

Ethical leadership and job satisfaction: extending the dual mediation mechanism

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Abstract

Ethical leadership is crucial for the success and sustainability of modern organisations. Therefore, this study aims to explore and investigate the effect of ethical leadership on job satisfaction. Additionally, this study investigates the mediating roles of work stress and work-life balance (WLB) in the relationship between ethical leadership and job satisfaction. Using a cross-sectional design and self-administered questionnaire, the data are collected from 110 employees working in the private hospital in Indonesia and analysed utilising Structural Equation Modeling (SEM) with SmartPLS 3.2 software. The results show that ethical leadership is positively related to WLB as well as job satisfaction, and negatively to work stress. In addition, WLB positively affects job satisfaction, whereas work stress has no significant effect. Given indirect relationships and, more specifically, the findings indicate that WLB fully mediates the effect of ethical leadership on job satisfaction. The findings of this study provide practical implications that ethical leadership supports and empowers employees to experiment and try new things for happiness at work and in their personal lives. This implies that the leader's concern reinforces a sense of belonging and increases job satisfaction.

Keywords:

ethical leadership; job satisfaction; private hospital; work-life balance; work stress.

JEL Code: D23, J28

Received June 9 2022; Received in revised form July 30 2022; Accepted August 27 2022; Available online October 31 2023.

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To cite this document:

Udin, Nurfitri, D., & Shaikh, M. (2023). Ethical leadership and job satisfaction: extending the dual mediation mechanism. *BISMA (Bisnis dan Manajemen)*, 16(1), 47–66. <https://doi.org/10.26740/bisma.v16n1.p47-66>

Introduction

Promoting a culture of ethical awareness and accountability in the healthcare system is crucial for ensuring patient welfare and trust. However, some ethical issues arise when patients need to be provided with accurate and complete information, leading to uninformed decision-making. Also, discrimination, failure to prioritise patient welfare fairly, and inadequate

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security measures to protect patient information become challenges. Therefore, addressing ethical problems in the hospital sector requires a commitment to ethical leadership to create values, integrity and sustainable practices to contribute to a more ethical business environment (Jian et al., 2022; Mishra & Tikoria, 2021).

Abdelhay et al. (2023) and Oladimeji & Abdulkareem (2023) revealed that ethical leadership significantly influences employee's job satisfaction. Leaders' commitment to ethical values can increase their job satisfaction and productivity in the workplace. Ethical leadership promotes a sense of meaningfulness and enhances job satisfaction (Aftab et al., 2023). Ethical leadership further enhances employees' intrinsic and extrinsic job satisfaction (Okan & Akyüz, 2015).

Ahmad & Umrani (2019) found no evidence of a direct impact on employees' job satisfaction. This finding is consistent with Jung's (2016) finding that ethical leadership has no significant effect on job satisfaction. Furthermore, ethical leadership fails to increase employee satisfaction in the workplace, leading to poor performance (Sari et al., 2022).

From the existing gaps in the literature, several studies recommended Work-Life Balance (WLB) and work stress to mediate the effect of ethical leadership on job satisfaction for employees working in the hospital industry (Harvey et al., 2014; Koonmee et al., 2010; Katircioglu et al., 2022). Ethical leadership creates a conducive work environment that nurtures WLB and employee's job satisfaction (Braun & Peus, 2018; Cowart et al., 2014).

In the context of Indonesian private hospitals, ethical leadership issues often arise due to a dynamic healthcare landscape, unique cultural factors, and the need to balance financial viability with patient welfare. Leaders must be culturally sensitive and able to manage a multicultural workforce to ensure that all staff members feel respected and included in a harmonious work environment (Dinata et al., 2019). Also, Indonesia faces a shortage of skilled healthcare professionals, including doctors, nurses, and specialised technicians. Private hospitals struggle to attract and retain qualified staff, leading to overworked healthcare professionals and potential burnout and dissatisfaction in the workplace. Many private hospitals force existing healthcare professionals to take on additional responsibilities, work longer hours, and offer limited paid leave and time off, making it difficult for them to take breaks and recharge. This lack of time off can reduce work-related stress and job satisfaction (Sunarsi et al., 2020).

Based on observations made, it is known that employee satisfaction at work is still low, this is due to the large number of patients who have to be served but this is not balanced by a sufficient number of employees, high work intensity and employees often work without sufficient rest time. Furthermore, employees feel less satisfied at work due to an imbalance between work and

activities outside of work. This is because high work demands cause physical and emotional disturbances and employees feel excessive fatigue.

