



Ethical Human Resource Management and Employee Performance: The Mediating Role of Perceived Organizational Support

Israa Natiq Jabbar^{1*} , Muhammad Yunus Amar² 

¹The Rosy City for Educational Services and Consultations, Amman, Jordania

²Faculty of Economics and Business, Hasanuddin University, Makassar 90245, Indonesia.

*Corresponding Author: Israa Natiq Jabbar, essra.natek@gmail.com

Abstract. *Ethical Human Resource Management (EHRM) has emerged as a critical driver of organizational sustainability, influencing employee commitment, ethical behavior, and organizational outcomes. This study investigates the impact of EHRM on employee performance, focusing specifically on the mediating role of perceived organizational support (POS). Drawing on social exchange theory, this study posits that employees' perceptions of ethical treatment within HRM practices enhance their sense of organizational support, which in turn fosters stronger work commitment and performance. A quantitative approach was employed using survey data collected from employees in various sectors. Structural Equation Modeling (SEM) was applied to examine the hypothesized relationships. The findings indicate a significant positive effect of EHRM on both POS and employee performance. Furthermore, POS was found to mediate the relationship between EHRM and employee outcomes, suggesting that organizational support mechanisms amplify the influence of ethical HRM practices on employee outcomes. These results contribute to the growing body of literature on sustainable HRM by highlighting the ethical dimension as a strategic lever for improving employee and organizational resilience.*

Keywords: Employee Performance; Ethical Human Resource Management (EHRM); Sustainable HRM; Organizational Resilience; Work Commitment

1. Introduction

In an increasingly dynamic business environment, organizations face the challenge of aligning ethical values with performance expectations. The integration of ethics into human resource management (HRM) has gained prominence as companies recognize the role of employee wellbeing, fairness, and moral behavior in achieving sustainable performance. Ethical Human Resource Management (EHRM) is a framework that incorporates principles of justice, respect, and transparency into HR policies and practices. It reflects an organization's commitment to treating employees as moral agents, rather than mere economic resources, thereby fostering a workplace culture that supports dignity, engagement, and accountability (De Prins et al., 2014; Greenwood, 2013).

Several studies have demonstrated that ethical HRM practices not only enhance employee satisfaction and trust but also contribute to higher organizational performance (Aguinis & Glavas, 2012; Rawashdeh, 2021). This is particularly relevant in contexts where organizational ethics are central to stakeholder expectations and regulatory frameworks.

In this regard, perceived organizational support (POS) acts as a vital psychological mechanism through which employees interpret and respond to EHRM initiatives. POS refers to employees' beliefs regarding the extent to which their organization values their contributions and cares about their wellbeing (Eisenberger et al., 1986). When ethical HRM practices are present, employees are more likely to perceive the organization as supportive, which enhances their commitment and motivation.

The evolving landscape of organizational management underscores the growing significance of ethics in human resource practices. Ethical Human Resource Management (EHRM) refers to the integration of moral principles such as fairness, honesty, and respect into HR systems and policies. Organizations that prioritize ethical considerations in recruitment, performance appraisal, compensation, and training tend to foster stronger employee engagement and trust (Rawashdeh, 2021). Ethical HRM not only strengthens the moral foundation of the workplace but also contributes to long-term sustainability by cultivating a positive organizational climate (Greenwood, 2013; Malik et al., 2020).

Drawing from social exchange theory (SET), which emphasizes reciprocal relationships between individuals and organizations (Blau, 1964), EHRM can be understood as an antecedent to enhanced employee performance. When employees perceive HR practices as ethical, they are more likely to respond with increased loyalty, commitment, and discretionary effort. These reciprocal behaviors emerge because ethical treatment is viewed as a form of organizational support, reinforcing employees' willingness to contribute beyond formal job requirements (Cropanzano & Mitchell, 2005).

Perceived Organizational Support (POS) serves as a crucial mediating factor in this dynamic. Defined as employees' belief that the organization values their contributions and genuinely cares for their wellbeing (Eisenberger et al., 1986), POS has been linked to a variety of positive outcomes, including job satisfaction, organizational citizenship behavior, and improved performance. Ethical HRM practices, such as transparent communication and equitable treatment, reinforce this perception of support (Shan et al., 2019). When employees feel supported, they tend to reciprocate with greater dedication and task performance (Rhoades & Eisenberger, 2002).

Recent empirical studies support the argument that EHRM enhances POS and subsequently drives superior employee outcomes. For instance, organizational environments characterized by integrity and fairness tend to nurture stronger affective commitment and intrinsic motivation (Enny et al., 2024). Moreover, when employees perceive HR decisions as ethically grounded, they are more inclined to internalize organizational goals, resulting in higher productivity and engagement (Nishii et al., 2008).

