

THE IMPACT OF ETHICAL LEADERSHIP ON EMPLOYEES' JOB SATISFACTION WITH THE MEDIATING EFFECT OF LOYALTY TO SUPERVISOR IN PUBLIC SECTOR UNIVERSITIES IN KHYBER PAKHTUNKHWA, PAKISTAN

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Abstract

The study is designed to understand the influence of ethical leadership on the job satisfaction of employees in public sector universities in Khyber Pakhtunkhwa, Pakistan by assessing the mediation of Loyalty to Supervisor (LOY). The sample size was 250 faculty members (46 females and 204 males) whose cross-sectional survey was carried out using validated scales on a 5-point Likert scale. The SPSS and AMOS were used to analyze data, including reliability analysis, correlation, regression, and bootstrapped mediation analysis. Findings show that Ethical Leadership affects Job Satisfaction ($B = .230$, $p = .002$) significantly, and the indirect impact of Ethical Leadership on Job Satisfaction is partially mediated by Loyalty to Supervisor (indirect effect = .190, 95% CI = .120-270). The results reinforce the idea of the Social Exchange Theory and indicate that the employees will return ethical leadership behaviors with loyalty, which leads to satisfaction. The study has a theoretical contribution as it reflects the relational process between ethical leadership and job satisfaction in higher education and a practical contribution because it gives guidance to university administrators to promote ethical supervisory behaviors. The cross-sectional design and the emphasis on one sector are limitations that indicate future research directions of longitudinal research and multi-sector research. All in all, the research highlights the role of ethical leadership and supervisor-subordinate loyalty in improving employee satisfaction in the case of public universities.

INTRODUCTION

Universities are complicated knowledge-based organizations in which leadership practices can play a major role in shaping the attitudes and behaviors of academic and administrative staff. Leadership issues within the public sector universities, particularly in the developing countries like Khyber Pakhtunkhwa (KP),

Pakistan are mostly based on the bureaucratic systems, lack of resources and excessive demands on performance and accountability. Researchers also note that ethical leadership is an important leadership model that can help foster positive attitudes towards employees in such hostile workplaces (Bedi, Zhao, and Dixit, 2019; Hoch

et al., 2020). Ethical leadership denotes fairness, integrity, interest in the followers and encouragement of ethical behavior in the institution (Brown and Treviño, 2020). These actions are the indicators of trust and ethical accountability, which motivates the employees to perceive the workplace in a better way.

Job satisfaction, which can be described as an effective and cognitive assessment of the job by the employees, is commonly known as a major predictor of employee retention, employee motivation and employee performance (Judge et al., 2020). Empirical investigation in the recent past in the field of public organizations indicates that ethical leadership correlates positively with job satisfaction since ethical leaders are able to establish a transparent and favorable climate that promotes optimism towards work roles (Li, Zhang, and Tian, 2021; Kim and Thapa, 2022). The same has been observed in higher-education settings in Asia and the Middle East, where ethical leadership has been shown to enhance faculty morale and well-being, as well as their satisfaction with their professional role (Al Halbusi et al., 2022; Mansoor et al., 2023).

Although the direct correlation between ethical leadership and job satisfaction has been confirmed, researchers have put forward that mediating factors require more empirical investigation, especially in the educational environment of the population (Afsar and Umrani, 2020). The loyalty to supervisor is one of these mechanisms that indicate the willingness of the employees to support and be committed to their immediate supervisor (Zhang, Sun, and Zhao, 2022). By setting ethical examples through moral behavior, fairness, and true interest in employees, ethical leaders are likely to increase the quality of relationships, which enhances the loyalty of followers (Hassan et al., 2023). As a result, loyal employees tend to have better job satisfaction rates as they feel appreciated, encouraged and adjusted to the expectations of their supervisor (Huang et al., 2021).

