

# Ethical Leadership as a Catalyst for Psychological Empowerment in Bintulu's Oil Refinery Industry

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## Abstract

Ethical leadership is essential for cultivating a productive and competitive workforce, with psychologically empowered employees as a significant result of effective leadership. Despite its significance, scant research has examined the impact of ethical leadership on psychological empowerment within Malaysia's oil refinery industry. This study seeks to investigate the influence of ethical leadership on employees' psychological empowerment in the oil refinery sector in Bintulu, Sarawak. A quantitative methodology was employed to gather data from a random sample of 108 employees via a 26-item questionnaire. The Ethical Leadership Scale developed by Brown et al. was utilised to evaluate ethical leadership, whereas Spreitzer's Psychological Empowerment Model (1995) was implemented to measure employee empowerment. Descriptive and inferential analyses indicated elevated levels of ethical leadership and psychological empowerment within the examined organisation. The results demonstrate that ethical leadership practices substantially enhance employee empowerment, fostering a workforce that gains from leadership exemplifying ethical conduct. This study elucidates the beneficial correlation between ethical leadership and psychological empowerment, enhancing comprehension of how ethical leadership cultivates empowered employees in the oil refinery industry of Bintulu, Sarawak.

*Keywords:* Ethical leadership, psychological empowerment

## Abstrak

Kepimpinan beretika adalah penting untuk membentuk tenaga kerja yang produktif dan berdaya saing, dengan pekerja yang diberi kuasa psikologi sebagai hasil penting daripada kepimpinan yang berkesan. Walaupun kepentingannya, kajian yang meneliti kesan kepimpinan beretika terhadap pemeraksanaan psikologi dalam industri penapisan minyak Malaysia masih terhad. Kajian ini bertujuan untuk mengkaji pengaruh kepimpinan beretika terhadap pemeraksanaan psikologi pekerja dalam sektor penapisan minyak di Bintulu, Sarawak. Metodologi kuantitatif telah digunakan untuk mengumpul data daripada sampel rawak berjumlah 108 orang pekerja melalui soal selidik yang mengandungi 26 item. Skala Kepimpinan Beretika yang dibangunkan oleh Brown et al. telah digunakan untuk menilai kepimpinan beretika, manakala Model Pemeraksanaan Psikologi oleh Spreitzer (1995) digunakan untuk mengukur pemeraksanaan pekerja. Analisis deskriptif dan inferensi menunjukkan tahap kepimpinan beretika dan pemeraksanaan psikologi yang tinggi dalam organisasi yang dikaji. Keputusan menunjukkan bahawa amalan kepimpinan beretika secara signifikan meningkatkan pemeraksanaan pekerja, membentuk tenaga kerja yang mendapat manfaat daripada kepimpinan yang menunjukkan tingkah laku beretika. Kajian ini menerangkan hubungan positif antara kepimpinan beretika dan pemeraksanaan psikologi, sekaligus meningkatkan pemahaman tentang bagaimana kepimpinan beretika membentuk pekerja yang diberi kuasa dalam industri penapisan minyak di Bintulu, Sarawak.

*Kata kunci:* Ethical leadership, psychological empowerment

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## 1.0 INTRODUCTION

Leadership is crucial in inspiring a collective to attain common goals (Northouse, 2019). During the Industrial Revolution, proficient leadership was crucial for effectively managing human resources within any organisation. Iordanoglou (2018) asserted that reliability, collaboration, and teamwork are the three paramount leadership qualities for emerging European leaders. Potential leaders must demonstrate conflict management skills, establish and attain objectives, motivate others, and exhibit confidence. Furthermore, adaptability, versatility, and innovative problem-solving abilities are essential for effective leadership (Iordanoglou, 2018).

