

Impact of psychological contract breach and ethical leadership on turnover intention: Emotional exhaustion as mediator

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ARTICLE INFO

Article history:

Received Nov 19, 2024
Revised Nov 22, 2024
Accepted Dec 4, 2024

Keywords:

Emotional Exhaustion;
Ethical Leadership;
Psychological Contract
Breach;
Turnover Intention.

ABSTRACT

This study analyses the influence of psychological contract breach and ethical leadership on employee Turnover Intention, with emotional exhaustion as a mediator, in the Indonesian state-owned banking sector, including Bank Mandiri, Bank Rakyat Indonesia (BRI), Bank Negara Indonesia (BNI), and Bank Tabungan Negara (BTN). The approach used is quantitative with associative methods, and data analysis using Structural Equation Modeling (SEM) with AMOS 26 software. Data were collected through a Google Form questionnaire with a Likert scale of 1-5 from 206 employees who met specific criteria: Respondents are Indonesian citizens, Respondents work at state-owned banks (Bank Mandiri, BRI, BNI, BTN) in Indonesia, Respondents are still actively working, and Respondents have a minimum work period of one year at the bank. The results showed that psychological contract breach significantly positively affects emotional exhaustion, which impacts Turnover Intention. On the other hand, ethical leadership was shown to affect emotional exhaustion and turnover intention significantly negatively. Although psychological contract breach does not significantly affect turnover intention, emotional exhaustion is a mediator, linking psychological contract breach and ethical leadership with turnover intention. This study provides insights for Indonesia's state-owned banking sector into the factors that influence employee turnover intention, as well as helping to develop more effective employee retention strategies, thereby enhancing workforce stability and, in turn, supporting economic growth through improved performance.

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1. Introduction

Human resources are an important element for companies or organizations in achieving optimal effectiveness and efficiency (Daud, 2020). Competent and loyal human resources can help companies progress faster, especially in highly competitive sectors such as banking. However, the challenges of globalization and rapid technological development require the banking sector to adapt and remain competitive in global competition (Soviana et al., 2022). One of the main challenges is maintaining a qualified workforce, especially in the midst of rapid technological turnover (Fadlan & Setyawan, 2024). According to the Labor Mobility Analysis report from Sakernas in 2022, as many as 43.4% of workers aged 15-24 years have the intention to change jobs due to internal factors (Yakin & Mutianingrum, 2023). The Central Bureau of Statistics (BPS) in 2022 mentioned that the internal reasons are unsatisfactory income and not in accordance with the initial contract or not suitable with the work environment that always causes emotional fatigue and other external factors. As reported by BPS, the age group of 25 to 34 years experienced a greater job transfer, reaching more than 30%.

Indonesia's state-owned banking industry plays a very strategic role in the national economy, with government-owned banks such as Bank Mandiri, Bank Rakyat Indonesia (BRI), Bank Negara Indonesia (BNI), and Bank Tabungan Negara (BTN) becoming key pillars in various financial aspects. To maintain their operational viability and success, it is imperative for these banks to maintain a high-performing and committed workforce. In the state-owned banking sector, the quality of human resources is a major factor, with these four major banks constantly striving to provide superior service to their customers or partners (Fadlan & Setyawan, 2024).

However, the state-owned banking sector also faces challenges, one of which is the relatively high employee turnover rate. The phenomenon of employee dissatisfaction and high levels of intention to move are the main issues faced by many banks and organizations in various sectors in every HR (Mayasari, 2023). This is supported by one of the data from (Bank Mandiri, 2024) showing that the employee turnover rate in 2023 reached 5.26%, although previously in 2022 it was only recorded at 4.82%. Although this figure is reasonable, the increase indicates a potential problem in employee retention, although the exact cause has not been specifically disclosed. Among the factors that can affect the level of Turnover Intention is Psychological Contract Breach, which is a mismatch between employees' expectations of the company and the reality they experience (Moquin et al., 2019). Psychological contract breaches are more common in the banking sector due to high work demands, such as tight targets, long working hours, and pressure to meet customer and management expectations, which often create a gap between employee expectations and workplace realities. In addition, the sector's competitive dynamics force organizations to continuously improve productivity, so implicit promises regarding rewards or work-life balance often go unfulfilled. Structural changes, such as digitalization or mergers, also add to employee uncertainty and dissatisfaction, which increases the risk of psychological contract breaches. Some studies shows that there are other factors that affecting turnover intention; such as salary studied by Xiong et al. (2018); flexible work arrangements studied by Gašić & Berber (2023); and career development studied by Ohunakin et al. (2018).

