

Turnover Intention: The Role of Ethical Leadership and Caring Co-workers and Self Efficacy as Moderators

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Abstract

Employee turnover intention poses a critical challenge for organizations seeking to retain competent employees. This phenomenon is influenced by multiple factors, including leadership style and the quality of interpersonal relationships in the workplace. This study aims to analyze the influence of ethical leadership and caring coworkers on turnover intention, with self-efficacy as a moderating variable in sales outsourcing companies. A quantitative approach was employed using primary data collected from 117 respondents through a structured questionnaire. The results showed that ethical leadership and caring co-workers have a significant negative effect on turnover intention. Self-efficacy strengthens the negative relationship between caring co-workers and turnover intention, but does not moderate the relationship between ethical leadership and turnover intention. These findings emphasize that ethical leadership and supportive coworker relationships are crucial in reducing employees' intention to leave, particularly when employees possess a high level of self-efficacy. Practically, this study highlights the importance for managers to integrate ethical leadership practices and foster a caring and supportive work environment to enhance employee retention. Theoretically, the study enriches the existing literature by demonstrating the interplay between interpersonal and psychological factors in mitigating turnover intention within organizational settings.

Keywords: Ethical Leadership; Caring co-Worker; Self-Efficacy; Turnover Intention.

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INTRODUCTION

High levels of turnover intention (the intention to leave one's job) pose a serious challenge for organizations across various sectors. Turnover intention not only impacts recruitment and training costs but also disrupts team stability and organizational productivity (Ali Yusuf & Widodo, 2023). This phenomenon is even more complex in the service sector, which experiences high rates of employee turnover. Sales employees often face target pressure and internal competition, which can lead to work stress and a desire to resign (Saleh et al., 2022).

Ethical leadership is one of the important factors that can reduce turnover intention. Leaders who demonstrate integrity, fairness, and concern for employee well-being can build trust and loyalty, thereby reducing the intention to resign (Saleh et al., 2022). Additionally, the presence of caring co-workers often makes employees feel psychologically safe, giving their lives more meaning, which can reduce work stress and increase employee commitment (Saks, 2021).

However, not all employees react the same way to support from leaders and co-workers. Self-efficacy, which is an individual's belief in their own abilities, becomes an important variable that can moderate the relationship between ethical leadership and caring co-workers on turnover intention. (Sofiatun & Mansyur, 2021) reveals that self-efficacy is an individual difference factor referring to a person's belief in their ability to succeed in tasks. Nevertheless, prior literature has not adequately explained why support from ethical leaders and caring coworkers does not consistently mitigate turnover intention, particularly in sales outsourcing firms characterized by high competitive pressure. Studies such as Saleh et al. (2022) and Saks (2021) report direct negative effects, yet rarely examine self-efficacy as a moderating variable within an integrated model. This gap is critical, as self-efficacy may strengthen or weaken these relationships depending on employees' levels of self-confidence, a mechanism that has not been empirically investigated in the Indonesian outsourcing context. Examining this moderating role is therefore necessary to uncover the psychological mechanisms underlying sales employee retention.. This study aims to analyze the influence of ethical leadership and caring co-workers on turnover intention, as well as test the moderating role of self-efficacy in that relationship. This study is expected to provide theoretical and practical benefits for reducing the desire to leave highly competitive workplaces.

Literatur review

Ethical Leadership

Ethical leadership is a leadership style that emphasizes moral values, fairness, and integrity in decision-making. In (Brown et al., 2005) it is explained that ethical leaders can build a fair and supportive work environment. Studies by (Muhammad et al., 2021) and (Jun et al., 2023) indicate that ethical leadership significantly reduces turnover intention by increased trust and work engagement. However, findings in (Gunadi and Sk, 2024) show that, even with ethical leaders, employees may still have the desire to leave their jobs.

Caring co-workers

Caring co-workers represent a form of social support that can enhance employees' psychological well-being. Referring to the Social Exchange Theory proposed by (Blau, 2017), high-quality interpersonal relationships foster reciprocal processes, thereby reducing work stress levels and increasing employees' desire to remain in the organization. (Maesaroh and Fadili, 2024) found that optimal care and support from co-workers are essential factors in reducing employee turnover. However, the research by (Yuniarti and Cahyaningtyas, 2023) shows that positive, mutually caring social interactions among employees do not always reduce the intention to leave the job.

