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# Unlocking the Impact of Ethical Leadership on Employee Loyalty and Motivation: The Mediating Role of Trust in Public Sector Leadership

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### ABSTRACT

While there is a substantial quantity of research on ethical leadership in Western countries, the literature is scarce on the subject in Muslim-majority countries, particularly in Somalia. Drawing on social learning theory, this study examines the influence of ethical leadership on public servants' employee loyalty and motivation in Somalia through the underlying mechanism of employee trust in leaders. This study utilized an online quantitative survey conducted among 279 federal government employees in Mogadishu, Somalia. The collected data were subsequently analyzed using SmartPLS 4.1.0.0, employing Structural Equation Modeling Partial Least Squares (SEM-PLS) to assess the study's outer and inner models. The results revealed that ethical leadership directly and positively impacts public servants' trust in leaders, employee loyalty, and employee motivation. Furthermore, the results showed that public servants' trust in leaders positively and significantly impacts loyalty and motivation. Public servants' trust in leaders partially mediates the association between public sector ethical leadership and public servant loyalty. Moreover, public servants' trust in leaders partially mediates the relationship between ethical leadership and employee motivation in public sector institutions. These findings provide a clear roadmap for policymakers and administrators who seek to improve the performance and integrity of the public sector in environments susceptible to ethical challenges, empowering them with actionable insights.

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The influence of ethical leadership on public sector institutions has drawn more interest in recent years (Ouakouak & Zaitouni, 2020; Shakeel et al., 2020) due to its emphasis on guiding and promoting trustworthy behavior personally (Nguyen, 2023). Ethical leadership plays a

pivotal role in the public sector due to its direct influence on promoting ethical behaviour and its indirect contribution to cultivating an ethical culture within the public sector (Hameed et al., 2023). Building strong relationships between individuals is an essential aspect of ethical leadership. This is because it significantly improves the achievements of both organizations and society (Qing et al., 2020). Furthermore, leaders who consistently exhibit ethical conduct and behaviour towards individuals can serve as reliable role models for workers to imitate among their colleagues (Nguyen, 2023). From past research, it is evident that ethical leaders, especially in public sector institutions, can nurture social justice and equity by prioritizing responsibility and transparency (Sahraei Beiranvand et al. (2021).

Although ethical leadership is a well-researched topic in Western countries (Qin et al., 2021), there is a significant research gap in Muslim nations (Hameed et al., 2023). This dearth of research is particularly evident in Somalia's public sector institutions, where widespread corruption is reported in various sectors (Abdi & Hashi, 2023). One of the reasons behind this is the lack of ethical leaders who possess integrity in their roles (Samatar & Samatar, 2022). Furthermore, the underperformance of government institutions in Somalia can be attributed to the unethical behavior displayed by its leaders (Mbandlwa, 2021). He further asserts that Somalia faces genuine issues with ethical leadership. These problems include public servants abusing their power, embezzling funds, and engaging in bribery, which further hinders the nation's fragile finances. These actions are detrimental to the institutions and deeply affect the employees, eroding their loyalty, motivation, and trust in their leadership. In addition, there is a call to study the mediating role of trust in leaders in the association between moral leadership and worker-positive outcomes (Hoang et al., 2023b). The Somali public service is at a critical juncture, desperately needing ethical leadership. The current landscape is marred by inadequate service delivery and pervasive corruption, which have eroded citizens' trust in government institutions (Abdi, 2023). The situation's urgency underscores the importance of ethical leadership, which can set a solid ethical tone and rebuild trust in public sector leadership.

Past studies reveal another aspect of organizational ethics as a key factor in developing worker relationships and promoting ethical behaviors (Nguyen, 2023). Many studies agree that ethical leaders play a key role in fostering appropriate behavior within their workforce. For instance, Tseng and Wu (2017) reported that ethical leadership effectively enhances worker loyalty. Furthermore, Hoang et al. (2023a) and Oladimeji and Abdulkareem (2023) have substantiated that it also positively impacts employee motivation. Moreover, extant research shows a positive and direct association between moral leadership and worker trust in their leaders (Eluwole et al., 2022; Islam & Ashraf, 2023; Le & Nguyen, 2023). Ethical leadership is paramount in Somalia's public sector as it fosters trust and motivates employees. This, in turn, leads to improved service delivery and decreased corruption. By cultivating a loyal and accountable workforce, ethical leadership ultimately strengthens public trust and contributes to developing more effective Somali public sector agencies (Ouakouak et al., 2020). Past studies have shown that ethical leadership has a positive impact on shaping employee behavior. Therefore, this study examines the impact of ethical leadership in the public sector on worker loyalty and motivation in Somalia by exploring the role of worker trust in public sector leaders as a mediating factor.

Numerous studies have investigated the impact of ethical leadership on worker loyalty in private sector organizations (Fan et al., 2021; Tseng & Wu, 2017), as well as its influence on

employee motivation (Mkheimer et al., 2022; Uluturk et al., 2023). Furthermore, earlier research has explored how ethical leadership improves employee trust in leadership (Eluwole et al., 2022; Enwereuzor et al., 2020). Building on the theoretical foundation of social learning theory (Bandura, 1986), this study suggests that ethical leaders in the public sector play a pivotal role in shaping employees' ethical behavior by acting as role models. Observing these leaders, employees are more likely to internalize ethical norms and, consequently, exhibit supportive behaviors towards their colleagues. However, to the researcher's best knowledge, and based on a thorough review of reputable databases, no prior studies have explored the mediating role of employee trust in leaders in the relationship between ethical leadership, employee loyalty, and motivation, both in the broader public sector and particularly in Somali contexts.

