

EMOTIONAL INTELLIGENCE AND ETHICAL LEADERSHIP TO WORK ENGAGEMENT: THE MEDIATING ROLE OF PSYCHOLOGICAL CAPITAL

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Abstract

The level of employees' work engagement can affect an organization's resilience amid business competition. However, banking employees are often faced with rigid working hours that can affect the level of work engagement of employees. This study aims to determine the role of emotional intelligence and ethical leadership in the work engagement of banking employees. Furthermore, this study also investigates the mediating role of psychological capital because it still requires further research. The sample involved in the study was 206 employees of conventional commercial banks in Indonesia. The structural equation modeling (SEM) analysis results show that emotional intelligence, ethical leadership, and psychological capital can affect work engagement. On the other hand, psychological capital partially mediates the influence of emotional and ethical leadership on work engagement. Therefore, the result of this study can strengthen the job demands-resources theory. To increase work engagement, a deeper understanding of emotional intelligence, ethical leadership, and psychological capital can help the banking sector retain employees, improve employee and organizational performance, and maintain a competitive advantage amid intense competition between banks in Indonesia.

Keywords : Work Engagement; Emotional Intelligence; Ethical Leadership; Psychological Capital

JEL Classification: J24; L84; M54

Article History: Submitted: 2022-11-28; Revision: 2022-12-30; Accepted: 2022-12-30; Published: 2023-01-15

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How to Cite: Widowati, P. D., & Satrya, A. (2023). Do Emotional Intelligence and Ethical Leadership Elevate Work Engagement? The Mediating Role of Psychological Capital. *Media Ekonomi dan Manajemen*, 38(1), 186-204.

INTRODUCTION

Banking plays an essential role in a country's economic growth due to domestic and international banking transaction activities (Korzeb & Niedziółka, 2020). Statistic Indonesia states that one of the sectors that supports Indonesia's economic growth in the third quarter of 2022 is the

financial services sector, which contributes 3.98% to Indonesia's economic growth of 5.72% year on year (ICBS, 2022).

Currently, there are more than 1,500 banks consisting of commercial banks and rural banks operating in Indonesia (FSA, 2022). Attitudes and behaviors shown by banking sector employees are essential

points for the organization because they are related to competitive advantage and organizational performance in the long term (Karatepe et al., 2019).

Banking is a dynamic organization where changes often occur, so a high level of work engagement from employees will increase motivation and increase employees' active role in the change process (Faupel & Süß, 2019). In addition, the banking sector is often associated with rigid working hours, shown through predetermined customer service hours (Rahi, 2022). Banking employees spend a long-time completing work tasks daily (Rahi, 2022), resulting in organizations needing to keep employees engaged (Bakker, 2017).

The state of the global workplace for 2022 issued by Gallup states that the engagement rate of employees in Indonesia is 24%, where Indonesia ranks fourth in Southeast Asia after the Philippines, Thailand, and Cambodia (Gallup, 2022). Work engagement is a condition in which a person, when carrying out his work activities, feels wholly immersed in the activity, full of energy, and has enthusiasm for his work (Bakker, 2017). Work engagement will provide benefits to improve the organization's performance through high vigor, dedication, and absorption (Aktar & Pangil, 2018). Management of work engagement that is not done correctly will cause a decrease in employee enthusiasm for work and trigger employees with good performance to leave the organization (Li et al., 2018).

The level of emotional intelligence is a component that influences employee behavior at work (Mérida-López & Extremera, 2022) including the level of employees' work engagement (Yan et al., 2018). Individuals with a high level of emotional intelligence can explore, organize, and utilize the emotional information they receive (Chen et al., 2019). Employees with a high level of emotional intelligence will have a high level of self-awareness, desire to seek

advice, and tend not to worry about developing interpersonal relationships. Hence, employees with high emotional intelligence are competent and are needed by the organization (Rode et al., 2017).

Apart from needing employees with a high level of emotional intelligence, organizations also need leaders who can manage the resources needed to achieve organizational goals, which will affect employees' work engagement levels (Tummers & Bakker, 2021). An ethical leader applies clear ethical standards through communication and discipline and implementing this will trigger followers to have an ethical attitude and involve ethics in every decision-making (Ko et al., 2018). Therefore, through the application of the ethical leadership, it can provide opportunities for employees to be fully engaged in work and the freedom to take the initiative in the work engagement (Engelbrecht et al., 2017).

Since work engagement can increase each employee's productivity (Chanana & Sangeeta, 2021), it encourages researchers to explore potential factors that influence work engagement. Various studies have been conducted to increase work engagement in organizations. Studies show that the psychological condition of employees, such as emotional intelligence (Barreiro & Treglown, 2020) and psychological capital (George et al., 2021), can affect employees' work engagement levels. Another includes leadership styles, such as ethical leadership (Ahmad & Gao, 2018) which can affect employees' work engagement.