Psychological Contract refers to a set of unwritten expectations that employees have regarding the reciprocal relationship between them and the company. The company's inability to meet employee expectations can trigger a breach of the psychological contract, which in turn has the potential to decrease job satisfaction and increase the tendency of employees to leave the company (Moquin et al., 2019). Employees who join a company usually have certain expectations regarding how they will be treated, the opportunities they will get, and the expected career development (Topa et al., 2022). These expectations, although not always stated in the official contract, form the basis of the psychological contract that exists in the employee's mind (Xue et al., 2022).

Psychological contract breaches often contribute to an increase in employees' desire to leave the company. If not managed properly, this has the potential to reduce employee performance and increase the risk of unethical behavior, especially in sectors with high levels of work pressure (Bravo et al., 2019). However, it is important to note that despite the potential negative impacts of Psychological Contract Breach, Ethical Leadership plays an important role in mitigating these impacts. Ethical leadership can create a more stable work environment, reduce dissatisfaction, and increase employee retention in the sector of state-owned banks, thus helping to ensure the long-term viability and success of the organization.

Among the various leadership styles applied by companies, ethical leadership has a very important value and is a major tool for leaders to influence employees and improve their performance (Pakizekho & Barkhordari-Sharifabad, 2022). ethical leadership is based on strong moral principles, focusing on integrity, self-awareness, and the importance of constructive evaluation and feedback (Shakeel et al., 2020). This type of leadership tends to establish a supportive, transparent, and fair work environment, which in turn can reduce the tendency of employees to seek employment opportunities outside the organization. Research shows that Ethical Leadership not only contributes to increased job satisfaction, but also reduces turnover by increasing employee engagement and reducing emotional exhaustion (Huang & Lin, 2019). In addition, ethical leadership has been shown to strengthen employees' trust in the organization, reduce unethical behavior, and decrease turnover rates, especially in situations where psychological contract breach is common (Kodden & Roelofs, 2019); (Bari et al., 2022).

Emotional Exhaustion can also affect turnover intention. This statement is in line with the findings of previous research (Ulfa et al., 2023), which states that intense competition in the banking industry requires employees to improve performance quickly and efficiently. Still, high workloads and long working hours can trigger stress and fatigue, which ultimately increases the risk of employees intending to leave their jobs. In

addition, according to Silva and Navarro in (Giorgi et al., 2017) the job pressure faced by banking employees can increase pressure, tension, and stress in the bank environment. High job pressure, combined with abusive leadership, can exacerbate Emotional Exhaustion in employees (Bano et al., 2023). Research (Yang, 2023) shows that employees will feel depleted of emotional resources to deal with continuous job demands. According to (Perdanaputra & Gunawan Putra, 2022), the relationship between psychological contract breach and turnover intention shows that emotional exhaustion can mediate the relationship, where psychological contract breach increases emotional exhaustion, which in turn strengthens employees' intention to leave the company. Thus, leaders who apply ethical principles can reduce employees' level of emotional exhaustion, which is an important factor influencing turnover intention (Saleh et al., 2022). In other words, ethical leadership that reduces emotional exhaustion can minimize employee turnover intention directly by creating more stable and supportive working conditions.

