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Linking Ethical Leadership and Organizational Social Capital Towards Enhancing Organizational Performance in the Somali Public Sector

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ABSTRACT

Public administration scholars have continued to be interested in organizational performance and have attempted to understand its influencing factors. Public sector organizational performance is vital because it helps the sector accomplish better with limited resources. In the private sector, there is conclusive evidence of organizational performance and the factors that influence it. However, the issue is largely unknown and under-researched in the public sector, particularly in the Somali context. Thus, grounded in social capital and social learning theories, the study aims to unveil the impact of ethical leadership on public sector organizational performance in Somalia via the underlying mechanism of organizational social capital. Data were gathered from 343 public servants in two Somali regional administrations (the Banadir and Jubaland). SmartPLS 4 software was used to analyze the data. The results showed that the ethical leadership of public-sector organizations positively and significantly impacts both public-sector organizational performance and organizational social capital. Moreover, the findings showed that social capital partially mediates the association between ethical leadership and public-sector organizational performance. The results of this study have important implications for policymakers and public sector leaders in Somalia. The present study is the first to model the mediating effect of public-sector organizational social capital in the association between ethical leadership and public sector organizational performance in Somalia.

Keywords:

Organizational performance,
Organizational social capital,
Ethical leadership, Public sector,
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Public Sector organizational performance is essential because it enables organizations to use their resources more efficiently (Olejarski et al., 2018). Similarly, it can promote organizational

excellence and competitiveness in service delivery (Al-Dhaafri & Alosani, 2023) and directly affect public service provision and the overall effectiveness of government institutions (Khaltar & Moon, 2019). Public administration scholars have continued to be interested in organizational performance and have attempted to understand its influencing factors (Miao et al., 2019). Furthermore, organizational performance holds significant importance for scholars in the broad domain of management research (Kidron & Vinarski-Peretz, 2022). However, government organizations increasingly recognize the value of enhancing institutional performance (Nicholson-Crotty et al., 2017). Therefore, there is a pressing need to examine factors influencing organizational performance within the public sector (Zhang et al., 2022).

Nevertheless, it is essential to note that in Somalia, public sector entities have seen significant repercussions because of the civil war, political instability, and pervasive corruption. These factors have had detrimental effects on the capacity of public institutions to provide services and achieve desired performance outcomes. The Heritage Institute for Policy Studies (HIPS) (2021) reported that weak service delivery and poor institutional performance are significant challenges in Somalia. Furthermore, Mishra and Abdullahi (2020) noted that since 2007, Somalia has frequently been ranked as the most corrupt nation in the world, which can significantly impair the organizational performance of public agencies. Organizational performance depends on ethical leaders who create an engaged and moral work environment (Dust et al., 2018). Therefore, examining the association between ethical leadership and institutional performance is crucial because it is one of the critical drivers for enhancing organizational performance (Madanchian et al., 2016; Sanchez-Famoso et al., 2023).

Furthermore, Banks et al. (2021) noted that scholars and researchers have paid particular attention to ethical leadership over the last ten years. Ethical leadership encompasses traits, actions, and behaviors that have a positive impact on others, such as honesty, dependability, compassion, and fairness, and it plays a vital role in providing sense to an organization, promoting its adaptability to reforms, and enhancing the quality of the workplace environment (Ahmad et al., 2022). Good leaders are *sine qua non* for creating successful people and organizations (Wallace et al., 2021).

Several scholars have identified ethical leadership as a predictor of private-sector organizational performance. For instance, ethical leadership predicts organizational performance (Aprilianty & Waskito, 2023; Sanchez-Famoso et al., 2023). Furthermore, moral leadership significantly improves organizational performance by incorporating moral values and principles into its practices (Guo, 2022). However, ethical leadership and its influence on public sector organizational performance have received limited attention in the literature (Oladimeji et al., 2022; Shakeel et al., 2019).

Although ethical leadership as a field of study does not emphasize a particular kind of institution, it is crucial in the public sector. Downe et al. (2016) noted that ethics are essential for public sector organizations, as they are responsible for spending public money. An ethical lapse can have severe outcomes, such as a loss of confidence amongst the public in public sector organizations (Hassan et al., 2014).

Furthermore, a recent study reported that organizational social capital significantly predicts organizational performance in the public sector (Kidron & Vinarski-Peretz, 2022). They argue that social capital is essential for long-term organizational success in the public sector. While organizational social capital is incorporated into organizational processes, it is viewed as an

asset of most significant significance because it is closely related to the associations among the organizational members (Ozgun et al., 2022). Furthermore, organizational social capital is commonly recognized as a considerable determinant of organizational performance (Zhang et al., 2022).

Moreover, to the authors' knowledge, and through a thorough examination of peer-reviewed databases, no previous studies have examined the mediating role of organizational social capital on the association between public sector ethical leadership and institutional performance in the public sector, in general, and specifically in the Somali context. Furthermore, the researchers noted that several prior studies have investigated how social capital mediates the association between ethical leadership and private-sector company-level performance (Sanchez-Famoso et al., 2023; Ullah et al., 2020).