These three variables are expected to increase banking employees' work engagement. In this research, psychological capital is mediating between emotional intelligence and work engagement and ethical leadership and work engagement. Previous research also shows that transformational and transactional leadership (Li et al., 2018) also high commitment work system (Sekhar, 2022) to increase work engagement with the mediating role of psychological capital. However, based on

the author's knowledge, no research investigates the effect of ethical leadership on work engagement through the mediation of psychological capital.

Therefore, this research attempts to fill the research gap related to work engagement in the context of the banking sector through emotional intelligence, ethical leadership, and psychological capital. This research also shows the role of psychological capital as a mediating variable between emotional intelligence, ethical leadership, and psychological capital on the impact of ethical leadership and work engagement as job resources to strengthen the job demands-resources theory. On the other hand, this research is expected to benefit companies in the banking sector to retain employees, improve employee and organizational performance, and maintain organizational competitive advantage amid intense competition among banks in Indonesia.

LITERATURE REVIEW

Work Engagement

Work engagement is a state in which an individual, when bringing out work activities, feels entirely absorbed in the activity, full of energy, and passionate about their work (Bakker, 2017). Three indicators of work engagement are vigor, dedication, and absorption. Vigor is a form of high energy levels, as well as the will in the form of effort to get the job done. Dedication is shown by high engagement and enthusiasm for work, and absorption is total concentration on work (Wood et al., 2020). Work engagement will be formed when the high demands of the work encountered are directly proportional to the available resources (Bakker & Demerouti, 2017).

Emotional Intelligence and Work Engagement

Trait activation theory is an entire or elaborated theory of the personality-job fit. This approach's principal view

is how individuals represent their traits when exposed to trait-relevant situational alerts (Tett et al., 2013). Understanding the emotions of oneself and others will play a role in employee performance in completing work (Pekaar et al., 2017). Meanwhile, using emotions will influence how leaders deal with work conflicts, namely by implementing strategies for compromising (Chen et al., 2019). The ability of each individual to effectively manage their own emotions and feel the emotions of others affects knowing what to do to adjust their emotions quickly (Lee, 2013).

If employees can effectively recognize, manage, and use emotions properly, it will be easier to overcome any obstacles encountered in completing work (Zhu et al., 2015). Emotional intelligence affects positive work psychology and positively influences work performance (Chen et al., 2015). Good emotional management can also increase work motivation, forming a high level of work engagement (Barreiro & Treglown, 2020). Therefore, the level of employee work engagement can be predicted through emotional intelligence (Schutte & Loi, 2014). Based on the theory and results of previous research, emotional intelligence will positively affect work engagement.

H1: Emotional intelligence has a positive influence on work engagement.

Ethical Leadership and Work Engagement

The behavior shown by leaders in everyday life, both inside and outside the organization, can shape a culture of ethical behavior (Abu Bakar & Connaughton, 2022). Ethical leadership is behavior shown through actions and interpersonal relationships with two-way communication, reinforcement, and decision-making according to applicable rules (Brown et al., 2005). On the moral basis of each employee, an ethical leader is committed to moral values, namely, integrity, honesty,

fairness, and paying attention to and prioritizing the interests of others (Engelbrecht et al., 2017). Meanwhile, the morale possessed by managers is a proactive attitude (Yang et al., 2016), and fair attitude in decision-making (Ng & Feldman, 2015). A proactive attitude is shown in the form of informing applicable ethical standards, demonstrating ethical behavior that should be implemented, and providing rewards for employees who have implemented applicable ethical standards (Yang et al., 2016).

Previous studies have stated that ethical leadership can increase work engagement (den Hartog & Belschak, 2012). Behaviors of ethical leaders that give freedom for employees to take initiative in the workplace, provide an environment and opportunity for employees to engage in their work entirely (Engelbrecht et al., 2017). Dedication to work shown by ethical leaders will generate energy and motivation to complete work (Cheng et al., 2014). Based on the theory and results of previous research, it can be said that ethical leadership will positively affect work engagement.

H2: Ethical leadership has a positive influence on work engagement.

Psychological Capital, Emotional Intelligence, Ethical Leadership, and Work Engagement

Psychological capital is essential in positive psychology (Wang et al., 2021). Psychological capital is a framework for an individual that is useful for manifesting their potential (Goertzen & Whitaker, 2015). Psychological capital influences individual behavior, cognition, motivation, and emotions. Each individual's psychological capital level will influence the work environment (Grover et al., 2018). The four dimensions of psychological capital, self-efficacy, optimism, hope, and resilience will increase work engagement

(Chen et al., 2015) and reduce burnout (Rehman et al., 2017).