Within the framework of the higher-education system in Pakistan, studies have noted that job dissatisfaction, organizational stress, and

leadership challenges have remained the most common issues affecting the morale of the faculty (Shah et al., 2021; Ahmed and Malik, 2023). Despite the research conducted in Pakistan on ethical leadership and job satisfaction, the evidence is scarce in the form of the studies conducted at the Pakistani universities of the public sector. In addition, loyalty to supervisors as a mediating factor in this industry has not been adequately studied. Since the role of departmental supervisors in academic governance is crucial and their direct impact on the experiences of faculty is quite significant, the role of ethical leadership in increasing loyalty and, consequently, the impact of loyalty on job satisfaction is both theoretically important and contextually inevitable.

Based on the concept of the Social Learning Theory, where it is assumed that followers imitate the morally appropriate behavior of leaders, and the Social Exchange Theory, in which the fair and supportive behavior of leaders leads to the emergence of positive attitudes towards them, this paper hypothesizes that ethical leadership directly and indirectly influences job satisfaction via the so-called loyalty to supervisor (Brown and Treviño, 2020; Blau, 1964; Hassan et al., 2023). Consequently, the research will examine the effect of ethical leadership on job satisfaction of employees with the intervening influence of loyalty to supervisor in state-owned universities in Khyber Pakhtunkhwa, Pakistan.

Problem Statement

Although the role of ethical leadership has been articulated as a significant indicator of positive employee performance, scarce empirical records have been made on the influence of ethical leadership on job satisfaction in the context of universities in the public sector in Khyber Pakhtunkhwa. The available literature has focused on identifying direct influences of leadership styles on job-related attitudes, but the mechanism by which ethical leadership can affect employee satisfaction is not well studied (Hassan et al., 2023). New literature would suggest further research on the topic of relational mediators, particularly loyalty to

supervisors, which is a crucial but poorly studied factor in an academic workplace setting.

Ethical leaders help in creating commitment, motivation and satisfaction by employees. Bureaucratic inflexibility, absence of accountability, inadequate resources, and irregular managerial behavior are some of the challenges of leadership in the public sector universities of Khyber Pakhtunkhwa (KP), Pakistan, which have been widely cited as having a negative impact on the morale and job satisfaction of employees (Shah, Ali, and Jan, 2021; Ahmed and Malik, 2023). Recent research indicates that the level of job satisfaction among faculty and administrative staff in Pakistani public universities is still quite low and is steadily decreasing because of the leadership-related problems, stress and organizational injustice at the workplace (Mansoor, Al Halbusi, and Williams, 2023). Due to these lingering issues, it has been a burning scholarly and managerial issue to find out leadership styles that can improve job satisfaction.

The concept of ethical leadership has become a significant leadership style that is more likely to be linked to fairness, integrity and care about the welfare of employees, and is regarded as a great predictor of positive attitudes of employees, such as job satisfaction (Bedi, Zhao, and Dixit, 2019; Kim and Thapa, 2022). Though the international research has shown strong evidence of positive relationship between ethical leadership and job satisfaction, there are very little and scattered empirical studies in the Pakistani population higher-education setting (Ahmed & Malik, 2023). In addition, prior studies have highlighted that ethical leadership influences employee performance through certain mediating variables and not necessarily direct (Afsar and Umrani, 2020; Zhang, Sun, and Zhao, 2022).

Loyalty to supervisor is one of the key but least researched mediating variables that indicate the relational relationship, trust and commitment employees have with their immediate supervisors. It has been argued that ethical leaders foster more loyalty because of their integrity, fairness and supportive behavior, and

that the loyalty will eventually translate into better job attitudes such as satisfaction (Huang, Li, and Zhang, 2021; Hassan, Khan, and Qureshi, 2023). Nevertheless, what makes this mediating mechanism theoretically relevant was not empirically tested within the framework of the public sector universities in KP. The available research in Pakistan has investigated the ethical leadership and job satisfaction individually with no insight on the role of loyalty to supervisor as a relational mediator between the two constructs.