Furthermore, there is a call for further empirical study on the association between ethical leadership and institutional performance and the underlying mechanisms that influence each other (Hoang et al., 2023). Nevertheless, there is a notable gap in the existing body of knowledge on the impact of ethical leadership on public sector organizational performance and the underlying mechanism of organizational social capital. However, further investigation is required on the underlying mechanisms via which this link is established. Therefore, to fill the paucity of existing literature on the significance of ethical leadership, it is necessary to examine post-conflict nations' public sector organizational performance and how to strengthen it (Nhede, 2019), particularly in the Somali context. It is worth noting that the majority of previous research on ethical leadership and the performance of organizations has been conducted in developed countries. Therefore, ethical leadership is crucial for organizational accomplishment in developing countries (van Eeden Jones & Lasthuizen, 2018).

Therefore, this current study investigates the impact of ethical leadership on the performance of public sector organizations and the mechanisms through which this influence is realized, specifically the mediating effect of organizational social capital, drawing upon the theoretical foundations of social capital (Lin et al., 1981) and social learning theories (Bandura, 1986).

Prior research has typically employed these theoretical frameworks to elucidate the association between moral leadership and organizational outcomes. Social capital theory concerns the ability of individuals to benefit from their social structures, interpersonal relationships, and involvement in social groupings (Lin et al., 1981). According to Kroll et al. (2019), social capital is crucial for organizations to pursue enhanced performance. Furthermore, the social learning theory claims that an organization's employees might pick up standards of acceptable conduct by watching exemplary behavior. Supervisors can help workforces develop profound affective ties and empathize with others by modeling and upholding ethical behavior (Bandura, 1986).

This current study provides myriad contributions to the existing body of literature. First, it provides a conceptual framework that uncovers the mediating effect of organizational social capital in the association between moral leadership and public sector organizational performance, particularly in the Somali setting. Second, as our research was conducted in government institutions, the interrelationships between these constructs could differ from those in the private sector because of varying policies, practices, and dynamics. Third, most existing literature on these constructs focuses on developed and developing countries. This could

provide a valuable understanding of how the same mechanism works in less developed nations like Somalia.

Finally, the findings of this present research have significant implications for public-sector executives and policymakers in Somalia. The results provide significant insights into the potential advantages of moral leadership practices in strengthening organizational social capital, thus boosting institutional performance.

Reviewed Literature and Hypotheses Development

Ethical Leadership and Organizational Performance

Brown et al. (2005) noted that ethical leadership manifests behavior that aligns with established norms in personal actions and interpersonal relationships, actively encouraging followers to adopt and uphold such conduct through effective communication, reward, and decision-making procedures. Organizational performance is a measure that assesses the degree of success an organization attains in accomplishing its objectives (Hamon, 2003). According to Kim (2005), the performance of a government agency may be evaluated by observing how well its administrative and operational duties and the actions and outputs it creates meet its purpose and institutional mandates. In public organizations, leaders are seen as significant performance drivers and play a crucial role in fostering performance (Brewer & Selden, 2000).

Recent research has revealed that ethical leadership significantly affects organizational performance (Aprilianty & Waskito, 2023; Sanchez-Famoso et al., 2023). In earlier research conducted in Western nations (Shin et al., 2015; Wang et al., 2017), the performance implications of ethical leadership were studied thoroughly. These studies have identified various paths connecting moral leadership to institutional performance. These highlight the significant role that ethical leadership plays in fostering organizational performance and success. Therefore, organizations that want to succeed in the long run must have ethical leadership. Ethical leaders may increase employee engagement, attract and retain top talent, and enhance performance by fostering a culture of trust, respect, and moral decision-making in their organizations.

Shin et al. (2015) asserted that moral leadership within an organization can strengthen institutional performance by fostering ethical cultures and equitable procedures at the organizational level. According to Wang et al. (2017), research has shown that ethical leadership encompasses sustainability priority, supervisors' accountability, and a compassionate leadership attitude. These aspects contribute to organizational success. Generally, in the public sector, ethical leaders are often expected to exemplify morality for their subordinates. This method helps increase the ethical understanding of followers, which produces a motivated team, a high degree of work satisfaction, and improved performance in the provision of services (Oladimeji et al., 2022).

Superior-performing organizations are teams of workers who use the same or fewer resources to produce high-quality desired goods or services. Their quality and production increase daily, weekly, and annually, enabling them to complete their purpose; these organizations' performance could be evaluated by examining their success in achieving their goals (Popovich, 1998).

Building on Social Learning Theory (SLT), studies contend that individuals can acquire desirable standards of proper conduct by emulating their role models at the workplace. By

setting an example of ethical behavior and enforcing it, leaders can help staff members build strong empathy for and relationships with others (Bandura, 1986). This theory is a crucial explanatory framework for how ethical leaders influence desired follower behaviors (Kalshoven et al., 2013).