Therefore, this study explores and investigates the effect of ethical leadership on job satisfaction. Additionally, this study examines the mediating roles of work stress and WLB in the relationship between ethical leadership and job satisfaction in a private hospital in Indonesia.

Literature review

Job satisfaction

Job satisfaction refers to the level of fulfilment and positive feelings individuals experience regarding their jobs (Akehurst et al., 2009; Hilton, et al., 2023). Job satisfaction is important not only for individual well-being but also for overall organisational success. Satisfied employees are more likely to be motivated and committed to their work, leading to increased performance (Mansyur et al., 2022; Maryati et al., 2019). Conversely, low job satisfaction leads to higher absenteeism, turnover and a higher likelihood of employees seeking employment elsewhere.

According to Herzberg (1964)'s two-factor theory, job satisfaction is determined by two primary factors: hygiene and motivators. First, hygiene factors are related to the work environment and the context in which the job is performed, for example, working conditions, salary, and compensation. The absence or dissatisfaction of these factors leads to job dissatisfaction. Second, motivator factors are directly related to the nature of the work, for example, meaningful work and a sense of growth and recognition (Alshmemri et al., 2017).

Job satisfaction is further influenced by several factors, including the nature of the job (i.e., type of tasks, level of challenge, and autonomy in decision-making), work environment (i.e., supportive and positive work environment), recognition and rewards (i.e., adequate and fair compensation), opportunities for career advancement (i.e., availability of training programs, promotion prospects, and support for professional growth), supportive work relationships (i.e., clear communication among superiors and employees), alignment with personal goals and values (i.e., meaningful and purposeful work), leadership and management (i.e., effective leadership and supportive management), and WLB (i.e., balancing work responsibilities with personal life) (Hasan, et al., 2023; Robbins & Judge, 2018).

Ethical leadership

Ethical leadership refers to a leadership style that is guided by moral principles and values (Brown et al., 2005). Ethical leadership is crucial for the success of any organisation (Udin, 2024). Ethical leaders demonstrate integrity, fairness, and responsibility in their actions and interactions with others. Ethical

leadership sets the tone for the entire organisation to promote a positive work culture, trust, and employee engagement at the workplace (Al-Halbusi et al., 2021).

Ethical leadership is a leadership style guided by moral principles and values (Brown et al., 2005). Ethical leadership is crucial for the success of any organisation (Udin, 2024). Ethical leaders demonstrate integrity, fairness, and responsibility in their actions and interactions with others. Ethical leadership promotes a positive work culture, trust, and employee engagement (Al-Halbusi et al., 2021).

Ethical leaders prioritise doing the right thing over short-term success or personal gain. Ethical leadership encompasses several key aspects of a successful organisation (Brown et al., 2005; Zhu et al., 2019): (1) integrity (i.e., leaders demonstrate honesty and consistency in their words and actions), (2) respect (i.e., leaders treat others with dignity and fairness), (3) ethical decision-making (i.e., leaders prioritise ethical considerations when making decisions), (4) communication and transparency (i.e., leaders promote open and transparent communication), and (5) long-term orientation (i.e., leaders consider the long-term consequences of their decisions and actions for sustainable and socially responsible outcomes). By demonstrating ethical principles and practices, leaders inspire employees, build trust, and create a positive work environment that promotes work engagement and long-term success (Ruiz & Linuesa, 2018; Naeem et al., 2020).

Ethical leaders build trust and respect and encourage open and honest communication among employees (Chughtai et al., 2015). Ethical leaders create opportunities for employees to express their opinions and ideas. When employees feel heard and have a voice in decision-making, it enhances their job satisfaction (Abdelhay et al., 2023). Also, ethical leaders emphasise the organisation's values and inspire employees by connecting their work to a larger goal (Naeem et al., 2020). Employees who understand the significance of the work would exhibit higher job satisfaction (Oladimeji & Abdulkareem, 2023). Thus, the hypothesis is:

H1: Ethical leadership is positively related to employee's job satisfaction.

Ethical leaders promote a positive work environment (Khan et al., 2022) by resolving conflicts in a fair manner. This helps reduce stress levels among employees. Ethical leaders also encourage employees to express their concerns and provide feedback and ensure that everyone is well-informed to foster positive relationships among employees (Udin et al., 2022; Wong et al., 2020). Ethical leaders treat all employees fairly and impartially regarding organisational policies and procedures to minimise potential conflicts (Babalola et al., 2018). Harvey et al. (2014) found a significant negative

relationship between ethical leadership and work stress. Thus, the hypothesis is:

H2: Ethical leadership is negatively related to employee's work stress.