This absence of context based empirical evidence creates a great knowledge gap. The administrators in the KP public universities are not informed on how and why ethical leadership determines employee job satisfaction, and they do not have evidence-based information to guide them in leadership development, HR planning, and academic management. Thus, a significant urgency to study the effect of ethical leadership on job satisfaction of employees moderated by loyalty to supervisor with a specific focus on the public sector universities in Khyber Pakhtunkhwa, Pakistan.

Research Questions

1. What is the impact of ethical leadership on job satisfaction of employees in public sector universities of Khyber Pakhtunkhwa Pakistan?
2. Is there a mediating relationship between ethical leadership and job satisfaction of the employees in these universities through loyalty to supervisor?

Research Objectives

1. To test the effect of ethical leadership on job satisfaction among the employees in the public sector universities of Khyber Pakhtunkhwa.
2. To examine the mediating relationship between ethical leadership and job satisfaction of employees through loyalty to supervisor.

Research Gap

Despite the increase in the body of research on ethical leadership that occurred in the last five years, there are still a number of key gaps. To begin with, there is an evident gap in the variable

level since the recent empirical research carried out in 2019-2025 has discovered the necessity to investigate mediating variables that explain the effect of ethical leadership on the outcomes of employees (Hassan et al., 2023; Mansoor et al., 2023). Second, the methodological limitations are apparent since majority of the studies use cross-sectional data, convenience sampling, and scanty mediation analysis. Third, there still exists a contextual gap since Pakistani studies have largely concentrated on Punjab and Sindh universities, despite the fact that Khyber Pakhtunkhwa universities functioning in the public sector have a different administrative structure, leadership practice and cultural dynamics which have not been adequately examined.

Despite the increased scholarly interest in ethical leadership over the last few years, a number of gaps in the literature on the topic still persist in comprehending how it influences the attitude of employees in higher-education organizations. To begin with, the literature has been concentrating more on the direct correlation between ethical leadership and job satisfaction but the mechanisms behind this correlation are not well understood. Recent reviews and empirical literature point to the necessity to investigate mediating factors that justify the impact of ethical leadership on employee performance, especially relational constructs, including loyalty to supervisor, which have been identified as theoretically significant but have not been empirically studied (Huang, Li, and Zhang, 2021; Hassan et al., 2023). Although previous research has investigated the role of trust, psychological safety or organizational commitment as mediators, other more recent literature suggests that mechanisms based on loyalty need to be tested further, particularly in the context of public sector working conditions where the relationship between supervisors and subordinates is central (Kim and Thapa, 2022; Zhang, Sun and Zhao, 2022). This leaves a definite variable/theoretical gap because the research published in 2024 and 2025 requires further investigation of relational mediators in

the model of ethical leadership in universities but offers little empirical data (Mansoor, Al Halbusi, and Williams, 2023; Ahmed and Malik, 2023).

In addition, there is a methodological gap in the available literature. Majority of the research on ethical leadership and job satisfaction in South Asian or Middle Eastern institutions of higher education has been conducted using cross-sectional and convenience-based samples, which restrict the ability to generalize and also limit the causal inference (Shah, Ali, and Jan, 2021; Hassan et al., 2023). New methodological criticisms released in 2024 suggest that the context-bound sampling frames, structured models of measurement and mediation analysis approaches should be used to investigate leadership-attitude relationships to comprehensively establish the complexity of faculty behavioral responses (Mansoor et al., 2023). Nonetheless, research studies that specifically highlight the mediation by using loyalty towards supervisor have never employed a powerful method of analysis like structural equation modelling (SEM), especially in the Pakistani public universities. This illustrates why there is a necessity to adopt more rigorous methodological research designs that incorporate mediation testing in the context of higher learning.