The results of this study are expected to have high relevance to be applied in various state-owned banks, such as Bank Mandiri, BNI, BRI, and BTN, given their similar organizational characteristics, with a clear hierarchical structure and a strong public service culture. The research findings that psychological contract breach can trigger emotional exhaustion and increase employee turnover intention, as well as the importance of ethical leadership in reducing emotional exhaustion, can be applied to manage healthier working relationships and reduce turnover. By enhancing ethical leadership and maintaining congruence between expectations and reality in psychological contracts, state-owned banks can create a more stable and productive work environment, reduce job stress, and increase employee retention which will ultimately support overall organizational performance.

This study aims to analyze the relationship between psychological contract breach and ethical leadership on employee turnover intention, with emotional exhaustion as a mediating variable, in the context of state-owned banking in Indonesia. Understanding the factors influencing turnover intention in the state-owned banking sector is crucial to designing effective employee retention strategies. Understanding these local dynamics not only supports efforts to retain the workforce, but also has the potential to improve overall organizational performance.

2. Research Method

This research uses an associative method with a quantitative approach to analyze the relationship between the variables studied. Data was collected through a Google Form-based questionnaire distributed to respondents who met certain criteria. To ensure that the distribution of the questionnaire through Google Forms does not compromise the quality of the data, several steps were taken in the design and distribution of the questionnaire. First, to avoid careless completion, clear and explicit instructions were provided on each section of the questionnaire, emphasizing the importance of answering each question seriously and based on real experience. Secondly, Google Forms has a feature that limits questionnaire completion to only once per respondent, by asking respondents to use a valid email address to avoid double-completion. In addition, a setting to ensure that all questions are required has been enabled, so that respondents cannot submit the questionnaire if any questions are left unanswered. Third, to mitigate the possibility of bias or inconsistent responses, periodic data checks were conducted during collection to detect unusual response patterns, such as responses that were too fast or too uniform. With these measures, the quality of the data obtained from the questionnaire can be ensured. The questionnaire used a Likert scale ranging from 1 = (strongly disagree) to 5 = (strongly agree). The population of this study consists of employees of state-owned banks in Indonesia, including Bank Mandiri, Bank Rakyat Indonesia (BRI), Bank Negara Indonesia (BNI), and Bank Tabungan Negara (BTN). In total, 258 employees participated in this study. However, after excluding invalid responses, the final sample used for analysis consisted of 206 employees. Those respondents were selected using the purposive sampling method as part of the non-probability sampling technique. Respondent selection criteria include: (1) Respondents are Indonesian citizens, (2) Respondents work at state-owned banks (Bank Mandiri, BRI, BNI, BTN) in Indonesia, (3) Respondents are still actively working, and (4) Respondents have a minimum work period of one year at the bank. This research is built on constructs involving several key variables. Psychological Contract Breach is measured by five items adapted from (Robinson & Morrison, 2000), while Ethical Leadership is measured using ten items adapted from (Brown et al., 2005). To measure Emotional Exhaustion, this study used five items adapted from (Maslach & Jackson, 1981), and Turnover Intention was measured with three items based (Mobley et al., 1978). Based on existing guidelines and considering the sampling method and SEM statistical analysis used (minimum 200 respondents), 206 respondents are representative enough to represent the population of employees of state-owned banks in

Indonesia. Although the sample size could have been larger, this number met the standard to produce a stable and valid model. The purposive sampling technique used also ensures that the respondents selected have relevant experience for the topic under study. However, one region cannot be reached in this study, namely the Papua region.

Emotional exhaustion was chosen as a mediator because it is theoretically and empirically proven to explain the relationship between psychological contract breach and turnover intention. When organizations fail to meet their obligations, employees experience emotional stress, job insecurity, and decreased satisfaction, which trigger emotional exhaustion (Piccoli & De Witte, 2015; Dries et al., 2014). This exhaustion can lead to loss of trust in the organization and increase turnover intention (Abdalla et al., (2021); Alola et al., 2019). Therefore, emotional exhaustion is relevant as a mediating mechanism that explains the impact of psychological contract breach on turnover intention, while strengthening the validity of this research hypothesis.