Ethical leaders recognise the importance of work-life balance and encourage employees to prioritise their well-being (Cowart et al., 2014). According by Chughtai et al. (2015) Ethical leaders define and communicate the organisation's values and ethical standards to create a shared understanding among employees. Also, ethical leaders foster a culture of innovation (Shafique et al., 2020; Van der Wal & Demircioglu, 2020) that aligns with ethical principles and encourages employees to explore creative solutions that benefit the organisation, society and their personal lives. Thus, the hypothesis is:

H3: Ethical leadership is positively related to employee's WLB.

Work-life balance

Work-life Balance (WLB) refers to the harmony between an individual's work and personal life (Rantanen et al., 2011). WLB is crucial for individuals working in any organisation. Employees have to be able to effectively manage and prioritise the demands of their jobs while also allocating time and energy to personal activities, relationships, and self-care (Diego-Medrano & Salazar, 2021).

Achieving WLB is essential for maintaining overall well-being and fostering a fulfilling life (Farber et al., 2023). The right balance between work-related responsibilities and personal aspirations and leisure activities can reduce stress at the workplace (Farber et al., 2020). Keeney et al. (2013) identified eight nonwork domains of relevance in the WLB: education, health, leisure, friendships, romantic relationships, family, household management, and community involvement. Individuals' importance to the different domains varies from person to person. Moreover, the relative importance of these life domains is likely to change over time within the same person because of changes in interests and life circumstances (Super, 1980). Thus, it is crucial to understand whether the other nonwork domains are as important as family and under which circumstances the priorities change (Gagnano et al., 2020).

Employees with a good WLB are more focused and satisfied in their jobs, leading to better outcomes (Heriyadi et al., 2020). Balancing work and personal life allow employees to invest time and energy in nurturing relationships with family and friends. These positive relationships and supportive social networks can enhance job satisfaction by providing support and a sense of belonging (Aruldoss et al., 2022). Also, employees who experience a good WLB are more likely to stay with an organisation long-term and better manage their time and prioritise tasks to increase higher job satisfaction (Schnettler et al., 2021). In addition, by promoting a culture that values WLB and demonstrating ethical

behaviours within the organisation, leaders can create an environment where employees thrive and go the extra mile to demonstrate higher levels of job satisfaction (Braun & Peus, 2018; Poohongthong et al., 2014). Thus, the hypotheses are:

H4: WLB is positively related to employee's job satisfaction.

H5: WLB mediates the link between ethical leadership and employee's job satisfaction.

Work stress

Work stress refers to the physical, mental, and emotional strain experienced by individuals (Skaalvik & Skaalvik, 2015) in response to their work-related demands. Work stress can stem from various factors, including heavy workloads, lack of autonomy, inadequate resources, interpersonal conflicts, and poor role ambiguity (Meurs & Perrewé, 2011).

Organisations are responsible for recognising and managing work stress to ensure the well-being and productivity of their employees (Jeanguenat & Dror, 2018). Strategies to address work stress may include creating supportive work environments, providing resources and support systems, improving communication, and addressing the underlying causes of stress within the organisation (Bhui et al., 2012). Employees can also manage their work stress by practising self-care, seeking support, and developing effective coping mechanisms to recharge and reduce stress levels (Ornelas & Kleiner, 2003).

Work stress in organisations is a common issue that can significantly impact both employees and the organisation's overall success. Work stress not only decreases employee morale and lower job performance (Khan et al., 2022) but also reduces job satisfaction (Aruldoss et al., 2022). High levels of stress also lead to absenteeism and reduce innovation within the organisation (Sanchez-Gomez et al., 2021). Thus, the hypothesis is:

H6: Work stress is negatively related to employee's job satisfaction.

Excessive work stress can lead to mental, physical, and emotional health problems (Skaalvik & Skaalvik, 2015), and ethical leadership is essential in managing and reducing work stress (Schwepker & Dimitriou, 2021). Ethical leaders are aware of the stressors their employees face and take proactive steps to address them by providing clear expectations, offering support and resources, fostering open communication, and promoting a healthy work environment (Haque & Yamoah, 2021) to create a more productive and positive job satisfaction for their employees in the workplace (Abdelhay et al., 2023). Thus, the hypothesis is:

H7: Work stress mediates the link between ethical leadership and employee's job satisfaction.