In an organization when employees have a high level of emotional intelligence it will be shown through confidence in completing work and achieving predetermined targets, optimistic about current and future success, and being able to face challenges and take opportunities (Mohammadi et al., 2015). Cognitive-emotional processing helps someone with a high level of emotional intelligence to develop self-efficacy (Tsarenko & Strizhakova, 2013). A moderate level of emotional intensity will contribute to the formation of self-efficacy, but an excessive level of emotional intensity will reduce self-efficacy (Gong et al., 2019). According to the theory and results of previous research, it can be said that emotional intelligence will positively affect psychological capital.

H3: Emotional intelligence has a positive effect on psychological capital.

The leadership style has a significant impact on psychological capital in an organization (Li et al., 2018). Employees will see and observe the behavior shown by their leaders, because of the leader's role as a role model (Bouckennooghe et al., 2015). Ethical leader's role is always direct and explain that every contribution made by employees is very meaningful to support the achievement of organizational goals, so that it will increase the level of self-efficacy possessed by employees (den Hartog & Belschak, 2012). Ethical leaders deliver respect and care to their followers, which can make their confidence and self-efficacy improved (Ahmad et al., 2019). Based on the theory and results of previous research, it can be said that ethical leadership will positively affect psychological capital.

H4: Ethical leadership has a positive influence on psychological capital.

Psychological capital is part of the personal resources of employees (Thompson et al., 2015). Previous research has shown that when employees own self-efficacious, hopeful, optimistic, and resilient, they are presumed to be vigorous, extensively immersed in work, and absorbed in their work (Karatepe & Karadas, 2015). Higher work engagement and positive emotions can be developed by elevating employees' psychological capital comprehension (Tsaour et al., 2019). Positive behavior arising from psychological capital in the context of the hospitality sector can increase employee work engagement (Kang & Busser, 2018). Based on the theory and results of previous research, it can be said that psychological capital will positively affect work engagement.

H5: Psychological capital has a positive effect on work engagement.

[Figure 1](#) illustrate the conceptual framework of this study.

RESEARCH METHODS

The data used in this study is primary data obtained from filling out online questionnaires via Google Forms. Previously, the questionnaire was distributed to 220 respondents, and as many as 210 had filled out the questionnaire (95% response rate). With the purposive sampling method, this study involved 206 samples because four respondents did not meet the sample criteria. The sample criteria in this study are permanent employees of conventional commercial banks who have worked for at least one year, therefore, they would have enough time to understand the organization. The determination of the number of samples refers to the use of structural equation modeling (SEM) in conducting statistical analysis. The minimum number of samples used in SEM is 100 (Kline, 2005). Research using 206 samples, therefore, can be considered sufficient, and meets the applicable provisions for data processing using SEM.

The data used in this study is primary data obtained from filling out online questionnaires via Google form. The primary data obtained is the respondents' demographic data and data related to the variables studied. In this study, the Likert scale used in measuring variables was 5, with information 1: strongly disagree and 5: strongly agree.

The measurement of work engagement uses nine items. Work engagement is when thoughts related to work can generate a positive feeling and satisfaction, shown by vigor, dedication, and absorption (Schaufeli et al., 2006). The independent variable of emotional intelligence consists of 16 items. emotional intelligence is a set of interconnected skills regarding "the ability to understand and express own and others' emotions accurately; the ability to regulate and use of emotions to demonstrate emotional growth." (Wong & Law, 2002).

The measurement of ethical leadership uses 10 items. Ethical leadership is the leadership shows "the implementation of behavior that follows applicable norms, where actions and interpersonal relationships show this, as well as being introduced to followers (Brown et al., 2005). The measurement of the psychological capital mediating variable in this study used 12 items, psychological capital are "(1) having the confidence to take a step in completing a challenging task; (2) forming optimism about success in the present and the future; (3) working hard and having hope to achieve goals; (4) being able to support oneself and get up when facing difficulties so that in the end they achieve success" (Luthans et al., 2007).

Before the main test, a pre-test survey was conducted involving 40 respondents. The pre-test survey aims to determine the validity and reliability of the indicators that will be used in the main test. Pre-test survey analysis using SPSS-28. The validity test results show that all component matrix values for all indicators in each variable are above 0.5, and meet

the validity test requirements (Malhotra, 2010). While the reliability test is shown through the Cronbach's alpha value, where the Cronbach's alpha value of all indicators is above 0.7 and meets the requirements (Sekaran & Bougie, 2016).