This study used Structural Equation Modeling (SEM) analysis through AMOS 26 software, which allows for the simultaneous execution of three types of analysis. First, confirmatory factor analysis was used to assess the validity and reliability of the applied instruments. Second, measurement was used to explore the influence of the relationship between relevant variables. Finally, structural model analysis is conducted to generate an accurate prediction model. Various indicators, such as Chi-Square (χ^2), Root Mean Square Error of Approximation (RMSEA), Root Mean Squared Residual (RMR), Goodness of Fit Index (GFI), Tucker-Lewis Index (TLI), Incremental Fit Index (IFI), Comparative Fit Index (CFI), and Normed Fit Index (NFI), are used to evaluate the overall fit of the model. These metrics are designed to assess the extent to which the proposed model fits the data obtained in the study to provide greater insight into the interactions between variables in the context of this study. If indicators such as RMSEA, CFI, or TLI do not meet the fit standard, then the following steps are taken to revise or optimize the model: first, the modification index provided by AMOS is analyzed to identify and address problematic items or paths by allowing for potential correlations between error terms or adding relevant paths based on theoretical justification; second, items with low factor loadings are carefully reviewed and possibly removed to improve construct validity without compromising theoretical integrity; third, model respecification is performed iteratively, ensuring that any changes are theoretically supported and consistently improve the fit index, until the model reaches acceptable thresholds such as $RMSEA \leq 0.08$, $CFI \geq 0.90$, and $TLI \geq 0.90$, ensuring strong data representation.

Based on the explanation that has been conveyed and seeing the relationship between one variable and another, the following is the conceptual framework that has been formed:

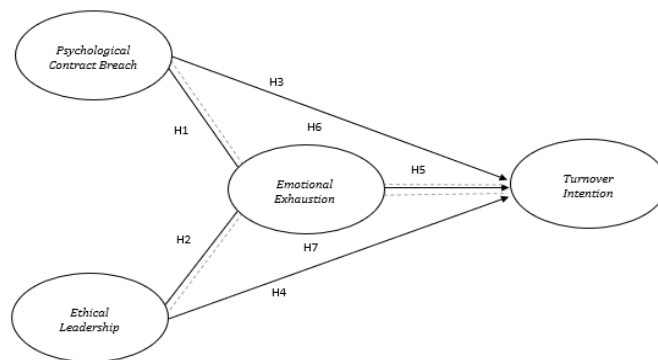


Figure 1. Conceptual Framework

3. Result and Discussion

3.1 Respondent Characteristics

The respondent profile analysis in this survey is based on the following demographics:

Table 1. Respondent Characteristics

Category	Item	f	%
Working in State-Owned Banking	Bank Mandiri	55	26,7%
	Bank Rakyat Indonesia (BRI)	56	27,2%
	Bank Negara Indonesia (BNI)	55	26 %
	Bank Tabungan Negara (BTN)	44	21,4 %

Category	Item	f	%
	Total	206	100%
Gender	Man	119	57,8 %
	Woman	87	42,2 %
	Total	206	100%
Age	Under 25	59	28,6%
	26-30	70	34%
	31-35	36	18,4%
	36-40	16	7,8%
	Above 40	23	11,2 %
	Total	206	100%
Status	Unmarried	118	57,3%
	Married	88	42,7 %
	Total	206	100%
Division / Field of Work	Teller	35	17,0
	Customer Service	25	12,1%
	Frontliner	9	4,4%
	Marketing	37	18,%
	Operational	11	5,3%
	Finance	18	8,7%
	IT	15	7,3%
	Credit	13	6,3%
	Other	42	20,4%
	Total	206	100%
Education Level	SMA/SMK	15	7,3%
	D3	4	1,9%
	D4	3	1,5%
	S1	154	74,8%
	S2	30	14,6%
	S3	-	-
Total	206	100%	
Period of Employment (Years)	1-5	117	56,8%
	6-10	62	30,1%
	11-15	17	8,3%
	>15	10	4,9%
	Total	206	100%
Domicile	Sumatera	24	11,7%
	Kalimantan	94	45,6%
	Jawa	57	27,7%
	Sulawesi	18	8,7%
	Papua	-	-
	Nusa Tenggara	6	2,9%
	Bali	5	2,4 %
	Maluku	2	1,0%
	Total	206	100%

