

The Mediating Role of Psychological Ownership Between Ethical Leadership and Job Satisfaction Among Employees in Pakistan

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Abstract

This study investigated the mediating role of psychological ownership in the relationship between ethical leadership and job satisfaction among employees in Pakistan. A sample of 273 full-time employees aged 19–40, each with at least one year of organizational tenure, was selected through a purposive sampling technique. Using a quantitative, cross-sectional correlational design, the study utilized three instruments to measure the variables: the Ethical Leadership Scale, the Psychological Ownership Scale, and the Minnesota Satisfaction Questionnaire. The study strictly followed APA 7th edition ethical guidelines. IBM SPSS Version 26 was used for data analysis, including Pearson product-moment correlation and mediation analyses via Hayes' Process Macro 4.2 (Model 4). Results revealed significant positive correlations among ethical leadership, psychological ownership, and job satisfaction. Mediation analysis further confirmed that psychological ownership partially mediated the relationship between ethical leadership and job satisfaction. These findings suggest that ethical leadership not only directly enhances job satisfaction but also indirectly fosters it by strengthening employees' sense of ownership. Practically, organizations should promote ethical leadership practices to cultivate psychological ownership, thereby improving job satisfaction and overall employee well-being.

Keywords: Ethical Leadership, Job Satisfaction, Psychological Ownership, Employees.

Introduction

Ethical leadership is guided by respect for ethical beliefs and values, as well as the dignity and rights of others. It is characterized by trust, honesty, consideration, charisma, and fairness (Astiwardhani et al., 2024; Dodamgoda, 2024). Ethical leadership is also defined as “the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision making” (Chayabutra & Ueasangkomsate, 2025; Giessner & Quaquebeke, 2010; Stouten et al., 2012). Prior research demonstrates that ethical leadership is positively associated with both job satisfaction and psychological ownership among employees.

Job satisfaction, also referred to as employee or work satisfaction, reflects the degree of contentment employees experience in their jobs and encompasses overall or specific aspects such as work nature or supervision (Sulistio & Darmastuti, 2024; Gupta et al., 2024). It involves behavioral, cognitive, and affective components (Joanna & Jerzy, 2020; Judge et al., 2020). Several studies provide evidence of the positive role of ethical leadership in enhancing job satisfaction. For example, Tu et al. (2017) investigated 371 Chinese enterprise employees and found that ethical leadership enhanced moral awareness, moral identity, and job satisfaction. Similarly, Attar et al. (2017), in a study of 224 municipal employees in Turkey, reported a positive influence of ethical leadership on job satisfaction. Ren and Chadee (2017) further confirmed these effects in a study of 388 Beijing employees, where self-efficacy mediated the relationship between ethical leadership and job satisfaction. Collectively, these findings emphasize ethical leadership as a vital predictor of job satisfaction.

Psychological ownership, defined as “the state in which individuals feel as though the target of ownership or a piece of that target is ‘theirs’” (Dawkins et al., 2017; Pierce & Peck, 2018), reflects employees’ cognitive and affective connection to their work. It is distinct from legal ownership, as employees may feel ownership of workspaces or tasks without formal rights (Pierce & Brown, 2019).

Empirical evidence highlights the role of psychological ownership in mediating the relationship between leadership and employee outcomes. For example, Park et al. (2015) found that among 202 Korean nonprofit employees, ethical leadership significantly enhanced psychological ownership, which in turn mediated its influence on in-role performance. Similarly, Avey et al. (2012), surveying 845 working adults, demonstrated that psychological ownership mediated the relationship between ethical leadership and job satisfaction. In Pakistan, Akram et al. (2015) revealed that psychological ownership partially mediated the link between empowerment and job satisfaction among 151 public sector employees. Moreover, Mayhew et al. (2007), in a U.S. study of 68 employees and managers, confirmed psychological ownership as a distinct construct predicting job satisfaction.

Although prior research has examined ethical leadership, psychological ownership, and job satisfaction independently or in pairs, studies directly exploring the mediating role of psychological ownership between ethical leadership and job satisfaction remain limited, particularly in Pakistan. Addressing this gap, the present study aims to investigate this mediating mechanism, contributing to both theoretical understanding and practical applications.