This study significantly contributes to the existing knowledge in understanding ethical leadership within the unique context of Somalia's public sector, addressing critical research gaps and offering novel insights. While ethical leadership has been extensively researched in Western contexts (Qin et al., 2021), a gap exists in studies focusing on Muslim countries (Hameed et al., 2023), particularly Somalia (Abdi & Hashi, 2023). This study urgently addresses this gap by examining ethical leadership in a country facing widespread corruption, unethical behavior, and a lack of integrity among public sector leaders (Samatar & Samatar, 2022). Focusing on Somalia, this research offers valuable insights for understanding and improving leadership practices in similar contexts. Moreover, researchers have recommended studying the mediating role of trust in leaders in the association between ethical leadership and worker-positive outcomes (Hoang et al., 2023b). Therefore, this study responds to the call by examining the relationship between ethical leadership, employee loyalty, and motivation via the underlying mechanism of employee trust in leadership.

The study proposes a novel conceptual model that underscores the mediating role of employee trust in the relationship between ethical leadership, employee loyalty, and motivation. This new perspective, grounded in social learning theory (Bandura, 1986), enhances our understanding of how ethical leadership influences employee behaviour within public sector institutions, specifically in the Somali public sector. The study makes a significant theoretical contribution by introducing trust as a mediator. This concept has yet to be extensively explored in previous studies, enriching the academic discourse in this field. Finally, the findings of this study have significant practical implications. They underscore the need for targeted interventions and training programs that promote ethical behavior among public sector leaders. These insights can inform policy development and practical strategies to enhance public institutions' effectiveness and trustworthiness, making significant practical contributions to improving public sector governance.

## **Reviewed Literature and Development of Hypotheses**

### ***Ethical Leadership and Employee Loyalty***

Previous studies have provided diverse definitions of ethical leadership (Shakeel et al., 2020). However, despite the extensive research conducted in different areas, there is a prevailing consensus on the definition of ethical leadership (Kaptein, 2017). Brown et al. (2005) presented a widely accepted definition of ethical leadership. According to their definition, ethical leadership entails showing behavior that is ethically correct, both in personal actions and in relationships with others. In addition, ethical leaders encourage their followers to adopt the

same ethical conduct through effective communication, support, and decision-making. Treviño et al. (2000) suggested in their study that morality as an individual and morality as a manager are the two essential components of ethical leadership. The first component emphasizes the leader's morality, ethics, and values, as Aronson (2001) discussed. The second component highlights the leader's active involvement in promoting ethical behavior and decision-making among their team members, an idea further examined by Brown et al. (2005).

Employee loyalty refers to workers' commitment to remaining with an organization, even when it may not benefit them (Niehoff et al., 2001). Furthermore, employee loyalty refers to an intentional and dedicated commitment to an organization and the willingness to contribute to its growth actively. When employees willingly commit and actively engage, they see themselves as essential to the organization (Bhat & Darzi, 2018). Although the primary focus of the study of employee loyalty was on the private sector, researchers are increasingly interested in investigating employee loyalty in the public sector (Tang et al., 2023). According to research, employee loyalty is widely recognized as a crucial factor in understanding their behavior within the workplace (Yee et al., 2010). Furthermore, research has confirmed that employee loyalty is crucial for organizations to accomplish their goals (Luchak, 2003). While previous studies have demonstrated that employee disloyalty can result in substantial costs for institutions (Matzler & Renzl, 2006), there is a scarcity of existing studies examining the factors influencing the loyalty of public sector employees towards their respective institutions.

Myriad prior studies have extensively investigated the association between ethical leadership and workers' loyalty. Notably, Fan et al. (2021) found a positive and significant association between ethical leadership and employee loyalty. Wang et al. (2015) similarly recognized ethical leadership as a strong predictor of employee loyalty. Moreover, Tseng and Wu (2017) conducted a comprehensive study underlining the vital role of ethical leadership in nurturing employee loyalty within organizations. However, all of these studies focused solely on private-sector organizations. The public sector's unique organisational landscape poses distinct challenges for public servants. This study, however, takes a novel approach by investigating the pivotal role of ethical leadership in fostering employee loyalty within this context. The understanding of this relationship is not just crucial but also empowering for enhancing public sector performance and cultivating a more committed workforce. Moreover, exploring this dynamic in the under-researched Somali context provides valuable insights into how cultural and socioeconomic factors influence the effectiveness of ethical leadership in promoting loyalty. To the author's awareness, previous research has yet to look into how ethical leadership promotes employee loyalty in the public sector, both in general and in the Somali setting. Therefore, the researcher presents the following proposition.

**H1:** Ethical leadership has a significant and positive influence on employee loyalty.

### ***Ethical Leadership and Employee Motivation***

Hanaysha and Hussain (2018) defined employee motivation as the degree of commitment, zeal, and creativity that workers of an organization bring to their work. Furthermore, Evans (2023) defined motivation as an internal psychological force that influences and guides behavior. A plethora of recent body of knowledge emphasizes the crucial role of ethical leadership in promoting employee motivation and inspiration. Notably, Hoang et al. (2023a) present

compelling evidence to support this claim, demonstrating ethical leadership's positive and significant influence on employee motivation. Furthermore, recent studies by Oladimeji and Abdulkareem (2023) and Uluturk et al. (2023) further support this assertion, highlighting the predictive power of ethical leadership in motivating employees. Similarly, Mkheimer et al. (2022) contribute to this expanding knowledge base by establishing a significant and positive relationship between ethical leadership and employee motivation. Also, Ouakouak and Zaitouni (2020) argued that ethical leadership predicts employee motivation. Shareef and Atan (2019) reinforce this standpoint by demonstrating the important role of ethical leadership in enhancing employee motivation. Employee motivation is a critical factor that has been identified as having a direct impact on worker productivity and long-term organizational success (Hanaysha & Hussain, 2018). These studies provide a robust signal for the positive impact of ethical leadership on employee motivation. In contrast to the substantial literature on employee motivation in the private sector, there is a shortage of existing studies examining the impact of ethical leadership on employee motivation in public sector organizations (Ouakouak & Zaitouni, 2020). The study of ethical leadership is essential for enhancing employee motivation, especially in the public sector. Public sector employees prioritize ethical considerations and aligning organizational goals with the public interest rather than solely focusing on financial rewards. Ethical leadership promotes trust, fairness, and integrity, ultimately boosting employee commitment and motivation to accomplish departmental objectives. While previous studies have extensively explored the link between ethical leadership and private sector employee motivation in various global contexts, the specific association within the Somali public sector has not been thoroughly investigated, as far as the author knows. Therefore, this study aims to bridge this void by proposing the following proposition:

**H2:** Ethical leadership has a significant and positive influence on employee motivation.

### ***Ethical Leadership and Employee Trust***

Trust in a leader is a mental state that arises when individuals feel vulnerable because they have favorable anticipations about the leader's actions or intentions (Rousseau et al., 1998). Due to the vulnerability involved, leader–follower relationships depend on trust. Trusted leaders enhance employee well-being, mitigate risks and costs, and foster commitment and productivity. This trust is vital for effective organizational change, enhancing job satisfaction, commitment, and reduced turnover. It is crucial to note that trust is a two-way street, with equal significance placed on both leader-to-follower and follower-to-leader trust (Håvold & Håvold, 2019). Employees who perceive their supervisors as ethical role models develop a higher trust in them. This trust in supervisors is closely associated with improved psychological happiness among employees (Huang et al., 2021).

Myriad previous research has verified the crucial significance of ethical leadership in predicting workers' trust in their leaders. For example, Islam and Ashraf (2023) reported that employee trust in leaders and ethical leadership are significantly and positively associated. This significant discovery emphasizes how important moral leadership is in building employee trust in leadership. Similarly, Le and Nguyen (2023) showed ethical leadership's positive and significant influence on workers' trust in their leaders. Moreover, several other studies have confirmed ethical leadership's positive impact on employee's trust in leaders (Eluwole et al.,



2022; Enwereuzor et al., 2020; Huang et al., 2021). Previous research has demonstrated that workers' trust in leadership is significantly associated with ethical leadership (Islam & Ashraf, 2023; Le & Nguyen, 2023). Limited research exists on ethical leadership and employee trust in the public sector, particularly in Somalia. Public sector leaders rely on this trust to achieve organizational goals. While studies in the private sector are abundant (Islam & Ashraf, 2023; Le & Nguyen, 2023), the public sector needs more research on how ethical leadership fosters employee trust in leadership. This study aims to bridge this gap by examining the link between ethical leadership in the Somali public sector and workers' trust in their leadership. Therefore, we propose the following hypothesis:

**H3:** Ethical leadership has a significant and positive influence on employee trust in leaders.

### ***Mediating Role of Employee Trust***

Extensive research highlights the crucial role of trust in cultivating employee loyalty. Notably, a recent study by Nawafleh and Khasawneh (2024) reveals a positive and substantial influence of leader trust on employee loyalty within organizations. This finding is aligned with research conducted by Muflih et al. (2024), demonstrating a positive and significant relationship between trust in leaders and employee loyalty to their organizations. Furthermore, Aristana et al. (2021) support this relationship by reporting a positive and significant association between trust in leaders and employee loyalty.

Furthermore, previous studies have revealed that trust in leaders positively impacts employee motivation. Håvold and Håvold (2019) present compelling evidence of a clear positive relationship between trust in supervisors and employee motivation. This is consistent with the results of Heavey et al. (2011), who also found a positive and significant association between employee trust in leaders and motivation. While previous research has underscored the significance of trust in leaders in fostering positive outcomes for employees, it is imperative to investigate the impact of trust in leaders on employee loyalty and employee motivation within the public sector of Somalia. Therefore, we suggest the following hypotheses:

**H4:** Employee trust in leaders is significantly and positively associated with employee loyalty.

**H5:** Employee trust in leaders is significantly and positively associated with employee motivation.

This study examines the crucial mediating effect of employee trust in leaders on the link between ethical leadership, employee loyalty, and employee motivation in public sector institutions. Specifically, it seeks to determine whether employee trust in leaders is the underlying mechanism in this relationship. Social science researchers generally embrace mediation models (Ravand & Baghaei 2019). These models allow researchers to determine whether an association between two variables is direct or indirect because of the mediating effect of a third variable (Shaver, 2005). However, previous research must provide a sufficient background on these crucial associations.

Previous studies have consistently demonstrated a positive and significant association between ethical leadership and employee loyalty (Fan et al. 2021). Specifically, studies conducted by Le and Nguyen (2023) and Islam and Ashraf (2023) found that ethical leadership

directly and significantly affects employees' trust in their leaders. Moreover, Nawafleh and Khasawneh (2024) demonstrate a positive and significant relationship between employee trust in leaders and employee loyalty to their institutions. These findings suggest that employee trust in leaders serves as a mediating factor in this relationship. This notion is further supported by Islam and Ashraf (2023), who found that employee trust in leadership mediates the association between ethical leadership and employee outcomes.