Data Processed, 2024

Based on Table 1, the respondents consisted of 206 workers in the state-owned banking sector, including Bank Mandiri (26.7%), Bank Rakyat Indonesia (BRI) (27.2%), Bank Negara Indonesia (BNI) (26.6%), and Bank Tabungan Negara (BTN) (21.4%). Demographically, most respondents were male (57.8%) and in the age range of 26-30 years (34%). Most respondents are single (57.3%) and have an undergraduate education (74.8%). Regarding job division, the largest groups work in marketing (18%) and as tellers (17%). Based on work experience, the majority of respondents have between one and five years of work experience (56.8%). Geographically, respondents are dominated by those who live in Kalimantan (45.6%), followed by Jawa (27.7%) and Sumatra (11.7%).

Measurement Model

The results of the suitability, validity, and reliability tests are as follows:

Table 2. Standardized Loading Factor, Construct Reliability (CR), and Average Variance Extracted (AVE) Values on Overall Model Fit

Variables	Item	SLF	CR	AVE
Psychological Contract Breach (PCB)	The bank I work for has kept all the promises made during recruitment.	0,876	0,947	0,782
	I feel that the Bank where I work has fulfilled the promises	0,887		

	made to me during my employment.			
	So far, the bank I work for has done a very good job in fulfilling its promise to me.	0,883		
	I've already received everything that was promised to me in return for my contribution.	0,88		
	The bank where I work has always kept all the promises it has made, in line with the agreement we made together.	0,853		
Ethical Leadership (EL)	My boss manager listens to what employees say.	0,935	0,976	0,803
	My boss disciplines employees who violate ethical standards.	0,898		
	My boss conducts his personal life in an ethical manner.	0,929		
	My boss puts the employees' best interests first.	0,931		
	My boss makes fair and balanced decisions.	0,945		
	My boss is trustworthy.	0,934		
	My boss discusses business ethics or values with employees.	0,923		
	My boss sets an example of how to do things the right way in terms of ethics.	0,945		
	My boss defines success not only by the results but also by how they are achieved.	0,937		
	When making decisions, my boss asks "what is the right thing to do"?	0,924		
Emotional Exhaustion (EE)	I feel emotionally drained because of my work	0,948	0,954	0,805
	I feel tired at the end of work	0,939		
	I feel tired when I wake up in the morning and have to face the next day at work.	0,957		
	Working with other people all day is really stressful for me.	0,94		
Turnover Intention (TI)	I feel tired with my job.	0,95	0,901	0,753
	I often wonder what it would be like if I didn't work here anymore.	0,938		
	I often think about quitting.	0,941		
	If I get a better offer, I'm likely to quit this job.	0,908		

Data Processed, 2024

According to Table 2, the validity and reliability testing results indicate that the model's indicators satisfy the criteria for validity and reliability. The indicators possess a standardized loading factor (SLF) value exceeding 0.50. This signifies that all metrics are valid and sufficient for assessing the overall components of the established model. The construct reliability (CR) value exceeds 0.70, signifying that all instruments are dependable and consistently assess the structure within the constructed model.

Table 3. Goodness of Fit Index

Indeks	Cut Off Value	Results	Model Evaluation
Chi – Square	As Small As Possible	287, 126	
Df		225	
χ^2 - Significance Probability	≥ 0.05	0.003	
CMIN/DF	≤ 3.00	1.276	Good Fit
RMSEA	≤ 0.08	0.037	Good Fit
RMR	≤ 0.05	0.059	Bad Fit
NFI	≥ 0.90	0.958	Good Fit
IFI	≥ 0.90	0.991	Good Fit
TLI	≥ 0.90	0.989	Good Fit
CFI	≥ 0.90	0.991	Good Fit

Data Processed, 2024

According to Table 3 of the model conformance test, the model conformance requirements have been accepted, and a statement of fit can be made. Six indicators indicate satisfactory conformity. It is acceptable to say that the research model configuration is suitable if three or four measures have a good level of fit or are greater than the cut-off value.