Analysis of the main test will use Structural Equation Modeling which is widely used in research related to human resources, can be used to estimate, and assess complex research models, and can implement relatively few limitations on existing data (Ringle et al., 2020). This research will use partial least squares structural equation modeling (PLS-SEM) because the assumption of normality of the data is ignored in PLS-SEM. Research related to social science itself often deals with non-normal primary data (Hair Jr et al., 2014) and it aims to identify heterogeneity that may not be observed (Hair et al., 2016).

RESULTS AND DISCUSSION

Respondent Profile

Respondents' demographic data consists of gender, marital status, age, education level, current work location according to province, type of company ownership, years of service, and current position of the respondent. Demographic data were analyzed using SPSS-28. Based on the demographic data of the respondents in [Table 1](#), information was obtained that most respondents were women (62.6%), respondents were dominated by single marital status (58.2%), and the age range of most respondents was between the ages of 21 to 30 years (73.8%). The highest education level achieved of most respondents was undergraduate (80.1%). The respondents workspread across western Indonesia to central Indonesia, with most the respondents' work locations being in DKI Jakarta (33.5%). More than half of the respondents work at state-owned banks (60.2%), most have worked for three to five years (51%), as they held positions as staff (68.9%).

Measurement Model Testing

Many management-related studies use partial least squares structural equation modeling (PLS-SEM) due to the availability of robust methods for analyzing survey data (Hair et al., 2017). Analysis of research data using smartPLS 3.2.9. The analysis includes testing the measurement model (outer model), testing the structural model (inner model), and testing the hypothesis. Testing of the measurement model in [Figure 2](#) is shown by the values of outer loading, composite reliability, and average variance extracted. The value of outer loading is above 0.708, showing that an item has acceptable reliability (Hair et al., 2019). The closer the outer loading value to the value of 1.0, the more reliable it will show (Henseler et al., 2012).

Furthermore, we will look at the composite reliability (CR) and Cronbach's alpha value to determine construct's internal consistency reliability. The minimum value of Cronbach's alpha is at 0.6-0.7 (Hair et al., 2019). Based on the results of the analysis, it was found that the CR and cronbach's alpha value was above 0.7, so that it complies with the provisions of the minimum CR and cronbach's alpha value for confirmatory factor analysis (Henseler et al., 2012). Convergent validity is seen through the average variance extracted (AVE) value. Based on the analysis results in [Table 2](#), the AVE value is above 0.5 and complies with the provisions. The AVE value above 0.5 shows that more than half of the constructs can explain the variance in the indicators (Hair et al., 2019).

Structural Model Testing

Structural model testing is shown through the value of the coefficient of determination (R^2), which has a value range between 0 to 1 (Hair et al., 2019). In addition to looking at the R-square value, structural model testing is also seen from the effect size (f-square) value. The f-square value shows the magnitude of the contribution of the exogenous construct to

the endogenous latent construct. The interpretation of the f-square value is divided into three namely, low (0.02), medium (0.15), and large (0.35) (Cohen, 1988).

The R-square value for the work engagement variable is 0.652. The R-square value shows the constructs of the emotional intelligence, the ethical leadership, and the psychological capital can explain the work engagement variable by 65.2%. As many as 34.8% of other constructs describing work engagement variables are not used in the research model. Then the R-Square value of the psychological capital variable is 0.593, or as much as 59.3% of the psychological capital variable can be explained through the emotional intelligence and ethical leadership variables. Another construct to explain the psychological capital variable, 40.7%, is not used in the research model. Thus, all the variables in the research model can be said to have a significant influence on one another.

Research Hypothesis Testing

Hypothesis testing is seen through the value of the original samples and t-value. The hypothesis is said to be accepted when the t-statistics value ≥ 1.96 . The influence of the variable is shown through the positive or negative signs on the t-statistics. Positive t-statistics values show a positive effect, and negative t-statistics values show a negative effect (Hair et al., 2019). Hypothesis testing uses a significance level of 5% and a bootstrapping technique with re-sampling of 5,000 times.

As shown in [Table 3](#) and [Figure 3](#), the first hypothesis, namely, emotional intelligence has a significant positive effect on work engagement (original samples = 0.253; t-statistics = 4.588). The f-square value shows that emotional intelligence low affects work engagement (f-square = 0.117). The positive effect of emotional intelligence on work engagement is supported by previous research (George et al., 2022 ; Barreiro & Treglown, 2020).

Analysis of the second hypothesis shows that ethical leadership significantly positively affects work engagement (original samples = 0.424; t-statistics = 5.454). The f-square value shows that ethical leadership positively affects work engagement (f-square = 0.221). The positive influence of ethical leadership on work engagement is supported by previous research (Ahmad & Gao, 2018; Khattak et al., 2022).

