Ethical Leadership and Employee Mental Health: Comparing Private and Public Sector Employees

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Abstract

Ethical leadership research mainly focuses on job outcomes while largely ignoring the potential influence on employee mental health. We seek to rectify this by examining the links between ethical leadership and work-life balance, anxiety, and depression. In addition, we include the role of organisational trust due to the important links between ethical leadership and trust. With two samples from the public sector and private sector, and using structural equation modelling, we find consistent effects across both samples. Ethical leadership is positively related to all outcomes, but organisational trust mediates the influence on work-life balance (fully in public sector, and partially in private sector), and fully mediates the influence towards anxiety and depression (both samples). In addition, we find that work-life balance also partially mediates the influence of organisational trust on anxiety and depression. This highlights the importance of organisational trust and work-life balance for ethical leaders to better alleviate mental health issues in the workplace.

Key Words: ethical leadership; organisational trust; work-life balance; mental health; public sector; private sector.

Introduction

Depression alone costs Australian businesses $10.9 billion dollars per year (PricewaterhouseCoopers, 2014). A recent WHO study estimates that anxiety and depression is the cause of $1 Trillion in lost productivity for the global economy (World Health Organization, 2019). Further, a recent study found that over half of work absences are due to work related anxiety or depression in Great Britain (Wilson, 2018). The plight of New Zealand (NZ) workplaces is similarly a concern, with the 2019 Wellness at Work survey finding around 24 per cent of NZ businesses that reported increases in employee stress and anxiety compared to 2016 (BusinessNZ & Southern Cross Health, 2019). Indeed, there is evidence of job burnout being a growing issue (Haar, 2021). The present study focuses on anxiety and depression because these factors are seen as core ways to capture employee mental health (see Axtell et al., 2002) including in NZ (see Haar, 2013; Brougham & Haar, 2013). In response to mental health concerns, firms have sought to make employee mental health a strategic priority (Cohen, 2019). Indeed, the NZ Health and Safety at Work Act 2015 require employers to take responsibility for the psychological

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health of workers. NZ companies such as Southern Cross, Xero, and Trade Me have adopted a range of strategies and programmes to address mental health issues (Strang, 2019).

Leadership provides one option, with the management literature replete with evidence that leadership influences organisational outcomes (Avolio et al., 2009) and specifically the benefits of ethical leadership (EL) to business (Bedi et al., 2016). While EL enjoys meta-analytic evidence of its influence on many work outcomes (Ng & Feldman, 2015) it also highlights that there has been only modest exploration of EL towards mental health outcomes. The present study not only explores the links between EL and anxiety and depression, but also examines the mediating influences of work-life balance (WLB) and organisational trust (OT) to better understand the process of EL to mental health. These relationships are tested on two distinct samples (public and private sector employees) to strengthen confidence in our findings. Our study model is shown in Figure 1.

Figure 1. Study Model

Note: dotted lines represent mediated effects.
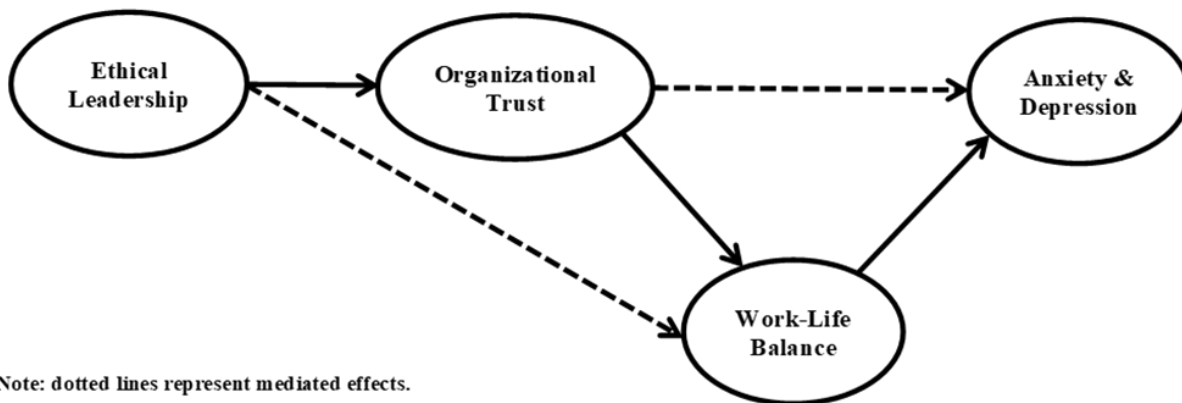
Ethical Leadership