In the oil refinery sector, especially in Sarawak, employee psychological empowerment is essential for organisational performance, as human capital is a crucial determinant of success. Quality enhancement initiatives that prioritise "getting it right" are congruent with empowering staff (Onyemeh, 2017). The psychological empowerment of its personnel directly impacts the operational efficacy of the oil refinery sector. Onyemeh (2017) determined that proficient, self-assured, and informed employees substantially enhance the industry's long-term performance. Like other leadership theories, ethical leadership has demonstrated a beneficial impact on psychological empowerment. Although research on the direct correlation between ethical leadership and psychological empowerment is scarce, investigations by Qing et

al. (2020) and Mufti et al. (2020) have recognised psychological empowerment as a mediating variable. Nonetheless, despite its significance, inadequate research has investigated the influence of ethical leadership on psychological empowerment, especially within the oil refinery sector. Consequently, additional inquiry is required in this domain.

According to Ugwu et al. (2014), psychological empowerment is essential for augmenting and stimulating employee engagement in the workplace. Psychological empowerment is acknowledged in organisational studies as a crucial element for companies aiming to gain a competitive edge in dynamic work environments (Kim et al., 2018). The dual advantages for individuals and organisations have been thoroughly emphasised (Schermyly et al., 2022). Spreitzer's (1995) model of psychological empowerment, which is based on the foundational research of Conger and Kanungo (1988) and Thomas and Velthouse (1990), delineates four essential dimensions: competence, meaning, self-determination, and impact. Competence improves effectiveness; self-determination aids decision-making; and impact pertains to influencing operational, strategic, and administrative goals. Collectively, these concepts provide an extensive comprehension of psychological empowerment within the workplace.

Brown et al. (2005) characterizes ethical leadership as "the exhibition of normatively appropriate conduct via personal actions and interpersonal relationships and the encouragement of such conduct among followers through communication, reinforcement, and decision-making." Ethical leadership has emerged as a significant concept in modern leadership research. Shakeel et al. (2019) propose that combining ethical leadership with alternative leadership paradigms can enhance ethical values across leadership ideologies. In the current fast-paced technological environment, particularly within SMEs and start-ups characterised by flatter hierarchies and heightened accountability, the demand for effective leadership practices is on the rise. Empowerment, an essential concept in leadership and social work, has gained significance over the last forty years. Leaders empower employees through delegation of authority, resource provision, role model exemplification, and developmental support (Joseph, 2020; Klosek, 2022).

## ■ 2.0 LITERATURE REVIEW

In the current dynamic and competitive business landscape, effective leadership is essential for achieving organisational success. Leaders not only direct strategic decisions but also influence the moral and ethical environment within organisations. Ethical leadership has received considerable attention in recent years for its impact on employee behaviour, the cultivation of trust, and the encouragement of ethical decision-making. Ethical leaders exemplify behaviours that inspire their followers to adhere to moral standards, fostering a workplace that prioritises integrity, fairness, and collaboration. Concurrently, psychological empowerment has become a crucial element in augmenting employee motivation, engagement, and performance. Empowered employees are more inclined to exhibit initiative, devise innovative solutions, and make significant contributions to organisational objectives. In sectors that depend significantly on human capital, like the oil refinery industry, cultivating psychological empowerment is essential for maintaining operational efficiency and employee welfare.

Although the significance of ethical leadership and psychological empowerment is acknowledged, research investigating the direct correlation between these two concepts is scarce, particularly within the Malaysian oil refinery sector. This study aims to address this gap by examining the influence of ethical leadership on employees' psychological empowerment within the oil refinery sector in Bintulu, Sarawak. This research seeks to elucidate how ethical leadership can augment psychological empowerment, thereby fostering a more engaged and effective workforce, by leveraging established theories and empirical evidence.

### 2.1 Ethical Leadership

Comprehensive research has been undertaken in the domain of leadership, concentrating on the advancement of theories and concepts that underpin future investigations. Kapur (2020) emphasises that effective leadership is founded on self-trust, a clear vision, motivation, self-esteem, and teamwork among group members. Malik and Azmat (2019) contended that leadership is propelled by actions rather than by positional authority. As a result, notable leadership theories such as situational leadership, path-goal theory, and transformational leadership have emerged.