Furthermore, previous studies showed a direct and positive relationship between ethical leadership and employee motivation (Oladimeji & Abdulkareem, 2023; Uluturk et al., 2023). Moreover, moral leadership is positively and significantly related to employee trust in leaders (Eluwole et al., 2022; Enwereuzor et al., 2020). Additionally, employee trust in leadership positively and significantly affects employee motivation (Håvold & Håvold, 2019). To the best of the author's knowledge, no previous study has explored the role of employee trust in leaders as an underlying mechanism in the relationship between ethical leadership, employee loyalty, and employee motivation. Furthermore, this study builds on prior research suggesting that employee trust in leaders mediates the relationship between ethical leadership and positive employee outcomes (Hoang et al., 2023b). There is a paucity of literature on the mediating role of employee trust in leaders. Therefore, this study proposes the following hypotheses:

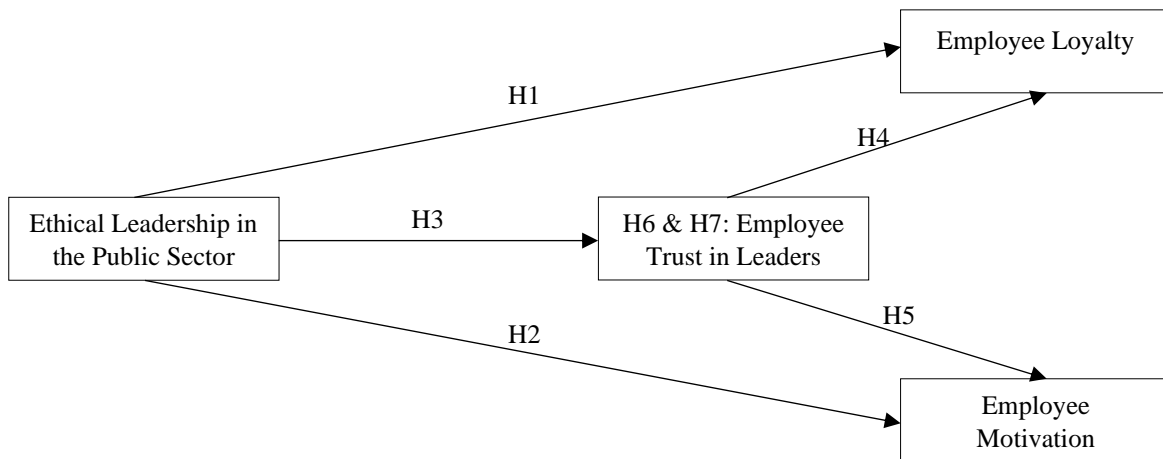
**H6:** Employee trust in leaders mediates the relationship between ethical leadership and employee loyalty.

**H7:** Employee trust in leaders mediates the relationship between ethical leadership and employee motivation.

## Theoretical Underpinnings

Social learning theory is commonly used to explain the relationship between ethical leadership and positive employee outcome. Hence, the study's model was developed by drawing on social learning theory and considering gaps and evidence in the existing literature, particularly in Somalian settings. According to the social learning theory (Bandura, 1986), people learn and internalize behaviors by observing and interacting with others. In the public sector, ethical leaders who consistently demonstrate honesty, fairness, and openness serve as role models for their subordinates. When supervisors or leaders consistently demonstrate ethical behavior, integrity, and concern for the welfare of their employees and the organization, they not only serve as role models but also foster an environment of trust. This trust, in turn, forms the foundation upon which employee loyalty and motivation are built. Public servants who trust their supervisors are more likely to commit to their institutions driven by a belief in shared values and goals. Moreover, this trust enhances their motivation, as they perceive their work environment as supportive and just, motivating them to contribute positively to the organization's objectives (Figure 1).

**Figure 1**  
*Study Model*



## Method

This study used a quantitative survey design to collect data from public servants in Mogadishu, Somalia. The survey targeted federal government employees of various ministries in Mogadishu. The participants were selected through purposive sampling based on the characteristics required for employment in the government departments being studied. Permission was obtained from the Human Resources departments of the respective ministries prior to data collection. University students trained by the researcher assisted in distributing and collecting the surveys. Data were collected using a dual approach to maximize participation and reduce potential bias. The questionnaires were distributed online via Google Forms to participants with Internet access via email, WhatsApp, or Facebook. Furthermore, a paper-and-pencil version of the survey was administered to those who preferred the traditional format. This combined approach was implemented to maximize the potential number of participants and to reduce bias towards individuals with technological limitations.

To reduce the potential risk of Common Method Bias (CMB), both online and paper-based surveys were included in a cover letter. The cover letter informed the subjects about the study's objectives and their rights, and these measures were taken to ensure data confidentiality and anonymity. This information was aimed at reducing social desirability bias and encouraging honest responses. A survey was distributed to 500 participants, and 279 surveys were returned, resulting in a response rate of 55.80%. Upon examination, no missing values or outliers were identified in the returned questionnaires. Therefore, all 279 responses were considered usable and included in the final data analysis. A demographic analysis of 279 respondents from the survey conducted among Somali public servants revealed that the majority were male (61.5%) compared to female (38.5%). Regarding age, 56.3% of the sample subjects were primarily in the 26–35 age range. When analyzing educational attainment, bachelor's degree was the most prevalent qualification (57.8 %), followed by master's degree (33.0%). A small minority consisted of PhD holders (2.2%) and individuals without formal education (1.9%). Work experience levels varied among the participants. The most frequent range was 2–7 years (46.3%), followed by 8–13 years (28.9%). A smaller percentage of participants had 14 or more years of experience (9.6%), and the least common category included those with one year or less (15.2%).



## Instrument

This study was conducted in two parts. The first part solicited demographic data from the study subjects, including gender, age, education level, marital status, and experience in public service. The second part comprised 24 questions that evaluated the subjects' perceptions of ethical leadership (EL), employee trust in leaders (EMT), employee loyalty (EML), and employee motivation (EMM) in Somali public sector institutions. Subjects answered all items (questions) using a five-point Likert scale, where 1 = "strongly disagree" and 5 = "strongly agree". Previous studies used the same measurement scales employed in this study, demonstrating high reliability and validity. Table 1 depicts the reliability and validity of all the constructs in the study. This study primarily focused on two dependent variables: employee loyalty (EML) and employee motivation (EMM). The proposed model suggests that employee trust in leaders (EMT) acts as a mediator between the exogenous variable (EL) and two endogenous constructs (EMM and EML) (see Figure 1).