Treviño et al., (2000) assert that EL rests on two key pillars; that of being a moral person and a moral manager. The first pillar refers to the character of a leader, imbued with certain traits (e.g., integrity, honesty), that influence the behaviour of the leader (e.g., caring for others, having personal morality) and decision-making (e.g., holding to values, having a concern for society). The second pillar indicates how ethical leaders demonstrate this to their followers, and why those followers buy into these same ethics and values. Combining these two pillars, led Brown et al. (2005) to define EL as "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement and decision-making" (p. 120). This transmission between leader and follower can be explained using two mechanisms. The first is *social learning*, which stipulates individuals learn through witnessing others' behaviour and its outcomes (Bandura, 1977). In terms of EL, this suggests that leaders influence the moral performance of followers by means of role modelling and reinforcement (Brown et al.,) and that such modelling "covers a broad range of psychological matching processes, including observational learning, imitation, and identification" (p. 119). The second explanatory factor is *social exchange theory* (Blau, 1964), which posits that when employees feel their leader cares for them and treats them fairly, they feel obligated to reciprocate this positive action with similar behaviours (Brown et al., 2005), which might be greater performance or trust. Further, social

exchange theory influences mental wellbeing because employees feel more secure that support is available when needed (Kurtessis et al., 2017).

Since the initial work by Treviño et al. (2000), there has been a profusion of research on EL, including confirming the unique contribution EL makes within the various leadership styles (Hoch et al., 2018; Lemoine et al., 2019). An ethical leader is an authentically moral person who exercises moral management (Treviño et al., 2000). We focus on EL because it is more relatable to a leader-subordinate relationship in an organisational context (Brown et al., 2005; Xu et al., 2016). Moreover, EL has an agreed upon definition unlike authentic and servant leadership (Lemoine et al., 2019). In their meta-analysis, Ng and Feldman (2015) found that EL was consistently related to leader trust and effectiveness and a range of job outcomes, including satisfaction, commitment, turnover intentions, and job strains, stating "employees trust ethical leaders and display more positive job attitudes and greater job performance because of that heightened trust" (p. 955). The present study follows convention by asking employees to rate their immediate supervisor on EL to capture the closest proximity to ethical behaviour that the employee works under. Chughtai et al., (2015) explored the links between EL and similar mental health outcomes, finding a significant negative relationship between EL and emotional exhaustion. Bedi et al. (2016) suggested that EL influences mental health "because of the important role leaders play in shaping the work experience of followers" (p. 521). This aligns with building quality relationships with followers (Li et al., 2014), which ultimately provides a workplace that is supportive and nurturing and more "conducive to positive emotional experiences at work" (Bedi et al., 2016, p. 521). Similarly, Rhoades and Eisenberger (2002) stated that, under social exchange theory, good leaders are "expected to reduce aversive psychological and psychosomatic reactions (i.e., strains) to stressors by indicating the availability of material aid and emotional support" (p. 702). Thus, an ethical leader is one who is fair and listens to employees, asking what the right decision is to make (Brown et al., 2005), and thus enhancing employee perceptions that support and help is available when employees are challenged in the workplace (George et al., 1993). Despite a large number of job outcomes in their meta-analysis, Ng and Feldman (2015) identified only seven studies on job strains, while the meta-analysis by Bedi et al. (2016) reported six studies on job stress and four studies on mental health outcomes. Theoretically, EL reflects a leader whose ethical behaviours show support for employees, including their mental health, and thus we expect employees with higher EL to report lower anxiety and depression. We posit the following.

Hypothesis 1: EL will be negatively related to (a) anxiety and (b) depression.

Organisational Trust

Robinson (1996) defined trust as "one's expectations, assumptions, or beliefs about the likelihood that another's future actions will be beneficial, favourable, or at least not detrimental to one's interests" (p. 576). Trust is one of the most studied constructs in the organisational literature (Bunker et al., 2004), including in the EL literature (Ng & Feldman, 2015). Organisational trust (OT) reflects the degree to which individuals trust the organisation and are willing to be vulnerable to the actions of the organisation because they believe the organisation will act in their interests (Pirson & Malhotra, 2011). In their meta-analysis, Ng and Feldman (2015) noted that the EL-OT relationship has been under-researched, with most attention focusing on trust in the leader. In their EL meta-analysis, Bedi et al., (2016) used social exchange and social learning theories to test and endorse the relationship between EL and a wide range of follower outcomes including leader trust. With social exchange theory (Blau, 1964), it is expected that, in response to high ethical leadership, employees would respond with stronger attitudes towards their organisation around trust.

Ng and Feldman's (2015) meta-analysis found a high correlation between leader trust and EL. Leaders are typically seen as agents of the firm (Rhoades & Eisenberger, 2002), and thus a leader with higher EL should also influence the overall employees' perception of the organisation as being more trustworthy. Indeed, Haar et al. (2019a) found positive leadership was directly related to organisational trust, and Xu et al. (2016) found that EL was positively related to organisational trust. Hence, social exchange theory helps us understand why employees respond with higher organisational trust perceptions when they have a leader who acts more ethically. Thus, we posit the following.

