

PAPER DETAILS

TITLE: ETHICAL LEADERSHIP, SERVICE INNOVATION AND PSYCHOLOGICAL CAPITAL
INTERACTION: A RESEARCH IN NEVSEHIR HOTEL SECTOR

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**ETHICAL LEADERSHIP, SERVICE INNOVATION AND PSYCHOLOGICAL CAPITAL
INTERACTION: A RESEARCH IN NEVŞEHİR HOTEL SECTOR****Asst. Prof. Dr. Ahmet Tuncay ERDEM*****ABSTRACT**

This study's main purpose is to determine whether "psychological capital" functions as a mediator in the effect of ethical leadership, which is a positive leadership behavior, on service innovation behavior. In this context, the research tries to answer the question, "*does psychological capital have an intermediary role in the effect of ethical leadership on service innovation.*" The research has been designed according to the quantitative research method. Research data were collected from hotel business employees in Nevşehir (n=170) using a simple random sampling technique. To test the research hypotheses, the data were analyzed with the SmartPLS program. According to the research data analysis findings, the positive effects of ethical leadership on service innovation and psychological capital were determined. Besides, it has been determined that psychological capital has a mediating effect on ethical leadership's effect on service innovation. Service innovation also increases in organizations with high ethical leadership, and service innovation strengthens psychological empowerment in this interaction. These results show that service innovation, psychological capital, and ethical leadership are positive situations that feed each other.

Keywords: Service innovation, Ethical leadership, Psychological capital.

**ETİK LİDERLİK, HİZMET İNOVASYONU VE PSİKOLOJİK SERMAYE ETKİLEŞİMİ:
NEVŞEHİR OTELCİLİK SEKTÖRÜNDE BİR ARAŞTIRMA****ÖZET**

Bu çalışmanın temel amacı, olumlu liderlik davranışı olan etik liderliğin hizmet inovasyon davranışına etkisinde "psikolojik sermayenin" aracı bir işlev görüp görmediğini belirlemektir. Bu kapsamda araştırmada, "*psikolojik sermayenin, etik liderliğin hizmet inovasyonu üzerindeki etkisinde aracı rolü var mıdır*" sorusuna cevap aranmaktadır. Araştırma, nicel araştırma yöntemine göre tasarlanmıştır. Araştırma verileri Nevşehir'deki otel işletmesi çalışanlarından (n = 170) basit tesadüfi örnekleme yöntemi kullanılarak toplanmıştır. Araştırma hipotezlerini test etmek için veriler SmartPLS programı ile analiz edilmiştir. Araştırma analiz bulgularına göre, etik liderliğin hizmet inovasyon ve psikolojik sermaye üzerindeki olumlu etkileri belirlenmiştir. Ayrıca psikolojik sermayenin etik liderliğin hizmet inovasyonu üzerindeki etkisinde aracılık etkisi olduğu belirlenmiştir. Etik liderlik algısının yüksek olduğu örgütlerde hizmet inovasyonu da artmakta ve hizmet inovasyonu bu etkileşimde psikolojik sermayeyi güçlendirmektedir. Bu sonuçlara göre; etik liderlik, hizmet inovasyon ve psikolojik sermayenin birbirini besleyen olumlu durumlar olduğunu göstermektedir.

Anahtar Kelimeler: Hizmet inovasyon, Etik liderlik, Psikolojik sermaye.

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1. INTRODUCTION

Nowadays, it is seen that ethical rules are mentioned more frequently both in societies and among individuals. Why are ethical rules mentioned more than laws in today's societies where laws ensure social order? The answer to this question may be that the corruption seen in almost every field can not be prevented only by laws. This view causes more attention to ethical rules today. In this context, ethical concepts are inevitably mentioned more, especially in organizations. Especially within the scope of leadership in organizations, ethics have become regulated with employee-leader relations laws.

The concept of ethics in leadership, which is included in the literature as the concept of ethical leadership, appears as a concept that is becoming more important in organizations, as it is in every subject, in terms of the need for the leader to know himself, respect his/her environment, give importance to moral values, and be an honest individual. Besides, the strong and sincere relationships of ethical leaders with their employees also show that they affect organizations' success. On the other hand, organizations need to offer different opportunities and services to their customers to compete with their competitors. In this context, the necessity of bringing service together with Innovation is obvious, especially in today's world where businesses that innovate in the service sector will ensure their sustainability. At this point, it is thought that leaders who adhere to ethical principles will increase competition by carrying out innovation activities in the organization. However, other actors that are important for organizations to be successful are human resources.