Self Efficacy

Self efficacy refers to an individual's belief in their ability to complete specific tasks (Bandura, 1997). Self-efficacy can serve as a moderating factor in the relationship between

work stress and turnover intention. Studies by (Shao et al., 2022) and (Mondo et al., 2022) indicate that employees with high self-efficacy tend to remain in the organization despite job pressures. However, findings from (Rista Monika et al., 2021) show that high self-efficacy does not always reduce employees' desire to leave the organization.

Turnover Intention

Turnover intention is defined as an employee's intention to leave the organization voluntarily. The Theory of Planned Behavior (Ajzen, 1991) posits that an individual's intention is a primary determinant of actual behavior, including the decision to leave their job. Employees who intend to leave the organization are influenced by various internal and external drives (Aini dan Mansyur, 2024). Studies by Li et al. (2025) and Shao et al. (2022) indicate that turnover intention is influenced by internal factors, such as work stress and self-efficacy, as well as external factors, such as social support and leadership style.

METHOD

This study employs a quantitative approach to analyze the influence of ethical leadership and caring co-workers care on turnover intention, with self-efficacy as a moderator. The population consisted of 117 employees of PT DIKA Semarang (a sales outsourcing company). The census method was applied due to the relatively small population size, resulting in a sample of 117 respondents. Data collection was performed by distributing structured questionnaires directly to respondents. The instrument uses a 5-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Ethical leadership used a 9-item scale adapted from (Baydeniz et al., 2025). Caring co-workers concern used a 5-item scale adapted from (Saks, 2021). Self-efficacy used a 4-item scale adapted from (Mohamad et al., 2025). Turnover intention used a 4-item scale adapted from (Chang & Chen, 2025).

The data used are primary, obtained from questionnaires, and the analysis is conducted using SmartPLS. The data analysis procedures include: (1) evaluation of the measurement model (factor loadings, AVE); (2) reliability testing (CR, Cronbach's alpha); (3) model fit testing; (4) structural modeling. (5) Hypothesis testing using the path coefficient. The significance level used is $\alpha \leq 0.05$.

RESULT AND DISCUSSION

This study involved 117 employees of PT DIKA Semarang and aimed to examine how ethical leadership, caring co-workers, and self-efficacy influence employees' turnover intention. All data were collected using structured questionnaires and analyzed using SmartPLS. In this section, the data analysis employs structural equation modeling (SEM) with SmartPLS, following sequential testing stages that include validity and reliability testing, goodness-of-fit assessment, structural model evaluation, and hypothesis testing.

Result

Respondent Characteristics

The demographic characteristics of the respondents serve as an essential foundation for understanding the social and cultural dynamics within the service-sector work environment. This information not only provides a general overview of employee profiles but also offers a stronger contextual basis for interpreting the subsequent stages of data analysis. The respondent categories are presented in Table 1.

Table 1. Respondent Characteristics

Characteristic	Category	Frequency	Percentage
Gender	Male	59	50,4%
	Female	58	49,6%
Age	<20 years	10	8,5%
	20 – 25 years	33	28,2%
	26 – 30 years	33	28,2%
	31 – 40 years	26	22,2%
	>40 years	15	12,9%
Monthly Income	<Rp3.000.000	15	12,9%
	Rp3.000.000 – Rp5.000.000	69	59,0%
	Rp5.000.000 – Rp8.000.000	19	16,2%
	Rp8.000.000 – Rp15.000.000	8	6,8%
	>Rp15.000.000	6	5,1%
Marital Status	Single	59	50,4%
	Married	50	42,8%
	Divorced	4	3,4%
	Widowed	4	3,4%
Length of employment	<1 year	18	15,4%
	2-3 year	52	44,4%
	>5 year	47	40,2%

Validity Test

The validity test aims to ensure that each indicator in the research instrument accurately and consistently measures the intended construct. Validity plays a crucial role in determining the extent to which a measurement accurately reflects the variables under investigation. As noted by Hair et al. (2022), a loading factor value greater than 0.8 may be used as a conservative threshold to ensure high reliability. The results of the validity test analyzed using SmartPLS 4 software are presented in Table 2 below, which shows the loading factor matrix between indicators and their constructs (C = Caring Coworkers, EL = Ethical Leadership, SE = Self-Efficacy, TI = Turnover Intention). All loading values are > 0.80, indicating a substantial contribution of the indicators to their respective constructs.

