0.45**	0.19**	0.16**	1

Note: Diagonal elements (in italics) are the square root of the AVE; and off-diagonal elements are the correlations among constructs

** Correlation is significant at the 0.01 level (2-tailed)

* Correlation is significant at the 0.05 level (2-tailed)

To measure the degree of fit of the model, we evaluated the following indicators:

- Absolute fit measures including chi-square/df (CMIN/df), goodness-of-fit index (GFI) and root mean square error of approximation (RMSEA);
- Incremental fit measures including normed fit index (NFI), adjusted goodness-of-fit index (AGFI) and comparative fit index (CFI); and
- Parsimonious fit measures including the parsimony goodness-of-fit index (PGFI) and the parsimony normed fit index (PNFI)

Table 4 presented that all fit indices reach satisfactory levels. The results demonstrated that there was an adequate reliability and validity in this study.

Table-4. Overall fit index of CFA model

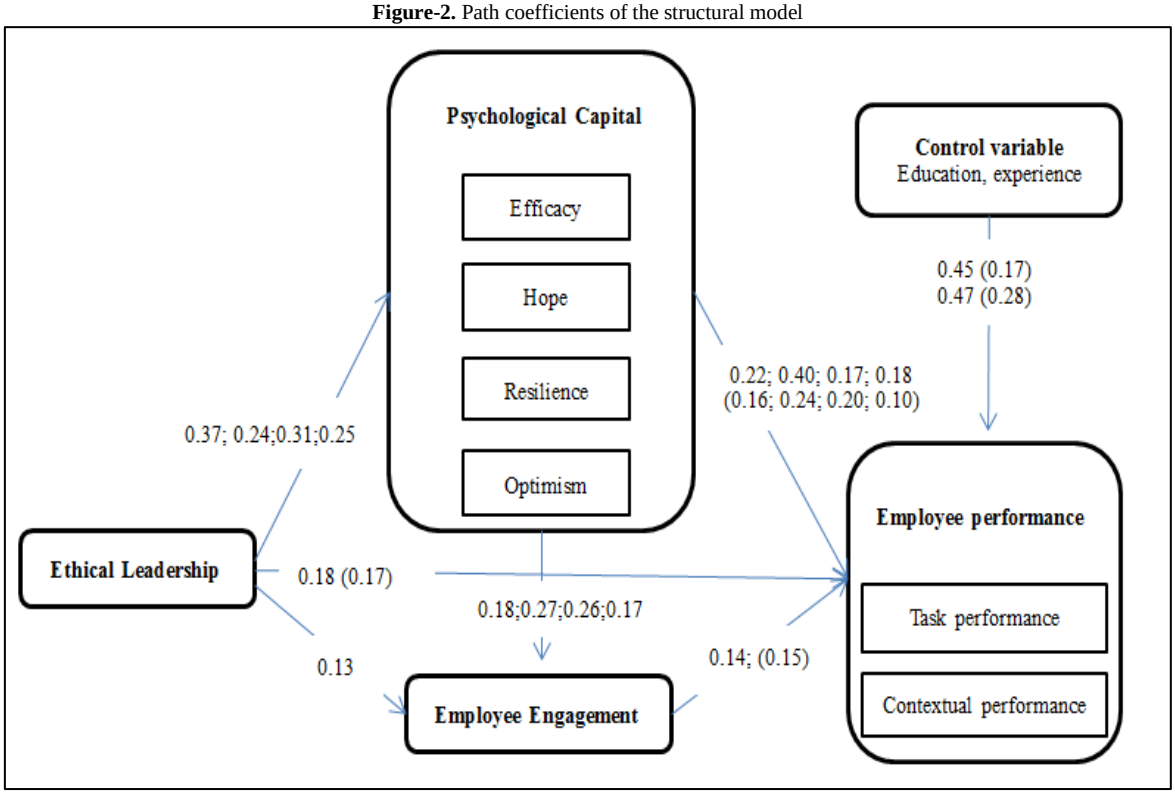
Fit index	***Score***	***Recommended threshold value***
Absolute fit measures		
CMIN/df	1.694	≤ 2[a]; ≤5[b]
GFI	0.896	≥0.90[a]; ≥0.80[b]
RMSEA	0.040	≤0.80[a]; ≥0.10[b]
Incremental fit measures		
NFI	0.933	≥0.90[a]
AGFI	0.879	≥0.90[a]; 0.80[b]
CFI	0.947	≥0.90[a]
Parsimonious fit measures		
PGFI	0.747	The higher the better
PNFI	0.806	The higher the better

Note: [a]Acceptability: acceptable; [b]Acceptability: marginal

4.2. Structual Model

This section indicated the main results of the hypothesis checking of the structural relationship among the latent variables (see table 5, 6, and figure 2)

Figure-2. Path coefficients of the structural model



4.2.2. Direct Effect Analysis

The results (table 5 and fugure 2) presented that all direct effects of each variable on the others were quite large and satistically significant; thus, all the hypotheses were supported.