Research method

This study applied a quantitative approach to analyse the effect of ethical leadership on job satisfaction by testing the mediating roles of work stress and WLB. Using a cross-sectional design and self-administered questionnaire, the data were collected from 110 employees working in a private hospital in Kuningan Regency, West Java province, Indonesia.

To collect data from the employees working in private hospitals in Indonesia, a structured 5-point scale questionnaire (ranging from 1 = strongly disagree to 5 = strongly agree) is established and developed. All measures of 4 constructs are developed based on existing literature and previous studies. For example, ethical leadership is measured using 6 items adapted from [Brown et al. \(2005\)](#), [Kim & Kim \(2020\)](#), and [Udin \(2024\)](#), and a sample item is “My leader sets an example of how to do the ethical things the right way”. WLB is measured using 6 items adapted from [Wu et al. \(2013\)](#); [Haider et al. \(2018\)](#), and a sample item is “There is a good fit between work life and my personal life”. Work stress is measured using 8 items adapted from [Tabak & Orit \(2007\)](#), [Manzoor et al. \(2011\)](#), and a sample item is “I try to take care of myself and avoid negative emotions”. Moreover, job satisfaction is measured using 6 items adapted from [Manzoor et al. \(2011\)](#), [Votmer et al. \(2012\)](#), and a sample item is “I have a respectable nature of work”.

The data obtained in this study is analysed using Structural Equation Modelling (SEM) with SmartPLS 3.2 software. PLS-SEM is chosen to examine the hypothesised model because it could better assess the small sample size to achieve effective output for complex models ([Hair et al., 2021](#)).

Results

Demographic profile

Of the respondents, the majority are female (78 individuals, 70.9 percent), and male are only (32 individuals, 29.1 percent). The majority are between 31-35 (30 individuals, 27.3 percent) years old and between 20-25 (29 individuals, 26.4 percent). In the terms of marriage, most of the respondents are married (76 individuals, 69.1 percent). In addition, 37.4 percent (41 individuals) have been worked with their current organisation for more than 10 years.

Measurement model

The reflective measurement model in this study was analysed using Smart PLS 3.2 software to confirm the indicator's loading of each variable. From the results of the analysis (Appendix 1), two items from WLB (i.e., WLB1 and WLB2) and four items from work stress (i.e., WS1, WS6, WS7, and WS8) were excluded for further analysis due to their value is lower than cut-off values 0.60 for exploratory research ([Moores & Chang, 2006](#)).

Furthermore, Table 1 shows internal consistency after excluding items and Table 2 shows discriminant validity.

Table 1

Construct validity and reliability

Constructs	Items	Factor Loadings	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Ethical Leadership	EL1	0.758	0.926	0.942	0.732
	EL2	0.838			
	EL3	0.882			
	EL4	0.846			
	EL5	0.894			
	EL6	0.906			
Work-life Balance	WLB3	0.693	0.817	0.880	0.648
	WLB4	0.855			
	WLB5	0.850			
	WLB6	0.811			
Work Stress	WS2	0.876	0.790	0.858	0.604
	WS3	0.808			
	WS4	0.734			
	WS5	0.675			
Job Satisfaction	JS1	0.736	0.882	0.910	0.629
	JS2	0.777			
	JS3	0.756			
	JS4	0.850			
	JS5	0.845			
	JS6	0.789			

Source: Authors' work (2023)