Table 2. Validity Test.

	C	EL	SE	TI
C 1	0.868			
C 2	0.857			
C 3	0.859			
C 4	0.868			
C 5	0.906			
EL 1		0.902		
EL 2		0.873		
EL 3		0.894		
EL 4		0.855		
EL 5		0.835		
EL 6		0.898		
EL 7		0.885		
EL 8		0.837		
EL 9		0.852		
SE 1			0.860	
SE 2			0.905	
SE 3			0.898	
SE 4			0.892	
TI 1				0.842
TI 2				0.863
TI 3				0.807
TI 4				0.864

Table 2 confirms strong convergent validity, as all factor loadings exceed 0.80, indicating valid indicators representing their constructs.

Reliability Test

Reliability for each variable in this study was assessed using Cronbach's Alpha. This test aims to ensure the internal consistency among items within each measured construct. According to Hair et al. (2019), an instrument is considered reliable if the Cronbach's Alpha value is ≥ 0.80 . The results indicate that all four variables meet this criterion, with Cronbach's Alpha values of 0.921 for caring co-workers, 0.960 for ethical leadership, 0.912 for self-efficacy, and 0.866 for the dependent variable. Therefore, it can be concluded that all research variables are reliable. The details are presented in Table 3.

Table 3. Reliability Test

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
C	0.921	0.922	0.941	0.760
EL	0.960	0.960	0.966	0.758
SE	0.912	0.923	0.938	0.790
TI	0.866	0.872	0.908	0.713

Goodness of Fit

According to (Hair et al., 2019), model fit assessment is conducted using the Standardized Root Mean Square Residual (SRMR). In this study, the SRMR value is 0.053, which is below the recommended threshold of 0.08, indicating an acceptable fit. The d_ULS and d_G values of 0.720 and 0.529, respectively, suggest that the discrepancies between the estimated and true models remain within acceptable limits, indicating adequate model stability. Furthermore, the Chi-square value of 334.398 and the Normal Fit Index (NFI) value of 0.863 indicate a moderate level of model fit, although the NFI has not reached the ideal benchmark of > 0.90 . These results are presented in Table 4.

Table 4. Goodness of Fit

	Saturated model	Estimated model	Description
SRMR	0.053	0.053	Fit
d_ULS	0.719	0.720	Fit
d_G	0.531	0.529	Fit
Chi-square	335.290	334.398	Fit
NFI	0.863	0.863	Fit

Table 4 shows a good model fit. Thus, overall, the tested model meets the goodness of fit criteria.

Structural Model

The evaluation of the structural model involves testing hypotheses about the relationships among the research variables. The results indicate that all indicators exhibit factor loading values greater than 0.80. According to the criteria outlined by Hair et al. (2022), these values demonstrate that the indicators are highly representative. The results of the structural model analysis are presented in Figure 1.