Hypothesis 2: EL will be positively related to organisational trust.

Work Life Balance (WLB)

Haar (2013) defined WLB as "the extent to which an individual is able to adequately manage the multiple roles in their life including work, family, and other major responsibilities" (p. 3308). Thus, WLB represents employee perceptions about balancing multiple roles, with high WLB meaning fulfilment both inside and outside of work, while experiencing less conflict between roles in and out of work (Kreiner et al., 2009). The literature has shown that WLB can influence job outcomes, including job satisfaction, organisational commitment, work engagement, and citizenship behaviours and mental health outcomes (Haar, 2013; Haar & Brougham, 2020; Haar et al., 2017). Only a few studies have explored leadership factors towards WLB, with Haar et al. (2017) finding servant leadership was positively related to WLB. Similarly, positive relational management (Haar et al., 2019a), supervisor support (Haar et al., 2019b), authentic leadership (Braun & Peus, 2018) and EL have all been linked to WLB (Haar et al., 2019c). Theoretically, under social exchange theory, stronger EL should account for superior WLB because employees know they can access ethical behaviours and support from their leader in a time of crisis. This means subordinates of a more ethical leader are better able to manage their work and non-work roles (Haar, 2013), and thus perceive stronger WLB. This is because employees know if they have an issue impacting their work or non-work roles that an ethical leader can be trusted to act on issues and seek out solutions, rather than ignore the issue raised. Ultimately, this is reflected in higher WLB when employees perceive their leader is more ethical. Thus, EL should positively shape WLB.

Hypothesis 3: EL will be positively related to WLB.

Mediation Effects

Beyond direct effects, we also expect trust to mediate the effects of EL. Chughtai et al. (2016) found that EL was linked to employee emotional exhaustion and mediated by leader trust, using social exchange theory to hypothesise the links. Because ELs are honest, fair, genuinely interested in subordinates, and practise what they preach, employees, in turn, reciprocate by showing greater trust (Blau, 1964; Brown & Mitchell, 2010). There is strong alignment under social exchange theory that helpful actions – such as a leader's ethical behaviours – can psychologically trigger felt obligations to reciprocate in employees (Haar & Spell, 2004), leading to more positive job attitudes. Furthermore, evidence supports the links between trust and employee job burnout (e.g., Bobbio et al., 2012; Kelloway et al., 2012), and specifically a mediation effect on emotional exhaustion (Chughtai et al., 2015).

These effects might be better explained using conservation of resources (COR) theory (Hobfoll, 2002), which suggests employees will have better mental health if they have more resources. Here, higher

organisational trust acts as a resource because this might supply the employee with extra resources, such as confidence and energy, which are subsequently used to manage workplace issues that normally create mental health problems. This mediation effects of trust also aligns with arguments based on meta-analysis, where Ng and Feldman (2015) confirmed that mediating effects of "EL on attitudinal and behavioural outcomes were partially mediated by trust" (p. 952). Hence, the behaviour of EL can not only directly shape employee mental health but also their own attitudes and perceptions – here, specifically around trust – which, in turn, create lower mental health issues because organisational trust is used to provide more confidence and positive experiences in the workplace – leading to lower mental health issues. Consequently, we expect better understanding of the EL influence on mental health as being through organisational trust perceptions. We posit the following:

Hypothesis 4: Organisational trust will mediate the influence of EL on (a) WLB, (b) anxiety, and (c) depression.

Finally, towards mental health outcomes, Haar (2013) found that WLB linked negatively to anxiety and depression in two samples, and these findings were confirmed in a seven sample six country follow-up study (Haar et al., 2014). This suggested that WLB was universally beneficial. Haar and Brougham (2020) argued that the COR theory (Hobfoll, 2002) is also useful for understanding how WLB shapes outcomes. COR theory suggests that employees with higher WLB have extra resources, such as energy, time, relationships, and these are used to better manage workplace challenges that typically lead to mental health issues. With COR theory, employees have more resources to draw on when WLB is high, and this is what they can utilise to manage work issues, ultimately leading to lower anxiety and depression from the job. Both Haar (2013) and Haar et al. (2014) showed that WLB not only influenced anxiety and depression, but also mediated other influences on these outcomes. This corresponds with other mediation evidence from WLB on leadership influences (Haar et al., 2017), and hence we also expect WLB will mediate the influence of EL on anxiety and depression. Hence, we hypothesize the following.

Hypothesis 5: WLB will mediate the influence of EL on (a) anxiety and (b) depression.