Based on the theoretical foundation and empirical evidence, the following hypotheses are proposed:

- H1: Ethical Human Resource Management positively influences employee performance.
- H2: Ethical Human Resource Management positively influences perceived organizational support.
- H3: Perceived organizational support positively influences employee performance.
- H4: Perceived organizational support mediates the relationship between Ethical Human Resource Management and employee performance.

2. Methods

This study adopts a quantitative research approach utilizing a hypothesis-testing design to examine the relationships among Ethical Human Resource Management (EHRM), Perceived Organizational Support (POS), and employee performance. The primary goal was

to assess both direct and indirect effects using a cross-sectional survey strategy. Quantitative methods are particularly suited for validating theoretical frameworks and measuring the strength of causal relationships between defined constructs (Creswell & Creswell, 2018). The target population for this study comprises employees working in various public and private sector organizations located in Makassar City, Indonesia. This setting was selected due to its dynamic organizational environment and accessibility to professionals involved in structured human resource systems. Using a non-probability purposive sampling technique, participants were chosen based on their familiarity with human resource policies and organizational behavior. A total of 400 responses were collected, ensuring a diverse representation in terms of age, gender, position, and industry background. The sample size was determined based on guidelines for Structural Equation Modeling (SEM), which recommend at least 5 to 10 respondents per estimated parameter (Hair et al., 2019).

Data were gathered through a structured questionnaire administered via both online platforms and printed distribution. Respondents were assured of confidentiality and anonymity, and participation was entirely voluntary. Ethical approval was obtained from Gugus Penjaminan Mutu (GPM), and informed consent was secured before the survey. The data collection process spanned a period of four weeks. The questionnaire consisted of multiple items categorized under the key study constructs—EHRM, POS, and employee performance. Data were gathered using a structured questionnaire, which was disseminated both online and in print to employees in public and private sector organizations situated in Makassar City, Indonesia. This location was chosen due to its accessibility, institutional diversity, and representation of contemporary human resource practices. Respondents were assured of confidentiality and anonymity, with participation being entirely voluntary. Ethical approval was obtained from Gugus Penjaminan Mutu (GPM), and informed consent was secured prior to participation. The data collection process extended over a period of four weeks. The questionnaire comprised items aligned with the key study constructs EHRM, POS, and employee performance.

Each variable was measured using validated scales adopted from previous studies: EHRM was assessed using items adapted from Shan et al. (2019), which evaluate fairness in recruitment, ethical training practices, transparent communication, and employee involvement.

POS was measured using the standardized scale developed by Eisenberger et al. (1986), focusing on employees' perceptions of support, recognition, and concern from the organization.

Employee performance was assessed using criteria based on both task performance and contextual performance dimensions, as outlined by Williams and Anderson (1991).

All items used a 5-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

Data were analyzed using Structural Equation Modeling (SEM) through the SmartPLS 4.0 software. SEM was chosen for its capacity to assess complex relationships involving mediating variables. The analysis followed a two-step approach: Measurement Model Evaluation, including reliability (Cronbach's alpha and composite reliability), convergent validity (average variance extracted), and discriminant validity (Fornell-Larcker criterion). Structural Model Evaluation, to test the hypothesized relationships using path coefficients, t-values, and p-values via bootstrapping with 5,000 samples (Hair et al., 2019). The study adhered to ethical research standards by maintaining participant confidentiality, securing informed consent, and ensuring voluntary participation. No identifying information was

collected, and data were stored securely. Approval was granted by the Gugus Penjaminan Mutu (GPM), ensuring compliance with academic ethical standards.

3. Results and Discussion

3.1 Descriptive Statistics

Prior to model testing, descriptive analysis was conducted to understand the characteristics of the sample and overall trends. Respondents were drawn from diverse organizational sectors, with a balanced distribution in terms of gender, age, education, and tenure. The average scores for key constructs EHRM, POS, and employee performance fell between moderately high to high, indicating generally positive perceptions toward ethical HR practices and organizational support.

3.2 Measurement Model Evaluation

The measurement model was assessed using the criteria of reliability, convergent validity, and discriminant validity: 1. Reliability: All constructs showed acceptable internal consistency with Cronbach's alpha and composite reliability (CR) scores exceeding 0.70 (Hair et al., 2019), 2. Convergent validity: Average Variance Extracted (AVE) values for each construct were above 0.50, indicating that the items effectively explained the underlying variables, and 3. Discriminant validity: Verified using the Fornell-Larcker criterion and cross-loadings, confirming each construct was distinct and independent.