In recent years, ethical leadership has garnered heightened attention, especially regarding its impact on employee conduct. In corporate environments, ethical leadership exemplifies a standard for subordinates, influencing their moral behaviour and strengthening elements such as business ethics, ethical climate, and leader-member exchange (LMX) (Al Halbusi et al., 2022). Kapur (2020) delineated essential characteristics of ethical leaders, encompassing competence, humility, and moral considerations, which are particularly vital in confronting challenges like corporate crises. Brown et al. (2005) significantly advanced the identification of ethical leadership as a distinct construct by associating it with employee empowerment via social learning theory. Ethical leadership, defined by the elements "moral person" and "moral manager," fosters organizational trust. The "moral manager" exemplifies ethical conduct, whereas the "moral person" possesses moral characteristics. Sarmawa et al. (2020) emphasised the significance of ethical leadership in the moral management of organisations, particularly in volatile contexts. Ethical leadership enhances organisational behaviour by cultivating moral attitudes in employees and garnering their respect (Mitonga-Monga & Cilliers, 2015). For ethical leaders to serve as role models, followers must first recognise the leader and possess comparable moral values (Wang et al., 2019).

The Ethical Leadership Scale (ELS), created by Brown et al. (2005), is a prevalent tool for evaluating ethical leadership, emphasising characteristics such as integrity and equity. Additional instruments, such as the Ethical Leadership Inventory (ELI), highlight elements such as morality, justice, role delineation, and power distribution, offering a thorough comprehension of ethical leadership across diverse organisational settings.

### 2.2 Psychological Empowerment

Psychological empowerment has become a pivotal concept in organisational research and practice, especially regarding its importance in dynamic work environments. Psychological empowerment, originally defined by Rappaport (1984) and Zimmerman (2000), is a multidimensional construct evaluated at individual, organisational, and community levels. Empowerment, crucial for organisational

competitiveness, entails employees engaging in proactive measures that enhance overall effectiveness (Organ, 1988). In the realm of information technology-driven operations, psychological empowerment has been demonstrated to correlate with employees' autonomous behaviour and their perception of control over their work (Spreitzer, 2008). Empowering employees, as highlighted by Conger and Kanungo (1988) and Kanter (1977), facilitates rapid and adaptive responses to workplace challenges, thereby improving job satisfaction (Pelit et al., 2011). Spreitzer's (1995) psychological empowerment model delineates four dimensions: impact, competence, meaningfulness, and self-determination. Collectively, these components form a dynamic, multifaceted framework that embodies employees' perceptions of their work. Llorente-Alonso et al. (2023) assert that psychological empowerment augments individuals' ability and autonomy in task execution. It is characterised by cognitive, subjective, and motivational elements.

Employees with psychological empowerment exhibit enhanced autonomy and control over their tasks, which positively affects decision-making and problem-solving (Maan et al., 2020). The commitment of leadership is essential for the successful execution of psychological empowerment, which aids in effective human capital management (Afsar et al., 2017). Structural empowerment, which emphasizes organizational policies and power-sharing dynamics, significantly contributes to empowerment promotion (Sampoio, 2013). Demirbilek and Türkan (2008) emphasised the significance of empowering employees, asserting that success is contingent upon fulfilling their expectations for autonomy, involvement, and trust. Spreitzer's (1995) framework defines four components of psychological empowerment: meaning refers to the purpose of one's work, competence signifies confidence in one's abilities, self-determination encompasses control over one's actions, and impact assesses the degree to which decisions affect one's job. Understanding these factors enables organisations to more accurately evaluate employees' perceptions of empowerment initiatives.