Ethical leadership and service innovation in the literature (Dhar, 2016; Karadal and Özsungur, 2017; Lei et al., 2019; Özsungur, 2019a; 2019b; Ahmed Iqbal et al., 2020; Özsungur and Karadal, 2020), Innovation and psychological capital (Ziyae et al. ., 2015; Kim et al., 2018; Sameer, 2018; Mishra et al., 2019) and ethical leadership and psychological capital (Zhu et al., 2004; Bouckennooghe et al., 2015; Motaghed and Ghashghaeizadeh, 2019; Özsungur, 2019c) there are many studies. In all of these studies, it is seen that all three concepts have positive interactions with each other. In line with these studies in the literature, service innovation, ethical leadership, and psychological capital interactions are examined within the research scope.

Within the research scope, an application was made in the sample of hotel employees operating in Nevşehir. In this context, ethical leadership, service innovation, and psychological capital were asked to employees. *The research problem is that* leaders who adhere to ethical principles do not create an efficient working environment in organizations. Service innovation behavior cannot be expected to develop in employees working with leaders who do not adhere to ethical principles. This is because the concept of psychological capital is not considered sufficiently

important in such organizations that it creates problems. In this context, *the main purpose of the research* is; The research question is to determine how and in what direction ethical leadership affects service innovation and psychological capital; "*Does psychological capital play a role as a mediating variable in the effect of ethical leadership on service innovation behavior*" as determined.

2. CONCEPTUAL AND THEORETICAL FRAMEWORK

2.1. Ethical Leadership

Ethics is a holistic system that is derived from the Greek word "ethos" and expresses the meanings of habits, customs, character, and customs, as a system of ethical principles, standards, and values, which can present people with behavioral patterns within a system of evaluations such as good-bad, right-wrong in their work or outside of business life. Includes insights (Abay, 2019: 32). The concept of ethics is a concept that includes standards and principles that define what is right, what is wrong, what is good, and what is bad (Álvarez Meythaler and Méndez Reátegui, 2021).

According to Smircich and Morgan (1982: 258), a leader is defined as a person who influences a certain community and gives them the feeling of taking action. A leader is a person who is skilled in communication and communicates with people using the method of empathy, cares about his employees, listens to them, takes into account their problems and expectations, and produces solutions (Yatkin, 2007: 128). On the other hand, leadership is a process in which the organization's contents are consistently influenced and guided to achieve the organization's goals and objectives (Sharma and Jain, 2013: 310).

Ethical leaders are honest and reliable individuals who respect others' rights, guide the people they work with, adopt human-oriented, strictly adhere to moral values (Brown et al., 2005). Ethical leaders are people who display ethical behaviors, take into account individual needs, are unbiased and impartial, defend the rights of employees and act fairly (Zhu et al., 2004: 18). Brown et al. (2005), in their research, ethical leadership; "Displaying a management style within defined patterns in interpersonal relationships and behaviors; It has been defined as a leadership approach that provides two-way communication to employees and encourages moral thinking in decision making. Resick et al. (2006: 348) expresses ethical leadership as setting ethical standards within the organization by using operational leader characteristics and communicating ethical behavior expectations to followers. The ethical leader is a helpful, determined, and fair individual who pursues organizational goals with a single-minded dedication (González and León, 2001). An ethical leader is a person who targets a reliable organizational climate that motivates his followers to adhere to organizational values and goals (Den Hartog, 2015).

... Ethical leadership behavior shows a dual feature. Like the first feature, the ethical leader takes action by making ethical decisions. The second characteristic of an ethical leader is that they display ethical behaviors while leading individuals in the group (Abay, 2019: 48). Ethical leaders are defined as honest and brave individuals who gain a sense of trust and influence organizations' moral values with their behavior (Mihelic et al., 2010: 31). The effects of ethical leadership in business life and the political sphere cause increased research in this field. Ethical leaders help obtain information about the cultural structure, lifestyle, and business principles (Brown and Treviño, 2006).

2.2. Service Innovation

Service is a beneficial work that ensures meeting human needs but does not have a material quality (Draft and Kara, 2014: 17). In other words, service can be expressed as a marketing element that consumers can feel, although they cannot be perceived by the sense organs (Altunışık et al., 2004: 152). Service is a process, a series of operations, a solution, and a form of organization (Gallouj, 2002).