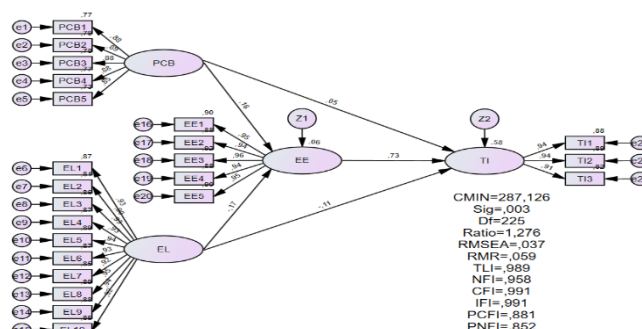


Figure 2. Full Model Testing**Hypothesis Testing**

The following are the results of testing the effect of the relationship between variables in the study configuration that has been built in this research:

Table 4. Hypothesis Testing

Hypothesis	Path	β	S.E	C.R	P	Conclusion
H1	PCB -> EE	0.283	0.127	2.235	0.025	Positive, Signifikan
H2	EL -> EE	-0.207	0.083	-2.492	0.013	Negative, Signifikan
H3	PCB -> TI	0.084	0.086	0.973	0.330	Positive, Insignifikan
H4	EL -> TI	-0.129	0.057	-2.255	0.024	Negative, Signifikan
H5	EE -> TI	0.696	0.053	13.142	0.000	Positive, Signifikan

Data Processed, 2024

Based on the analysis results shown in Table 4, the first hypothesis shows Psychological Contract Breach (PCB) has a significant positive effect on Emotional Exhaustion (EE), the t-value and p-value support evidence of the first hypothesis, the t-count value for Psychological Contract Breach (PCB) and Emotional Exhaustion (EE) 2.235 shows a more significant increase compared to the t-table value of 1.96. Similarly, the p-value indicates a number smaller than 0.05 ($\alpha = 0.05$), so the first hypothesis is accepted. The second hypothesis shows that Ethical Leadership (EL) negatively and significantly affects Emotional Exhaustion (EE). The t-count value of the Ethical Leadership (EL) variable on Emotional Exhaustion (EE) -2.492 is greater than the t-table value of -1.96. Likewise, the p-value indicates a number smaller than 0.05 ($\alpha = 0.05$), so the second hypothesis is accepted. The third hypothesis shows Psychological Contract Breach (PCB) has an insignificant positive impact on Turnover Intention (TI), the t-count value of the Psychological Contract Breach (PCB) and Turnover Intention (TI) variable, 0.973, shows that the value obtained is less than the t-table value of 1.96. Likewise, if the p-value is greater than 0.05 ($\alpha = 0.05$), the third hypothesis is rejected. The fourth hypothesis shows Ethical Leadership (EL) has a negative and significant effect on Turnover Intention (TI), the t-count value of the Ethical Leadership (EL) variable on Turnover Intention (TI) -2.255 shows a value greater than the t-table value of -1.96. Likewise, the p-value indicates a number smaller than 0.05 ($\alpha = 0.05$), so the fourth hypothesis is accepted. The fifth hypothesis shows that Emotional Exhaustion (EE) negatively and significantly affects Turnover Intention (TI). The t-count value of the Emotional Exhaustion (EE) variable on the Turnover Intention (TI) relationship 13.142 shows a value greater than the t-table value of 1.96. Likewise, the p-value indicates a number smaller than 0.05 ($\alpha = 0.05$), so the fifth hypothesis is accepted.