Although previous research studies have explored the association between ethical leadership and perceived organizational performance in the private sector, which has different policies, practices, and procedures than the public sector, this study is conducted in the public sector, particularly in Somalia. This study fills a gap in the literature on ethical leadership and organizational performance in the public sector, specifically in Somalia. Hence, we propose the following conjectural:

H1: *Ethical leadership is positively and significantly associated with public sector organizational performance.*

Ethical Leadership and Organizational Social Capital

The scholarly community has shown an increasing interest in investigating the association between leadership and social capital over the last ten years, primarily because of a heightened emphasis on exploring the social dimensions of leadership. According to McCallum and O'Connell (2009), organizations must equip their leaders with the skills necessary to create, sustain, and employ organizational social capital in virtual and unpredictable economic environments. Despite the recent rise in ethics in discussions on the development of social capital and the significant theoretical advancements made in this area, little empirical research has been conducted (Pastoriza & Ariño, 2013). According to previous theoretical work (Pastoriza & Ariño, 2013), ethical leadership and social capital are linked and have a significantly positive impact. Managers who set high standards for ethical behavior help personnel learn to be motivated by the well-being of others and their organizations.

Building organizational social capital requires ethical leadership. Ethical leaders may contribute to developing a culture of trust, collaboration, fairness, and justice necessary for successful service delivery and public trust. For instance, Pastoriza and Ariño (2013) demonstrated that supervisors' ethical leadership significantly influences social capital's cognitive, relational, and structural elements. Hodson (2005) focused on the role of management actions in building social capital inside organizations. However, some have emphasized leaders' increased responsibility to help their followers benefit from organizational social capital (Ellinger et al., 2011). Hence, the importance of leadership in influencing social capital is advocated as a crucial feature of organizations.

We base our argument on social learning theory, which claims that by seeing role models in the workplace, individuals can learn standards of acceptable conduct. Superintendents could support the procedure by which staff members develop a deep sense of empathy for and relationships with others by modeling and enforcing ethical behavior (Bandura, 1986). According to the SLT, individuals learn appropriate conducts by copying trustworthy role models. This theory is a crucial theoretical foundation for how ethical leaders can affect desired follower behaviors (Kalshoven et al., 2013). According to research that draws on social learning theory, executives who practice ethical leadership can give their team members a sense of

belonging to something greater than merely a legal or financial arrangement with the organization (Brown et al., 2005).

A recent study by Ullah et al. (2020) reported that ethical leadership strongly predicts organizational social capital in private companies. However, there needs to be more research on the association between ethical leadership and organizational social capital in the public sector, specifically in the Somali setting. Therefore, we propose the following hypothesis:

H2: *Ethical leadership is positively and significantly associated with organizational social capital.*

Organizational Social Capital and Organizational Performance

Despite a wealth of research demonstrating a positive link between social capital and performance, empirical studies examining the role of organizational social capital in a model of intricately interconnected dimensions are scarce, and practitioners typically undervalue its importance (Ozgun et al., 2022). According to Kogut and Zander (1992), organizations consist of individuals and resemble social communities. Organizational social capital is integrated into member interactions and regarded as a valuable resource, mainly when included in organizational processes (Chisolm & Nielsen, 2009). However, according to several studies, organizational social capital significantly and positively influences performance in government agencies (Emhan et al., 2016; Tantardini, 2022).

The critical concepts of studies in public administration over the past few years have been social capital and public sector organizational performance and their significant contributions to the productivity of organizations. Their findings showed a positive direct association between social capital and performance (Emhan et al., 2016). Social capital is an organization's advantage that helps it gain a competitive edge. Strong social capital established within the network facilitates the development of trust and solidarity among organizations and could be leveraged to gain diverse expertise resources that other network organizations possess (Hertati, 2019). According to Emhan et al. (2016), social capital enables an organization to benefit from coordination and information sharing among various sectors that spur innovation while cutting costs for participating firms.

According to some studies, social capital is significant in addressing organizational demands and helping firms survive in the present era of universal competitiveness. This is a managerial technique for attaining institutional objectives successfully and at a minimum cost. In other words, social capital supports knowledge-based activities, value production, a competitive advantage, improved performance, and organizational growth (Tana et al., 2017). Our case is supported by social capital theory (Lin et al., 1981), which contends that social capital is a vital resource for organizations seeking to improve performance (Kroll et al., 2019). The social capital theory posits that organizations need access to this resource to win a sustainable distinctive advantage (Ortiz et al., 2018).

Organizational social capital is a valuable asset for organizations because it can help to improve communication, collaboration, knowledge sharing, employee morale, and engagement. This can lead to better decision-making, problem-solving, innovation, and performance. Organizations should invest in building and maintaining organizational solid social capital to achieve their goals. Despite substantial studies in developed countries, a

previous study has yet to explore the association between organizational social capital and institutional performance in post-conflict nations, specifically in Somali settings. Therefore, we propose the following hypothesis:

H3: *Organizational social capital is positively and significantly associated with public sector organizational performance.*

The Mediating Effect of Organizational Social Capital in the Associations between Ethical Leadership and Organizational Performance

Scholars in social science have widely acknowledged mediation models (Hamdollah & Baghaei, 2016). Shaver (2005) states that examining the mediating role of a construct is a means by which scholars recognize whether the association between several variables is direct or contingent on the presence of a third variable that functions as an intermediary. More specifically, the preceding literature assessment illustrates an insufficient study background regarding such crucial relationships. This study recognizes organizational social capital as a crucial mechanism in the association between ethical leadership and public sector organizational performance.