On the other hand, Innovation means the use of new methods in the social, cultural, and administrative environment and is defined as the transformation of knowledge into an economic and social benefit in a broad sense (Mihalcescu et al., 2008) (Cebeci and Alaca, 2010: 1). By expressing Innovation as the adaptation, development, and creation of new ideas on the success of a company, as a management process, technology development is the management of all activities that include the manufacturing and marketing process of a new or improved product or manufacturing process or instrument (Damanpour, 1991; Trott, 2008: 48).

Service innovation is individual and institutional processes realized in generating and implementing new ideas. It starts with the diagnosis and presentation of the problem and introduces new ideas to solve the problem (Scott and Bruce, 1994: 581). Schumpeter (1934) expressed service innovation as the innovations that an organization makes in service processes to change or improve existing service products (Jian and Wang, 2013: 27). Service innovation is the state of having new and improved products and services rather than focusing on Innovation in a service firm (Chong et al., 2011: 417). Service innovation has a wide content covering different dimensions (Kindström et al., 2013: 1064). These dimensions explain how the innovation system is operated within the enterprise. Gallouj (2002) defines service innovation as "the adaptation of new technical systems such as material transport and processing systems, information and communication systems to service businesses." There are also many criticisms of service innovation Gallouj (2002) emphasizes that despite the criticism of service innovation phenomena, there is a jump in the number of studies on service innovation. As intense competition, rapid technological development,

globalization, and the expectations of conscious consumers increase, unprecedented challenges occur for the hotel industry, and the ability of hotels to develop service innovation becomes interesting for both academics and practitioners (Kim and Lee, 2013: 324). Therefore, service innovation with a holistic approach would not be appropriate to underestimate the potential role of both technology and non-technological Innovation (Gallouj, 2002; Arvanitis, 2008: 210).

2.3. Psychological Capital

Psychological capital, which Luthans first put forward in the literature, was inspired by positive psychology and positive organizational behavior approaches (Luthans et al., 2004; Erkuş and Fındıklı, 2013). On the other hand, the contribution of studies in which positive organizational behavior is taken together with human resources practices in improving working conditions today is remarkable (Luthans et al., 2005). Therefore, positive psychological capital draws attention to positive personality traits at the individual level within the framework of its subjective formation, and at the group level, it examines citizenship that develops as a result of individuals working together (Seligman and Csikszentmihalyi, 2014).

Psychological capital emphasizes that human resources are important for businesses to gain a continuous competitive advantage against their competitors. This context emphasizes the relationship between the employees' performances that can be developed and managed to be productive and the employees' positive psychological states (Purwanto et al., 2021). Besides, psychological capital, which is defined as a situation for increasing employees' productivity, focuses on what employees are now and how they will be in the future (Goldsmith et al., 1997; Longman, 2009).

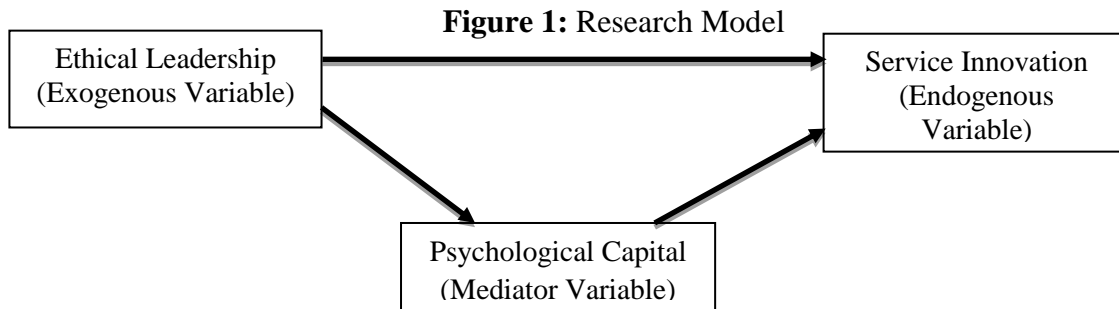
Psychological capital is the characteristics related to the individual differences that employees will acquire when combining their skills, knowledge, and experience over time. In this context, it is known that awareness will contribute to personal efficiency and productivity in business life. It is also stated that it will contribute to individual efficiency and productivity (Yu et al., 2019). According to Luthans and Youssef (2007), psychological sources make up the concept of psychological capital. These sources are the most well-known dimensions of psychological capital, and the dimensions that characterize psychological capital are hope, self-efficacy, resilience, and optimism (Youssef and Luthans, 2007). Hope means that the individual feels positive feelings towards his goals, in other words, to be in anticipation; self-efficacy, the belief that the individual can be successful towards achieving his goals; psychological resilience is the awareness that he may fail in achieving success and the capacity to recover in this situation. Finally, optimism is expressed as individuals' attribution of positive events to internal causes. These components constitute the foundations of psychological capital (Luthans et al., 2005). In this context, while it is known that

employees with a high perception of psychological capital develop positive attitudes about work, it is seen that these people look at the events with a positive perspective not only in their business life but also in their general lives. In this context, psychological capital emerges as an important concept for organizations (Judge, 1997).