Method

Recently, Nuzzo (2014) argued for greater replication in empirical studies to enhance confidence in study findings. Consequently, two samples were undertaken in different sectors: (1) public sector (government departments), and (2) private sector, because the meta-analysis by Bedi et al. (2016) found the correlation between EL and follower outcomes was stronger in the public sector than the private sector.

Sample and Procedure

Full ethics was granted for the study. Data was collected via a Qualtrics survey panel of NZ employees in two samples: (1) public sector (n=168) and (2) private sector (n=359). The Qualtrics system is anonymous and confidential, but respondents are compensated for their time, although details are confidential. Respondents are voluntary, and the Qualtrics system ensures that respondents can do the survey only once, and the system times participants and eliminates those who complete the survey too quickly or too slowly. This methodology has yielded positive samples (e.g., Haar et al., 2019a). The demographic breakdown by samples is shown in Table 1.

Table 1. Demographic Breakdown of Samples

Demographics	Sample 1 Public Sector	Sample 2 Private Sector
Sample size	N=168	N=359
Gender	64% Female	51% Female
Age	43.5 years (SD=14.0)	39.6 years (SD=13.0)
Tenure	8.7 years (SD=7.7)	6.8 years (SD=6.4)
Working Hours	37.2/week (SD=10.8)	37.3/week (SD=9.1)
Education (minimum university degree)	45.9%	52.3%
Organisational Size	69.6% of sample work in organisations larger than 100 employees	57.1% of sample work in organisations smaller than 100 employees

Note: The gender and age averages are representative to the average for both the public and private sectors (Public Service Commission, 2020a, 2020b; Statistics NZ, 2019). Tenure closely resembles the NZ average (7.0 years) but is somewhat higher in the public sector (MBIE, 2020). The education level of respondents is significantly higher than the NZ average of 35 per cent (Ministry of Education, 2021). Finally, the statistics show that most respondents came from organisations with 100+ employees. Statistics NZ (2020) shows that roughly 50 per cent of employees work in such sized organisations, making our response rate slightly higher.

We confirmed the distinct nature of the samples by t-tests, which showed the public sector sample was older ($t(525)= 3.170$, $p=.002$), had greater female composition ($t(525)= 3.320$, $p=.001$), had longer tenure ($t(525)= 2.968$, $p=.003$) and worked in significantly larger sized organisations ($t(525)= 5.900$, $p=.000$). There was no significant difference by hours worked or education level. We suggest these differences highlight the need to keep the samples distinct. In addition, we also provide analyses where the samples were combined ($n=527$).

Measures

Identical surveys were used in both samples. EL was measured using items from the ethical leadership scale by Brown et al. (2005), coded 1=strongly disagree to 7=strongly agree. While the original scale has 10-items, a number of authors have used shorter versions, including six items (Detert et al., 2007), and 5-items (Li et al., 2014). The present study used six items. We followed researchers (Detert et al., 2007; Haar et al., 2019c) and utilised items that were relevant and had high factor loadings from the ELS scale. A sample item is "My leader makes fair and balanced decisions". We confirmed the nature of our six-item scale by factor analysis (principal components, varimax rotation), which confirmed all items loaded onto a single factor with eigenvalues greater than 1 in both samples (4.880 sample 1, 4.623 sample 2), accounting for a sizeable amount of variance (81.3 per cent sample 1, 77.0 per cent sample 2) and having excellent reliability: $\alpha= .95$ (sample 1) and .94 (sample 2). All items loaded above 0.80 in each sample.

WLB was measured using the three-item scale by Haar (2013), coded 1=strongly disagree to 5=strongly agree. A sample item is "Nowadays, I seem to enjoy every part of my life equally well" (α= .88 sample 1, α= .89 sample 2).

Anxiety and Depression were measured using three-items each by Axtell et al. (2002), coded 1= all the time, 5= never. Respondents were presented with three adjectives each for anxiety (e.g., "anxious") and depression (e.g., "miserable") and were asked to rate how often these applied to them at work. This construct has been well-validated in NZ (Haar, 2013) and cross-culturally (Haar et al., 2014). In the present study, a higher score represents greater mental health from work (i.e., low anxiety and low depression). Both anxiety (α= .90 both samples) and depression (α= .94 sample 1, α= .93 sample 2) had excellent reliability.

Organisational Trust was initially measured using four-items by Robinson (1996), coded 1=strongly disagree, 5=strongly agree. However, one item loaded highly with EL especially and was removed. A sample item is "My employer is open and upfront with me" (α= .82 in both samples).

We controlled for a few demographic variables common in the mental health and ethics literature. However, Williams et al., (2009) argue that when it comes to control variables, only a small number should be utilised. We controlled for Gender (2=female, 1=male), Age (in years), and Tenure (in years)[1]. There is meta-analytical support for older workers reporting higher organisational trust and fewer mental health issues (Ng & Feldman, 2010). While Brown et al. (2005) note that gender may not play a role towards EL, it can play a role in mental health (Haar et al., 2017). Furthermore, Spell and Arnold (2007) argue that tenure can relate to work conditions which might influence outcomes, such as anxiety and depression.

