



# Influence of Authentic Leadership on Employee Performance: Ethical Climate as a Moderating Variable

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## *Authors' contributions*

*This work was carried out in collaboration among all authors. All authors read and approved the final manuscript.*

## *Article Information*

DOI: 10.9734/AJEBA/2023/v23i12986

## **Open Peer Review History:**

This journal follows the Advanced Open Peer Review policy. Identity of the Reviewers, Editor(s) and additional Reviewers, peer review comments, different versions of the manuscript, comments of the editors, etc are available here: <https://www.sdiarticle5.com/review-history/99629>

**Original Research Article**

**Received: 21/02/2023**

**Accepted: 01/05/2023**

**Published: 06/05/2023**

## **ABSTRACT**

In the environment of State Universities in the City of Bandar Lampung, the ethical climate is a major concern considering the duties and obligations of institutions that are bound to ethics. The existence of ethical weaknesses in each State University can lead to weaknesses, namely the lack of high level of authentic leadership as it will arise that only leaders with the mind, not with the heart, causing a lack of communication between staff and leaders with procedures that are still not right and a lack of focus results, causing a lot of less work to be completed on time. The purpose of this study was to analyze the effect of authentic leadership on employee performance. The effect of ethical climate as a moderating variable, this study used the Multiple Regression Analysis (MRA) analysis tool. The empirical findings obtained are that authentic leadership has a significant positive effect on employee performance and an ethical climate that is not met moderates the effect of authentic leadership on employee performance. Some things are suggested in order to consider all

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options and counter views before taking a series of actions with good planning thinking and discussing openly, focusing on others is expected to increase awareness around ethics according to morality and honesty, especially superiors so that they can set an exemplary role model or role model for subordinates, as well as increasing responsibility and creating order to others so that it can run well.

The entire population of State Universities is 1650 employees, with a sample of 174 respondents came from employees at State Universities in Bandar Lampung City. The data collection used is by distributing questionnaires. Based on the results of Multiple Regression Analysis, it is known that the sig values of the Authentic Leadership variables (X), Ethical Climate (M) are sig values of 0.900, a significant level of  $> 0.05$  indicates that authentic leadership, if moderated by an ethical climate, does not have a positive and significant effect on employee performance.

*Keywords: Authentic leadership; ethical climate and employee performance.*

## 1. INTRODUCTION

Authentic leadership emphasizes the process of building leader legitimacy through honest relationship with subordinates on an ethical basis, considering that it can explain the influence of leaders on human interaction in the organizational environment. The main characteristics of true leaders are that they have self-confidence, courage and flexibility, and can stimulate the expansion of the qualities of others. Once true leadership emerges, it will have an impact on employee work consequences. Monteiro et al. (2019) stated that "currently higher education has lost some of its historical role, and its mission has changed substantially, due to the focus on providing services to the economic sector. Contemporary challenges and characteristics as well as predictions of future challenges demand new roles and missions for higher education. Faced with today's challenges and the challenges foreseen in the future, engineering and technology play a vital role and highlighted the need for ethics education as a pillar of higher education in the future".

"Employee performance greatly influences the success of an organization's goals, seeing the importance of employees in an organization. This is in accordance with the opinion of Koopmans, L. et al. [1] that performance is defined as behavior or actions that are relevant to organizational goals. It can be said that employees are valuable organizational assets, so support and development are needed to improve employee abilities. Performance is the result of work that can be achieved by a person or group of people in an organization based on quality, efficiency and effectiveness in accordance with their respective authorities and responsibilities in the context of efforts to achieve organizational

goals legally, not violating the law. and in accordance with morals and ethics".

According to Nawaz, et al. [2], The ethical climate emphasizes that management's ethical behavior greatly influences the ethical climate of an organization. According to research Qureshi and Hassan, [3] Authentic leaders build strong value systems and ethical standards that help in establishing an ethical climate. The ethical climate also has an important role in supporting and improving employee performance [4]. At State Universities in Bandar Lampung City, good authentic leadership can create an ethical climate of good value. Because an ethical climate can emerge from the use of transparency, integrity, trust, and high moral standards, and creates and sustains a healthy organization. As well as a supportive ethical climate that implies individuals within the organization to work together and tend to care about one another and provide the best for State Universities so as to strengthen reputation and long-term relationship between individuals within the organization. After that, a type of ethical climate emerges, namely team play, which is a behavior about the cooperation of individuals in organizations involved in groups or teams so as to produce good performance.