For H1a.b, the results confirm both hypotheses because the effects of EL on task performance and contextual performance have statistical significance with values of 0.181 ($p < 0.001$) and 0.167 ($p < 0.001$), respectively. This shows that EL has more important significance on the relationship with task performance compared to contextual performance (0.181 > 0.167).

H2a.b.c.d was supported because EL's effects on efficacy, hope, resilience, and optimism have values of 0.369 ($p < 0.001$), 0.237 ($p<0.001$), 0.309 ($p=0.012$), and 0.252 ($p<0.001$), respectively. This shows that EL has more influence on efficacy and resilience than hope and optimism (0.369 and 0.309 > 0.237 and 0.252). H3 was also supported because EL's effect on employee engagement has value of 0.128 ($p<0.001$).

The results confirm all hypotheses of H4a.b.c.d. However, these effects are quite different. Hope and resilience have more influence on employee engagement than efficacy and optimism (0.270 and 0.258 > 0.183 and 0.165).

The results confirm all hypotheses of H5a.b.c.d.e.f.g.h. However, these effects are quite different. In particular, efficacy's effect on task performance is greater than that of contextual performance (0.219 > 0.163), whereas hope's effect on task performance is larger than that of contextual performance (0.399>0.239). Besides, resilience's effect on task performance is smaller than that of contextual performance (0.169<0.204). Finally, optimism's effect on task performance is bigger than that of contextual performance (0.167>0.102).

Table-5. Structural model results

Hypothesis	Proposed effect	Estimate	p	Results
H1a: EL→TP	+	0.181***	<0.001	Supported
H1b: EL→CP	+	0.167***	<0.001	Supported
H2a: EL→EF	+	0.369***	<0.001	Supported
H2b: EL→HO	+	0.237***	<0.001	Supported
H2c: EL→RE	+	0.309**	0.012	Supported
H2d: EL→OP	+	0.252***	<0.001	Supported
H3: EL→EE	+	0.128***	<0.001	Supported
H4a: EF→EE	+	0.183*	0.059	Supported
H4b: HO→EE	+	0.270***	<0.001	Supported
H4c: RE→EE	+	0.258***	<0.001	Supported
H4d: OP→EE	+	0.165***	<0.001	Supported
H5a: EF→TP	+	0.219***	<0.001	Supported

H5b: HO→TP	+	0.399**	0.037	Supported
H5c: RE→TP	+	0.169***	<0.001	Supported
H5d: OP→TP	+	0.167***	<0.001	Supported
H5e: EF→CP	+	0.163***	<0.001	Supported
H5f: HO→CP	+	0.239***	<0.001	Supported
H5g: RE→CP	+	0.204***	<0.001	Supported
H5h: OP→CP	+	0.102**	0.003	Supported
H6a: EE→TP	+	0.140***	<0.001	Supported
H6b: EE→CP	+	0.152***	<0.001	Supported
Control variable				
Education→TP	+	0.452***	<0.001	Supported
Education →CP	+	0.176*	0.072	Supported
Experience→TP	+	0.473***	<0.001	Supported
Experience→CP	+	0.289*	0.068	Supported

Note: ***p<0.001; **p<0.05; and *<0.01

The results also supports H6a.b, in that it shows that employee engagement's influence on task performance is smaller than that of contextual performance (0.140<0.152).

Finally, the results confirmed control role of education in both task performance (estimate value of 0.452) and contextual performance (estimate value of 0.176), besides, the control role of experiences is significant with both task performance (estimate value of 0.473) and contextual performance (estimate value of 0.289). The results show that employees with a great deal of work experience will have better capability for task performance. Simultaneously, if employees have higher education levels, they will have better influences on task performance.

4.2.2. Indirect and Total Effect Analysis

Our study gives evidence about the influence of EL on task performance and contextual performance and it discovers how this mechanism is activated through mediating variables, direct, indirect effects and total effects, which are computed and listed in table 6. As for the indirect effects, table 6 first confirms the mediating role of psychological capital and employee engagement in the relationship between EL and EmPer and the mediating role of employee engagement in the relationships between aspects of psychological capital and EmPer.

Table-6. Direct, indirect and total effects analysis

Predictor/dependent	**EF**	**HO**	**RE**	**OP**	**EE**	**TP**	**CP**
Direct effects							
EL	0.369	0.237	0.309	0.252	0.128	0.181	0.167
EF					0.183	0.219	0.163
HO					0.270	0.399	0.239
RE					0.258	0.169	0.204
OP					0.165	0.167	0.102
EE						0.140	0.152
Indirect effects							
EL					0.169	0.163	0.194
EF						0.103	0.104
HO						0.107	0.109
RE						0.106	0.108
OP						0.103	0.103
Total effects							
EL	0.369	0.237	0.309	0.252	0.297	0.344	0.361
EF						0.322	0.267
HO						0.506	0.348
RE						0.275	0.312
OP						0.270	0.205

Finally, regarding the total effects, table 6 indicates that EL's total effects on efficacy (0.369) and resilience (0.309) are greater than those on hope (0.237) and optimism (0.252); EL's total effect on employee engagement is 0.297; EL's total effects on contextual performance are greater than that on task performance (0.361>0.344). Moreover, efficacy's total effects on task performance are greater than that the effects on contextual performance (0.322>0.267); hope's total effects on task performance are greater than that the effects on contextual performance (0.506>0.348); Resilience's total effects on contextual performance are greater than that the effects on task performance (0.312>0.275); finally, optimism's total effects on task performance are greater than that the effects on contextual performance (0.270>0.205). Regarding the total impact of each factor on task performance and contextual performance, the results show that efficacy, hope and optimism have a greater influence on task performance, whereas EL, resilience and employee engagement have a greater influence on contextual performance.