Measurement Model

The variables from both samples (and total sample) were confirmed with CFA in SEM using AMOS v. 25. Williams et al. (2009) recommends the following goodness-of-fit indexes to assess the measurement models: (1) the comparative fit index (CFI), (2) the root-mean-square error of approximation (RMSEA), and (3) the standardised root mean residual (SRMR), where a good model is reflected in scores of CFI $\geq$ 0.95, RMSEA $\leq$ 0.08 and SRMR $\leq$ 0.10. The hypothesized measurement model and two alternative models for both samples are shown in Table 2.

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[1] In response to a reviewer comment we also explored the role of Firm Size (1=under 50 employees, 2=50-100 employees, 3=101-250 employees, 4=251-500 employees, 5=501-1000 employees, 6=1001+ employees). However, when added to the model it was non-significant across all models.

Table 2. Results of Confirmatory Factor Analysis

Model	Model Fit Indices						Model Differences			
	χ^2	df	χ^2/df	CFI	RMSEA [Lo90-Hi90]	SRMR	$\Delta\chi^2$	Δdf	p	Details
Model 1 (public)	183.7	125	1.47	.98	.05 (.04-.07)	.04				
Model 1 (private)	258.6	142	1.82	.97	.06 (.06-.06)	.03				
Model 2 (public)	295.5	129	2.29	.94	.09 (.08-.10)	.05	111.8	4	.001	Model 1 to 2
Model 2 (private)	488.2	142	3.44	.93	.09 (.08-.10)	.04	229.4	4	.001	Model 1 to 2
Model 3 (public)	253.8	119	2.13	.95	.08 (.06-.09)	.07	70.1	4	.001	Model 1 to 3
Model 3 (private)	363.2	142	2.56	.96	.07 (.06-.08)	.05	104.6	4	.001	Model 1 to 3

Model 1= Hypothesized 5-factor model: EL, WLB, organisational trust, anxiety, and depression.
Model 2= Alternative 4-factor model: EL, WLB, organisational trust, anxiety and depression combined.
Model 3= Alternative 4-factor model: EL and organisational trust combined, WLB, anxiety and depression.

Overall, the hypothesized measurement model fitted the data best for the expected five-factor solution for both studies and was a superior fit to the data compared to the alternative model (Hair et al., 2010). The combined data was also a good fit to the data: $\chi2(125) = 221.4$ (p= .000), CFI= .99, RMSEA= .04, and SRMR= .03.

Analysis

Hypotheses were tested using SEM in AMOS (v. 25) with control variables (age, gender, and tenure). To confirm the mediation effects, the analysis was conducted with bootstrapping (Preacher & Hayes, 2008) at 5000 samples, and 95 per cent bias-corrected bootstrap confidence intervals.

Results

Descriptive statistics for the study variables are shown in Table 3.

Table 3. Correlations and Descriptive Statistics of Study Variables (both Samples)

Variables	Sample 1		Sample 2		1	2	3	4	5	6	7
	M	SD	M	SD							
1. Age	43.5	14.0	39.6	13.1	--	.54**	-.08	.01	.11	.23**	.25**
2. Tenure	8.7	7.7	6.8	6.4	.49**	--	-.19*	-.14†	.02	.17*	.15†
3. EL	4.9	1.5	4.8	1.3	-.18**	-.10*	--	.72**	.45**	.35**	.38**
4. Organizational Trust	3.5	.96	3.4	.91	-.00	.06	.71**	--	.49**	.45**	.51**
5. WLB	3.4	.91	3.5	.94	.05	.04	.49**	.48**	--	.52**	.48**
6. Anxiety	3.9	.94	3.8	.98	.23**	.14**	.30**	.38**	.42**	--	.75**
7. Depression	4.3	.94	4.1	1.0	.19**	.08	.37**	.42**	.42**	.73**	--

Sample 1 (public, $n=168$) above the diagonal and sample 2 (private, $n=359$) below the diagonal. †$p< .1$, *$p< .05$, **$p< .01$

Note: Anxiety and depression are scored such that a higher score means higher mental health (i.e., low anxiety and low depression)

This shows that EL was significantly correlated to all main constructs in the expected direction (all $p<$ .01). Similarly, anxiety and depression were significantly correlated to all constructs in the expected directions (all $p<$ .01). While in both samples they correlated highly with each other, the alternative Model 2 in the CFA (detailed above) determined that the constructs are best understood as separate rather than combined. Similarly, EL was highly correlated to organisational trust but again, the CFA alternative Model 3, showed this was an inferior construct compared to EL and organisational trust separately. We calculated skewness and kurtosis of the constructs, and the data was normally distributed within established thresholds (Hair et al., 2010).