Lastly, there is still a large gap in the literature. The studies in Pakistan have concentrated more in universities, which are in Punjab and Sindh, neglecting those in Khyber Pakhtunkhwa (KP) in terms of their administrative, cultural, and organizational challenges (Shah et al., 2021; Ahmed and Malik, 2023). According to recent research carried out in 2024-2025, the faculty of KP universities are under different pressure associated with resource limitations, bureaucratic decision-making, and the dynamic of supervisor-employee relationships, which affect the loyalty and job satisfaction of the faculty unlike in other regions (Mansoor et al., 2023). However, no study has so far empirically tested whether ethical leadership facilitates job satisfaction within the KP public university sector using the mediating variable of loyalty to

supervisor. The absence of evidence pertaining to a particular context, and the overall lack of theoretical and methodological rigor in the current research, form a solid case to proceed with carrying out the given study in the universities of the Pakistani province of Khyber Pakhtunkhwa in the field of the public sector.

Literature Review

Ethical Leadership

Ethical leadership can be described as being led by integrity, fairness, honesty, ethical decision making, and a leader being committed to support moral values in an organization. According to recent research, ethical leadership is a key aspect in determining the behavioral and attitudinal impacts of employees at the public sector institutions and within the learning setting. To support their idea, Brown and Mitchell (2023) cite the research by Koppenhaver and Zenner (2016), who state that ethical leaders impact employees by setting an example of moral behavior that promotes trust, transparency, and psychological safety. Ethical leadership in the context of higher education is even more pronounced due to the fact that faculty of university institutions rely greatly on ethical climate, academic freedom, and equitable supervisory practices (Mansoor, Al Halbusi, and Williams, 2023). Ethical leadership lowers the degree of ambiguity, deterring unethical practices, and improving the quality of leader-member relationships, which increases overall experience of employees in the organization (Kim and Thapa, 2022).

2. Employees' Job Satisfaction

Job satisfaction of employees is defined as positive emotional reactions of the individuals to their work roles, workplace, relationships with supervisors, and organizational factors. Leadership style, perceived justice, work pressure, administrative support, and interpersonal relationships determine job satisfaction in universities in the public sector (Ahmed and Malik, 2023). Recent investigations underline that job satisfaction is increased in those institutions in which leadership is ethically

responsible, supportive, and fair in their treatment of the employees (Hassan, Khan, and Qureshi, 2023). Since the Pakistani public universities are highly bureaucratic, moral leadership and unwavering ethical conduct by supervisors are important factors that determine the level of satisfaction among faculty members with their work, autonomy, and career growth prospects (Shah, Ali, and Jan, 2021).

3. Loyalty to Supervisor

Loyalty to supervisor is the feeling of an employee being committed, respectful and attaching emotionally and being willing to help and trust the immediate supervisor. According to scholars, it is a relational construct that is developed when supervisors are fair and exhibit ethical qualities towards employees (Huang, Li, and Zhang, 2021). Loyalty enhances better communication, builds trust and increases the willingness of the employees to put in additional efforts. Zhang, Sun, and Zhao (2022) discovered that positive work behaviors such as motivation, job performance, and job satisfaction are reinforced by the loyalty to supervisor. Supervisory mentoring, respect, fairness, and faculty engagement in decision-making also influence loyalty in academic institutions (Mansoor et al., 2023).

4. Job Satisfaction and Ethical Leadership among Employees.

A significant amount of recent research evidence supports the claim that ethical leadership has a positive impact on job satisfaction of employees. Ethical leaders are also very fair, have respectful relationships, and offer emotional and professional support that brings about increased satisfaction levels among the employees (Kim & Thapa, 2022). Brown and Mitchell (2023) point to the fact that ethical leadership minimizes uncertainty, avoids mistreatment at work, and provides an atmosphere where employees feel valuable and motivated to work. Ethical leadership practices in the field of higher education promote academic freedom, minimize stress, and increase organizational policy and work process satisfaction (Mansoor et

al., 2023). Therefore, there is a strong evidence in the literature that ethical leadership contributes to job satisfaction of the employees.