5. Discussions and Implications

An organization can encourage a performance vigorously by directly integrating performance in its business strategy and by changing employee attitudes and behaviors toward individual performance (Bommer *et al.*, 2005; Gupta and Sharma, 2016; Shah *et al.*, 2017). To stimulate the employee performance in organizations, Ahmad (2015) implied that there should be more research on EL, engagement and aspects of psychological capital. In addition, Gupta and Sharma (2016) commented that "An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization". This comment becomes more significant in relation to performance practice in organizations. However, to date, studies of these relationships are still sparse. In this context, the examination of hypotheses developed in our study have important contributions to theory of performance in the field of behavior management and to the practice of performance in the following ways.

First, our study contributes to filling the theoretical gaps by proposing a model discussing the influence of EL on four dimensions of psychological capital and employee engagement, which in turn, leads to task performance and contextual performance in a model. The empirical findings verified the relationships between variables of the theoretical model, and all hypotheses are statistically supported. Through direct and in direct analysis, the study provides a possible mechanism by which EL practices contribute to task performance and contextual performance. The mediating roles of motivational factors (engagement and psychological capital in specific aspects) in the relationship between EL and EmPer, as suggested by Ahmad (2015), for future research are also confirmed. The implication is that EL practices will yield significant effects to EmPer directly or indirectly through improve fours dimensions of employee psychological capital and employee engagement.

Second, An important contribution of this study is that it provides a deeper analysis of the relationships among factors bay assessing psychological capital in four aspects (Efficacy, hope, resilience, and optimism); employee engagement; and EmPer through two types (task performance and contextual performance). Therefore, the findings of these relationships provide specific and useful guides for firms to have suitable effects on each part of EmPer: task performance and contextual performance. Specifically, if leaders pursue stimulating employee task performance, they should pay attention to the role of efficacy, hope and optimism. In the case of puesue stimulating employee contextual performance, they should concentrate on EL, resilience and employee engagement.

Third, by analyzing the total effects, we found that EL and psychological capital's influences on EmPer are significant. This implies that EL and Psychological capital have a very important role in promoting Emper in an organization. Furthermore, we found that control variables have considerable effectd on EmPer. Both work experience and education level are confirmed to have positive effects on both task performance and contextual performance. The finding indicates that education level has an important role in EmPer. Employee with higher education levels will have a greater ability and willingness to meet performance. Hence, strengthening the activities of training and retraining aimed at improving the qualifications of workers is an important measure to stimulate individual performance within an organization.

However, this study has some limitations. First, we used a cross-sectional design, so the causal relationships may change or even lose meaning in the long term; a longitudinal study will help to overcome this limitation and consolidate the result. Second, this study has not evaluated the relationship between latent variables considering the impact of moderating variables, such as education or work experience, because they strongly influence the KS process, as suggested by Ahmad (2015). Our study has only researched their effects on EmPer in the role of a control variable in the relationship between EL and EmPer. Accordingly, it is necessary to conduct more research in the future aimed at exploring more deeply the relationship between EL and EmPer by assessing the moderating role of education and experience.

Nevertheless, the study findings provide a theoretical basis that can be used to analyze relationships among EL, the structures of psychological capital, Employee engagement and the EmPer. Simultaneously, these research findings provide empirical evidence to prove the hypotheses that ethical leadership and four dimensions of psychological capital and employee engagement have important roles in promoting task performance and contextual performance. Efficacy, hope and optimism have more significant effects on task performance, whereas EL, resilience and employee engagement have more significant effects on contextual performance. We expect that EL practices, by considering employees as the firm's valuable resource, building emotional links with followers and inspiring those followers to higher values would enhance employee psychological capital and employee engagement. Subsequently, these measures that constitute EL practices promote EmPer in an organization.

6. Conclusion

Managers are important sources for organizational success and ethical behavior. This research tested the effect of ethical leadership on the employee performance of service firm staffs in Vietnam and has made an important contribution by bringing out the relationship that exists between ethical leadership, employee psychological capital, employee engagement, and employee performance. The findings of this study indicate that issues relating to leadership and job design should be studied from an interactional perspective in order to promote employee performance. Therefore, this research tried to portray a complete picture of how ethical leadership style can foster performance among service firm employees. Because service organizations across the globe have been spending an enormous amount of their time and financial resources to understand the factors that promote employee performance, the results of this research might be able to answer a few of their questions. The authors hope that this research will encourage academicians and leadership behavior researchers to conduct further research in this area.

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