"An authentic leader can be an example that self-awareness of the beliefs he holds can have an impact on his followers" [5]. "Authentic leadership is the belief that leaders can express their natural selves openly and honestly and that this will lead to positive and ethical work outcomes" [6]. characteristics of authentic leadership that can be seen from the character of leaders who know and understand themselves, who support and act consistently with high-level ethical values, and who empower and inspire others with their openness and authenticity. Likewise,

implementing an effective ethical climate can result in better performance. An ethical climate can also enhance the excellence and performance of employees and their organizations.

Through the observations of researchers at all Public Universities in Bandar Lampung who were appointed, employee performance was marked by a lack of work discipline in work results, compliance with regulations, and the presence of employees who often postponed work. If this is allowed to continue, it will not only interfere with their individual performance, organizational performance in general will be disrupted because of the interrelation of work with one another.

In the State University environment, the ethical climate is a major concern considering that the duties and obligations of the institution are indeed bound by ethics. Weak ethics in each Public Universities can lead to weaknesses, namely the lack of authentic leadership, such as a lack of communication between staff and leaders, marked by the ineffectiveness of regular meetings between staff and leaders in solving problems encountered. happen. The lack of effective communication in this form of coordination causes a lot of work that cannot be completed because it is waiting for the completion of work from other parts.

The lack of authentic leadership in tertiary institutions, in this case self-awareness caused by an unfavorable ethical climate as a reinforcing variable, will affect employee performance in tertiary institutions. It is hoped that better authentic leadership will affect employee performance improvement with the ethical climate variable as a reinforcing variable. Based on the explanation above, the authors conducted research on the effect of authentic leadership on performance and ethical climate as a moderating variable in studies at Bandar Lampung State Universities.

## **2. LITERATURE REVIEW**

### **2.1 Authentic Leadership**

Leadership is the spearhead of the organization in directing and empowering people for the interests or goals of the organization. In a general sense, leadership shows the process of one's activities in leading, influencing, or controlling the thoughts, feelings, and behavior of other people.

According to Banks, et al. [6], "Authentic leadership is the belief that leaders can express their natural selves openly and honestly and that this will lead to positive and ethical work outcomes. Nikolić and Kvasić, [7] Authentic leadership is defined as a set of related behaviors that characterize the way leaders influence followers, make ethical decisions, and use information".

Authentic leadership according Gardner, et al. [8] consists of four dimensions, among others, as follows:

- Self Awareness (self-awareness) The way a person perceives and understands himself from time to time. In addition to understanding the strengths and entities that are owned.
- Relational Transparency (transparent relationship) Followers' perceptions of the leader's behavior that presents itself in interacting with others, not self-image and self-behavior.
- Balanced Processing shows a leader who objectively analyzes all relevant information and data before making a decision.
- "Internalized moral perspective (internalized moral perspective) is a picture from subordinates to superiors regarding internalization and self-regulation, meaning that if the superior makes a decision, then the decision is in accordance with self-regulation or does not conflict with espoused moral values" [9].

### **2.2 Ethical Climate**

Appelbaum, et al. [10] developing ethical practices in organizations by stating that the ethical climate of an organization makes a significant contribution to work relations and forms good behavior because the ethical climate of an organization is a set of values and norms that can guide employees in taking action.

Based on Saygili, et al. [11] "Ethical climate is defined as the cumulative total of perceptions related to common practices and behaviors that are observed and influenced by organizational members in the decision-making process within the organization".

According to Qureshi and Hassan [3], ethical work climate has also been defined as "the prevailing perception of typical organizational

practices and procedures that have an ethical component.

Meanwhile according to Arnaud, [12], the ethical climate has four components namely

- Collective moral sensitivity (norm of moral consciousness)
- Collective moral sensitivity (norm of empathic concern)
- Collective moral judgment (focus on self)
- Collective moral judgment (focus on others)

### 2.3 Employee Performance

Performance is the potential that must be possessed by every employee to carry out each task and responsibility given by the organization to employees. With good performance, every employee can solve all organizational burdens effectively and efficiently so that the problems experienced by the organization can be resolved properly. The issue of employee performance is so important that it is not wrong if the essence of human resource management is how to manage HR performance. Managing people in an organizational context means managing people to produce optimal performance for the organization.

In the following, the authors convey the opinions of several experts regarding the notion of performance:

Noermijati, et al. [13] states that “performance is the overall activity of an employee in carrying out their duties in accordance with the responsibilities of each employee to the organization”. “The definition of performance is the quality of work and quantity achieved by employees in carrying out their functions in

accordance with the responsibilities given to them” [14]. “In general, employee performance is the extent to which a person completes a task” [15].