To confirm the indirect influence on the influence of the inherent mediation variable, the following is Table 5 obtained from the results of the Sobel test:

Table 5. Sobel Test-Significance of Mediation

Hypothesis	Path	Sobel Test		Conclusion
		t-Stat	P Value	
H6	PCB->EE->TI	2.196	0.028	Positive, Significant
H7	EL->EE->IT	-2,450	0.014	Negative, Significant

Data Processed, 2024

Based on the results of the Sobel test in Table 5, the sixth hypothesis obtained a Sobel test statistical value of 2.196 with a p-value of 0.028. The Sobel test statistic value is greater than the t-table value of 1.96. Likewise, the p-value is smaller than 0.05 ($\alpha = 0.05$). These results indicate an indirect effect of the Emotional Exhaustion (EE) variable on Psychological Contract Breach (PCB) and Turnover Intention (TI). Likewise, the seventh hypothesis obtained a Sobel test statistic value of -2,450 with a p-value of 0.014. The statistical value of the Sobel test is smaller than the t-table value of -1.96. Likewise, the p-value is smaller than 0.05 ($\alpha = 0.05$). These results indicate an indirect effect of the Emotional Exhaustion (EE) variable on Ethical Leadership (EL) and Turnover Intention (TI).

Discussion

The results of this study reveal that Psychological Contract Breach has a positive and significant effect on emotional exhaustion. This finding is consistent with previous research by Abbas & Al Hasnawi

(2020), which states that Psychological Contract Breach can cause a loss of resources, which ultimately increases the level of emotional exhaustion. Research conducted by Qadri et al. (2022) supports these findings by showing that psychological contract breach directly impacts increasing emotional exhaustion, especially through feelings of job insecurity. When organizations cannot meet expectations or promises made to employees, this can lead to increased emotional distress, which in turn can drain employees' mental energy and affect their emotional well-being. Ethical leadership consistently shows a negative and significant relationship with emotional exhaustion. This finding is supported by research conducted by Lee et al., (2019), which showed that ethical leadership can reduce emotional distress by managing emotional expression strategies more effectively. In addition, research by Zhou & Chen, (2021) and Gunawan et al, (2022) also showed that effective ethical leadership can reduce emotional exhaustion. This negative relationship arises because leaders who apply ethical leadership provide emotional support and make fair decisions, which in turn creates a sense of security and maintains the emotional well-being of employees. This study shows that psychological contract breach have a positive but insignificant effect on turnover intention. This finding is different from research by Lv et al., (2023) and Kanu et al., (2022), which showed that psychological contract breach can increase employees' intention to leave due to negative attitudes towards the organization. In comparison, Abdalla et al., (2021) found an insignificant relationship between psychological contract breach and turnover intention among hospitality industry employees in Zanzibar, especially during the period of leave without pay due to COVID-19. Despite the high rate of psychological contract breach, employees realized the difficulty in finding a new job during the crisis, which led to low turnover intentions. This study shows that the effect of psychological contract breach on turnover intention is not significant, possibly influenced by other more dominant factors, such as emotional exhaustion. In the state-owned banking sector, despite dissatisfaction related to psychological contract breach, job stability is the main factor that makes employees choose to stay. A structured career path with clear prospects provides career development and advancement opportunities, further strengthening the decision. The results indicate that ethical leadership significantly negatively influences turnover intention. This is supported by the findings of (Nejati et al., 2021) and (Saleh et al., 2023), which show that employees' views on ethical leadership can reduce their intention to change jobs. If employees see that their leaders behave ethically and support positive values, they will be more likely to feel connected to the organization and have no intention of leaving. This study shows that emotional exhaustion significantly influences turnover intention. Its findings are consistent with those of Shah et al., (2022) and (Noermijati et al., 2020), who state that individuals who experience emotional exhaustion tend to have stronger intentions to leave their jobs. Emotional exhaustion reduces employees' energy and motivation, ultimately increasing job dissatisfaction and encouraging them to seek better opportunities. Emotional exhaustion is a mediator variable in the relationship between psychological contract breach and turnover intention. This finding is supported by the research (Perdanaputra & Putra, 2022), which states that psychological contract breach can increase emotional exhaustion, which in turn triggers the intention to change jobs. Employees who feel their psychological contracts are violated tend to experience greater emotional exhaustion, which ultimately increases their desire to leave the organization and seek better opportunities. Emotional exhaustion serves as a mediator in the relationship between ethical leadership and turnover intention. Research conducted by Saleh et al., (2022) and Ali et al., (2022) showed that ethical leadership can reduce emotional exhaustion, indirectly contributing to decreased turnover intention. Ethical leaders play a role in providing support and authority in decision-making, which has an impact on reducing emotional stress and increasing employee engagement, thereby reducing employees' intention to leave the organization.