Adler and Kwon (2002) propose that social capital is a necessary ingredient of intellectual capital. It comprises the inherent knowledge assets accessible via the interconnected networks of an organization's stakeholders, both internal and external connections. Leana and Pil (2006) asserted that social capital is a valuable resource that signifies the social connections inside an institution, which are influenced by the extent of information exchange, mutual trust, and collective goal orientation among its members. Organizational social capital's significant value makes it appealing (Adler & Kwon, 2002). Organizations can enhance their performance by using the social capital possessed by their employee in order to access valuable resources (Van Wijk et al., 2008). However, organizational social capital is seen as a crucial component of organizational competitiveness (Hitt & Duane, 2002), and many studies have begun to acknowledge its value as an organizational resource (Briena & Smallman, 2011). Social capital is associated with various outcomes, including higher performance than competition. Organizational social capital, a crucial social resource for enhancing organizational performance by fostering knowledge transfer and sharing, is anchored in employees' social interactions within organizations (Ko, 2019).

Van Wijk et al. (2008) stated that despite social capital's widespread popularity, a systematic study has yet to be conducted to determine its effect on organizational outcomes. Although most literature supports that social capital benefits several aspects of organizational outcomes, the existing empirical research on the association between social capital and institutional performance is inconclusive (Maurer et al., 2011). However, a new study reported that ethical leadership's impact on organizational performance is direct and through social capital (Sanchez-Famoso et al., 2023). Thus, organizational social capital mediates the association between moral leadership and private-sector institutional performance (Sanchez-Famoso et al., 2023; Ullah et al., 2020; Ullah et al., 2022).

These mechanisms show how ethical leadership influences the growth of social capital within an organization and how this positively impacts organizational performance. Organizational studies research supports the idea that moral leadership encourages the

formation of a favorable social setting that stimulates higher performance. Moreover, little is known in public administration literature on the mediating effect of organizational social capital on the association between ethical leadership and institutional performance in public sector organizations.

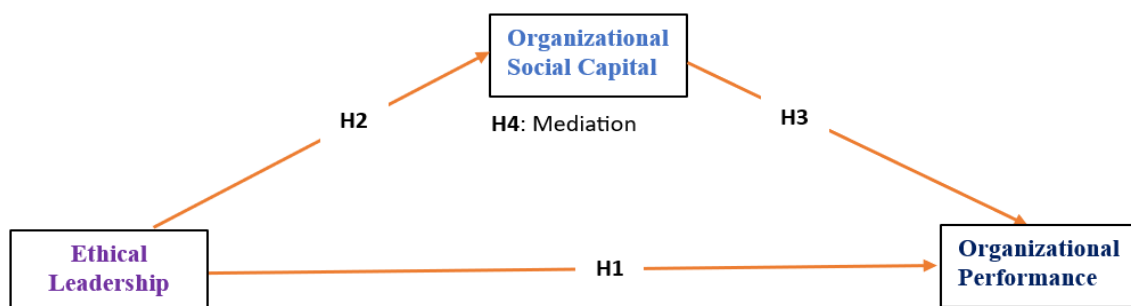
This study utilized social capital theory (Lin et al., 1981), which argues that people can benefit from their social networks, personal connections, and affiliation with groups in society. The idea of social capital suggests that it is a crucial resource for institutions to realize long-term distinctive benefits (Ortiz et al., 2018) and enhance their overall performance (Kroll et al., 2019). The social capital theory explains the mediating effect of organizational social capital in this association. However, there is a gap in the existing literature on the mediating effect of organizational social capital in the association between ethical leadership and institutional performance in the public sector in general, particularly in the Somali context. Furthermore, the researchers noted that several studies have investigated how social capital mediates the association between ethical leadership and private sector company-level performance (Sanchez-Famoso et al., 2023; Ullah et al., 2020). To fill this gap in the literature, we hypothesize the following.

H4: *Public sector organizational social capital mediates the association between ethical leadership and public sector organizational performance.*

The present study extends existing research by exploring how ethical leadership might augment public sector institutional performance via the mediating effect of organizational social capital (Figure 1).

Figure 1

The Study Model



Method

The current research employed a quantitative cross-sectional survey to gather data from public-sector workforces in two Somali regional administrations, Benadir and Jubaland. This study adhered to various procedures and statistical measures proposed by Podsakoff et al. (2003) to lessen the Common Method Bias (CMB) emanating from a single survey's self-reported online data. This study followed several procedural and statistical processes proposed by Podsakoff et al. (2003) to reduce the CMB resulting from using online and self-reported data from a single survey. First, the questionnaires were included with a cover letter describing the study's aims and guaranteeing the confidentiality and anonymity of the gathered data to decrease social