According to Koopmans, L., et al. [1], factors that need to be considered in performance appraisal include:

- Task performance, refers to the ability of an employee in carrying out the main tasks of work, which includes the quality of work, planning and organizing tasks, oriented towards results, making priority scales, and working efficiently.
- Contextual performance, refers to employee behavior that supports the organization, social and psychological environment where work center tasks are carried out, for example being responsible for work, creative, having initiative, happy to accept challenging work, communicating effectively, able to work together, and willing accept and learn from the Other.
- Counterproductive work behavior, refers to behavior that is detrimental to the continuity of the organization, for example doing things that are detrimental to co-workers and superiors, and intentionally making mistakes.

### 2.4 Thinking Framework and Hypotheses

The research conducted consisted of independent variables and dependent variables. Where the independent variable or independent variable (X) is Authentic Leadership, while the dependent variable or dependent variable (Y) is Employee Performance. Ethical Climate as a Moderating Variable (M). Then it can be seen in Fig. 1.

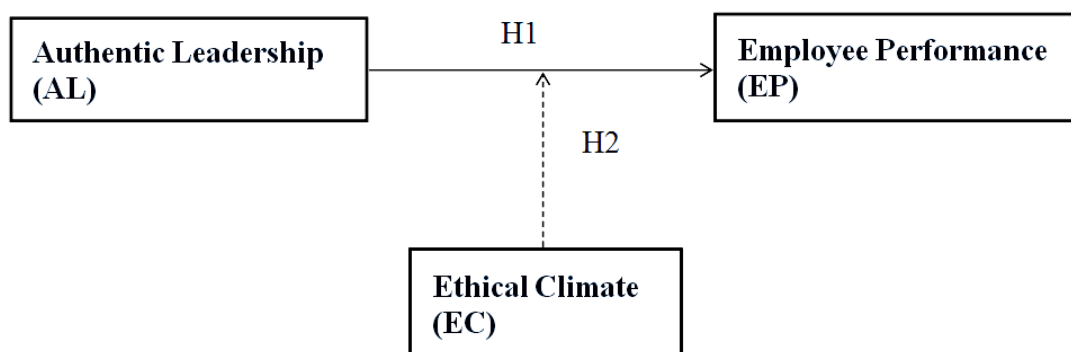


Fig. 1. Research framework

### Hypothesis:

H1 : Influence of authentic leadership on employee performance

H2 : Ethical climate moderate the influence of authentic leadership on employee performance

### 3. RESEARCH METHODS

The research was conducted at the University in Bandar Lampung City. In this study the independent variable is authentic leadership (X1). The dependent variable is employee performance (Y). Furthermore, the moderating variable is the ethical climate (M). This study uses a quantitative and qualitative data approach and uses a Likert scale for an interval scale which specifically uses five anchors, namely Strongly Disagree, Disagree, Fairly Disagree, Agree, and Strongly Agree [16] the number of samples from this study amounted to 174 respondents who came from employees of each state university in the city of Bandar Lampung. The method used in data analysis and hypothesis testing in this study is Moderated Regression Analysis (MRA) is a special application of multiple linear regression where the regression equation contains an element of interaction. In addition to seeing if there is an effect of the independent variable on the dependent variable, this MRA analysis is also to see whether paying attention to the moderating variable in the model can increase the effect of the independent variable on the dependent variable or vice versa. Data processing uses the help of the Statistical Program for Social Science (SPSS) 24 application.

### 4. RESEARCH RESULTS AND DISCUSSION

#### 4.1 Descriptive Statistics

Researchers used descriptive analysis techniques to obtain information about the characteristics of the respondents. Descriptive analysis is an analytical technique used to explain how the characteristics of data originating from an object of research can be described and understood properly. Discussion of the characteristics of the respondents in this study will display several aspects of the respondents such as gender, age, length of work. Descriptive data on the sex of respondents in this study were mostly female, namely 174.

In this study, the majority were male, namely as many as 90 respondents or 58.21%. And the number of respondents who were female was 84 people or 41.79%. Characteristics of respondents based on age showed that respondents who had the highest frequency were respondents aged between 26-34 years at 37.36%. or as many as 65 people. respondents aged more than 20-25 years at 3.45%. or as many as 6 people. respondents aged more than 35-45 years at 28.74%. or as many as 50 people. respondents aged more than 46-55 years at 22.99%. or as many as 40 people. And for respondents aged 55 years and over as much as 7.47%. or as many as 13 people.