The analysis of the third hypothesis shows that emotional intelligence has a significantly positive effect on psychological capital (original samples = 0.244; t-value = 4.135). The f-square value shows that emotional intelligence has a low effect on psychological capital (f-square = 0.103). The positive effect of emotional intelligence on psychological capital is supported by previous research (Clarence et al., 2021; D'Souza et al., 2021).

The fourth hypothesis analysis proves that ethical leadership has a significant positive effect on psychological capital (original samples = 0.609; t-statistics = 10.042). The f-square value shows that ethical leadership greatly affects psychological capital (f-square = 0.638). The positive effect of ethical leadership on psychological capital is supported by previous research (Katircioglu et al., 2022 ; Altahat & Atan, 2018).

The results of the fifth hypothesis analysis stated that psychological capital has a significant positive effect on work engagement (original samples = 0.249; t-statistics = 3.065). The f-square value shows that psychological capital positively affects work engagement (f-square = 0.073). The positive effect of psychological capital on work engagement is supported by previous research (Karatepe & Karadas, 2015; Li et al., 2018).

Mediation Analysis of Psychological Capital Variables

The mediating effect of psychological capital was carried out using a bootstrapping technique with re-sampling of 5,000 times. The indirect effect of the psychological capital mediating variable in [Table 4](#) can be seen based on the provisions of the t-statistics value ≥ 1.96 (Hair et al., 2019). The significance level used is 5%. The t-statistics value of psychological capital mediation on the effect of emotional intelligence (original samples = 0.061; t-statistics = 2.367) and ethical leadership (original samples = 0.152; t-statistics = 2.851) on work engagement shows a positive and significant influence.

Previously the results of the analysis of the first hypothesis (original samples = 0.253; t-statistics = 4.588) and the second (original samples = 0.424; t-statistics = 5.454) have also been proven to have a positive and significant effect. Therefore, it can be concluded that psychological capital has a partial mediating role that can strengthen the influence of emotional intelligence and ethical leadership on work engagement. The mediation test results show that psychological capital has a role as partial mediation. When the mediating and direct effects occur and show the same direction, the mediator variable can be omitted or called having a partial mediating role (complementary mediation) (Zhao et al., 2010).

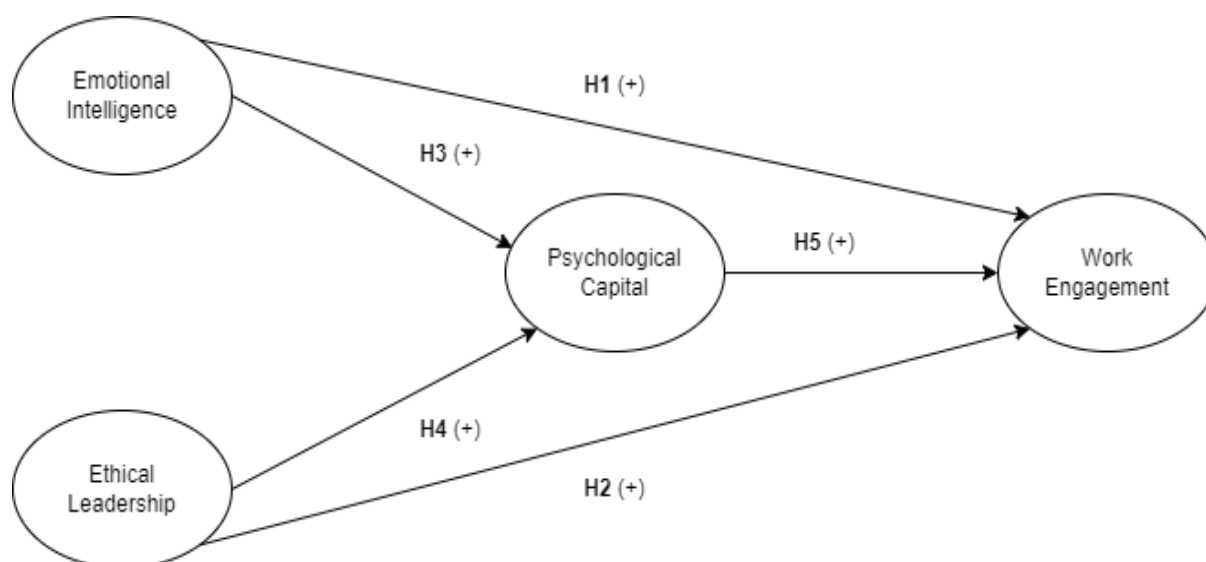


Figure 1. Conceptual Framework

Table 1. Respondent Profile (n = 206)