*Ethical Leadership (EL)*: A six-item scale adapted from Yukl et al. (2013) was used to measure ethical leadership. Sample questions include: "My leaders show an intense concern for moral and ethical values" and "My leadership sets up a model of moral conduct through their decisions and behaviors."

*Employee Motivation (EMM)*: Adapted from van der Kolk et al. (2019), the EMM scale consisted of six items. Sample items include: "I do this job because it provides me with an appropriate standard of living" and "I do this job because I value doing it very much."

*Employee Trust (EMT)*: The six-item scale adapted from a previous study by Robinson and Rousseau (1994) measures trust in the leader. Sample statements include: "I expect my supervisor to treat me consistently and predictably" and "I believe that my leaders have a high level of integrity."

*Employee Loyalty (EML)*: Adapted from Dutta and Dhir (2021), the EML scale consists of six items. Sample items include: "This department has provided me with many things in my life" and "It is very rare that I will look for a new job next year."

## Analysis

In this study, the researcher used SmartPLS 4.1.0.0 (Ringle et al., 2022) to examine the proposed hypothesis model using structural equation modeling partial least squares (PLS-SEM), a variance-based approach. Initially, SmartPLS 4.1.0.0 was employed to detect any potential common method bias (CMB) in the study model. The results indicated that there was no significant risk of CMB. The assessment process involved a comprehensive examination of the outer and inner models. PLS-SEM was preferred as the analytical technique, following the guidance of Sarstedt et al. (2014), because of its advantages in predictive studies. This technique is particularly useful for evaluating the predictive capabilities of complex models that include multiple variables, such as mediators. Furthermore, SEM-PLS does not require the assumption of normal data distribution, making it a versatile tool. Additionally, its applicability to studies with limited sample sizes makes it a preferred option for this study.

## Results

### Common Method Bias

CMB refers to inaccurate measurements caused by flaws in research methodology. CMB is

illustrated when all survey items use a uniform rating scale, such as a five-point Likert scale. This can lead to uniform response patterns that do not reflect the true differences between measured concepts (Kock, 2017). The researcher carried out a comprehensive collinearity assessment based on Kock's (2017) recommendations to look for CMB in the model used in this study. A complete collinearity test was conducted for this assessment using the Variance Inflation Factor (VIF). The results confirmed that all VIF values for the model constructs fall below the recommended threshold of 3. Therefore, these findings suggest that CMB has not posed a significant threat to the validity of the current model.

### Measurement Model

The researcher evaluated the factor loadings, internal consistency reliability, and validity metrics of the measurement model in the current study to assess its psychometric properties. All factor loadings of the study's indicators except (EL5, EMM2, EMM6, and EML4) exceeded the recommended threshold of .60 (Chin, 1998), so they were excluded from the final analysis (see Table 1 and Figure 1). This result indicates that each indicator significantly contributes to its respective construct. Second, the study evaluated internal consistency reliability using both Composite Reliability (CR) and Cronbach's alpha ( $\alpha$ ). All computed scores of CR and  $\alpha$  surpassed the suggested cutoff of .70 (Hair et al., 2019). Hence, this shows the constructs' internal consistency and reliability (see Table 1 and Figure 2). Moreover, the study assessed the convergent validity of the measurement model (outer model) by computing the Average Variance Extracted (AVE). The result showed that AVE values exceed the .50 criterion (Hair et al., 2022). Therefore, convergent validity was confirmed (Table 1). Finally, the Heterotrait-Monotrait Ratio (HTMT) and the Fornell-Larcker criterion were used to evaluate discriminant validity. The HTMT scores, presented in Table 2, were below the criteria of .85. Therefore, HTMT scores imply that the discriminant validity of the measurement model has been established (Ringle et al., 2023). Furthermore, the Fornell-Larcker criterion is an alternative method for evaluating discriminant validity. It involves comparing the AVE values for each latent variable with the squared correlations between that latent variable and other latent variables in the model. Discriminant validity is confirmed if the AVE for a latent variable is higher than all the squared correlations it shares with other latent variables. As the result in Table 3 depicts, discriminant validity was established.

**Table 1**

*Factor Loadings, Variance Inflation Factor, Reliability, and Validity*

Construct	Item	Factor Loadings	VIF	$\alpha$	CR	AVE
Ethical Leadership (EL)	EL1	.73	1.62	.84	.77	.52
	EL2	.69	1.49			
	EL3	.73	1.45			
	EL4	.74	1.49			
	EL6	.70	1.29			
Employee Motivation (EMM)	EMM1	.69	1.95	.82	.72	.54
	EMM3	.81	1.46			
	EMM4	.76	1.60			
	EMM5	.68	1.54			
Employee Trust (EMT)	EMT1	.75	1.63	.90	.87	.61
	EMT2	.72	1.40			
	EMT3	.81	1.66			
	EMT4	.80	1.37			
	EMT5	.83	1.23			
	EMT6	.77	1.73			
Employee Loyalty (EML)	EML1	.82	1.60			

EML2	.69	2.22			
EML3	.76	2.07	.87	.81	.57
EML5	.74	2.29			
EML6	.77	1.89			

Note. VIF = variance inflation factor,  $\alpha$  = Cronbach's alpha, CR = composite reliability, AVE = average variance extracted