#### 4.2 Validity and Reliability Test

“Validity test was conducted to test whether the questionnaire is feasible to be used as a research instrument or not. Valid means that the instrument can be used to measure what should be measured. Reliability is a measure indicating the extent to which the measure is without bias (error free) and therefore ensures consistent measurement across time and across the various items in the instrument. In other words, the reliability of a measure is an indication of the stability and consistency of an instrument that measures the concept and helps assess the "goodness" of a measure” [16].

Based on the research results, it is known that the Kaiser Meyer Olkin Measure of Sampling Adequacy (KMOMSA) value of all variables is greater than 0.50, which is 0.818 – 0.908. all variables obtain a significance level of 0.000, which means that there is a correlation between variables (significance <0.05), thus it can be concluded that all existing variables can be analyzed further because they meet the criteria.

Table 2 can be seen that the Cronbach's alpha value for the authentic leadership variable has a value between 0.8 – 0.9. According to Space [16], “if the reliability value is less than 0.6, it is stated that it is not good, while 0.7 is acceptable and 0.8 is stated as good. From the research results, it was obtained that all Cronbach alpha values on variables were greater than 0.8, thus the instrument used to describe authentic leadership variables could be declared reliable or reliable”.

### 4.3 Normality Test

The normality test is one part of the data analysis prerequisite test, which means that before we do the actual data analysis, the data must be tested for normal distribution. The basis for the decision

in the normality test is: if the Komogorov Smirnov test value must be greater than 0.05, then the data is normally distributed. Conversely, if the value of the Komogorov Smirnov test is less than 0.05, the data is not normally distributed.

**Table 1. Validity test results**

Variable	KMOMSA value	Bartlett Test Value	validity
Authentic Leadership	0.895	0.000	Valid
Ethical Climate	0.908	0.000	Valid
Employee Performance	0.818	0.000	Valid

Source: Results of 2023 survey data processing

**Table 2. Reliability test results**

	Scale mean if item deleted	Item-Total Statistics Scale variance if item deleted	Corrected item-total correlation	Cronbach's alpha if item deleted
X1	26.1782	21,812	.642	.900
X2	26.2184	21,455	.724	.892
X3	25.9828	22,075	.739	.892
X4	26.1379	21,368	.714	.893
X5	26.0805	21,069	.800	.886
X6	26.0747	22,289	.675	.897
X7	26.3046	21,774	.623	.902
X8	26.1379	20,917	.711	.894
M1	92.5115	123,939	.086	.836
M2	92.6609	122,526	.180	.833
M3	92.5632	123,496	.122	.835
M4	92.6264	122,420	.162	.834
M5	93.8678	116,150	.406	.826
M6	92.5172	125,396	.009	.838
M7	92.5230	123,684	.101	.835
M8	92.6667	123,923	.097	.835
M9	93.6609	114.168	.472	.823
M10	93.6149	115,857	.489	.823
M11	93.8793	115,032	.486	.823
M12	92.6667	124,015	.081	.836
M13	93.1667	116,117	.479	.824
M14	92.9598	115,311	.483	.823
M15	93.2701	114,823	.496	.823
M16	93.1494	114,047	.501	.822
M17	93.4713	112,875	.573	.820
M18	92.3276	125,678	.003	.837
M19	92.5172	124,910	.046	.836
M20	92.3678	125,586	-.002	.838
M21	92.4655	125,788	-.011	.838
M22	92.6322	125,089	.024	.838
M23	93.8678	113,375	.546	.821
M24	93.8793	111,459	.632	.817
M25	93.8046	112,112	.620	.818
M26	93.4598	115,706	.447	.824
M27	93.6782	112,485	.598	.819
M28	93.8218	112,910	.550	.820
M29	93.8391	112.113	.620	.818
M30	93.3966	116,275	.454	.824

	Scale mean if item deleted	Item-Total Statistics Scale variance if item deleted	Corrected item-total correlation	Cronbach's alpha if item deleted
Y1	57.7414	51,834	.345	.813
Y2	58.0460	50,241	.482	.806
Y3	57.7126	52,541	.328	.814
Y4	57.8391	51,419	.379	.811
Y5	58.3046	50,121	.379	.811
Y6	58.1149	51,085	.352	.813
Y7	57.9770	50,543	.418	.809
Y8	58.2759	49,773	.434	.808
Y9	57.6897	51,348	.428	.809
Y10	57.6437	50,716	.489	.806
Y11	57.9770	49,017	.620	.799
Y12	58.1954	48,112	.610	.798
Y13	58.2069	48,824	.521	.803
Y14	59.3046	49,889	.305	.818
Y15	59.9655	49,744	.389	.811
Y16	59.9253	51,098	.276	.818
Y17	59.5805	49,910	.344	.814
Y18	59.9368	49,921	.357	.813