### 2.3 Past Research On The Influence Of Ethical Leadership On Employees' Psychological Empowerment

Numerous studies have investigated the effects of ethical leadership and psychological empowerment in Malaysia's industrial sector. Muniandi et al. (2022) identified a positive correlation between ethical leadership and psychological empowerment, specifically among female employees in manager-subordinate dynamics. Razak et al. (2017) investigated the affirmative relationship between psychological empowerment and job engagement among bank managers in Peninsular Malaysia. Ngang and Hussin (2015) emphasised the mediating function of organisational support in the connection between ethical leadership and work engagement among academics. Nejati et al. (2020) examined the mediating effect of person-organisation fit on the relationship between ethical leadership and employees' perceptions of corporate social responsibility (CSR) initiatives. Their findings indicated a beneficial effect of ethical leadership on corporate social responsibility (CSR). A study by Dust et al. (2018) in the United States revealed that emotional exhaustion adversely impacted the motivational endeavors of ethical leaders and their effect on psychological empowerment. Dehghani-Tafti et al. (2022) conducted research in Iran that established a robust correlation between ethical leadership, psychological empowerment, and compassionate conduct among nurses. Mubarak et al. (2022) emphasised the advantageous impact of ethical leadership and psychological empowerment on project performance in Pakistan, particularly in relation to Islamic work principles.

In the oil refinery sector, Tsiga et al. (2017) identified 58 critical success factors for petroleum projects, highlighting the significance of staff psychological empowerment in maintaining safety and performance. Baker and McCafferty (2005) associated multiple marine accidents in the oil industry with inadequacies in employee knowledge, skills, and abilities (KSAs), emphasising the necessity of psychological empowerment to avert future occurrences. Banks et al. (2021) underscored that ethical leadership is highly esteemed by organisations worldwide, with moral principles deemed crucial for fostering employee loyalty and organisational success. Psychological factors, including emotional exhaustion, can diminish the motivational endeavours of ethical leaders; however, when leaders effectively empower employees, it leads to enhanced creativity and job satisfaction (Nazir et al., 2021). Collectively, these studies offer significant insights into the affirmative correlation between ethical leadership and psychological empowerment.

In order to gain a more comprehensive understanding of the impact of ethical leadership on the psychological empowerment of employees, this research will expand upon the results of previous studies. Specifically, it will investigate the manner in which these findings provide context for the relationship between the two variables in the regression analysis.

### 3.0 METHODOLOGY

This study employed the quantitative and cross-sectional method using survey. The study measured ethical leadership using the Ethical Leadership Scale (ELS), developed and validated by Brown et al. (2005), consisting of 10 items. To measure psychological empowerment, Spreitzer's (1995) Model of Psychological Empowerment, which consists of 12 items, was used. The psychological empowerment construct was further broken down into its four dimensions, revealing high reliability: meaning (0.740), competence (0.841), self-determination (0.830), and impact (0.773). This questionnaire included demographic questions such as age, gender, race, and job experience to provide context for the analysis. A 5-point Likert scale was utilized for data collection, with the following labels: TD (Totally Disagree), D (Disagree), N (Neutral), A (Agree), and TA (Totally Agree). Higher scores indicated higher levels of the respective constructs being measured, with item coding reflecting these associations. Before the main data collection, a pilot test was conducted with 30 respondents to ensure the reliability and validity of the measurement instruments. These respondents were excluded from the main study to prevent data duplication. The reliability of the scales was assessed using Cronbach's Alpha, and the values indicated strong internal consistency for both ethical leadership and psychological empowerment. This ethical leadership scale demonstrated strong internal consistency with a Cronbach's Alpha value of 0.917. Meanwhile, the reliability of the Psychological empowerment questionnaire was confirmed with a Cronbach's Alpha value of 0.933.