Structural Models

We tested a number of models to assess the direct and potential mediating effects of our hypothesized model, with details and the analysis is presented in Table 4.

Table 4. Results of SEM Analysis

Model	Model Fit Indices						Model Differences			
	χ^2	df	χ^2/df	CFI	RMSEA [Lo90-Hi90]	SRMR	$\Delta\chi^2$	Δdf	p	Details
Model 1 (public)	309.3	169	1.83	.95	.07 (.06-.08)	.09				
Model 2 (public)	262.0	166	1.58	.97	.06 (.05-.07)	.05	47.3	3	.001	Model 2 to 1
Model 3 (public)	251.6	164	1.53	.97	.06 (.04-.07)	.04	57.7	5	.001	Model 3 to 1
							10.4	2	.01	Model 3 to 2
Model 1 (private)	377.5	169	2.23	.96	.06 (.05-.07)	.06				
Model 2 (private)	361.6	166	2.18	.96	.06 (.05-.07)	.05	15.9	3	.002	Model 3 to 1
Model 3 (private)	334.7	164	2.04	.97	.05 (.05-.06)	.04	42.8	5	.001	Model 3 to 1
							26.9	2	.001	Model 3 to 2

Note: All models include control variables (age, gender, and tenure). In addition, anxiety and depression covary.
Model 1 (direct effects model): EL predicts all outcomes: organisational trust, WLB, anxiety and depression.
Model 2 (mediating model 1): As per model 1 plus organisational trust predicts WLB, anxiety and depression.
Model 3 (mediating model 2): As per model 2 plus WLB predicts anxiety and depression.

Overall, the analysis shows model 3 was the best fit to the data, and met minimum goodness-of-fit indexes (Williams et al., 2009) for the public sector: $\chi2(df)$= 251.6(164), CFI=.97, RMSEA=.06, and SRMR=.04; the private sector: $\chi2(df)$= 334.7(164), CFI=.97, RMSEA=.05, and SRMR=.04; and the combined data: $\chi2(df)$= 286.7(164), CFI=.99, RMSEA=.04, and SRMR=.02. Unstandardised regression coefficients are presented in Table 5 (path analysis results).

Table 5. Final Structural Model Path Results (Sample 1 and 2)

Variables	Public Sector			Private Sector			Combined Sample		
	Model 1	Model 2	Model 3	Model 1	Model 2	Model 3	Model 1	Model 2	Model 3
Controls:									
Age → Anxiety	.01*	.00	.01	.02‡	.01‡	.01**	-.02‡	-.01‡	-.01‡
Age → Depression	.02**	.01	.01	.02‡	.02‡	.02‡	-.02‡	-.02‡	-.02‡
Gender → Anxiety	-.01	.06	.03	-.15	-.15	-.14	.14	.14	.12
Gender → Depression	.26*	.32**	.30**	.04	.05	.05	-.11	-.11	-.13
Tenure → Anxiety	.02	.02*	.02	.01	.00	.00	-.01	-.01	-.01
Tenure → Depression	.02	.02*	.02	-.00	-.01	-.01	-.01	-.00	-.00
Direct Effects:									
EL → OT	.51‡	.50‡	.50‡	.59‡	.58‡	.59‡	.50‡	.50‡	.50‡
EL → WLB	.31‡	-.15	-.02	.43‡	.23**	.27**	.39‡	.09	.14*
EL → Anxiety	.27‡	-.24*	-.11	.30‡	.05	-.02	-.28‡	.00	.01
EL → Depression	.31‡	-.25*	-.14	.37‡	.17*	.11	-.34‡	-.03	-.02
Mediating Effects:									
OT → WLB		.90‡	.63‡		.33**	.25*		.56‡	.47‡
OT → Anxiety		1.0‡	.53**		.31*	.28*		.58‡	.41‡
OT → Depression		1.1‡	.73‡		.39‡	.21		.54‡	.32**
WLB → Anxiety			.33‡			.31‡			.32‡
WLB → Depression			.23*			.27‡			.26‡
r² Values:									
WLB			.36			.31			.33
Anxiety			.47			.33			.35
Depression			.50			.30			.35

*p< .05, **p< .01, ‡p< .001. Unstandardised path coefficients. OT=Organisational Trust.
Note: Anxiety and depression are scored such that a higher score means higher mental health (i.e., low anxiety and low depression).