desirability bias and establish an accessible atmosphere. Next, we used an instrument scale validated by prior studies to enhance clarity and minimize ambiguity of the items. The English language version of the survey was used to ensure the survey language was comprehensible to respondents. Finally, isolating exogenous, mediating, and endogenous constructs throughout the survey may minimize CMB by discouraging subjects from assuming causal linkage among the constructs in the study. Convenient sampling techniques were used to recruit participants. A total of 650 questionnaires were circulated via an online Google form to compile data from employees of public-sector organizations. In addition, all questions in the Google form were labeled as “mandatory” to ensure that the participants filled in all survey statements and to reduce the chance of absent cases. To determine an adequate sample size, the study used Daniel Soper’s free statistical sample size calculator for structural equation modeling (Soper, 2023). The calculator computed the sample size required for the study used in structural equation modeling. The researchers used an expected effect size of .35 (large), the required statistical power level of .8, three latent and 17 observed variables in the model, and a type 1 error rate of .05 (Soper, 2023). However, the results showed that the lowest recommended sample size is 156. Hence, the present study's sample size surpassed the minimum threshold. Three hundred forty-three (343) questionnaires were returned, with a response rate of 52.77%. The researchers examined the returned questionnaires rigorously and found no outliers or missing data. Thus, 343 total questionnaires were utilized in the final statistical analysis. All participants provided their informed permission. Most participants, 300 (87.5%), were male, and 43 (12.5%) were female. Regarding the age group, 204 (59.5%) were aged 26–35 years. Regarding education, 173 (50.4%) respondents earned a bachelor’s degree, and 146 (42.6%) possessed a master’s degree. Regarding the region of residence, most respondents resided in the Jubaland region, while 159 (46.4%) lived in the Banadir region.

Instruments

Ethical Leadership (ETLE): Adapted from the ETLE Scale suggested by Brown et al. (2005), ETLE was assessed using six statements on a 5-point Likert scale (coded 1 = strongly disagree, coded 5 = strongly agree).

Public Sector Organizational Performance (PSOP): Researchers used six items with a 5-point Likert scale (1 = strongly disagree and 5 = strongly agree) developed by Brewer and Selden (2000) to measure PSOP. Although objective organizational performance metrics are generally preferred because of their reduced bias, assessing public-sector performance using quantifiable measures is challenging. Consequently, some experts have proposed using a more subjective measure of performance perception (Brewer & Selden, 2000; Cheong & Kim, 2022). Although perceptual data present weaknesses, previous research has also reported a higher relationship between subjective and objective organizational performance measures (Dollinger & Golden, 1992).

Organizational Social Capital (ORSC): Five items with a 5-point Likert scale (coded 1 = strongly disagree and coded 5 = strongly agree) adapted from Andrews and Mostafa (2019) were used to measure ORSC. The items measured all three dimensions of the ORSC (See the [Appendix](#) for the survey items).

Findings

We employed PLS-SEM, a variance-based method, to examine the proposed model of the study utilizing SmartPLS 4.09.6 (Ringle et al., 2022). First, we assessed the potential risk of CMB using SmartPLS 4.09.6 before evaluating the outer and inner models. We found no risk of CMB in the study model. The researchers assessed the study's measurement and structural models. PLS-SEM was chosen (Sarstedt et al., 2014). PLS-SEM is more appropriate for predictive study because it enables scholars to assess the predictive power of their models. PLS-SEM is a more appropriate statistical approach for evaluating intricate models with many factors, including mediators. Third, PLS-SEM does not strictly require that data be assumed to be normally distributed. Finally, PLS-SEM was preferable for a small sample size.

Common Method Bias

CMB is the measurement inaccuracies triggered by methodological problems. An example of this CMB occurs when all questionnaire statements use a similar measuring scale, such as a 5-point Likert scale (Kock, 2017). As Kock (2017) proposed, the researchers employed a complete collinearity test to evaluate the possibility of CMB in the study model. We used the Variance Inflation Factor (VIF) to measure the complete collinearity test, and the findings showed that the VIF statistical scores for each construct were below the three thresholds. Therefore, CMB is not an issue in this model.

Assessment of Measurement Model

Each construct's reliability, discriminant, and convergent validity were used to evaluate the measurement model as Hair et al. (2022) recommended using SmartPLS 4.0.9.6. Furthermore, we assessed each item's reliability by using factor loadings. First, we assessed the reliability of the items. All items' outer loadings surpassed the suggested cutoff of .70 (Hair et al., 2022), except for PSOP4, which was retained because of its content validity (Table 1 and Figure 2). Second, we used Composite Reliability (CR) and Cronbach's alpha (α) to evaluate the reliability of each factor's internal consistency. The CR and α values exceeded the .70 threshold (Hair et al., 2022). Therefore, each construct's internal consistency and reliability were confirmed (Table 1). Third, the study established convergent validity by demonstrating that the Average Variance Extracted (AVE) statistical values were above the recommended threshold of .50. Finally, the Heterotrait–Monotrait (HTMT) criterion was utilized to evaluate each construct's discriminant validity, as Ringle et al. (2023) suggested. According to Henseler et al. (2015), all HTMT values were below the threshold of .85. Therefore, discriminant validity was confirmed (Table 2).