Respondent Profile	Frequency	Percentage (%)
Gender		
Male	77	37.4%
Female	129	62.6%
Total	206	100%
Marital status		
Single	120	58.2%
Married	85	41.3%
Divorce	1	0.5%
Total	206	100%

Table 1. Continue

Respondent Profile	Frequency	Percentage (%)
Age		
21-30	152	73.8%
31-40	51	24.8%
41-50	3	1.4%
Above 50	0	0%
Total	206	100%
Education		
High School	7	3.4%
Diploma	19	9.2%
Bachelor	165	80.1%
Master	15	7.3%
Total	206	100%
Company Ownership		
Stated-Owned Corporation (BUMN)	124	60.2%
Regional-Owned Corporation (BUMD)	16	7.8%
National Private	52	25.2%
Foreign Private	8	3.9%
Mixed (Foreign – National)	6	2.9%
Total	206	100%
Working Period		
1-2 years	52	25.2%
3-5 years	105	51%
6-10 years	36	17.5%
11-15 years	12	5.8%
Above 15 years	1	0.5%
Total	206	100%
Work Location (Province)		
North Sumatra	5	2.4%
West Sumatra	2	1.0%
Riau	3	1.5%
Riau Islands	2	1.0%
Bangka-Belitung	1	0.5%
Bengkulu	2	1.0%
Jambi	2	1.0%
South Sumatra	4	1.9%
Bandar Lampung	4	1.9%
Jambi	2	1.0%
South Sumatra	4	1.9%
Bandar Lampung	4	1.9%
Banten	19	9.2%
Special Capital District of Jakarta	69	33.5%
West Java	24	11.7%
Central Java	19	9.2%
Special Region of Yogyakarta	6	2.9%
East Java	31	15%
Bali	3	1.5%
West Kalimantan	3	1.5%
Central Kalimantan	1	0.5%
East Kalimantan	5	2.4%
South Kalimantan	1	0.5%
Total	206	100%

Table 1. Continue

Respondent Profile	Frequency	Percentage (%)
Position		
Staff	142	68.9%
Assistant Manager	55	26.7%
Manager	9	4.4%
Total	206	100%

Table 2. Validity and Reliability

Variables	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Work Engagement	0.844	0.885	0.563
Emotional Intelligence	0.888	0.912	0.598
Ethical Leadership	0.899	0.920	0.623
Psychological Capital	0.819	0.869	0.526

Source: Processed data by SmartPLS 3.2.9 (2022)

Table 3. Hypothesis Testing Results

Hypothesis	Relationship between Variables	Original Samples	f-squares	t-statistics	p-values	Conclusion
H1	Emotional Intelligence → Work Engagement	0.253	0.117	4.588	0.000	Hypothesis Accepted
H2	Ethical Leadership → Work Engagement	0.424	0.221	5.454	0.000	Hypothesis Accepted
H3	Emotional Intelligence → Psychological Capital	0.244	0.103	4.135	0.000	Hypothesis Accepted
H4	Ethical Leadership → Psychological Capital	0.609	0.638	10.042	0.000	Hypothesis Accepted
H5	Psychological Capital → Work Engagement	0.249	0.073	3.065	0.002	Hypothesis Accepted

Source: Processed data by SmartPLS 3.2.9 (2022)

Table 4. Psychological Capital Mediation Test Results

Relationship between Variables	Original Samples	t-statistics	p-values
Emotional Intelligence → Psychological Capital → Work Engagement	0.061	2.367	0.018
Ethical Leadership → Psychological Capital → Work Engagement	0.152	2.851	0.004

Source: Processed data by SmartPLS 3.2.9 (2022)

