

## ABSTRACT

The advancement of technology and digital transformation, particularly through Artificial Intelligence (AI), has accelerated competition in the global business environment. To sustain competitiveness, companies increasingly rely on employees' Innovative Work Behavior (IWB), which plays a vital role in generating ideas that enhance organizational performance. Ethical Leadership (EL), characterized by leaders' adherence to moral values, is considered a key driver of IWB by fostering an ethical work culture and supporting creativity. However, research gaps remain regarding the mechanisms through which EL influences IWB.

This study examines the effect of ethical leadership on innovative work behavior with psychological safety as a mediating variable among employees at Bank BRI Regional Office Semarang. Data were collected through an online questionnaire distributed to 132 employees, selected using purposive sampling. The study employed Structural Equation Modeling–Partial Least Squares (SEM-PLS) with SmartPLS 4.0 for hypothesis testing, using a five-point Likert scale for measurement.

The findings indicate that ethical leadership has a significant positive impact on innovative work behavior. Moreover, psychological safety is found to mediate the relationship between ethical leadership and innovative work behavior, highlighting its role in enhancing employees' creativity and innovation within the workplace.

**Keywords:** Ethical Leadership, Innovative Work Behavior, Psychological Safety