**Table 2**

*Discriminant Validity: HTMT Criterion*

Construct	EL	EML	EMM	EMT
EL	-			
EML	.59	-		
EMM	.67	.80	-	
EMT	.50	.84	.59	-

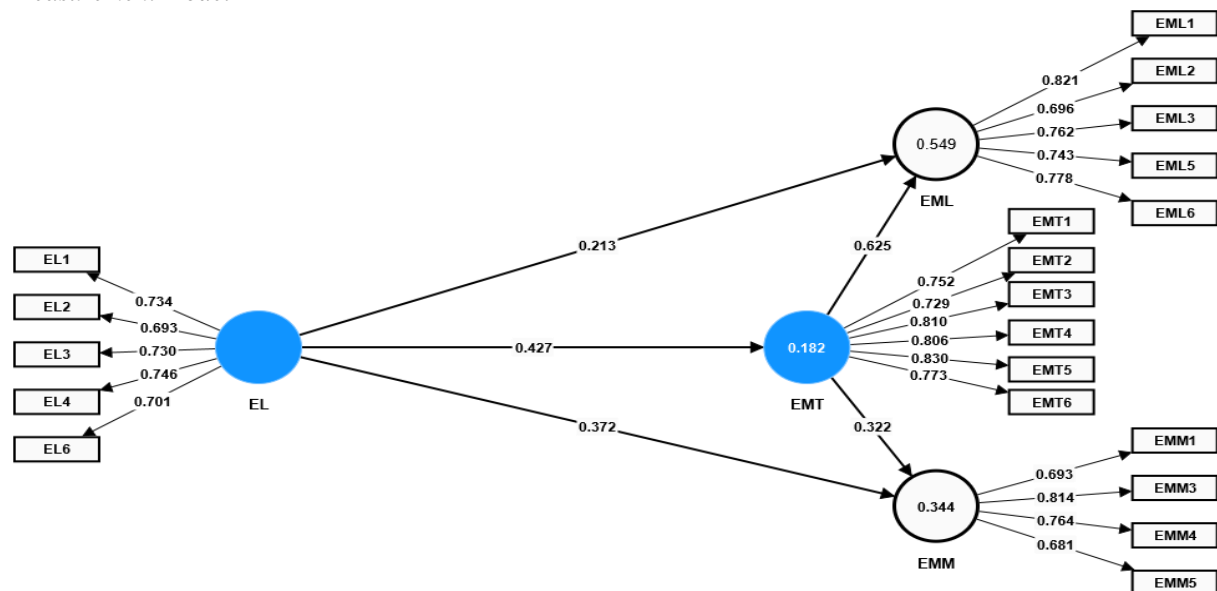
**Table 3**

*Discriminant validity: Fornell-Larcker Criterion*

Construct	EL	EML	EMM	EMT
EL	.72			
EML	.47	.76		
EMM	.50	.62	.74	
EMT	.42	.71	.48	.78

**Figure 2**

*Measurement Model*



## Structural Model Assessment

The study tested the proposed model using the structural model evaluation procedures established by Hair et al. (2022). First, the collinearity of the model was evaluated to prevent bias in the path coefficients. Table 1 shows that the VIF values for each item are much lower than the suggested cutoff of 3. Therefore, the structural model of the study did not have a collinearity problem.

Second, the study employed a rigorous testing procedure using bootstrapping, a non-parametric method, to assess the significance of the relationships in the model. This involved generating 10,000 subsamples of the data and assessing the beta coefficients ( $\beta$ ),  $t$ -values, and  $p$ -values to test the proposed association. The study then examined the model's predictive capacity ( $Q^2$ ) and  $R^2$  (coefficient of determination) to assess the model's fit. Finally, the study

analyzed the effect size ( $f^2$ ) of each independent variable (construct) on the dependent variables (constructs).

EL and EMT explained 54.9% of the variation in EML in public sector organizations and 34.4% in EMM in the public sector. In contrast, EL alone accounted for 18.2% of the variation in EMT. Therefore, the values of  $R^2$  imply an acceptable fit for the model (see Table 4 and Figure 3). Likewise, the study used the PLSpredict procedure to assess the  $Q^2$  values. The results showed that the  $Q^2$  values for EML, EMM, and EMT are .21, .24, and .16, respectively. Therefore, the model's predictive relevance has been validated by  $Q^2$  values greater than zero (Hair et al., 2022) (see Table 4). Moreover, Cohen's (1988) study established benchmarks for interpreting effect sizes. Effects are considered small, medium, or large based on their  $f^2$  values: .02 for small, .15 for medium, and .35 for large. Table 4 displays that EL has a small effect size on EML and a medium effect size on both EMM and EMT. Furthermore, Table 4 indicates that EMT has a small effect size on EMM and a large effect size on EML.

### Hypotheses Testing (Direct)

The findings in Table 5 and Figure 3 revealed significant positive direct effects of EL on both EML ( $\beta = .21$ ,  $t = 3.21$ ,  $p = .001$ ) and EMM ( $\beta = .37$ ,  $t = 5.49$ ,  $p < .001$ ). Hence, H1 and H2 were empirically supported. Furthermore, EL revealed a significant, positive, and direct impact on EMT ( $\beta = .42$ ,  $t = 6.33$ ,  $p < .001$ ). Therefore, H3 was supported. Similarly, the impact of EMT on both EML ( $\beta = .625$ ,  $t = 9.37$ ,  $p < .001$ ) and EMM ( $\beta = .32$ ,  $t = 4.00$ ,  $p < .001$ ) was found to be significant. Thus, H4 and H5 were empirically supported.

### Mediation and Indirect Effects

The findings in Table 5 show that EMT in leaders partially mediates the association between EL and EML ( $\beta = .26$ ,  $t = 4.88$ ,  $p < .001$ ). Therefore, H6 was supported. Also, EL has a significant and positive relationship with EMM via EMT trust ( $\beta = .13$ ,  $t = 3.21$ ,  $p = .001$ ). Hence, H7 was substantiated (see Table 4 & Figure 3).