3. METHOD

3.1. Research Model

Researching the whole of the universe or the sample to be selected from the elements that make up the universe to make a general statistical inference related to the researched subject in human and social sciences is called "general survey" (Karasar, 2017: 111). If this screening is carried out in order to discover the existence of change among more than one element, that is, whether they are in a relationship or the level of the relationship together, this is called "relational scanning" (İslamoğlu and Alnıaçık, 2014: 97). In this study, the relationship between the exogenous variable "ethical leadership," the endogenous variable "service innovation," and the mediating variable "psychological capital" was investigated using a relational survey model that examines the relationships between variables. In summary, the research is quantitative, and the relationships between 1 exogenous, one endogenous variable, and one mediator variable will be examined through the relational screening model. In the research model, 3 hidden variables are measured with the help of 40 observed variables. Research proposal; It is that ethical leadership affects service innovation, and the psychological capital variable has a mediating effect on this relationship. The research model is shown in figure 1.



3.2. Research Question and Hypotheses

Two important questions constitute the starting point of the study. The first question is; Does ethical leadership have an impact on service innovation from employees' perspectives? The second question is, do perceptions of psychological capital affect this effect? In order to find answers to these basic questions of the research, the following hypotheses have been developed:

H1. Ethical leadership has a significant positive impact on service innovation.

... **H2.** Ethical leadership has a significant positive effect on psychological capital.

H3. Psychological capital has a significant positive impact on service innovation.

H4. Psychological capital has a mediating effect on the relationship between ethical leadership and service innovation.

3.3. Data Collection Tool Used in the study

The data in the study were collected by the survey method. In the first part of the questionnaire, a 5-question scale developed to collect the demographic information of the participants, the scale developed by Hu et al. (2009) to measure the 6-question perceptions of "Service Innovation" in the second part, and the third part by Luthans et al., (2007). The 24-question "Psychological Capital" scale developed and the 10-question "Ethical Leadership" scale developed by Brown et al. (2005) was used in the last section.

3.4. Research Sample

The sample of the research consists of 10 randomly selected business employees operating in the hotel in Nevşehir. From these enterprises, 170 employees formed the research sample by simple random method.

4. FINDINGS

The demographic findings of the participants in the research are shown in table 1.

Table 1: Demographic findings of the participants

		Frequency	%	Cumulative %
Experience in Business	Less than 5 years	75	44,1	44,1
	5-10 years	42	24,7	68,8
	11-15 years	13	7,6	76,5
	16-20 years	21	12,4	88,8
	21 years and above	19	11,2	100
	Total	170	100	
Education Level	Primary education	33	19,4	19,4
	High School & Equivalent	34	20	39,4
	Associate Degree	15	8,8	48,2
	License	78	45,9	94,1
	Postgraduate	10	5,9	100
	Total	170	100	
Age	Less than 25	6	3,5	3,5
	25-35	66	38,8	42,4
	36-45	65	38,2	80,6
	46-55	23	13,5	94,1
	More than 55	10	5,9	100
	Total	170	100	
Marital Status	Single	53	31,2	31,2
	Married	117	68,8	100
	Total	170	100	
Gender	Female	37	21,8	21,8
	Male	133	78,2	100
	Total	170	100	

When the research participants' working periods are examined in Table 1, approximately 44% of them have been working in this enterprise for less than 5 years. With 7.6%, the least participant rate was among those working between 11 and 15 years. Approximately 60% of the participants are at the associate degree and above graduation level, and the remaining 40% are primary and high school graduates. 77% of the participants are between the ages of 25-45. 78.2% of the participants in the study are male, 68.8% of the participants are married.