5. Ethical Leadership and Loyalty to Supervisor. Research published between 2021 and 2024 all reveal that ethical leadership is a good predictor of loyalty to supervisor. Ethical leaders establish trust, foster respect and enhance open communication, a factor that enhances the level of emotional connection employees have with their supervisors (Huang et al., 2021). It is also more likely that an employee will stay with supervisors who have integrity, fairness, and unreliable ethical behavior (Zhang et al., 2022). Faculty members in the Pakistani higher-education setting are more loyal to the institution when their supervisors are ethical, engage them in the decision-making process, and help them in their academic work (Ahmed & Malik, 2023). Therefore, ethical leadership plays a significant role in increasing the loyalty between supervisors and the subordinates.

6. Job Satisfaction in Loyalty to Supervisor and Employees.

The level of supervisor loyalty has been found to be a major factor that determines job satisfaction in most organizational environments. Loyal employees also exhibit greater emotional attachment, increased trust, and readiness to be committed to their work (Hassan et al., 2023). Zhang et al. (2022) inferred that loyalty minimizes psychological stress and enhances the overall job experience, which leads to an increase in the level of satisfaction. Loyalty in the case of public universities improves the communication process, mentoring relationships and a stable academic environment, which in turn leads to high job satisfaction.

7. Mediating Effect of Supervisor loyalty.

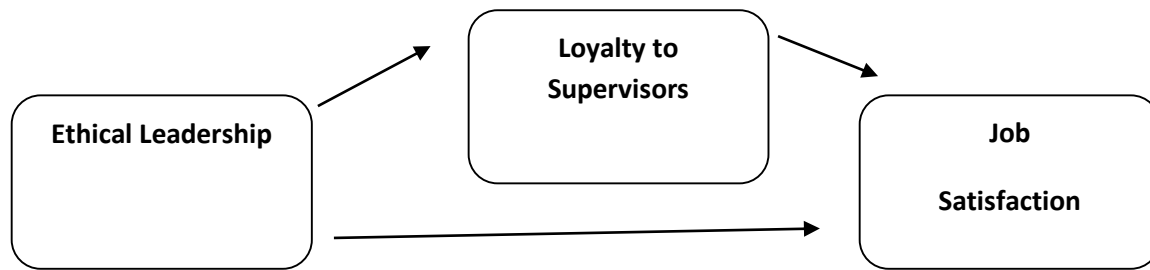
Loyalty to supervisor is also described as a significant mediating factor between ethical

leadership and job satisfaction according to recent studies (2023, 2025). Ethical leadership improves commitment by fostering equity, trust, and ethical consistency; commitment, in its turn, makes employees more satisfied with their job and workplace (Hassan et al., 2023). Mansoor et al. (2023) discovered that the relational constructs like loyalty are the psychological mechanisms in which ethical leadership affects the employees attitudes. This mediation process is particularly applicable to the field of a public university where the hierarchical structure and supervisory relations have a severe effect on the everyday working experience of employees. As such, loyalty to supervisor is an important mediator between ethical leadership and job satisfaction.

Ethical leadership literature has grown significantly in the last ten years. Ethical leadership is the set of behaviors of the leader based on fairness, integrity, transparency, and moral behavior (Kim and Thapa, 2022; Huang et al., 2021). The literature has continuously pointed to ethical leadership as a source of favourable employee attitudes and behaviours. Job satisfaction is one of the main indicators of both employee satisfaction and the effectiveness of the organization, and the leadership practices have a considerable impact on it, as they determine the experiences and perceptions of fairness among the employees (Hassan et al., 2023). The support at the levels of the employees to their supervisors, which is expressed in the form of loyalty to supervisor, trust, and commitment, has been demonstrated to increase the impact of ethical leadership on job satisfaction (Zhang et al., 2022). Although the mediating role of loyalty emerges, it has not been studied especially in the public universities. Thus, the focus of this research is on the mediation of ethical leadership and job satisfaction by the loyalty to the supervisor.