We present all three models for each sample because this allows us to compare the influence of each mediator (organisational trust and WLB). In both samples in Model 1, we found that EL was significantly related to all outcomes: anxiety (β= .27 [public] and -.30 [private], both p< .001), and depression (β= .31 [public] and .37 [private], both p< .001), as well as organisational trust (β= .51 [public] and .59 [private], both p< .001), and WLB (β= .31 [public] and .43 [private], both p< .001). These findings supported Hypotheses 1 to 3 in both samples. Hypothesis 4 reflected the influence of organisational trust as a mediator (Model 2) and there was evidence of partial and full mediating effects on the influence of EL on WLB, reducing from β= .31 (p< .001) to -.15 (non-sig) [public] and reducing from β= .43 (p< .001) to .23 (p= .003) [private], offering support for Hypothesis 4a. There was also evidence of mediation on EL's influence with anxiety in the public sector: reducing from β= .27 (p< .001) to -.24 (p< .05) and depression, reducing from β= .31 (p< .001) to -.25 (p< .05) and similarly in the private sector, reducing from β= .30 (p< .001) to .05 (non-sig) and depression, reducing from β= .37 (p< .001) to .17 (p< .05), providing support for Hypotheses 4b and 4c.

Hypothesis 5 related WLB mediating and this was supported in Model 3 and shows that WLB does partially mediate the influence of organisational trust on anxiety in the public sector, reducing from β= 1.0 (p< .001) to .53 (p= .006) and depression, reducing from β= 1.1 to .73 (both p<.001) and similarly in the private sector, reducing from β= .31 (p= .012) to .28 (p= .011) and depression, reducing from β= .39 (p< .001) to .21 (non-sig). In these models WLB was significantly and negatively related to anxiety β= .33 [public] and .31 [private], both p< .001), and depression β= .23 (p= .024) [public] and .27 (p< .001) [private], providing strong support for Hypotheses 5a and 5b. Overall, the bootstrap confidence intervals show the indirect effect of EL on anxiety and depression does not cross zero, confirming that EL remains a significant predictor across both samples. Hence, while mediation effects are confirmed, the evidence shows EL remains important.

Finally, these effects are found to hold across the combined sample, showing that while the samples significantly differ, the effects of the hypothesized model are robust. Overall, the models accounted for robust amounts of variance for WLB (33 per cent public and 32 per cent private and combined samples), anxiety (44 per cent public and 33 per cent private, and 35 per cent combined sample), and depression (47 per cent public and 32 per cent private and 35 per cent combined sample).

Discussion

The present study sought to build an understanding of the process by which EL influences two determinants of employee mental health (anxiety and depression). We specifically targeted organisational trust as a mediator because it aligns well with EL, and the theoretical mechanisms of social exchange theory. Blau (1964) argues that, in return for benefits from their employers, employees are likely to feel obligated to reciprocate positive factors with positive actions. In the case of EL, the nurturing and supportive conduct of the leader through practising and preaching fairness and open two-way communication (Brown et al., 2005) helps build the followers' trust in their leader (Chughtai et al., 2015) and beyond. Our findings align with Xu et al. (2016) who stated, "subordinates working under ethical leadership develop more trust in their organization" (p. 499). Indeed, this aligns broadly with the meta-analyses from Ng and Feldman (2015), with EL having a strong relationship with organisational trust. Importantly, unlike other studies, we also tested alternative CFAs where a combination EL-organisational trust construct was assessed, and this was found in both samples to be uniformly a poorer-fit to the data. Thus, we might conclude that while EL and organisational trust are highly related, they are conceptually and empirically distinct. Consequently, when employees perceive that their leader appears to be concerned with their mental health as possibly required by organisational

ethical standards, they may reciprocate by trusting that both their leader and the organisation will act in ways that benefit their mental health.

Overall, we find strong support for our assertion that EL would be positively related to better employee mental health. Moral management is the active encouragement of ethical behaviour through communication, role modelling and discipline (Treviño et al., 2000). The relationship building efforts (Li et al., 2014) of ethical leaders and their commitment to honesty will assure employees that their leader will contribute to positive emotional experience at work (Bedi et al., 2016). This enhances their organisational trust as noted above. Here, employees are likely to trust that their leader, supported by organisational policies and resources, will be open to discussing flexible working options and in particular their ability to balance roles and enhance their WLB. This is because ethical leaders understand that practising ethics entails taking responsibility for employees' health and WLB, such as protecting employee mental health. This has legislative support in NZ. Importantly, we found these effects were evenly shared between our two samples, with no significant differences between the effects of EL in private versus public sector settings. Ultimately, we find that EL helps followers manage their perceptions of pleasure and arousal from work (anxiety and depression), as they are more likely to believe in their ethical leader's desire to treat workers fairly and in their authority to be able to adjust workloads and provide resources, ultimately enhancing mental health.