**Table 3. Normality test results**

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residuals
N		174
Normal Parameters, b	Means	.0000000
	std. Deviation	6.55359731
Most Extreme Differences	Absolute	.052
	Positive	.052
	Negative	-.040
Test Statistics		.052
asympt. Sig. (2-tailed)		.200c,d
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Source: Results of 2023 survey data processing

From the results of data processing, we can see that the Komogorov Smirnov test value of 0.052 is greater than 0.05, so it can be concluded that the data tested is normally distributed.

#### 4.4 Test the Coefficient of Determination Together R<sup>2</sup>

The coefficient of determination together with R<sup>2</sup> is used to measure how much influence the independent variables have on the dependent variable as a whole. Table 4 is the result of a test to measure the extent to which authentic leadership influences employee performance at State Universities in Bandar Lampung City with ethical climate as a moderating variable. Based on the results of the regression coefficient

estimation (Table 4), it is known that the Goodness of fit (R<sup>2</sup>) test through the R Square value (R<sup>2</sup>) is 0.231 which indicates that the performance of employees at State Universities in Bandar Lampung City can be explained by the authentic leadership variable of 23.1%. if it is moderated by the ethical climate and the remaining 76.9% is explained by other factors that are not included in the conjecture model. Adjusted R Square value of 0.217 in a positive direction explains that the correlation relationship between employee performance and the variables used is positive. The Standard Error value of 6.61 is the standard error value of the model as a whole which indicates there is a possibility of bias in the value of the suspected model of 6.61.

**Table 4. Test results for the coefficient of determination together with R<sup>2</sup>**

<b>Summary model<sup>b</sup></b>									
<b>Model R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>std. Error of the Estimate</b>	<b>Change Statistics</b>					<b>Durbin-Watson</b>
				<b>R Square Change</b>	<b>FChange</b>	<b>df1</b>	<b>df2</b>	<b>Sig. FChange</b>	
1	.481a	.231	6.61086	.231	17016	3	170	.000	1817

a. Predictors: (Constant), Leadership\_Climate, Climate\_Ethics, Leadership\_Authentic  
 b. Dependent Variable: Employee\_Performance

*Source: Results of 2023 survey data processing*



## 4.5 Hypothesis Testing

### 4.5.1 Authentic leadership on employee performance

Hypothesis testing is carried out to test the hypothesis about the regression coefficient that has been formed previously and it can be seen whether the regression equation obtained can be accounted for. This study uses an analysis tool, Moderated Regression Analysis (MRA), which is a special application of multiple linear regression where the regression equation contains an element of interaction.

The calculated t value obtained for the authentic leadership variable (X) is 3,882. Based on the statistical t table (for n = 100) the t table value is

1.65. The value of t count which is positive and greater than t table indicates that hypothesis 1 is supported that authentic leadership has an effect on employee performance.

### 4.5.2 Ethical climate moderate the influence of authentic leadership on employee performance

The results of the moderated regression analysis show that the sig value of the variable X, M, the sig value is 0.900, the significant level is > 0.05 indicating that authentic leadership if moderated by the ethical climate does not have a positive and significant effect on employee performance so that hypothesis 2 which states the ethical climate strengthens the influence authentic leadership on employee performance is rejected.

**Table 5. Hypothesis 1 test results**

Hypothesis 1 authentic leadership on employee performance

		Coefficients <sup>a</sup>			Q	Sig.
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	std. Error	Betas		
1	(Constant)	49,897	3.141		15,884	.000
	Leadership_Authentic	.402	.104	.284	3,882	.000

a. Dependent Variable: Employee\_Performance

Source: Results of 2023 survey data processing

**Table 6. Hypothesis 2 test results**

Hypothesis 2. Effect of moderation analysis test results

		Coefficients <sup>a</sup>			Q	Sig.
Model		Unstandardized coefficients		Standardized coefficients		
		B	Std. error	Betas		
1	(Constant)	30,539	23,783		1,284	.201
	Leadership_Authentic	.213	.723	.150	.295	.769
	Climate_Ethics	.232	.245	.348	.944	.347
	Leadership_Climate	.001	.007	.085	.126	.900

a. Dependent Variable: Employee\_Performance

Source: Results of 2023 survey data processing

## 4.6 Discussion

This section will explain the results of the research analysis. The purpose of this study was to determine the effect of ethical climate on employee performance. This study uses two dimensions, namely authentic leadership, ethical climate on employee performance. Two hypotheses were developed and tested using the Moderated Regression Analysis (MRA) method and assisted with the Statistical Program for Social Science (SPSS) version 24 software. The results of this study show the following:

First hypothesis test whether authentic leadership has a positive and significant effect on performance. The test results show that the calculated t value obtained for the authentic leadership variable (X) is 3,882. Based on the statistical t table (for n = 100) the t table value is 1.65. The value of t count which is positive and greater than t table indicates that variable X has a significant effect on employee performance with a significant level of  $\alpha = 0.05$ . This proves that authentic leadership has a significant effect on employee performance. Authentic leadership is a leadership style that focuses on aligning one's character with the values that exist within a group or organization so that it runs effectively. According to Walumbwa, et al. [9] definition of authentic leadership as a pattern of leader behavior that attracts and promotes positive psychological capacities and a positive ethical climate, to foster greater self-awareness, an internalized moral perspective, balanced information processing, and relational transparency on the part of the working leader. with followers, encourage positive self-development, in this case authentic leadership has a significant positive effect. It can be said that if authentic leadership increases, employee performance will also increase. Second hypothesis Testing the effect of moderation shows that authentic leadership if moderated by ethical climate does not have a positive and significant effect on employee performance so that the second hypothesis which states ethical climate strengthens the effect of authentic leadership on employee performance is rejected with the sig value of variable X, M sig value namely 0.900 significant level > 0.05, the moderating effect shows that exogenous variables do not directly affect endogenous variables through moderating variables. The characteristics of authentic leadership can be seen from the character of a leader who knows and understands himself, who supports and acts consistently with high ethical values, and empowers and inspires others with his openness and authenticity. As well, implementing an effective ethical climate can lead to better performance. In this case the indirect effect of authentic leadership on employee performance through moderation as a connecting variable, it can be seen from the results that have been obtained that the ethical climate strengthens the influence between authentic leadership on employee performance, where the moderating variable here is a variable measuring the strong or weak influence of variables independent

variable, it can be said that based on the results obtained.

At State Universities in Bandar Lampung this authentic leadership means better if it can provide exemplary, provide support, encourage leaders such as self-awareness to get the job done in order to improve employee performance. Research result Alzghoul, et al. [17] gives the result that authentic leadership affects employee performance.

According to Nawaz, et al., [2], The ethical climate emphasizes that management's ethical behavior greatly influences the ethical climate of an organization. According to research Qureshi and Hassan [3] implies that authentic leaders build strong value systems and ethical standards that help in establishing an ethical climate. Likewise, the ethical climate also has an important role in supporting and improving employee performance. At State Universities in Bandar Lampung City, good authentic leadership can create an ethical climate of good value. Because an ethical climate can emerge from the use of transparency, integrity, trust, and high moral standards, and creates and sustains a healthy organization. As well as a supportive ethical climate that implies individuals within the organization to work together and tend to care about one another and provide the best for State Universities so as to strengthen reputation and long-term relationship between individuals within the organization. After that, At State Universities in Bandar Lampung City, good authentic leadership can create a climate of good ethical values. Because an ethical climate can emerge from using transparency, integrity, trust, and high moral standards, and creating and sustaining healthy organizations that can produce good performance.

The implication of the findings in the hypothesis above is that it is advisable to increase positions in leadership that can be held firmly so as to increase returns and awareness around the existing ethics according to honesty and morality, especially superiors so that they can provide exemplary examples or role models to subordinates and create an authentic environment that can lead to better and more effective performance.

## **5. CONCLUSION**

Based on the results of data processing, the first hypothesis is fulfilled which states that authentic

leadership has a positive and significant effect on employee performance. This shows that the better the authentic leadership, the better the performance of employees at public universities in the city of Bandar Lampung. Based on the results of data processing, hypotheses the second is not met, which states that authentic leadership if moderated by ethical climate does not have a positive and significant effect on employee performance which states that ethical climate strengthens the effect of authentic leadership on employee performance is rejected.

### COMPETING INTERESTS

Authors have declared that no competing interests exist.

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