Conceptual Framework

Figure 1 depicts the conceptual model that demonstrates the association between the IV and MIV (Ethical Leadership), the mediator variable (Loyalty to Supervisor), and the DV (Job Satisfaction).



The research design used in this study is the quantitative research design to investigate the effects of ethical leadership on job satisfaction of employees mediated by loyalty to supervisor in universities in the public sector in Khyber Pakhtunkhwa, Pakistan. The target population includes academic and administrative staff in these universities. Out of the 250 participants in the institutions, a sample of 250 was chosen using a convenience sampling technique, with 46 female and 204 male respondents, which represents the gender make-up of the respondents. A structured questionnaire was used to collect data on a 5-point Likert scale (1 strongly disagree -5 strongly agree). The questionnaire contained standardized questions based on validated scales in the literature: ethical leadership questions were borrowed and modified to the university setting by Brayfield

and Rothe (1951), job satisfaction questions by Cheng et al. (2020), and loyalty to supervisor questions by Cheng et al. (2020). The data analysis was performed in SPSS 28 and AMOS 24, where the reliability was evaluated with the help of Cronbach alpha, direct impact of ethical leadership on job satisfaction was tested with the help of regression analysis, and mediation analysis was performed with the help of the PROCESS Macro Model 4. The methodology can be used to test both direct and indirect effects, whereby loyalty to supervisor is a mediator. The research design will guarantee that the relations among variables will be measured strictly and the gender ratio and the contextual features of the public sector universities at Khyber Pakhtunkhwa will be considered.

Table 1 Regression of Loyalty to Supervisor on Ethical Leadership (Model 1)

Variable	B	SE	β	t	p	95% CI (LL-UL)
Constant	-0.004	0.040	—	-0.10	.920	-0.083 - 0.075
Ethical Leadership	0.579	0.060	.579	9.67	< .001	0.461 - 0.697

DV = Loyalty to Supervisor; IV = Ethical Leadership.

The outcomes of the regression analysis show that Ethical Leadership is a significant and positive predictor of Loyalty to Supervisor. Ethical Leadership coefficient was found to be statistically significant ($B = 0.579$, $p < .001$), which implies that the more the employees believe that their leaders act ethically, the more they are likely to be loyal to their supervisors. The confidence level (0.461-0.697) does not contain zero and this proves the strength and reliability of the effect. This implies that Ethical Leadership is one of the powerful influential factors of the loyalty of employees in the public sector universities.

Table 2 Regression of Job Satisfaction on Ethical Leadership (Model 2 – Total Effect)

Variable	B	SE	β	t	p	95% CI (LL-UL)
Constant	-0.001	0.040	—	-0.03	.973	-0.081 – 0.079
Ethical Leadership	0.420	0.077	.524	5.45	< .001	0.270 – 0.570

DV = Job Satisfaction; IV = Ethical Leadership.

The findings prove that Ethical Leadership has a great positive overall impact on Job Satisfaction. The regression coefficient ($B = 0.420$, $p < .001$) implies that the more Ethical Leadership perceptions a person has, the more Job Satisfaction an employee will have. The confidence interval (0.270-0.570) does not include zero, which proves that this effect is statistically significant. This means that the more ethical the leaders are, the better the employees are satisfied with their job roles in the public sector universities.

Table 3 Mediation Model: Job Satisfaction regressed on Ethical Leadership and Loyalty to Supervisor (Model 3)

Variable	B	SE	β	T	p	95% CI (LL-UL)
Constant	0.004	0.037	—	0.10	.920	-0.069 – 0.077
Ethical Leadership (Direct Effect)	0.230	0.074	.287	3.10	.002	0.084 – 0.376
Loyalty to Supervisor	0.329	0.072	.365	4.57	< .001	0.188 – 0.470
Bootstrapped Indirect Effect	0.190	—	—	—	—	0.120 – 0.270