4.1. Reliability and Validity

With the Smart PLS program, before proceeding to the reliability analysis, the relationship between the hidden variables in the model and the observed variables is checked, and it is decided whether the structures are reflective or formative. If the observed variable is the latent variable's cause, the reflective relationship is in question, and vice versa, if the hidden variable is the cause of the observed variable, the formative relationship is in question (Esposito et al., 2010: 49).

Factor analysis was performed with SmartPLS3 for reliability and validity check in Partial Least Squares Structural Equation Model. For reliability in the measurement model, item loadings, which are the correlation values between the observed variables and the latent variable, are examined. It is accepted that factors with an item load of 0.7 and above explain 50% of the latent variable variance to which they depend (Garson, 2016: 60-61). Item loads of 0.5 and above are acceptable, and item loads below 0.5 should be deleted from the model (Afthanorhan, 2013: 200-201; Bulut, 2015: 10). Factor loadings of 0.4 and higher are sufficient for exploratory research (Wong, 2013: 21). Load coefficients, Cronbach's Alpha, Combined Reliability (CR), and Subtracted Average Variance (AVE) values for the research model's items and variables are shown in table 2.

Table 2: Research Factor Loads

Variable	Items	Factor Loadings	α	CR	AVE
Ethical Leadership (EL)	EL1	0,754	0,943	0,952	0,663
	EL2	0,720			
	EL3	0,796			
	EL4	0,817			
	EL5	0,859			
	EL6	0,831			
	EL7	0,839			
	EL8	0,874			
	EL9	0,816			
	EL10	0,826			
Service Innovation (HI)	HI1	0,791	0,895	0,919	0,656
	HI2	0,875			
	HI3	0,826			
	HI4	0,747			
	HI5	0,846			
	HI6	0,770			
Psychological	PS1	0,776	0,927	0,937	0,502

...		
Capital (PS)	PS2	0,783
	PS3	0,749
	PS4	0,834
	PS5	0,777
	PS6	0,757
	PS8	0,711
	PS9	0,788
	PS10	0,578
	PS11	0,575
	PS12	0,744
	PS15	0,622
	PS17	0,629
	PS18	0,679
	PS22	0,547

As a result of the analysis, items 7,13,14,16,19,20,21,23,24 of the Psychological Capital variable, which reduce the reliability and convergent validity, were removed from the analysis, and according to the findings obtained as a result of the analysis, the item loads depending on the variables were above the value of 0.5. and is at an acceptable level. The rule followed here is that if items with values between 0.4 and 0.7 are deleted, if the Combined Reliability (CR) increases, they should be removed from the model (Garson, 2016: 61).

In order to examine the reliability of the variables, Cronbach's Alpha (α) and Combined Reliability (CR) coefficients in the Smart PLS program in the Partial Least Squares Structural Equation Model are also examined. These values are expected to be above 0.7, and between 0.60-0.70 is acceptable for exploratory research, and 0.70-0.95 is considered quite reliable (Sarstedt et al, 2017, p.16). When Table 2 is examined, it is seen that α and CR values are in the range of 0.89-0.95 and are at a very reliable level.

While checking validity with SmartPLS3, convergent and discriminant validity are examined. AVE value is checked for validity check. AVE is a value that can be used for both convergent and divergent validity analysis. In order to be able to speak of validity, this value must be above 0.5 (Garson, 2016, p.65). When Table 2 is examined, the AVE value is above 0.5 in 3 variables. Other indicators that can be checked for divergent validity are the Fornell-Larcker criteria. The findings of this analysis are shown in table 3.

Table 3: Fornell-Larcker Divergent Validity Findings

	Ethical Leadership	Service Innovation	Psychological Capital
Ethical Leadership	0,814		
Service Innovation	0,413	0,810	
Psychological Capital	0,370	0,754	0,709

The values obtained here are the AVE value's square root, and a variable's correlation value is expected to be higher than the correlation value with other variables (Wong, 2013: 23). For

example, here Ethical Leadership AVE value is 0.663, and its square root is 0.814. It has a higher value than the correlation value with the variables of Service Innovation (0.413) and Psychological Capital (0.370). Likewise, since other variables' AVE square roots are higher than their correlations with other variables, the model provides divergent validity. Henseler et al. (2015) state that Heterotrait-Monotrait (HTMT) value should be evaluated in addition to traditional divergent validity tests (Fornell-Larcker, cross-loadings), and the value between variables should be less than 0.90. The HTMT analysis result is presented in table 4.