Hypotheses

H1: Ethical leadership will be positively related to psychological ownership and job satisfaction among employees.

H2: Psychological ownership will mediate the relationship between ethical leadership (predictor) and job satisfaction (outcome) among employees.

Method

The study adopted a cross-sectional correlational design and employed a purposive sampling technique to collect data from employees aged 19 to 40 years, with a minimum of one year of experience in their current organization. Only full-time employees and Pakistani citizens were included in the study.

Measures

Ethical Leadership Scale (Brown et al., 2005)

Ethical leadership was measured using the Ethical Leadership Scale (ELS), which consists of 10 items designed to assess the ethical behavior of leaders in organizational settings. This scale was developed by Brown et al. (2005). Each item is rated on a 5-point Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree). Higher scores indicate stronger perceptions of ethical leadership. The scale focuses on the core dimensions of ethical leadership, including fairness, integrity, and ethical decision-making. It has demonstrated good reliability, with a reported Cronbach's alpha of .93, indicating strong internal consistency.

Psychological Ownership Scale (Van Dyne & Pierce, 2004)

Psychological ownership was assessed using the 7-item Psychological Ownership Scale, developed by Van Dyne and Pierce (2004). The scale measures employees' feelings of ownership and attachment to their work and organization, reflecting the sense of psychological ownership even in the absence of legal ownership. Responses are given on a 5-point Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree). Higher scores represent stronger feelings of ownership. The scale has shown good internal consistency, with a Cronbach's alpha of .89, and has been validated across various cultural and organizational contexts.

Minnesota Satisfaction Questionnaire (MSQ)

Job satisfaction was measured using the Minnesota Satisfaction Questionnaire (MSQ), which includes 20 items assessing both intrinsic and extrinsic aspects of job satisfaction. The MSQ was developed by Weiss et al. (1967) and has been widely applied in research across different job types and industries. It has demonstrated strong reliability, with Cronbach's alpha values typically ranging from .80 to .90, depending on the sample. The scale has well-established psychometric properties. Participants rated their level of satisfaction on a 5-point Likert scale ranging from 1 (very dissatisfied) to 5 (very satisfied). Higher scores indicate greater job satisfaction.

Ethical Considerations

The study adhered strictly to the APA 7 ethical code of conduct. Permission from the authors of the scales was obtained. Participants from corporate and educational organizations were approached with a consent form, demographic questionnaire, and study instruments. After providing written consent, participants completed the demographic form followed by the research measures. The consent form outlined confidentiality, voluntary participation, and the right to withdraw at any stage without penalty. Data collection took place from February 2025 to April 2025. A total of 384 participants were approached, of which 273 completed the questionnaires. Participants were thanked for their contribution to the study. All data were entered into IBM SPSS Statistics version 26 for analysis.

Results

Sociodemographic Characteristics of Participants (N=273)

Characteristics	Frequency	Percentage	Mean	Standard Deviation
Age			27.93	6.41
Gender				
Men	178	65		
Women	95	35		
Educational Qualification				
Matric/ O Level	8	3		
Intermediate/ A Level	49	18		
Bachelor (4 years Honor)	133	49		
Master	72	26		
Ph.D.	11	4		
Marital Status				
Single	149	55		
Married	104	38		
Divorced	9	3		
Widowed	5	2		
Separated	6	2		
Socioeconomic Status				
Lower	50	18		
Middle	139	51		
Upper	84	38		
Level of Designation				
Entry Level	72	26		
Associate/ Junior	91	33		
Mid Level	43	16		
Senior/ Managerial	40	15		
Top Management/ Executive	27	10		

The sample consisted of 273 participants with a mean age of 27.93 years ($SD = 6.41$). Of the participants, 65% were men ($n = 178$) and 35% were women ($n = 95$). Regarding educational qualification, 3% had completed Matric/O Level ($n = 8$), 18% had Intermediate/A Level ($n = 49$), 49% had a Bachelor's degree ($n = 133$), 26% held a Master's degree ($n = 72$), and 4% had earned a Ph.D. ($n = 11$). With respect to marital status, 55% of participants were single ($n = 149$), 38% were married ($n = 104$), 3% were divorced ($n = 9$), 2% were widowed ($n = 5$), and 2% were separated ($n = 6$). In terms of socioeconomic status, 18% reported belonging to a lower socioeconomic background ($n = 50$), 51% to the middle socioeconomic class ($n = 139$), and 38% to the upper socioeconomic class ($n = 84$). Finally, for designation level, 26% were at the entry level ($n = 72$), 33% at associate/junior level ($n = 91$), 16% at mid-level ($n = 43$), 15% at senior/managerial level ($n = 40$), and 10% at top management/executive level ($n = 27$).