The sample for this study comprised employees currently working in the oil refinery industry, which was the focus of the research. Out of a total of 150 employees, a random sampling method was utilized to select 108 workers using the Krejcie and Morgan table to ensure that the sample size was appropriate for generalizing the findings. To ensure the privacy and confidentiality of the research participants, no personal information was disclosed throughout the study. Participants were assured that there were no right or wrong answers when completing the questionnaire, encouraging honest responses.

For data analysis, two approaches were applied that is descriptive and inferential analysis using SPSS software version 29. In which, descriptive analysis (mean, percentage, and frequency) was employed for the first and second objectives, providing a clear overview of the participants' responses. To quantify the central tendency for both ethical leadership and psychological empowerment, the mean scores for each variable were calculated. These mean scores offered insight into the overall level of ethical leadership practiced and the extent of psychological empowerment experienced by employees. The data collected was also subjected to a normality test, which revealed non-normal distributions for both variables. The kurtosis values were 16.156 for psychological empowerment and 9.307 for ethical leadership, while skewness values were 2.500 and -3.009, respectively. These findings suggest deviations from normality, which were taken into account during further statistical analyses. Inferential analysis in the form of linear regression was employed to explore the impact of ethical leadership on psychological empowerment.

## 4.0 RESULTS

### 4.1 Demographic

A total of 108 questionnaires were sent to workers in the oil refinery sector in Bintulu, Sarawak. Table 1 below showed the demographic information of the respondents.

**Table 1** Findings on demographic information

		Frequency (f)	Percentage (%)
Gender	Male	75	69.4
	Female	33	30.6
Age	20 - 25	20	18.5
	26 - 30	21	19.4
	31 - 35	14	13.0
	36 - 40	8	7.4
	40 - 45	17	15.7
	46 - 50	15	13.9
	Over 51 years old	13	12.0
Race	Malay	29	26.9
	Chinese	22	20.4
	Indian	3	2.8
	Others	54	50.0
Working Experience	Less than 5 years	38	35.2
	6 - 10 years	26	24.1
	11 - 15 years	16	14.8
	16 - 20 years	12	11.1
	More than 21 years	16	14.8

The findings reveals that more than half of the respondents (69.4%) were male, while 30.6% were female. This significant gender imbalance may introduce bias, especially if gender is a factor in the variables under study, such as sense of belonging or humor styles. Moreover, the age distribution is skewed towards younger respondents (20-25 years old at 19.4%), while the oldest age group (36-40 years) makes up only 7.4%. This age imbalance could affect the generalizability of the findings to older populations. The data also shows a predominance of respondents from non-majority races, with 50% of participants identifying as "Others" and only 2.8% identifying as Indian. This reflects the racial demographics of Sarawak, but the sample may not be representative of a more diverse national or global population. The majority of respondents (35.2%) had less than 5 years of experience, while only 11.1% had between 16 and 20 years of experience. This indicates that the study population is relatively inexperienced in their fields, which could impact their perspectives on the research variables, particularly those related to workplace dynamics.

### 4.2 The Level of Ethical Leadership in the Oil Refinery Industry at Bintulu, Sarawak

In this study, ethical leadership was examined as a unidimensional variable. The findings indicate that respondents were well aware of their leaders' ethical conduct and were able to evaluate their leaders' behavior based on the questionnaire items. The results show a high level of perceived ethical leadership, with a mean score of 4.25 (SD = 0.830,  $p < 0.05$ ). This suggests that respondents consistently perceive their leaders as demonstrating ethical behavior. These findings align with the established definition of ethical leadership, indicating that the leaders in the organization have successfully exhibited ethical conduct, thereby fostering a positive organizational climate.

### 4.3 The Level of Employees' Psychological Empowerment in the Oil Refinery Industry at Bintulu, Sarawak

Table 2 presents the overall means for all dimensions of psychological empowerment.