Table 2

Discriminant validity

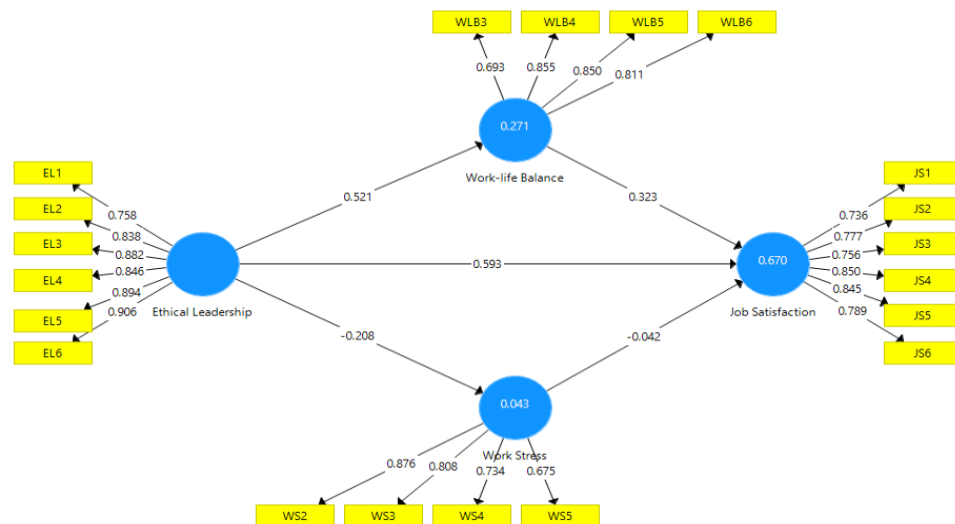
Constructs	Ethical Leadership	Job Satisfaction	Work Stress	Work-life Balance
Fornell-Larcker Criterion				
Ethical Leadership	0.855			
Job Satisfaction	0.770	0.793		
Work Stress	-0.208	-0.188	0.777	
Work-life Balance	0.521	0.635	-0.068	0.805
Heterotrait-Monotrait Ratio (HTMT)				
Ethical Leadership				
Job Satisfaction	0.844			
Work Stress	0.206	0.196		
Work-life Balance	0.582	0.735	0.102	

Source: Authors' work (2023)

This study assessed the Composite Reliability (CR), Cronbach's Alpha (CA), and Average Variance Extracted (AVE) of the remaining indicators. Table 1 further showed that all items have factor loadings above 0.6, confirming the item reliability (Hair et al., 2021). Also, the results of CA and

CR are above 0.7, indicating and validating construct reliability. In addition, the result of AVE is above 0.5, confirming convergent validity (Afthanorhan, 2013). The analysis results in Table 2 also approved discriminant validity using the Fornell-Larcker criterion and Heterotrait-Monotrait Ratio (HTMT). All HTMT values of each variable are below 0.9, indicating that all indicators are valid.

Figure 1
The research model



Source: Authors' work (2023)

Table 3
Path coefficients

Hypotheses	Original Sample	Standard Deviation	T Statistics	P Values
Direct effects				
Ethical Leadership → Job Satisfaction	0.593	0.082	7.238	0.000
Ethical Leadership → Work Stress	-0.208	0.097	2.146	0.032
Ethical Leadership → Work-life Balance	0.521	0.065	8.073	0.000
Work-life Balance → Job Satisfaction	0.323	0.073	4.454	0.000
Work Stress → Job Satisfaction	-0.042	0.070	0.607	0.544
Indirect effects				
Ethical Leadership → Work-life Balance → Job Satisfaction	0.168	0.041	4.102	0.000
Ethical Leadership → Work Stress → Job Satisfaction	0.009	0.017	0.508	0.612

Source: Authors' work (2023)

Figure 1 and Table 3 show that ethical leadership is positively and significantly related to job satisfaction ($\beta = 0.593$, $t\text{-value} = 7.238$, $p < 0.01$) and WLB ($\beta = 0.521$, $t\text{-value} = 8.073$, $p < 0.01$) and significantly negatively related to work stress ($\beta = -0.208$, $t\text{-value} = 2.146$, $p < 0.01$). Therefore, H1,

H2 and H3 are supported. In addition, WLB is positively and significantly related to job satisfaction ($\beta = 0.323$, $t\text{-value} = 4.454$, $p < 0.01$), supporting H4. However, in contrast to the expectation, work stress is not significantly related to job satisfaction ($\beta = -0.042$, $t\text{-value} = 0.607$, $p > 0.01$). Thus, H6 in this study is rejected.

The mediation effects in this study are measured using a two-step procedure proposed by Preacher et al. (2007): (1) measuring the significant effect of independent on mediating variables ($X \rightarrow M$); (2) measuring the significant effect of mediating variables on the dependent variable ($M \rightarrow Y$). The findings revealed that the indirect effect of ethical leadership on job satisfaction through WLB is significant and positive ($\beta = 0.168$, $t\text{-value} = 4.102$, $p < 0.01$). In contrast, the indirect effect of ethical leadership on job satisfaction through work stress is not significant ($\beta = 0.009$, $t\text{-value} = 0.508$, $p > 0.01$). Thus, H5 in this study is supported, while H7 is rejected, as shown in Table 3.

Discussion

Ethical leadership influences job satisfaction, work stress and WLB among employees. Employees' job satisfaction is positively affected when leaders demonstrate ethical behaviour and foster an inclusive work environment. Ethical leaders communicate organisational goals and expectations effectively to reduce uncertainty and promote clarity (Cakir et al., 2022). Employees who understand their roles and have access to information are more likely to balance work-related responsibilities and their personal lives.