The present study also adds to the literature by finding that the influence of EL on mental health is better understood as working through a mediated mechanism. Here, EL helps build trust in the organisation (as a social exchange response), and in turn, this trust alleviates potential work issues around balancing roles (enhances WLB) and ultimately reduces mental health issues. In effect, workers trust that their leader can support them, both because their leader is ethical and because the employees trust the organisation is committed to their mental health. Overall, consistent mediation effects across both samples are found, highlighting in particular, that when exploring the influence of EL on mental health, we must consider the role of organisational trust. Meta-analyses (Ng & Feldman, 2015; Bedi et al., 2016) show that leader trust is the dominant form of trust explored, and the present study extends this focus, and shows that organisational trust may also play a vital role in understanding the process by which EL influences mental health. However, the indirect effects did show that EL remains a significant construct within the model, highlighting it still influences anxiety and depression albeit through indirect effects. Finally, we also found that WLB played an additional mediating role towards anxiety and depression, which reinforces previous findings in that literature (e.g., Haar, 2013; Haar et al., 2014), and further highlights the importance of WLB.

Implications

For organisations, these findings highlight and affirm meta-analyses (Bedi et al., 2016; Ng & Feldman, 2015) around the importance of EL for mental health, and extends this to WLB, which appears largely neglected in the EL literature. This is important because there is strong evidence around the importance of WLB towards job outcomes, including satisfaction and engagement (Haar, 2013; Haar et al., 2014, 2017) and these are important predictors of job performance (Judge et al., 2001) and organisational performance (Salanova et al., 2005). Recruitment and selection approaches to EL would appear strongly beneficial to enhancing employee mental health. Further, the meta-analyses show that EL enhances several other job outcomes (Ng & Feldman, 2015; Bedi et al., 2016) further encouraging EL development. The findings show that trust further enhances outcomes, and consequently, organisations should look to foster, develop, and train leaders in more ethical behaviours as such persons are more likely to have followers with greater trust in them and the organisation with respect to caring for their mental health which will positively influence performance (Ng & Feldman, 2015). Similarly, the meta-analysis by Van De Voorde et al. (2012) found links between various wellbeing indicators (including happiness) and firm performance, highlighting the importance for organisations in focusing on

employee mental health. The present study provides an important understanding of the process through which EL influences mental health, so as to improve performance or avoid potential losses due to anxiety and depression at work.

Researcher implications include greater exploration and testing of mediating effects, although exploring organisational trust is clearly an important starting point. There is strong meta-analytic evidence around leader trust (Ng & Feldman, 2015) and the present study extends this to organisational trust. We encourage further studies to generalise these effects. Further exploration of other mental health outcomes is encouraged (e.g., happiness), as well as testing moderators, to better understand the relationships between EL and outcomes. Moreover, an aspect missing from the EL-mental health literature is the work context and followers' dispositional or personality factors. We encourage EL researchers to explore more complex models accordingly, perhaps moderated mediation.

Limitations and Conclusion

Despite the useful findings, there are always limitations in such research, especially around the cross-sectional nature of data collection (Podsakoff et al., 2003). In the present study, we followed recommendations by Podsakoff and colleagues and separated the survey constructs out with added constructs in between our measures of EL, trust, WLB and mental health. Importantly, we utilised two samples that were quite distinct from each other and found similar and consistent effects across both samples (and indeed, when combined). In addition, Haar et al., (2014) argues that high level statistical analysis can minimise the potential effects of common method variance (CMV), through testing alternative CFA models in SEM. Despite this, we followed recommendations by Podsakoff et al. (2003) around conducting a statistical post-hoc test to provide evidence that CMV was not an issue. The Lindell and Whitney (2001) procedure is where a partial correlation is conducted, controlling for a construct unrelated to the study model. We controlled for attitude towards workplace fun (three-items by Karl et al., 2007, $\alpha = .66$ public, $\alpha = .72$ private). The analysis showed no change on the strength of correlations, which suggests that CMV is not present (Haar & Spell, 2009). Overall, given the consistent effects across our two unique samples provides confidence that these findings are not largely impacted by CMV.

Anxiety and depression are on the rise globally, and research indicates that this has a significant impact on workplace productivity and contributes to absenteeism and firm performance. A common thread amongst the growing literature on strategies for caring for the mental health of employees is demonstrated leader and organisational commitment to mental health. The present study found that EL can be beneficial to employee mental health, due to their dedication to fairness, open communication, and responsible attitude to followers. Furthermore, supporting social exchange theory, EL heightens organisational trust, which is also due to the fact the ethical leaders are seen as the moral agents of the organisation. Followers expect ethical leaders to be vigilant for employee WLB which ultimately appears to reduce anxiety and depression. Our findings support the theoretical approaches and processes by which EL influences mental health, which has been largely missing. We encourage researchers to consider the process of influence from EL to mental health, including additional mediators (although still including trust) and exploring potential moderators. In summary, EL influences employee mental health through enhancing organisational trust and work life balance.

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