**Table 2** Findings on psychological empowerment and its dimension

Dimension	Findings	Level
Meaning	M= 4.39, SD= 0.742	High
Competence	M= 4.15, SD= 0.833	High
Self-determination	M= 4.28, SD= 0.805	High
Impact	M= 4.30, SD= 0.783	High
Variable: Psychological Empowerment	M= 4.28, SD= 0.791	High

\*  $p < 0.05$

The study reports a high overall mean score for the dimension of meaning ( $M = 4.39$ ,  $SD = 0.742$ ), indicating that respondents find their jobs meaningful, particularly when guided by ethical leadership. This suggests that ethical leadership plays a key role in fostering a sense of purpose among employees. Additionally, the table reveals a high level of competence ( $M = 4.15$ ,  $SD = 0.833$ ), highlighting that respondents feel psychologically empowered in their roles, especially at the departmental level and in the completion of their job tasks. Furthermore, a high level of self-determination was observed ( $M = 4.28$ ,  $SD = 0.805$ ), indicating that respondents perceive ethical leadership as positively influencing their autonomy in decision-making and skill mastery. The descriptive analysis for the impact dimension also yielded a high score ( $M = 4.30$ ,  $SD = 0.783$ ), suggesting that respondents feel that the empowerment provided by their leaders significantly influences their sense of purpose, departmental influence, and confidence in completing tasks.

Overall, the data demonstrates that respondents have a positive perception of each dimension measured under psychological empowerment. The overall mean score for psychological empowerment ( $M = 4.28$ ,  $SD = 0.791$ ) was high, indicating that the organization has a substantial number of psychologically empowered employees. This reflects the effectiveness of ethical leadership in cultivating an empowered and motivated workforce.

### 4.4 The Impact of Ethical Leadership towards Employees' Psychological Empowerment in the Oil Refinery Industry at Bintulu, Sarawak

Table 3 below showed the impact of ethical leadership towards employees' psychological empowerment in the oil refinery industry at Bintulu, Sarawak through the regression analysis.

**Table 3** Linear regression of ethical leadership and psychological empowerment

Variables	$\beta$	t	Sig.	F	R <sup>2</sup>
Ethical Leadership and Psychological Empowerment	+0.570	+9.32	.001	86.837	.45

The results of the linear regression analysis, as shown in Table 3, reveal a significant and positive relationship between ethical leadership and psychological empowerment. The beta coefficient ( $\beta = 0.570$ ) indicates that for every one-unit increase in ethical leadership, psychological empowerment increases by 0.570 units, suggesting a strong, positive impact of ethical leadership on employee empowerment. Additionally, the t-value of 9.32 demonstrates that ethical leadership significantly predicts psychological empowerment, supported by a p-value (Sig. = 0.001), which is well below the standard threshold of 0.05. This confirms that the relationship is statistically significant and unlikely to be due to random chance. The F-statistic of 86.837 further supports the overall significance of the regression model, indicating that ethical leadership is a meaningful contributor to the variance in psychological empowerment. The R<sup>2</sup> value of 0.45 indicates that ethical leadership explains 45% of the variance in psychological empowerment, leaving 55% of the variance to be explained by other factors not captured in this model.

In summary, the regression analysis provides robust evidence that ethical leadership plays a crucial role in fostering psychological empowerment within the organization, accounting for a substantial proportion of the variance in employees' psychological empowerment levels.

## 5.0 DISCUSSION AND RECOMMENDATION

### 5.1 The Level of Ethical Leadership in the Oil Refinery Industry at Bintulu, Sarawak

The first objective of this study was to assess the standard of ethical leadership in the oil refinery industry at Bintulu, Sarawak. The findings revealed a high level of ethical leadership, indicating that employees possess a clear understanding of the ethical behaviors exhibited by their leaders. Despite limited prior research in this specific context, the study provides strong evidence for the significant influence of ethical leadership on employees' psychological empowerment. The results underscore the pivotal role ethical leadership plays in fostering empowerment within the workforce. These findings are consistent with the broader body of research on ethical leadership. For instance,