Ethical leaders empower employees by delegating responsibilities, providing autonomy, and supporting their growth and development. By encouraging participation and involving employees in decision-making processes, ethical leaders foster a sense of ownership to reduce feelings of injustice and work stress within organisation. Also, ethical leaders reasonably handle conflicts and disputes (Khan et al., 2024). They promote open dialogue, actively listen to employee concerns, and seek resolutions considering everyone's perspectives to promote a harmonious work environment.

This study also found that WLB positively enhances job satisfaction. Balancing work and personal life enable employees to devote quality time to their relationships, which, in turn, contributes to overall life and job satisfaction. Also, a well-balanced life allows employees to focus better and be more productive during working hours. They can bring a fresh perspective to their tasks after adequate rest for personal fulfilment. When employees have time for activities they enjoy and are passionate about, they tend to bring higher levels of motivation to their work (Burke & Fiksenbaum, 2009), significantly influencing job satisfaction (Boakye et al., 2023).

This study, of course, further revealed that work stress has no significant effect on job satisfaction. This finding confirms the previous study of [Ramlawati et al. \(2021\)](#). Work stress covers the physical and emotional strain that employees experience due to work-related factors such as high demands, long hours, and interpersonal conflicts. Employees vary in resilience, coping mechanisms, and how they respond to stress. This individual variability leads to job satisfaction. Employees working in a high-stress job may not affect job satisfaction because they do not enjoy the challenges it presents. Also, the nature of the jobs is inherently more stressful due to their demands. Although employees can employ various coping strategies to deal with work stress, some individuals may not engage in effective coping mechanisms, such as seeking social support or problem-solving, which allow them to maintain high job satisfaction despite experiencing stress ([Portero et al., 2020](#)).

This study offers a significant theoretical contribution to building on existing knowledge by presenting WLB as a potential mediator, linking ethical leadership and employee's job satisfaction. In the same way, the indirect effect of work stress is also becoming an interesting variable that needs further exploration for future research to verify these relationships. Moreover, the findings of this study provide practical implications that ethical leadership supports and empowers employees to experiment and try new things for happiness at work and in their personal lives. This implies that the leader's concern reinforces a sense of belonging and increases job satisfaction.

Conclusion, limitation, and future research

This study concluded that ethical leadership positively relates to WLB and job satisfaction and negatively to work stress. In addition, WLB positively affects job satisfaction. Given indirect relationships and, more specifically, the findings indicate that WLB fully mediates the effect of ethical leadership on job satisfaction.

However, this study also has several limitations that must be considered. First, this research was conducted with a cross-sectional design, the results obtained only describe conditions at one particular point in time. secondly, although the research focus is on ethical leadership, work-life balance, and work stress, many other factors can influence job satisfaction that may not be taken into account in this research, such as organisational culture, compensation, and economic conditions.

Therefore, future research needs to pay attention to the bias effects since measuring the relationship between variables originating from the same respondent. Further study also can consider to include other related factors such as several drivers of distress or turnover intention.

Author contribution

Udin: Writing—Original Draft, Writing—Review & Editing, and Methodology. **Dini Nurfitri:** Investigation, Validation, Data Curation, and Visualisation. **Mohsin Shaikh:** Conceptualisation and Supervision.

Declaration of interest

The authors declare no conflict of interest. All authors have agreed to the published version of the manuscript.

Acknowledgment

The authors express gratitude to all of the participating respondents for generously sharing their time and insights. Without their invaluable help and support, achieving an outcome in this study would not have been feasible.

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Appendix 1

Factor loadings

Items	Ethical Leadership	Work-life Balance	Work Stress	Job Satisfaction
EL1	0.760			
EL2	0.839			
EL3	0.882			
EL4	0.845			
EL5	0.894			
EL6	0.905			
WLB1		0.163*		
WLB2		0.127*		
WLB3		0.685		
WLB4		0.871		
WLB5		0.843		
WLB6		0.784		
WS1			0.446*	
WS2			0.837	
WS3			0.772	
WS4			0.690	
WS5			0.714	
WS6			0.458*	
WS7			0.489*	
WS8			0.408*	
JS1				0.737
JS2				0.778
JS3				0.756
JS4				0.850
JS5				0.844
JS6				0.789

Note: * = not valid item

Source: Authors' work (2023)