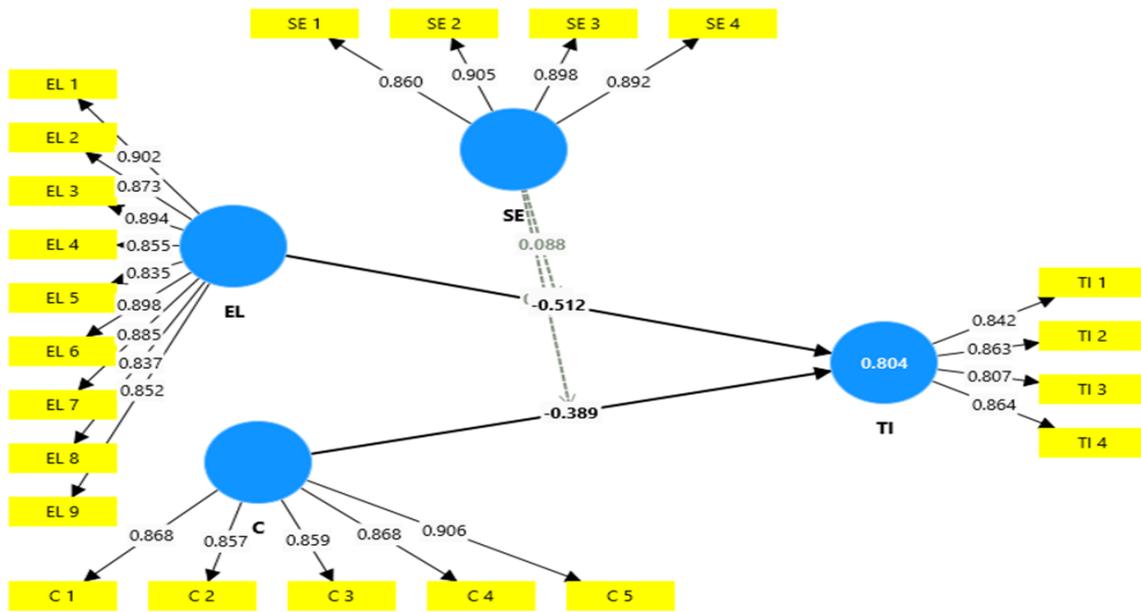


Figure 1. Structural Model

Hypothesis Test

Hypothesis testing among variables is conducted by examining the t-statistics or p-values. A relationship is considered statistically significant when the calculated t-value exceeds 1.96 (the critical value) or when the p-value is less than 0.05. In addition, the results should include the estimated path coefficients along with their 95% confidence intervals. Furthermore, the f-square value is used to assess the effect size at the structural level, with thresholds of 0.02 (small), 0.15 (medium), and 0.35 (large), as suggested by Hair et al. (2022). For moderation analysis, the f-square thresholds are 0.005 (small), 0.01 (medium), and 0.025 (large). These results are presented in Table 5.

Table 5. Hypothesis Test

	Path Coefficients	P values	f ²	Conclusion
C -> TI	-0.389	0.000	0.18	Supported
EL -> TI	-0.512	0.000	0.32	Supported
SE x EL -> TI	0.154	0.251	0.008	Rejected
SE x C -> TI	0.088	0.031	0.012	Supported

Based on Table 5, the results of the hypothesis testing are as follows:

Caring co-workers relationship to turnover intention has a significance value of $0.000 < 0.05$ and an f^2 value of 0.18 indicating a medium value, indicating that caring coworkers have a significant influence on turnover intention. The negative coefficient of -0.389 suggests that the higher the support from caring coworkers, the lower the employee's turnover intention. Therefore, the hypothesis stating this relationship is supported.

Ethical Leadership's relationship to Turnover Intention has a significance value of $0.000 < 0.05$ and an f^2 value of 0.32, indicating a large value, indicating that ethical leadership has a significant influence on turnover intention. The negative coefficient of -0.512 suggests that the stronger the moral leadership, the lower the employee's turnover intention. Therefore, the hypothesis stating this relationship is supported.

Self-efficacy moderates Ethical Leadership's relationship to Turnover Intention, with a significance value of $0.251 > 0.05$ and an f^2 value of 0.008, indicating a small effect, indicating that the interaction between self-efficacy and ethical leadership does not moderate the effect of ethical leadership on turnover intention. A positive coefficient of 0.154 indicates that this interaction does not significantly moderate the relationship

between ethical leadership and turnover intention; therefore, the hypothesis stating this moderation is rejected.

Self-efficacy moderates Caring co-workers relationship Turnover Intention. The significance value is $0.031 < 0.05$ and an f^2 value of 0.012, indicating a medium effect, indicating that the interaction between self-efficacy and caring coworkers strengthens the negative relationship between coworkers' influence and turnover intention. A positive coefficient of 0.088 indicates that self-efficacy moderates the relationship between caring coworkers and turnover intention, where individuals with high self-efficacy perceive a greater positive impact from caring coworkers. Therefore, the hypothesis stating this moderation is supported.