Table 1

Factor Outer Loadings, Reliability, Validity, and Collinearity

Construct	Indicator	Outer loadings	CR	α	AVE	VIF
Ethical Leadership (ETLE)	ETLE1	.75	.88	.91	.63	1.00
	ETLE2	.80				
	ETLE3	.81				
	ETLE4	.82				
	ETLE5	.74				
	ETLE6	.83				
Organizational Social Capital (ORSC)	ORSC1	.84	.91	.93	.74	1.78
	ORSC2	.84				
	ORSC3	.88				

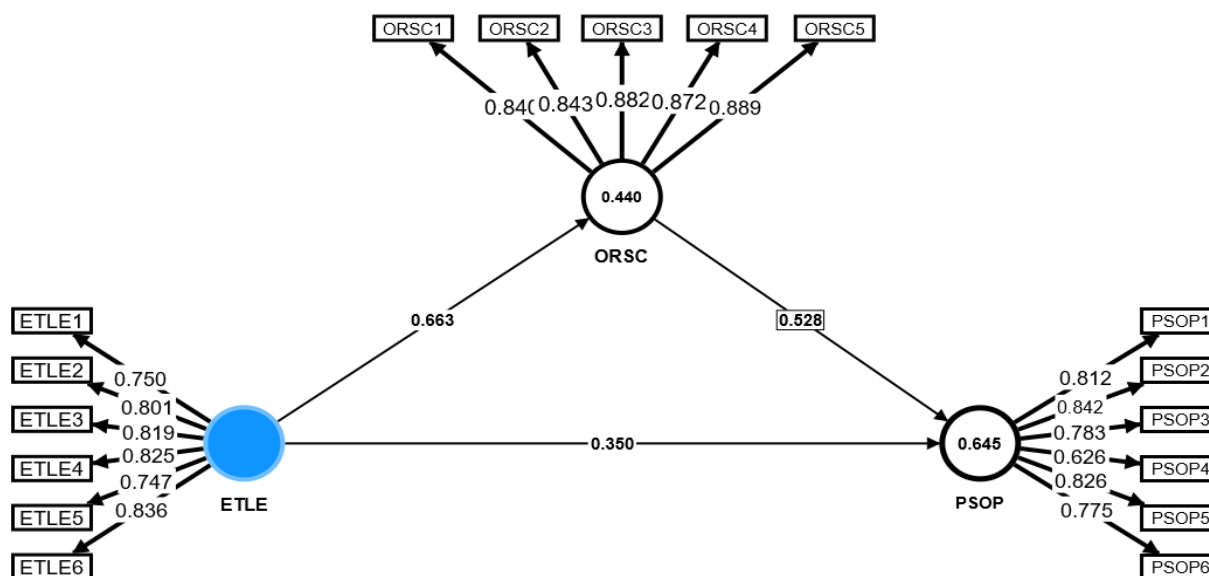
	ORSC4	.87				
	ORSC5	.88				
	PSOP1	.81				
	PSOP2	.84				
Public Sector Organizational Performance (PSOP)	PSOP3	.78	.87	.90	.60	1.78
	PSOP4	.62				
	PSOP5	.82				
	PSOP6	.77				

Note. α = Cronbach's alpha; CR = composite reliability; AVE = average variance extracted; VIF = variance inflation factor.

Table 2
HTMT Criteria for Discriminant Validity

Construct	ETLE	ORSC	PSOP
ETLE	-		
ORSC	.73	-	
PSOP	.78	.83	-

Figure 2
Measurement Model



Assessment of Structural Model

Once researchers have established the psychometric properties of the instruments, the next step is to verify the proposed hypothesized associations of the inner model in the study (Hair et al., 2022). Researchers assessed the inner model following the processes recommended by Hair et al. (2022). First, the researchers evaluated the collinearity of the model, which could have imposed bias on the path coefficients. The VIF statistical scores in Table 1 for each construct in the inner model are significantly lower than the cutoff value of 3 recommended by (Hair et al., 2022). As a result, the study's inner model had no problems with collinearity. Second, the researchers used bootstrapping to measure the statistical significance of the structural paths in a nonparametric manner. This procedure uses sample data to estimate population characteristics. In this study, we used 10,000 subsamples to test our hypotheses. We calculated the β coefficient, t-values, and p-values to examine the proposed relationships. Next, the Predictive Relevance (Q^2) and Coefficient of Determination (R^2) were measured to evaluate the model fit and predictive relevance of the model. Finally, the researchers assessed each construct's effect size (f^2) on the endogenous construct. ETLE and ORSC explained 64.5% of

the variation in PSOP, whereas ETLE alone explained 44.0% of the change in ORSC. Hence, the R^2 values indicated a good model fit (see Table 3 and Figure 3). Furthermore, researchers calculated the Q^2 values using the PLSpredict procedure and found values of .43 and .48 for public sector organizational performance and organizational social capital, respectively. The model's predictive relevance was confirmed since the calculated Q^2 values were above zero (Hair et al., 2022) (Table 3). Finally, f^2 values of .02, .15, and .35 are low, medium, and high, respectively, as Cohen (1988) recommended. The results in Table 3 reveal that ETLE has a large effect size on PSOP and a large effect size on organizational social capital. Moreover, ORSC has a large effect on PSOP (Table 3).