Brown and Treviño (2006) highlight how ethical leadership builds credibility and trust within organizations, which in turn enhances employees' psychological well-being and engagement. Additionally, Den Hartog and Belschak (2012) emphasize that ethical leaders contribute to creating a cohesive work environment, shaping organizational culture, and fostering shared values. The role of ethical leaders as role models is also well-documented by Mulki et al. (2009), who argue that such leadership influences subordinates and directs their behavior. Moreover, research by Eisenbeiss et al. (2008) highlights the positive effects of ethical leadership on employee morale and well-being, leading to greater job satisfaction, higher engagement levels, and lower turnover rates. This aligns with the current study's findings, where respondents positively perceived their leaders' ethical behavior.

Additionally, Brown and Treviño (2006) also emphasize that ethical leaders promote transparent decision-making, greater accountability, and long-term organizational success. Ciulla (2003) adds that ethical leadership, by prioritizing long-term benefits over short-term gains, strengthens stakeholder relationships and preserves the organization's image. In terms of organizational communication, Hynes and Mickahail (2019) stress that ethical leadership fosters transparency and open communication, promoting employee innovation and creativity. This finding is supported by the respondents' openness in evaluating their leaders' ethical behavior in the current study. In sum, the present research extends the understanding of how ethical leadership fosters psychological empowerment and maintains organizational values. The study underscores the significant correlation between ethical leadership and psychological empowerment, reinforcing earlier research by Eisenbeiss et al. (2008), which suggests that ethical leaders create environments where employees feel comfortable expressing ideas, taking the lead, and making ethical decisions. The study also highlights the importance of context in understanding the link between ethical leadership and employee perceptions. Hou et al. (2019) suggest that organizations operating in volatile environments benefit more from the influence of ethical leadership on employee empowerment, a finding echoed in the current study's conclusions.

## **5.2 The Level of Employees' Psychological Empowerment in the Oil Refinery Industry at Bintulu, Sarawak**

The second objective of this study was to determine the level of employees' psychological empowerment in the oil refinery industry at Bintulu, Sarawak. The findings revealed a high level of psychological empowerment among respondents, indicating that employees have a strong understanding of the importance of psychological empowerment in fostering a positive work environment and enhancing individual performance and job satisfaction. Psychological empowerment is widely recognized as essential for improving job satisfaction and performance, as highlighted by Spreitzer's (1995) work on workplace empowerment. This is consistent with Thomas and Velthouse's (1990) findings, which suggest that employees who perceive their work as meaningful, feel competent, and have autonomy and impact are more intrinsically motivated and engaged. The current study's findings echo these perspectives, showing that employees understand the critical role of psychological empowerment in shaping positive attitudes and behaviors. The study found that the "meaning" dimension had the highest mean score, reflecting a strong awareness of personal values and organizational support. This is in line with Deci and Ryan's Self-Determination Theory (Ryan & Deci, 2017), which links knowledge and intrinsic motivation to greater engagement and productivity in the workplace.

Moreover, respondents demonstrated a high level of competence, suggesting that they feel confident in their skills and abilities, which contributes to job satisfaction and self-assurance. The high level of self-determination reported by participants further indicates that employees feel they have the autonomy to choose how they perform their tasks, fostering motivation, better performance, and job satisfaction. Finally, the high scores for the "impact" dimension indicate that respondents feel their contributions significantly affect organizational outcomes, boosting motivation and creating a positive work environment. These perceptions of meaning, competence, autonomy, and influence are central to fostering psychological empowerment in the oil refinery industry.