The mediation analysis showed that both Ethical Leadership and Loyalty to Supervisor are significant predictors of Job Satisfaction when they are included in the model at the same time. Ethical Leadership also had a positive and significant direct impact on Job Satisfaction ($B = 0.230$, $p = .002$), and Loyalty to Supervisor had a significant positive impact on Job Satisfaction ($B = 0.329$, $p < .001$). The indirect effect (0.120-0.270) had a bootstrapped confidence interval that was not zero; this shows that there was a significant mediation effect. This proves the partial mediation, that is, Ethical Leadership enhances Job Satisfaction directly and indirectly via the Loyalty of employees to supervisors.

Discussion

The current research examined the effect of ethical leadership on job satisfaction among employees working in the public sector universities of Khyber Pakhtunkhwa, Pakistan, and the research question was whether the relationship between the two is mediated by the

loyalty to the supervisor. Findings indicate that ethical leadership has a positive influence on job satisfaction and this hypothesis is confirmed by previous studies that found that ethical leaders form positive work attitudes by modeling integrity, fairness and support (Gul, Irshad and Dolat, 2023). It is interesting that the strength of the direct effect ($B = .230$, $p = .002$) even after considering the mediator indicates that ethical leadership acts both through the relational processes but through alternative avenues, including empowerment or organizational trust. This is consistent with the findings that there are various avenues through which the influence of leadership on employee outcomes can be realized (Udin, Nurfitri & Shaikh, 2023).

The theoretical foundation of Social Exchange Theory is supported by the fact that the relationship is strongly mediated by the loyalty to supervisor (indirect effect = .190, 95% CI [.1203.270]) and thus, the more employees are ethically behaved the more they are likely to be satisfied with their job. This relationship process

is reflected in research where loyalty or relationship ties were significant in the leadership-outcome relationship (Huang, Li and Zhang, 2021). These findings imply that ethical leadership promotes the culture of trust and reciprocal duty, which, consequently, leads to loyalty and, subsequently, satisfaction, in the environment that is highly sensitive to supervisor-subordinate relations, as is the case with public sector universities in KP.

Moreover, the findings also point out that even though the loyalty to supervisor is an important mediator, it is not the only factor that determines the relationship; the direct effect is still meaningful. This biased mediation implies that there are other possible mediating variables in play - including psychological empowerment, organizational commitment, or perceived organizational support. Indicatively, the higher education situation in Pakistan had been previously reported to have found that ethical leadership had an influence on job satisfaction through psychological empowerment and self-efficacy (Gul et al., 2023). Therefore, our results can be used to expand the body of literature, showing that loyalty to supervisor is not the only significant pathway.

The other significant implication is related to the practical environment of the KP university in the public sector. The idea of ethical leadership seems to be a useful approach to a university leader who tries to increase faculty job satisfaction, as it is particularly important in the light of the reported issues (e.g., resource scarcity, bureaucracy) in Pakistani public universities (Ahmed and Malik, 2023). Cultivating supervisor behavior that focuses on ethical exemplification, open communication, fairness and concern towards subordinates could create loyalty which consequently increases job satisfaction. Nevertheless, since the direct effect is still present, the leaders of the university must also focus on wider structural and organizational influences (work conditions, rewards, development opportunities) affecting the satisfaction.

The high level of explained variance in job satisfaction ($R^2 = .47$) implies that it is a model

that is significantly explanatory in this case. However, with the partial mediation, future studies need to examine other possible mediators (e.g., empowerment, job crafting, trust) and examine potential moderators (e.g., gender, academic rank, cultural norms) that may affect the strength of these relationships.

Conclusion

To sum up, the research concludes that ethical leadership is an important positive predictor of job satisfaction of the employees in the public sector universities of Khyber Pakhtunkhwa, Pakistan, and that the relationship between these two is partly mediated by supervisor loyalty. The study confirms both direct and indirect impacts, which makes it a contribution to the literature on leadership and organizational behavior because it clarifies one of the most important processes according to which ethical leadership can impact attitudes of the employees.