4. Conclusion

This study investigates the relationship between psychological contract breach, ethical leadership, emotional exhaustion, and turnover intention in the state-owned banking sector in Indonesia. A total of 206 respondents working as employees of state-owned banks in Indonesia participated in this study. The analysis results show that psychological contract breach has a positive and significant impact on employee emotional exhaustion, which means that the greater the employees' feeling that their contracts are being breached, the higher the emotional exhaustion they experience. On the other hand, ethical leadership was found to reduce emotional exhaustion, highlighting the important role of ethical leaders in creating a work environment that supports employees' emotional well-being. Although psychological contract breach influenced turnover intention, its impact was not significant in the context of this study, suggesting that other factors, such as emotional exhaustion and work pressure, may have a stronger influence on employees' decision to turnover. In contrast, ethical leadership significantly negatively impacted turnover intention; employees who viewed ethical

leadership positively tended to be more loyal to the company. Emotional exhaustion significantly increases turnover intention and serves as an important mediator in the relationship between psychological contract breach and turnover intention and ethical leadership and turnover intention. Overall, the findings suggest that ethical leadership plays a role in reducing employees' emotional exhaustion and indirectly decreases turnover intention. At the same time, psychological contract breach exacerbates emotional exhaustion that drives employees' turnover intention. As such, this study offers theoretical insights and practical recommendations for human resource management in state-owned banks. Human resource management can use these findings to create strategies that reduce turnover intention. By addressing psychological contract breaches, HRM can ensure transparent communication and realistic goal-setting to align employee expectations with organizational capabilities. Prioritizing training on ethical leadership will help managers build trust and provide emotional support. Additionally, HRM should implement stress management initiatives and regular check-ins to address early signs of emotional exhaustion. By integrating these practices into policies, organizations can improve employee satisfaction, loyalty, and retention, leading to a more stable and productive workforce. This study has several limitations that need to be considered, such as the sample used is still relatively narrow because it is limited to the BUMN banking sector in Indonesia, as well as time constraints in data collection. In addition, the sample distribution is uneven because it does not cover all regions of Indonesia as a whole. Although these findings are focused on the state-owned banking sector in Indonesia, the results have the potential to be generalized to other sectors that face similar challenges, such as education, healthcare, or manufacturing. Therefore, it is recommended that the sample coverage be expanded to include other industry sectors outside of state-owned banking so that the results can be better generalized. In addition, additional factors such as organizational climate, work-life balance, and job satisfaction also need to be considered to provide a more comprehensive picture of the factors that influence employee turnover intention. Furthermore, the use of a qualitative approach can be an option, as it can explore employee perceptions of ethical leadership and psychological contract breach in more depth, thus enriching understanding of the dynamics of the relationship between the variables studied.

ACKNOWLEDGEMENTS

The authors would like to express their deep gratitude to Tanjungpura University, especially the Faculty of Economics and Business and the Department of Management, for providing full support in implementing this research through the MBKM research program. We also thank the lecturers at the Department of Management, Faculty of Economics and Business, UNTAN, who have provided meaningful guidance and direction while preparing this journal. We remember to thank all parties involved, including the respondents who have participated in this research. Finally, the author would like to thank the colleagues who have provided support and encouragement so that this research can be completed properly.

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