Discussion

The Influence of Ethical Leadership on Turnover Intention

These findings indicate that ethical leadership has a significant negative effect on turnover intention, in line with the moral dimension of leadership that builds universal trust, as supported by research ((Brown et al., 2005;(Muhammad et al., 2021);Jun et al., 2023). In contrast to Gunadi and Sk (2024), who found a limited effect, ethical leadership served as a consistent anchor of stability in sales outsourcing at PT. Dika, which faced intense target pressure, significantly reduced turnover intention. Substantially, ethical leadership practices not only met procedural justice standards but also offset the uncertainty of temporary contracts, making them more effective than in sectors with higher job stability.

The Influence of Caring Co-workers on Turnover Intention

Caring coworkers significantly reduce turnover intention, supporting social exchange theory, which posits that social support fosters reciprocal commitment (Blau, 2017; Maesaroh & Fadili, 2024). In contrast to Yuniarti and Cahyaningtyas (2023), who reported inconsistent findings, the highly competitive nature of sales outsourcing positions coworker support as a critical social buffer against work pressure, thereby explaining the strength of this moderating effect. From a theoretical perspective, in temporary employment contexts such as outsourcing, horizontal relationships tend to be more adaptive and influential than hierarchical structures, promoting employee retention through an enhanced sense of community.

The Role of Self-Efficacy in Moderating the Effect of Ethical Leadership on Turnover Intention

Hypothesis H3 did not find empirical support, consistent with (Rista Monika et al., 2021). The dominant direct effect of ethical leadership is universal, so variations in self-efficacy fail to moderate the relationship, reflecting a complete substitution where leader morality provides a sense of security independent of individual self-confidence (Gunadi & Sk, 2024). This theoretical perspective highlights a limiting condition moderation likely only emerges at extreme levels of stress through a three-way interaction with workload, which was not detected in the current sample. In outsourcing, structural factors such as short-term contracts dominate over individual psychological differentiation.

The Role of Self-Efficacy in Moderating the Effect of Caring Co-workers on Turnover Intention

Self-efficacy significantly strengthens the negative relationship between caring coworkers and turnover intention, aligning with Conservation of Resources Theory, which suggests that individuals with high self-efficacy more efficiently convert social support into retention resources ((Shao et al., 2022; Sofia & Wisudawati, 2023). Unlike H3, horizontal support is complementary (amplifying) rather than a substitute, thus, high self-efficacy maximizes its effectiveness amidst sales competition. This profound theoretical implication explains the heterogeneity in the literature (Yuniarti & Cahyaningtyas, 2023). Strong

moderating effects emerge in high-pressure contexts such as outsourcing, where individual self-confidence optimally activates social capital.

Limitations

This study has several limitations. First, the cross-sectional design precludes drawing definitive causal conclusions, as the data were collected at a single point in time. Second, the relatively small sample size limits the generalizability of the findings to broader organizational contexts. Third, reliance on questionnaires as the sole data collection method may introduce respondent perception bias.

For future research, it is recommended to employ larger and more diverse samples to enhance external validity, as well as to integrate interviews to validate responses and gain deeper insights into employees' perceptions and work experiences. In addition, incorporating additional variables such as organizational culture, managerial support, and demographic factors would enable a more comprehensive understanding of the dynamics of employee turnover intention across different organizational contexts.

CONCLUSION

Based on the data analysis, the findings indicate that ethical leadership significantly reduces employees' turnover intention, while caring coworkers also exert a negative effect on such intention. However, self-efficacy does not moderate the relationship between ethical leadership and turnover intention; instead, it strengthens the effect of caring coworkers particularly among employees with high levels of self-confidence.

Although ethical leadership functions as a universally strong deterrent of turnover intention, the benefits of a caring coworker environment are maximized when combined with confident employees. This suggests that human resource strategies should not be uniform; organizations need to tailor them to employees' psychological conditions and the dynamics of the work environment. These findings enrich the understanding of the interplay between leader behavior, social support, and individual characteristics, and they encourage a more personalized HR approach to talent retention.

Overall, this study successfully achieved its objectives by demonstrating the crucial roles of ethical leadership and caring coworkers in reducing turnover intention, while also highlighting the selective moderating role of self-efficacy.

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