**Table 4**

*Predictive Power of the Model*

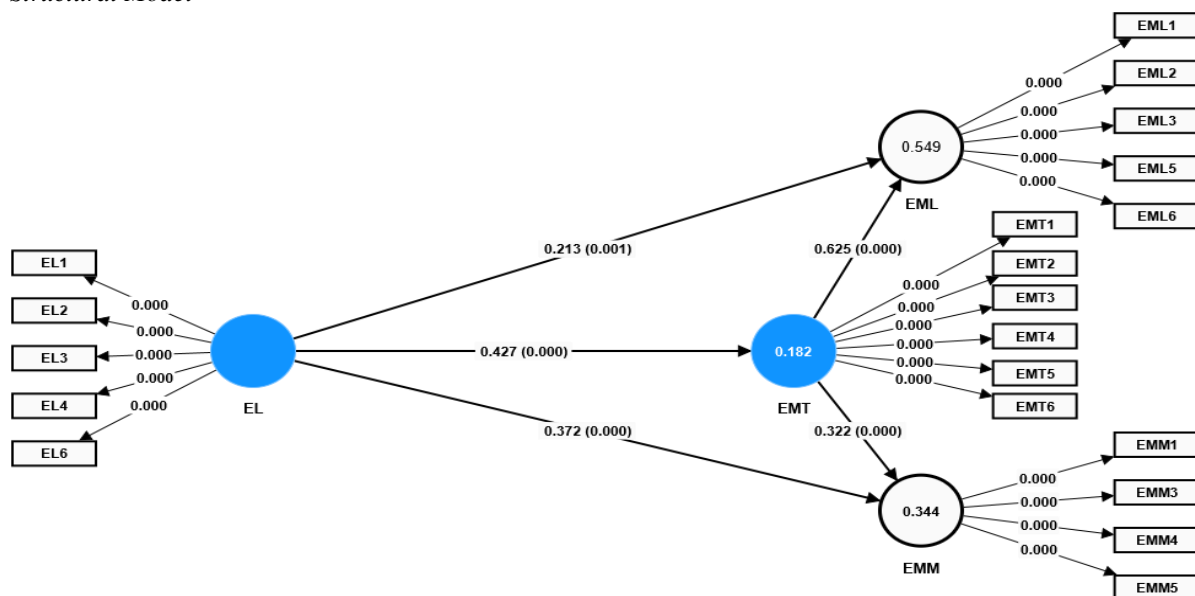
Relationship	$f^2$	Effect Size	Endogenous Construct	$Q^2$	$R^2$
EL→EML	.08	Small	EML	.21	.549
EL→EMM	.17	Medium	EMM	.24	.344
EL→EMT	.22	Medium	EMT	.16	.182
EMT→EML	.70	Large			
EMT→EMM	.12	Small			

**Table 5**

*Direct and Mediating Effects (Indirect)*

Hypothesis	$\beta$	$t$	$p$ -value	Decision
H1: EL→EML	.21	3.21	.001	√
H2: EL→EMM	.37	5.49	.000	√
H3: EL→EMT	.42	6.33	.000	√
H4: EMT→EML	.62	9.37	.000	√
H5: EMT→EMM	.32	4.00	.000	√
H6: EL→EMT→EML	.26	4.88	.000	√
H7: EL→EMT→EMM	.13	3.21	.001	√

**Figure 3**  
Structural Model



## Discussion

This study aimed to unlock the influence of ethical leadership (EL) on employee loyalty (EML) and employee motivation (EMM) within a public sector organization in Somalia, with employee trust (EMT) serving as a mediating factor. All proposed hypotheses in this present study received support. The findings revealed a direct and positive relationship between ethical leadership in the public sector and employee loyalty, aligning with previous research that has demonstrated a significant link between ethical leadership and employee loyalty (Fan et al., 2021; Wang et al., 2015; Tseng & Wu, 2017). These findings imply that, in the Somali public sector, ethical leadership is essential to promoting employee loyalty. Leaders who exemplify integrity and fairness enhance public servants' dedication and sense of belonging, thereby cultivating a more committed workforce. Therefore, public sector organizations can benefit from prioritizing and actively developing ethical leadership practices to enhance employee loyalty and achieve greater organizational effectiveness.

The findings of this study also support social learning theory (Bandura, 1986), suggesting that employees learn by imitating and observing the behavior of their leaders. Leaders who show great dedication to their organization are more likely to have followers who share that commitment.

Furthermore, consistent with previous research, the result of the current study showed a positive and significant relationship between ethical leadership and employee motivation (Hoang et al., 2023a; Mkheimer et al., 2022; Oladimeji & Abdulkareem, 2023; Ouakouak & Zaitouni, 2020; Shareef & Atan, 2019; Uluturk et al., 2023). The study's findings suggest that implementing ethical leadership styles can enhance employee motivation within the Somali public sector. Leaders who engage in ethical practices by actively involving employees in decision-making processes, valuing their contributions, and fostering an inclusive work environment are more inclined to instill heightened levels of motivation and commitment within their workforce. Furthermore, consistent with prior research, the current study depicted that ethical leadership has a direct and significant impact on employee trust in their leaders (Eluwole



et al., 2022; Enwereuzor et al., 2020; Huang et al., 2021; Le & Nguyen, 2023; Islam & Ashraf, 2023). These findings imply that ethical leadership plays a crucial role in fostering employee trust in leadership within the public sector of Somalia. Consequently, public sector organizations should prioritize cultivating ethical standards among their leaders, given its direct impact on employee trust. Ethical leaders build trust by consistently practicing fairness, involving employees in decision-making, and setting exemplary standards of conduct (Islam & Ashraf, 2023). Additionally, employees who believe in high levels of ethical commitment from their leaders or managers are more inclined to place greater trust in them.