Table 4: Divergent Validity Results with Heterotrait-Monotrait (HTMT) Value

	Ethical Leadership	Service Innovation
Service Innovation	0,438	
Psychological Capital	0,373	0,815

When HTMT values are examined, it is seen that all of them are below the threshold value of 0.90 and thus, divergent validity has been established. Another problem in the Partial Least Squares Structural Equation Model models is the Variance Inflation Factor (VIF) values produced by the SmartPLS3 program to check whether there is a multi-collinearity problem. If these values are below 0.5, it means that there is no multiple linearity problem between items and variables (Hair et. al., 2011: 145). VIF values are presented in table 5.

Table 5: Multiple Linearity (VIF) Findings

Item	VIF	Item	VIF
EL1	2,155	PS1	3,536
EL2	2,017	PS2	3,729
EL3	2,218	PS3	2,629
EL4	2,985	PS4	3,397
EL5	3,658	PS5	2,711
EL6	2,986	PS6	2,371
EL7	3,403	PS8	2,494
EL8	3,923	PS9	2,907
EL9	3,266	PS10	1,940
EL10	3,536	PS11	1,614
HI1	2,227	PS12	2,284
HI2	2,940	PS15	1,869
HI3	2,257	PS17	1,988
HI4	2,086	PS18	1,881
HI5	2,763	PS22	1,453
HI6	2,033		

When the VIF values of the items given in Table 5 are examined, it is seen that all of them are below the threshold value of 5, and there is no multi-linearity problem between the items. It was determined that all variables in the model provide reliability and validity, and after this stage, the structural model was evaluated.

4.2. Structural Model Analysis and Hypothesis Testing

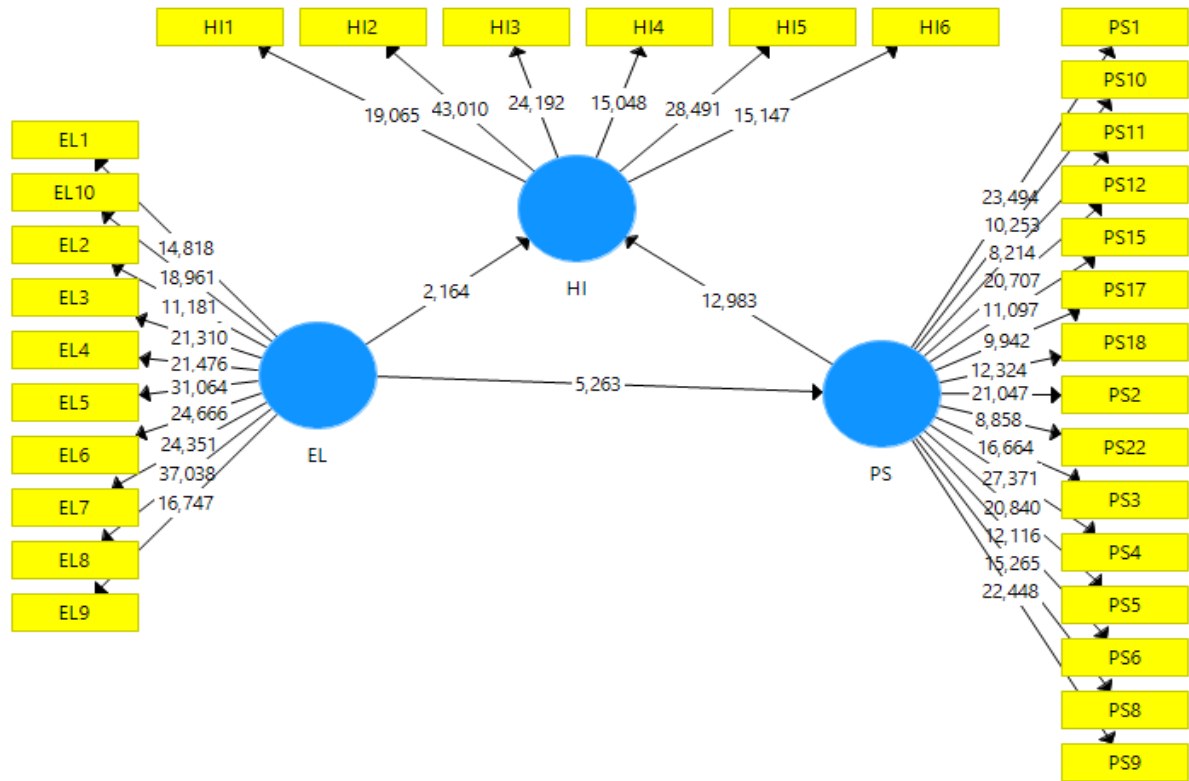
In reflective models, R^2 value and path coefficients will be examined with path analysis for structural model evaluation. A R^2 value of 0.75 and above means that the endogenous variable is highly predicted, 0.5 and above is strongly predicted, and 0.25 and above is poorly predicted. The other checked value is the two-tailed t values obtained by the bootstrapping procedure. These values are interpreted as 1.65 (significance level = 10%), 1.96 (importance level = 5%), and 2.58 (importance level = 1%). Finally, with the blindfolding procedure, the Q^2 value used to measure the prediction reliability is checked. The resulting Q^2 values greater than zero indicate that exogenous structures can predict the endogenous structure (Hair et al., 2011:145). Table 6 shows R^2 , path coefficients, and Q^2 values.