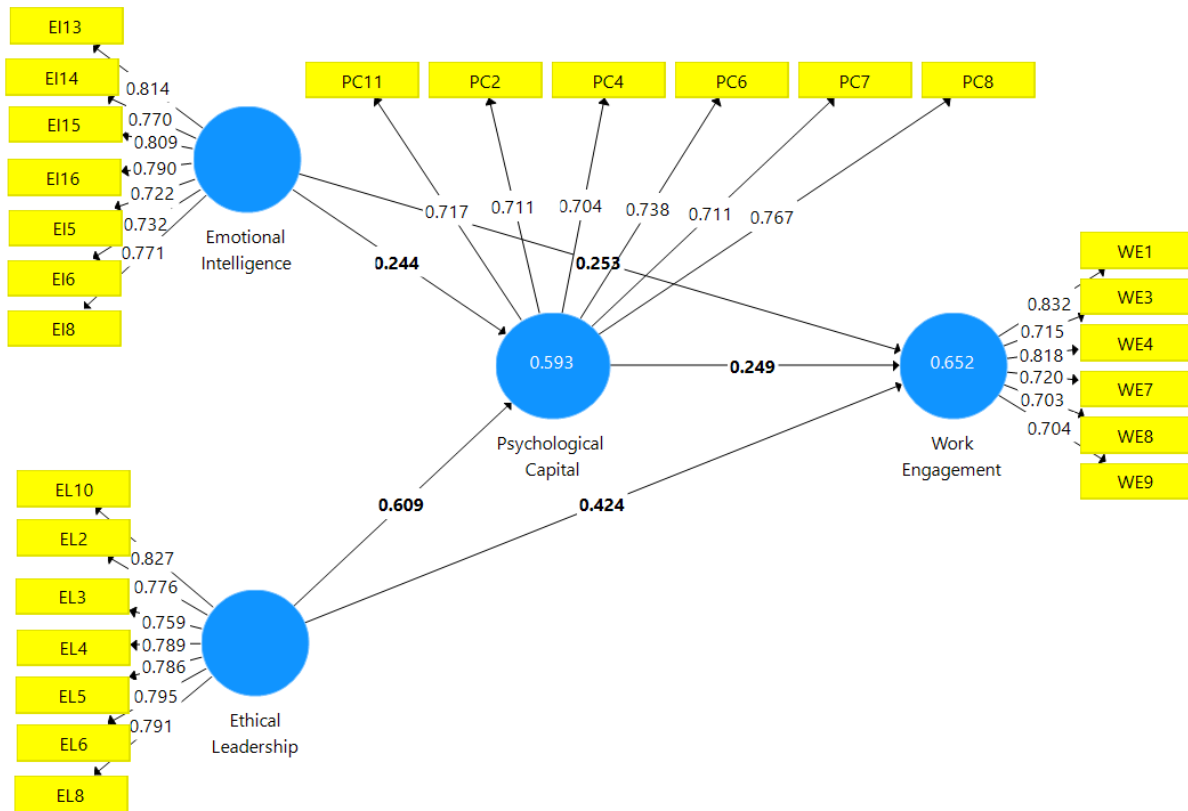


Figure 2. Outer Loading Value
Source: Processed data by SmartPLS 3.2.9 (2022)

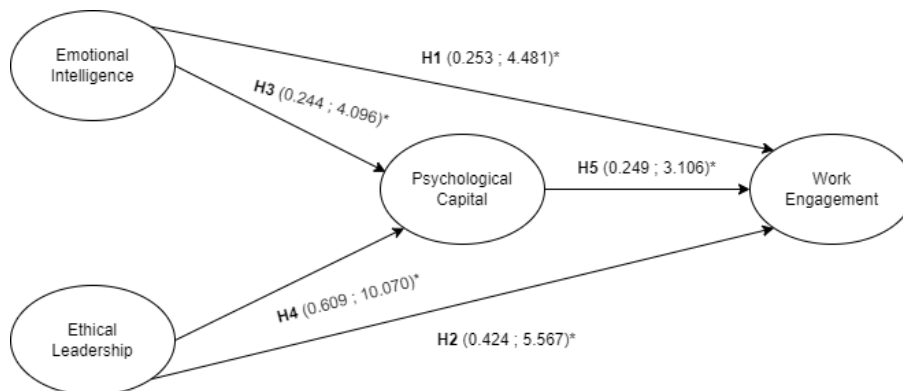


Figure 3. Research Result
Source: Processed data by SmartPLS 3.2.9 (2022)

Discussion

This study aims to determine the role of several types of work resources that can positively influence the work engagement of the banking employees. The study results show that work resources are emotional intelligence, ethical leadership, and psychological capital have a role in increasing work engagement. A good level of employee emotional intelligence, the

application of ethical leadership, and a good level of employee psychological capital are work resources that can help complete work demands and foster work engagement of banking employees. In turn, banking employees with high work engagement will be able to improve their organizational performance to provide services that can meet consumers' financial transaction needs.

The emotional intelligence of banking employees can affect work engagement. Understanding one's own and other people's emotions, the use of emotions, and control over emotions will benefit employees and the work environment. Emotional intelligence is a form of individual skills consisting of cognitive, emotional, relational, and motivational evaluation aspects that influence the level of work engagement (George et al., 2022). Besides that, emotional intelligence can increase the personal resources of employees to increase work engagement of employees further (Barreiro & Treglown, 2020). Competence in emotions or the level of emotional intelligence of banking employees can be seen based on the quality of the services produced (Beigi & Shirmohammadi, 2011).