In practice, the results suggest that the university management in KP ought to invest in leadership development programs that focus on ethical practices, supervisory fairness, and development of relations bonds between supervisors and subordinates. Although the role of loyalty to supervisor is a significant mediating factor, the existence of a significant direct effect implies that the contribution of more general organizational benefits (institutional support, resource allocation, development opportunity) should not be overlooked.

Lastly, this model needs to be replicated in other regional settings, other mediators and moderators (such as psychological empowerment or organizational culture) need to be employed, and hopefully longitudinal or experimental designs should be employed to determine both causality and timing.

Theoretical Implications

The results of the research paper add to the body of literature on leadership and organizational behavior by shedding light on the processes by which ethical leadership can impact the level of job satisfaction among employees. In particular,

partial mediation of loyalty to supervisor proves that the attitudinal outcomes of employees are influenced not only by ethical behaviors of leaders themselves but also indirectly by relational and affective processes. This is an extension of Social Exchange Theory to the higher education sector by empirically demonstrating that employees will pay back ethically oriented leadership with loyalty, which in turn increases job satisfaction (Huang, Li and Zhang, 2021). Further, the research presents more recent evidence on the basis of a developing country setting (public sector universities in Khyber Pakhtunkhwa Pakistan) where such relationships are under researched and therefore creates a crucial contextual gap in the current literature. Through the illustration of direct and indirect routes, the study reveals the multidimensional effects of ethical leadership and recommends that the models of leadership efficacy must include mediating relation constructs such as loyalty in addition to direct attitudinal consequence.

Practical Implications

Practically, the findings provide a solid ground on the need to develop ethical leadership within the university of the public sector to enhance faculty satisfaction. Leadership development programs by the university administrators should focus on fairness, transparency, integrity and support to subordinates as these behaviors will help to create loyalty among the employees who will ultimately be satisfied. Improving the ethical behavior of supervisors can be used to strengthen the relationship between faculty and supervisors, thereby potentially improving turnover, performance, and organizational climate. Moreover, the policy-makers and university management must consider the ethical leadership as a strategic instrument of enhancing institutional effectiveness, which implies that the leadership evaluation systems should include ethics and relational behaviors as the performance indicators. Generally, the paper indicates that ethical leadership interventions can produce not only the direct positive effect on employee satisfaction but also

indirect positive effects through enhanced loyalty, and thus, ethical leadership is an effective tool of organizational development in higher education.

Limitations

The study has a number of limitations in spite of the contribution it has made. To begin with, the cross-sectional design prevents the possibility of making causal decisions; longitudinal or experimental research would be more convincing evidence of cause-effect relationships among the ethical leadership, loyalty, and job satisfaction. Second, the study was only done in the public sector universities in Khyber Pakhtunkhwa and this might restrict the application of the results to other private universities or other geographic settings. Third, the mediator that was used was the only one, which was loyalty to supervisor. The other possible mediating variables like psychological empowerment, trust, or perceived organizational support can be also important and those should be investigated in the future studies. Lastly, the use of self-reported data opens the risk of common method bias, even though procedural protection measures like anonymity assurance are used.

Future Research Directions

Future researchers ought to employ longitudinal or experimental research design in order to determine causal relationships between ethical leadership, loyalty, and job satisfaction. It may be beneficial to broaden the scope of the mediators such as psychological empowerment, organizational trust, or work engagement to have a more comprehensive insight into the mechanisms that underlie the effect of ethical leadership. As well, such possible moderators as gender, academic rank, or cultural norms could be tested to explain the boundary conditions of the observed effects. Duplication in other provinces, other universities or other areas would increase the generalizability of the results. Lastly, the impact of cultural values on the effectiveness of ethical leadership and the mediating effect of loyalty could be studied cross-

culturally to further contribute to the theoretical and practical knowledge of leadership in different organizational settings.

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