Table 3

Model's Predictive, Explanatory Power, and Effect Size

Relationship	f^2	Effect size	Endogenous construct	Q^2	R^2
ETLE→PSOP	.44	Large	PSOP	.48	.64
ETLE→ORSC	.78	Large	ORSC	.43	.44
ORSC→PSOP	.19	Large	PSOP		

Direct Hypotheses Testing

The results in Table 4 show that ETLE has a positive and significant impact on the PSOP ($\beta = .35, t = 6.66, p < .001$). Hence, H1 is supported. Similarly, the result depicts that ETLE positively and significantly influenced ORSC ($\beta = .66, t = 19.84, p < .001$). Thus, H2 is supported. Finally, ORSC positively and significantly affected PSOP ($\beta = .52, t = 10.87, p < .001$). Therefore, H3 is supported (Table 4 and Figure 3).

Meditating Hypothesis

A mediation test was calculated to evaluate the mediating effect of ORSC on the association between ETLE and PSOP. The findings (see Table 4) show that ORSC positively, significantly, and partially mediated the relationship between ETLE and PSOP ($\beta = .35, t = 9.28, p < .001$). Therefore, H4 was empirically supported.

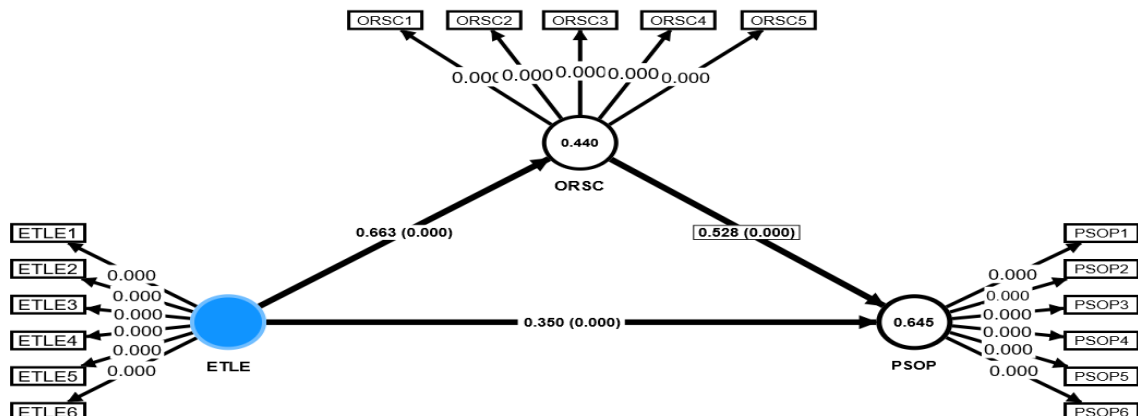
Table 4

Direct Hypotheses and Mediating Hypothesis

Hypotheses	β	t	p	Decision
H1: ETLE→PSOP	.35	6.66	.001	Supported
H2: ETLE→ORSC	.66	19.84	.001	Supported
H3: ORSC→PSOP	.52	10.87	.001	Supported
H4: ETLE→ORSC→PSOP	.35	9.28	.001	Supported

Figure 3

Structural Model



Discussion

Drawing on social capital and social learning theories, the current study examined the mediating effect of ORSC on the association between ETLE and PSOP in public sector institutions in Somalia. As expected, the findings in [Table 4](#) depict that ETLE positively and significantly affects PSOP. This result aligns with the results of earlier studies (see [Aprilianty & Waskito, 2023](#); [Sanchez-Famoso et al., 2023](#)). These findings imply that moral leadership is essential for promoting public sector organizational performance. Ethical leadership promotes workplace ethics and moral behavior among teams, which in turn influences the behavior and performance of employees. Furthermore, in line with earlier findings, this study found a significant and positive impact of ETLE on ORSC ([Ullah et al., 2022](#)). The results indicate that ETLE and ORSC are positively associated. Moral leaders are more likely to develop dependable and helpful working relations with their team members, which fosters improved communication and cooperation, which are crucial for creating organizational social capital. Moreover, consistent with previous studies, the current study revealed that organizational social capital positively and significantly impacts organizational performance in the public sector ([Emhan et al., 2016](#); [Tantardini, 2022](#)). This result implies the significance of creating a cohesive and cooperative workplace in which open communication, trust, and strong employee relationships are fostered. The development of social capital can significantly increase an institution's capacity to carry out its objectives and mission in the public sector, where efficient service delivery and responsiveness to citizens are crucial.

Public sector organizations should prioritize initiatives that foster social interaction, knowledge sharing, and employee teamwork. By doing this, they raise their performance measures, strengthen their ability to respond to changing circumstances, uphold transparency, and increase public confidence, all critical components of the legitimacy and success of the public sector. Our findings imply that the positive association between ETLE and ORSC is consistent with prior studies in the private sector. The findings indicate that reciprocal respect, confidence, understanding, relations among public sector workforces, the capacity to cooperate, and successful communication positively impact public sector organizational performance.