Table 2

Correlational Analysis Among Study Variables (N=273)

Variables	1	2	3
1.Ethical Leadership	-	.46**	.66**
2.Psychological Wellbeing		-	.45**
3.Job Satisfaction			-

Note. ** $p < .01$

The correlation analysis revealed that ethical leadership was positively associated with psychological well-being, $r = .46$, $p < .01$, and with job satisfaction, $r = .66$, $p < .01$. In addition, psychological well-being was positively correlated with job satisfaction, $r = .45$, $p < .01$. These findings suggest that higher levels of ethical leadership are linked to greater psychological well-being and job satisfaction, and that psychological well-being is also positively related to job satisfaction.

Table 3

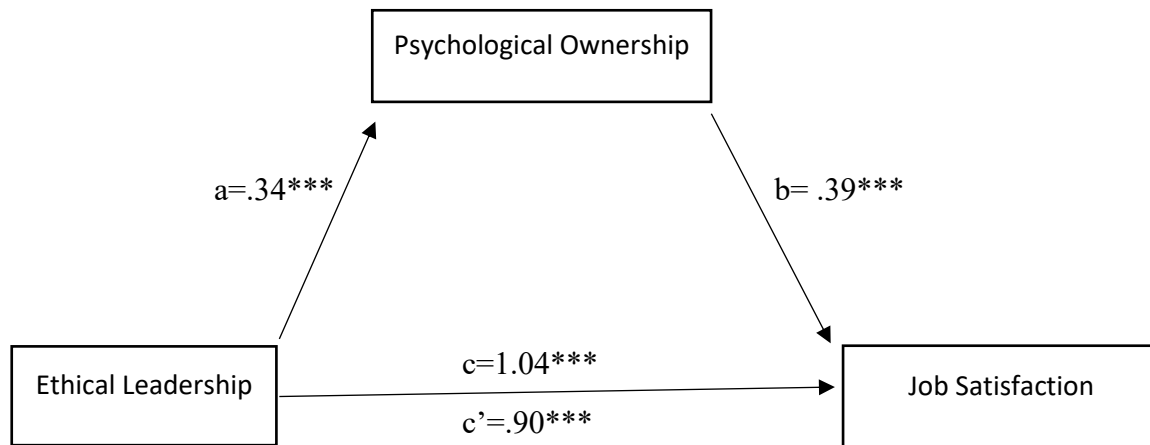
Mediation Analysis (N=273)

		Consequences						
		PO (M)			Job Satisfaction (Y)			
Antecedents		β	SE	p		β	SE	p
Ethical Leadership (X)	a	.34***	.04	<.001	c'	.90***	.07	<.001
PO (M)	-				b	.39***	.10	<.001
Constant	I	11.68***	1.51	<.001	I	28.03***	2.85	<.001
		$R^2 = .21 \quad F = 73.53$			$R^2 = .47 \quad F = 121.59$			
		$p < .001$			$p < .001$			

Note. ** $p < .01$, *** $p < .001$, PO= Psychological Ownership

The mediation analysis indicated that ethical leadership had a significant positive effect on psychological ownership, $a = .34$, $SE = .04$, $p < .001$. In turn, psychological ownership significantly predicted job satisfaction, $b = .39$, $SE = .10$, $p < .001$. Even after accounting for the mediator, ethical leadership retained a significant direct effect on job satisfaction, $c' = .90$, $SE = .07$, $p < .001$. The model explained 21% of the variance in psychological ownership, $R^2 = .21$, $F(1, 271) = 73.53$, $p < .001$, and 47% of the variance in job satisfaction, $R^2 = .47$, $F(2, 270) = 121.59$, $p < .001$. These results suggest partial mediation, indicating that psychological ownership partially mediates the relationship between ethical leadership and job satisfaction