In addition to the emotional intelligence aspect, this research proves that applying ethical leadership can increase the work engagement of banking employees. The form of leader behavior in implementing ethical leadership is shown through the ease of reaching leaders when employees have work problems, giving appreciation to employees, treating employees fairly, and encouraging employees to provide critical feedback (Frisch & Huppenbauer, 2014).

Applying ethical leadership in banking organizations can form a work environment that encourages employees to be more attached to work (Ahmad & Gao, 2018). Leaders who implement ethical norms in the hospitality sector can increase work engagement in personal life and organizational practices (Khattak et al., 2022). Increased participation from employees will, in turn, increase work engagement, and then help to achieve or even exceed the targets.

The study results show that job resources in the form of psychological capital can also positively impact bank employee work engagement level. Positive psychological resources are a source of energy in completing work (Li et al., 2018).

Self-efficacy, hope, optimism, and resilience can enhance employees' energy, dedication, and absorption. The level of work engagement will be reflected in the role of frontline employees who are constantly faced with providing services and handling customer complaints (Karatepe & Karadas, 2015).

Another goal of this study is to know the mediating role of psychological capital. The result of this study shows that psychological capital partially mediated the impact of emotional intelligence and work engagement and ethical leadership and work engagement. Employees with high levels of psychological capital can have more positive emotions and help to increase work engagement (Tsaur et al., 2019). Employees with a high level of emotional intelligence will have a high level of psychological capital, and it is expected that they will also have a high level of work engagement (George et al., 2022).

An organization's psychological capital is influenced by the leadership style implemented in an organization (Li et al., 2018). Leadership that is applied will affect employee motivation, and psychological capital is part of the internal motivation of individual employees (Bouckenooghe et al., 2015). The higher the level of self-efficacy, the greater the efforts of employees toward achieving goals and encouraging positive work behavior in the form of work engagement (Consiglio et al., 2016). The type of leadership can affect the results of work and the employees' psychological capital level (Gyu Park et al., 2017). Employees' self-efficacy level as part of the psychological capital element can be increased through the role of an ethical leader as a role model. Applying this will increase the level of self-efficacy of employees and helps increase the level of work engagement of employees (Naem et al., 2020).

Based on the study results, the work engagement of banking employees shown

through abundant enthusiasm can improve when the employees have good control over emotions, so that they can overcome existing work barriers, and the leaders involve subordinates in decision making. Providing opportunity to employees in expressing their opinions at the workplace can further increase the work engagement of banking employees. Therefore, this study can strengthen existing job demands theory by knowing the mediating role of psychological capital in the impact of ethical leadership and work engagement. This study also adds knowledge of these three variables in the context of the banking industry.

CONCLUSION AND RECOMENDATION

The study results show that emotional intelligence, ethical leadership, and psychological capital will significantly influence work engagement. A good understanding of one's and other people's emotions, good emotions, and the ability to manage emotions well can increase banking employees' energy, dedication, and absorption in completing work. If banking organizations apply ethical leadership, it will increase employee work engagement. Employees with high confidence in their abilities, hope, resilience, and optimism can increase their ability to increase the energy, dedication, and absorption of banking employees in completing work. In turn all that work resources can significantly increase work engagement.

The study results show that emotional intelligence and ethical leadership will significantly influence psychological capital. A good understanding of one's own and other people's emotions, the use of good emotions, and the ability to regulate emotions well can increase confidence in one's abilities, hope, resilience, and optimism in banking employees. If banking organizations apply ethical leadership, it will increase the psychological capital of banking employees.

This study adds knowledge of the effect of work resources such as emotional intelligence, ethical leadership, and psychological capital to increase work engagement in a banking industry context. In addition, psychological capital shows a mediating role in the impact of emotional intelligence, ethical leadership, and work engagement, which psychological capital has a partial mediation effect. This finding can strengthen the job demands-resources theory.

Based on the research results, the recommendation is that applying employee emotional intelligence affects interpersonal relationships among fellow employees and the relationship between employees and consumers. The representation of emotional intelligence competence is shown in service quality, which impacts employee work. Banking organizations should pay attention to employee emotional intelligence and psychological capital. Banking organizations can create policies supporting it, such as assessments, training, and development of emotional intelligence. For ethical leadership, leaders who apply two-way open communication will trigger employees to be engaged in work. Banking organizations must apply ethical leadership patterns through training policies and performance appraisals.

This study also has a limitation in exploring the interdependence between work and family roles. Sampled that only involved in this study are conventional commercial bank banking employees. Therefore, the results of this study cannot be used as a generalization for banking employees in Indonesia. Future research can use variables that can synergistically impact work and family with work-family enrichment variables and can also be applied to Islamic bank employees and people's credit bank employees.

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