Finally, as predicted, ETLE is positively associated with the PSOP through the underlying mechanisms of ORSC. In line with prior studies on business settings, the current study found that organizational social capital partially mediates the association between ETLE and POP ([Sanchez-Famoso et al., 2023](#); [Ullah et al., 2022](#)). The findings of this study have significant implications for public sector organizations, particularly in Somalia. The positive association between ethical leadership and public sector institutional performance through the mediating effect of organizational social capital underscores the significant impact of ethical leadership on an institution's moral environment and social interactions.

Public sector institutions can benefit enormously by prioritizing the cultivation of ethical leadership talents among their leaders, which promotes trust, collaboration, communication, and resource sharing among employees, ultimately contributing to enhanced performance and effective delivery of public services. Furthermore, acknowledging the mediating effect of organizational social capital, which emphasizes the interdependence of ethical leadership, societal dynamics, and performance of organizations, offers a comprehensive framework for leadership development and institutional reform in public sector agencies. Prior studies have reported the significance of ethical leadership in promoting public sector organizational

performance. However, the results of the present study indicate that ethical behavior can only ensure higher levels of organizational performance if leaders create an environment that promotes trust, collaboration, communication, and resource-sharing among employees. These elements are crucial to organizational social capital and contribute to the public sector organizational performance.

This present study extends the public administration literature by introducing organizational social capital as a mediating construct in the association between ethical leadership and public sector organizational performance in the Somali setting. Moreover, this study's findings provide empirical support for social capital and social learning theories in elucidating the association between ethical leadership and public sector organizational performance, with organizational social capital as a mediating factor. In conclusion, the researchers anticipated their results could offer substantial policy perspectives to the leadership of public sector organizations in Somalia and other comparable governments and future public administration scholars.

Conclusion

In conclusion, this study adds to the existing literature by empirically examining the interplay between ethical leadership (ETLE), organizational social capital (ORSC), and public sector organizational performance (PSOP) within the specific context of public sector institutions in Somalia. Furthermore, it is novel research in the public sector while examining the mediating role of organizational social capital in the association between ethical leadership and public sector organizational performance in a single study. Prior studies have focused exclusively on private sector organizations in developed and developing countries, neglecting post-conflict nations like Somalia; in light of this, the interplay between these constructs in the public sector adds to the existing body of knowledge. Moreover, the study's findings validated social learning and social capital theories to explain the association between ethical leadership and public sector organizational performance through the underlying mechanism of organizational social capital, thus extending public organizational literature. Finally, the researchers anticipated their results could offer substantial policy perspectives to the leadership of public sector organizations in Somalia and other comparable governments and future public administration scholars.

Limitations and Avenues for Future Studies

Despite the potential usefulness of this study in practice and theory, myriads of limitations must be recognized. First, focusing on public servants working in the two regional administrations in Somalia restricts the generalizability of the current study's results to other regions in the country and beyond, as cultural and contextual factors specific to these two regions may influence the results. Future studies could expand their research to include major cities in Somalia and other countries with different cultural and contextual factors.

Second, using a cross-sectional study method restricts the capacity to demonstrate causal relationships. Hence, future research could employ a time-series design that can help address this limitation by collecting data over multiple points in time. Third, this study used quantitative data analysis. Future research might employ mixed research methods to understand the associations among the constructs in the current study.

Fourth, the current study revealed that ORSC partially mediated the relationship between ETLE and PSOP. This indicates that other mediating mechanisms may exist better to explain the effect of ethical leadership on organizational performance. Future research can investigate other mediating variables, such as employees' ethical awareness and collaborative culture, to better understand the mechanisms that best explain this relationship. Finally, future researchers could examine how organizational trust moderates the link between ethical leadership and public sector organizational performance.

Declarations

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No potential conflict of interest was reported by the authors.

Ethics Approval

Not applicable.

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Appendix

Questionnaire Constructs and Items

Ethical Leadership (ETLE)

Adapted from Brown et al. (2005).

- (1) Our leader conducts his/her personal life ethically.
- (2) Our leader discusses organizational ethics with employees.
- (3) Our leader provides an example of how to do things correctly in terms of ethics.
- (4) Our leader has the best interests of citizens in mind.
- (5) Our leader disciplines employees who violate ethical standards.
- (6) Our leader can be trusted.

Public Sector Organizational Performance (PSOP)

Adapted from Brewer and Selden (2000).

- (1) My organization has used my knowledge and skills to become more efficient.
- (2) In the past 2 years, the productivity of my work unit has improved.
- (3) The work performed by My work unit provides the public with a worthwhile return on their tax dollars.
- (4) In general, the people of my clan origin group are treated with respect to my organization.
- (5) Overall, the quality of work performed by your current co-workers in your immediate workgroup is high.
- (6) My organization provides fair and equitable treatment for employees and applicants, irrespective of their political affiliation and clan.

Organizational Social Capital (ORSC)

Adapted from Andrews and Mostafa (2019).

- (1) People in my organization engage in open and honest communication with one another.
- (2) People in my organization share and accept constructive criticisms without making them personal.
- (3) People in my organization enthusiastically pursue collective goals and missions.
- (4) People in my organization share the same ambitions and vision for the organization.
- (5) People in my organization have a strong team spirit.