## **5.3 The Impact of Ethical Leadership towards Employees' Psychological Empowerment in the Oil Refinery Industry at Bintulu**

This study investigated the impact of ethical leadership on employees' psychological empowerment in the oil refinery industry at Bintulu, Sarawak. Using linear regression, the analysis demonstrated a substantial positive influence of ethical leadership on psychological empowerment, which aligns with the findings of Razak et al. (2017) and Ngang and Husin (2015), who both identified a strong correlation between ethical leadership and employee engagement. In contrast, Dust et al. (2018) proposed a minimal moderation of female employees' psychological empowerment in manager-subordinate relationships, while Muniandi et al. (2022) argued that emotional exhaustion diminishes the motivational efforts of ethical leaders. Despite these differing findings, the current study supports a significant positive relationship between ethical leadership and psychological empowerment, consistent with the research of Yazdanshenas and Mirzaei (2022), which highlighted the broader dynamics influencing this relationship.

Additional evidence from Dehghani-Tafti et al. (2022) and Mubarak et al. (2022) further supports the direct correlation between ethical leadership and psychological empowerment, particularly in nursing managers and project effectiveness. Irfan and Islam (2021) also provide hierarchical regression evidence that psychological empowerment mediates the relationship between ethical leadership and employee performance. Javed et al. (2017) and Suifan et al. (2020) emphasize that ethical leadership fosters positive organizational environments, reduces turnover intentions, and promotes innovation, all of which are essential for an empowered workforce. These studies collectively reinforce the findings of the current study, highlighting the broader positive effects of ethical leadership on employee empowerment and organizational outcomes.

## **5.4 Recommendation**

For future research on the impact of ethical leadership on psychological empowerment, several recommendations emerge from the current study. First, longitudinal studies should be considered to better understand the long-term effects of ethical leadership. Second, cross-cultural research could explore the cultural factors that influence the effectiveness of ethical leadership in promoting psychological empowerment. Researchers should also aim for larger and more diverse sample sizes to improve external validity and generalizability, thus reducing the risk of Type I and Type II errors. Incorporating participants from various organizational levels, industries, and cultural backgrounds would further enhance the breadth and applicability of findings, contributing to a more comprehensive understanding of ethical leadership and its role in empowering employees.

## 5.5 Implications of the Study

The findings of this study have several important implications for both practitioners and researchers. For practitioners, especially leaders and managers in the oil refinery industry, the study emphasizes the need to adopt and strengthen ethical leadership practices to foster a psychologically empowered workforce. Ethical leadership not only enhances employees' sense of competency and autonomy but also contributes to higher job satisfaction and performance. By cultivating a work environment where ethical behavior is modeled and encouraged, organizations can significantly boost employee engagement, motivation, and retention. For policymakers and human resource professionals, the study suggests that ethical leadership should be integrated into leadership development programs. Training programs that emphasize ethical decision-making and transparent communication could contribute to building a culture that enhances psychological empowerment, ultimately improving organizational performance and employee well-being. From a research perspective, this study opens avenues for further exploration into the specific mechanisms through which ethical leadership impacts psychological empowerment. Future research could also investigate how these dynamics play out across different industries and cultural contexts, and examine the long-term effects of ethical leadership on employee outcomes. Moreover, understanding how factors such as organizational size, structure, and the external environment influence the ethical leadership-empowerment relationship could provide deeper insights for both theory and practice.

## 6.0 CONCLUSION

The purpose of this study was to examine the impact of ethical leadership on employees' psychological empowerment in the oil refinery industry in Bintulu, Sarawak. The findings underscore the importance of psychological empowerment for employees and the industry's growing demand for ethical leadership. The data reveal a strong correlation between ethical leadership and psychological empowerment, indicating that ethical leadership has a clear and significant influence on employee empowerment.

By assessing the levels of psychological empowerment and ethical leadership, as well as the relationship between the two, the study successfully met all its research objectives. The results highlight the crucial role ethical leadership plays in creating a positive work environment, which not only fosters a sense of empowerment among employees but also enhances their competence. This study effectively draws attention to the importance of ethical leadership in promoting a supportive and empowering workplace culture in the Bintulu oil refinery industry.

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## Conflicts of Interest

The author(s) declare(s) that there is no conflict of interest regarding the publication of this paper

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