Figure 1: Statistical Model



Note. *** $p < .001$

The statistical model demonstrated that ethical leadership had a significant positive effect on psychological ownership ($a = .34$, $p < .001$). In turn, psychological ownership significantly predicted job satisfaction ($b = .39$, $p < .001$). The total effect of ethical leadership on job satisfaction was significant ($c = 1.04$, $p < .001$). After including the mediator, the direct effect of ethical leadership on job satisfaction remained significant ($c' = .90$, $p < .001$). These findings indicate that psychological ownership partially mediates the relationship between ethical leadership and job satisfaction.

Discussion

The study aimed to find the relationship between ethical leadership and job satisfaction via the mediator psychological ownership among employees in Pakistan to fill the gap in the cultural context and to provide useful implications.

The first hypothesis of the study is proved as ethical leadership has a significant relationship with psychological ownership and job satisfaction among employees in Pakistan. The

result of this study is aligned with a previous study that surveyed 273 employees in the United States to examine the impact of ethical leadership on job satisfaction. Using the Ethical Leadership Scale and Minnesota Satisfaction Questionnaire, results indicated that employees led by highly ethical leaders reported significantly greater job satisfaction compared to those with less ethical leaders (Yates, 2011). Another study also aligns with the result of this study, which surveyed 307 employees from public listed companies in Pakistan to examine the relationship between ethical leadership and psychological ownership. Findings indicated a significant positive relationship, showing that employees perceiving their leaders as ethical reported stronger feelings of psychological ownership, emphasizing ethics as an important factor in employee attitudes (Saeed et al., 2022).

This study's correlational results also depict that psychological ownership has a significant and positive relationship with job satisfaction among employees. The result of this study is aligned with the findings of a previous study that examined 136 middle managers in a large telecommunications firm in Singapore to investigate the relationship between psychological ownership and job satisfaction. Findings revealed a significant positive relationship, indicating that managers experiencing higher psychological ownership also reported greater job satisfaction, highlighting ownership as a key factor in workplace attitudes (Mustafa et al., 2016).

The second hypothesis of the study is partially supported by Hayes PROCESS Macro Model 4, as the direct effect of ethical leadership on job satisfaction is significant, while the indirect effect via psychological ownership is also significant. The total effect is significant, and the significance of the direct effect indicates partial mediation. This study surveyed 307 employees from public listed companies in Pakistan to investigate the effect of ethical leadership on job satisfaction through psychological ownership. Results revealed that ethical leadership significantly enhanced job satisfaction, with psychological ownership partially mediating this relationship (Saeed et al., 2022). Considering Pakistan's hierarchical organizational culture, this highlights that while ownership matters, ethical leadership itself remains a strong independent driver of job satisfaction.

Limitation and Recommendation

The first and foremost limitation of the study is the limited sample size; future studies need to consider a larger sample size. The second limitation of the study is that the questionnaires were in English; in the cultural context of Pakistan, Urdu-translated questionnaires could be more effective in future studies. Although studies stated that data were collected from educational and corporate sectors, the demographic questionnaire needs to include these sociodemographic characteristics; this should be addressed in future studies.

The study's data collection from different levels of designation, gender, and socioeconomic status categories is not balanced. Future studies need to balance these categories per frequency so that more analyses may be included. It is likely that entry-level and associate-level employees may perceive ethical leadership differently from higher-rank employees in the organization; therefore, balance is key. The data collected from private and government organizations are acceptable, but these also need to be included as sociodemographic characteristics and presented in the demographic table in future studies.

Implications

From a practical perspective, this study underscores the importance of cultivating ethical leadership in Pakistani organizations to strengthen employees' psychological ownership and thereby enhance job satisfaction. In a cultural context where hierarchical structures often restrict autonomy, ethical leaders can foster trust, fairness, and empowerment, ultimately improving retention and well-being.

Theoretically, the study advances leadership scholarship by positioning psychological ownership as a mediating mechanism between ethical leadership and job satisfaction. By offering empirical evidence from Pakistan, it enriches global leadership discourse with context-specific insights from a developing economy, thereby extending the applicability of ethical leadership theories across diverse organizational settings.

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