Additionally, the findings disclosed a positive, direct, and significant association between employee trust in leaders and employee loyalty and employee motivation in the public sector. This finding corroborated previous studies by Heavey et al. (2011) and Håvold and Håvold (2019), demonstrating a positive relationship between employee trust in supervisors and employee motivation. Furthermore, prior studies conducted by Nawafleh and Khasawneh (2024), Aristana et al. (2021), and Muflih et al. (2024) reported a direct, positive, and significant association between employee trust and employee loyalty. The findings indicate that trust in leadership significantly impacts employee loyalty and motivation in the public sector in Somalia. In a country working towards stability and progress, having a dedicated and motivated public workforce is extremely important. Leaders can achieve this by promoting trust through transparent communication, ethical behavior, and a solid commitment to serving the public. By doing so, they can cultivate a loyal and motivated public service, ultimately leading to better service delivery and improved well-being for the people of Somalia. Keefer and Vlaicu (2024) argued that trust in management and supervisors significantly impacts employees' attitudes and behaviors. In particular, trust in leaders has a more noticeable influence.

While previous studies have not examined how employee trust impacts the relationship between public sector ethical leadership and employee loyalty, the current study uncovered that employee trust partially mediates this relationship. These findings reinforce prior studies demonstrating a significant association between ethical leadership and trust in leaders (Islam & Ashraf, 2023; Le & Nguyen, 2023). Furthermore, research suggests a positive association between trust and employee loyalty to their organizations (Muflih et al., 2024; Nawafleh & Khasawneh, 2024).

These results underscore the critical role of trust in leadership, amplifying the positive impact of ethical leadership. While ethical leadership fosters loyalty, trust serves as a catalyst that strengthens this relationship. This holds great importance, especially when considering Somalia's public sector, where rebuilding trust in institutions and leaders is paramount. By prioritizing ethical behavior and fostering open communication, leaders can cultivate trust, which in turn enhances the influence of their leadership on public sector employee loyalty, ultimately leading to a more committed and efficient public service.

Similarly, notwithstanding the scarcity of prior research on the mediating role of employee trust in the link between ethical leadership and employee motivation, the current findings found that employee trust in leaders partially mediates the link between ethical leadership and employee motivation in public sector institutions. Based on the results, the present study argues that ethical leadership fosters trust in leadership among employees (Eluwole et al., 2022; Enwereuzor et al., 2020). Since trust in leaders has been shown to have a positive influence on employee motivation (Håvold & Håvold, 2019; Heavey et al., 2011), employee trust serves as

a fundamental mechanism in the relationship between ethical leadership and public sector employee motivation. This study highlights the crucial need for ethical leadership in Somalia's public sector. Ethical leadership fosters trust among employees, serving as a vital mechanism to enhance their motivation and, consequently, their contributions to national development. Ethical leadership becomes even more significant considering the importance of a strong public sector for stability and development. This finding emphasizes the strategic importance of prioritizing ethical leadership practices. By doing so, Somalia can revitalize its public sector, inspiring a more motivated workforce to participate in broader national reconstruction efforts actively.

## **Conclusion**

This study provides invaluable understanding of leadership and organizational behavior within the public sector, particularly in contexts marked by ethical complexities and corruption, such as Somalia. Through rigorous empirical analysis, the study investigates the impact of ethical leadership on public sector employee loyalty and employee motivation, with employee trust serving as a mediating factor.

## **Theoretical Contributions**

First, the study enriches ethical leadership theory by introducing trust as a mediating variable, enhancing our understanding of how ethical leadership influences employee behavior and outcomes. Second, the findings reinforce social learning theory by highlighting the crucial role of leaders as role models, encouraging employees to emulate ethical behavior.

## **Practical Implications**

From a practical standpoint, the study underscores the importance of public sector organizations, especially those in corruption-prone environments like Somalia, prioritizing ethical leadership and implementing trust-building strategies. These efforts are vital for fostering a work environment characterized by strong employee loyalty and motivation, ultimately enhancing organizational effectiveness and delivering high-quality public services.

In conclusion, this study not only fills a significant paucity in the body of knowledge by examining the role of trust in the relationship between ethical leadership and employee outcomes but also provides actionable recommendations for strengthening public sector governance through the promotion of ethical leadership. This represents a substantial advancement in our understanding of how to cultivate a reliable, motivated, and dedicated public sector workforce, leading to improved performance and integrity in the public sector.

## **Limitations and Future Research Direction**

Despite its potential relevance and contributions to theoretical and practical realms, this research has various limitations that need to be recognized. Firstly, the study's focus on public employees in Mogadishu, Somalia, limits its applicability to other areas within Somalia and internationally due to unique cultural and contextual differences. To enhance the generalizability of the findings, future research could encompass a broader geographical scope, including other major cities within Somalia and different countries, to account for varied cultural and contextual influences. Secondly, employing a cross-sectional study design

constrains the ability to establish causation. Future studies could use longitudinal methods, gathering data across several time points to overcome this limitation. Thirdly, the reliance on quantitative data analysis in this study suggests the potential benefit of integrating both quantitative and qualitative methods in future research. This could help improve understanding of the link between the constructs being explored.

Furthermore, the study uncovered that employee trust in leaders only partly mediates the effect of ethical leadership on public sector employee loyalty and employee motivation. This suggests the presence of additional mediating factors that could more accurately explain the influence of ethical leadership on these outcomes. Future studies might explore other mediators, factors such as the ethical consciousness of employees and the culture of collaboration, to shed more light on these dynamics. Finally, future studies may explore the mediating effect of worker job satisfaction and worker motivation in the interplay between ethical leadership and public sector employee loyalty.

## Declarations

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### Ethics Approval

Not applicable.

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