3.3 Structural Model Assessment

Structural Equation Modeling (SEM) was used to test hypotheses:

H1: EHRM → Employee Performance ($\beta = 0.541$, $t = 10.382$, $p < .001$) — Supported

H2: EHRM → POS ($\beta = 0.630$, $t = 13.885$, $p < .001$) — Supported

H3: POS → Employee Performance ($\beta = 0.335$, $t = 6.308$, $p < .001$) — Supported

H4: Indirect effect (EHRM → POS → Employee Performance) — Supported; significant mediation identified.

The R^2 values were 0.396 for POS and 0.551 for employee performance, indicating moderate to substantial explanatory power. The effect sizes (f^2) for EHRM → POS and EHRM → Performance were large, while POS → Performance showed a moderate effect.

3.4 Mediation Analysis

Mediation was assessed through the Variance Accounted For (VAF) method, revealing partial mediation. This confirms that while EHRM directly influences performance, its impact is significantly strengthened through POS.

The study's findings reaffirm the strategic importance of Ethical Human Resource Management (EHRM) in enhancing employee performance, both directly and indirectly through Perceived Organizational Support (POS). The significant positive effect of EHRM on performance (H1) confirms previous literature suggesting that ethical recruitment, transparent appraisals, and inclusive decision-making foster trust and motivation (Rawashdeh, 2021; Aguinis & Glavas, 2012). Employees are more productive when they feel respected and treated fairly.

The strong association between EHRM and POS (H2) supports social exchange theory, which posits that organizational justice and ethical behavior prompt employees to reciprocate with loyalty and commitment (Blau, 1964; Eisenberger et al., 1986). Ethical HR practices cultivate a perception of care and value, strengthening the psychological contract between employees and their employer. The positive link between POS and employee performance (H3) further validates that support-oriented cultures improve organizational outcomes. POS acts as a psychological buffer, reducing stress and enhancing engagement,

which ultimately results in greater task performance (Rhoades & Eisenberger, 2002). Importantly, the mediation effect of POS (H4) illustrates that organizations can amplify the benefits of ethical HR practices by reinforcing support systems. This mediation indicates that ethical initiatives work best when employees also perceive their organization as genuinely supportive, signaling that ethical treatment must be both structural and relational.

The study offers a valuable contribution to the body of knowledge on sustainable HRM and organizational behavior. By integrating EHRM and POS within a social exchange framework, it bridges ethical practices with employee-centered performance theories. The findings highlight that ethical HRM is not only a moral imperative but also a practical driver of employee effectiveness, supporting calls for deeper integration of ethics into management models. For practitioners, the results provide a strong case for embedding ethical considerations into all HR functions. HR departments should: 1. Implement codes of ethics aligned with recruitment, performance appraisal, promotion, and termination procedures, 2. Ensure employee voice and participation in decision-making, and 3. Develop mentoring, counseling, and feedback mechanisms to enhance perceived support. Investing in ethical infrastructure enhances both the psychological well-being and performance of employees, ultimately contributing to organizational resilience and sustainability.

4. Conclusions

This study examined the role of Ethical Human Resource Management (EHRM) in shaping employee performance, emphasizing the mediating influence of Perceived Organizational Support (POS). The results demonstrate that EHRM significantly enhances employee performance directly, and indirectly through POS. These findings underscore the strategic value of ethics in human resource practices. When employees perceive their organization as ethical and supportive, they reciprocate with greater dedication and productivity. Grounded in social exchange theory, this research highlights how ethical frameworks and organizational support can be combined to foster trust, engagement, and sustainable performance. Ethical HRM should thus be seen not only as a compliance measure but as a performance-enhancing strategy rooted in employee well-being and organizational justice.

Despite its contributions, this study has several limitations: 1. Cross-sectional design: The data were collected at a single point in time, which limits causal inferences, 2. Self-reported measures: Respondents may have answered in a socially desirable manner, potentially biasing results, and 3. Context specificity: The sample may not fully represent other sectors or cultural contexts, which could affect generalizability. Future research is encouraged to adopt longitudinal methods, integrate objective performance data, and explore broader organizational contexts.

Recommendation

Building on the current findings, future studies could: Explore moderators such as leadership style or organizational culture to understand when EHRM is most effective, Investigate the long-term effects of ethical HRM practices through longitudinal research, Conduct comparative studies across countries or industries to assess cultural influences on EHRM and POS, and Examine additional outcomes such as innovation behavior, job satisfaction, or turnover intention to expand understanding of EHRM's broader impact.

Acknowledgements

The first author was responsible for conceiving the idea, conducting the necessary research, and writing the initial draft of the article. The second author, on the other hand, provided valuable input, improved the overall layout, and addressed any language deficiencies. This close collaboration between the two authors led to the successful completion and subsequent publication of the article in the ICIEFS proceedings. This joint effort ensured the high quality of both the content and presentation.

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