Table 6: Structural Model valuation R^2 , Q^2 and Path Coefficients

Path Coefficients		R^2	Q^2
	Service Innovation	Psychological Capital	
Ethical Leadership	0,152	0,370	
Psychological Capital	0,699		
Service Innovation			
		0,137	0,064
		0,591	0,372

When the path coefficients are examined, it is seen that the path coefficient between Psychological Capital and Service Innovation is 0.699, the path coefficient between Ethical Leadership and Psychological Capital is 0.370, the path coefficient between Ethical Leadership and Service Innovation is 0.152, and there is a relationship between all variables. It seems that the strongest relationship is between Psychological Capital and Service Innovation. When R^2 and Q^2 values are examined, it is seen that Ethical Leadership and Psychological Capital variables in the model strongly predict or explain the endogenous variable Service Innovation. In summary, approximately 70% of the change in Service Innovation is explained by Ethical Leadership and Psychological Capital.

Figure 2: Bootstrapping Procedure and t Values



As a result of these findings, it was seen that the observed variables in the measurement model represented the latent variables, and this representation was reliable and valid. After analyzing the structural model findings, it was understood that the relations between the variables were reliable and valid, and the research questions and hypotheses were tested. The bootstrapping procedure was run for hypothesis testing, and figure 1 was obtained. Then the obtained standard deviation, t, and p values were examined.

Table 7: Hypothesis Test Results

	Original Sample (O)	Sample mean (M)	Std. Deviation (STDEV)	T Statistics (O/STDEV)	P	Hypothesis
Ethical Leadership - Service Innovation	0,1521	0,1481	0,0703	2,1639	0,031*	Supported
Ethical Leadership - Psychological Capital	0,3700	0,3829	0,0703	5,2629	0,000**	Supported
Psychological Capital - Service Innovation	0,6991	0,7014	0,0538	12,9832	0,000**	Supported

* significant at p < 0.5 and 95% confidence intervals, ** significant at p < 0.1 and 99% confidence intervals

When the findings are examined, the Relationship between Ethical Leadership and Service Innovation is above the threshold value of 2.1639, and $t > 1.96$ and is significant at 95% confidence interval. Therefore, the first hypothesis suggested, H1: Ethical leadership has a significant positive effect on service innovation, supported. Another proposition, H2: The proposition that ethical

leadership has a significant positive effect on psychological capital was found to be above the $t > 2.58$ threshold value with 5.2629 and was significant at 99% confidence interval. Similarly, the third proposition of the study, H3: The hypothesis that psychological capital has a positive and significant effect on service innovation was found to be above the threshold value $t > 2.58$ with 12.9832 and was significant at 99% confidence interval. In summary, the first three hypotheses supported, and after this stage, the fourth and last proposition of the research, the psychological capital variable has a mediating effect in the relationship between Ethical Leadership and Service Innovation, has been analyzed.

4.3. Mediator Effect

In Partial Least Squares Structural Equation Models, the bootstrapping procedure's findings with the SmartPLS3 program are examined to understand the present intermediary effects and the extent necessary to talk about the concepts of direct and indirect effects. The direct effect is the relationship between the exogenous variable- Ethical Leadership and the endogenous variable- Service Innovation (p1), the indirect effect is the relationship from the exogenous variable- Ethical Leadership to the mediating variable-Psychological capital (p2) from the mediator variable- Psychological Capital endogenous variable-Service Innovation (p3) ($p2 * p3$). In these relations, if $p2 * p3$ is not important, if p1 is important, there is no mediating effect, if $p2 * p3$ is important, if p1 is not, there is a full mediating effect, if $p2 * p3$ and p1 are important, the presence of partial mediating is mentioned and * Look at the result of p1 operation. Here, if the result of $p2 * p3 * p1$ is positive, complimentary mediation is mentioned, and if it is negative, competitive mediation is mentioned (Nitzl et al., 2016). Table 8 shows the importance of these relationships.

Table 8: Findings Regarding the Mediating Effect

		Original Sample (O)	Sample mean (M)	Std. Deviation (STDEV)	T Statistics (O/STDEV)	P
P ₁	Ethical Leadership -> Service Innovation	0,1521	0,1481	0,0703	2,1639	0,031*
P ₂	Ethical Leadership -> Psychological Capital	0,3700	0,3829	0,0703	5,2629	0,000**
P ₃	Psychological Capital -> Service Innovation	0,6991	0,7014	0,0538	12,9832	0,000**

* $p < 0,5$ ve %95 güven aralığında anlamlı, ** $p < 0,1$ ve %99 güven aralığında anlamlı

When Table 8 is examined, it is seen that the relationship between $p2 * p3$ and p1 is important. Therefore, it is understood that Psychological Capital has a partial mediating effect on Ethical Leadership and Service Innovation. The research's last hypothesis is H4: It is supported that psychological capital has a mediating effect on the relationship between ethical leadership and

service innovation. When the path coefficients presented in Table 6 and the result $p2 * p3 * p1$ are examined;

$0.370 * 0.699 * 0.152 = 0.03931176$ and there is complementary mediation partial mediation.

CONCLUSION

This study examines the "mediator" role of psychological capital in ethical leadership and service innovation, and it is understood that conditions that strengthen employees' perceptions of "ethical leadership" strengthen their service innovation behavior. It is also understood that fair leadership behaviors strengthen employees' perceptions of service innovation behavior, and psychological capital functions as an intermediary by strengthening this interaction. According to the findings of the research, it can be argued that the positive organizational conditions created by ethical leadership increase the service innovation behaviors of the employees, and the positive perceptions of the employees increase because the psychological capital strengthens the service innovation behavior and the positive and fair leadership behaviors are sustained. The subject variables discussed in the study are the results of the leadership behaviors faced by the employees.

The research findings show that all kinds of positive organizational leadership behaviors such as ethical leadership, transformational leadership, democratic leadership, and participatory leadership are effective in employees' attitudes and behaviors. While negative leadership behavior perceptions strengthen employees' feelings of organizational silence and cynicism, it can be inferred that positive leadership behaviors can lead to positive situations for organizations, as revealed by the results of this study.

There is a consensus in the literature that these variables cause positive behaviors in organizations in studies on ethical leadership, service innovation, and psychological capital. In this context, in the first hypothesis, ethical leadership's positive effect on service innovation was found ($p<0.5$). Dhar (2016), in his research on hotel employees in India, determined that ethical leadership strengthens the service innovation behaviors of employees. Özsungur's (2020) qualitative analysis for the employees in his business in Turkey has determined that increases the perception of ethical leadership in service innovation. The second hypothesis of the study determined that ethical leadership positively affected psychological capital ($p<0.1$). Bouckenoghe et al. (2015) determined that individuals' perceptions of ethical leadership positively affect psychological capital in their study in Pakistan. Motaghed and Ghashghaeizadeh (2019) determined in their study on teachers that there are positive relationships between ethical leadership and psychological capital. The third hypothesis determined that psychological capital positively affects service innovation ($p<0.1$). Kim et al. (2018), in their research on hotel employees in South Korea, determined that psychological

capital strengthens the service innovation behavior of employees. Karadal and Özsungur (2017), Turkey (Adana) between psychological capital in their research service innovation behavior have determined that positive relationships. The research's last hypothesis determined that psychological capital has a mediating role in ethical leadership's effect on service innovation behavior ($p < 0.1$). Özsungur's (2019) in Turkey (Adana) to influence his behavior in ethical leadership in service innovation through research has determined the role of psychological capital. All these findings show that the research results are consistent with the literature.

This research is limited to examining whether psychological capital functions as an intermediary in ethical leadership's impact on service innovation. The research is a quantitative study on the border with hotel staff for tourism in Nevşehir. The research can be repeated in different samples with other positive and negative leadership behaviors and other organizational behavior issues such as organizational cynicism, organizational citizenship, and organizational trust. The research can also look at whether psychological capital functions as a regulating variable in the relationship established. It can be repeated with different samples with qualitative and mixed-method researches to understand the research subject better.

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