



Original Article

Exploring the Impact of Islamic Work Ethic on Job Performance of Public Sector Employees: A Moderated Parallel Mediation Approach

¹Ahmad Usman, ²Muhammad Zeeshan Hanif & ³Azeem ul Aamish

^{1,2,3}Institute of Administrative Sciences, University of the Punjab, Lahore

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*Corresponding Author:

Ahmad Usman

usman.ias@pu.edu.pk

ABSTRACT

This study investigates the influence of Islamic Work Ethic (IWE) on the job performance of public sector employees, with an emphasis on parallel mediating roles of Public Service Motivation (PSM) and Psychological Capital (PsyCap), and the moderating effect of Ethical Leadership. Employing a quantitative research design, data were collected from 225 employees across various public sector organizations in Pakistan, with 208 valid responses analyzed using the PROCESS macro in SPSS. The results reveal that IWE significantly and positively predicts job performance. Moreover, PSM and PsyCap partially mediate this relationship in a parallel framework, while Ethical Leadership strengthens the IWE-PsyCap link, serving as a critical boundary condition. These results highlight the transformational potential of Islamic work ethic as a basis for enhancing employee's job performance. A culture focused on sustainable growth can thus be achieved by organizations through developing ethics, resilience, and motivation. The study thus provides empirical insights into the broader literature on the interplay of ethical frameworks, motivation, psychological resources, and leadership in the workplace, especially in the context of developing countries like Pakistan. Practical implications include the requirement for public sector organizations to adopt policies that integrate ethical leadership, increase psychological capital, and encourage a work ethic that is consonant with organizational and societal values. This research provides a rich framework for policymakers and organizational leaders who seek to improve employee performance and promote ethical workplace cultures.

1. Introduction

Islamic Work Ethic (IWE) has been attracting increased academic interest as a model for the influence of religion on workplace behaviors and organizational performance. It is “an ethical paradigm rooted in Islamic principles and verses of the Quran and Sunnah that call for

moral integrity, hard work, and fairness, thus differing from other work ethic paradigms, such as the Protestant Work Ethic” (Ali, 1988, p. 26). Recently, research has begun to pay significant attention to its effects on performance at both the individual and the organizational levels, especially in public service areas, which is more challenging in terms of ethical and motivational issues (Akhmadi et al., 2023). The research investigates the complex interrelation between Islamic work ethic, job performance, public service motivation, psychological capital, and ethical leadership as contributions toward gaining insights into the phenomena in organizations.

Public sector organizations across the world are constantly struggling to create an environment which is better suited for employee engagement, motivation, and performance (Bakker, 2015). The “interaction of ethical work frameworks, intrinsic motivation, and leadership practices becomes essential in addressing those challenges. Islamic work ethic is a culturally relevant and applicable ethical framework that works to align individual values and organizational goals for commitment and productive output” (Gheitani et al., 2019, p. 112). However, the mechanisms of how Islamic work ethic improves the performance of jobs are under-researched, especially regarding mediating and moderating factors like public service motivation, psychological capital, and ethical leadership. Public Service Motivation (PSM) refers to “the intrinsic desire of employees for public service that is pivotal in ensuring that public organizations function effectively” (Perry & Wise, 1990, p. 23). Similarly, Psychological Capital (PsyCap), “defined as hope, resilience, self-efficacy, and optimism, has become the most significant predictor of work outcomes, providing a resource-based view of employee performance” (Luthans et al. 2004, p. 69).

According to Brown and Treviño (2006), this implies ethical leadership, “which pertains to the demonstration of normatively appropriate conduct in both personal actions and interpersonal relations. Ethical behavior demonstrated by leaders has several advantages for creating a culture that portrays trust and accountability. Above all, such behavior adds psychological strength and motivation to the workers” (Nguyen et al., 2024, p. 11). In the context of Islamic work ethic, ethical leadership can be considered a boundary condition that would amplify a positive relationship between IWE and PsyCap, thus on job performance. While the underlying theoretical and practical importance of interactions has been realized, surprisingly little empirical work has specifically focused on the interdependent relationships between Islamic work ethic, public service motivation, psychological capital, and ethical leadership concerning job performance, especially in the public sector of developing countries.

Based on what are the unique problems faced in public sector organizations in Pakistan, “low employee engagement in low-resourced and unethical behaviors adversely affect organizational effectiveness or public trust” (Bashir et al, 2020, p. 09). Such challenges indicate that Islamic work ethic values accountability and serving others will be helpful. The study seeks to understand the mechanism through which Islamic work ethic influences job performance through the mediating roles of public service motivation and psychological capital, along with the moderating role of ethical leadership. These insights can be very

significant for policymakers and organizational leaders in a culturally diverse, resource-scarce context looking to leverage the public sector's capabilities.

The novelty of this study lies in its integrative approach, combining well-established constructs with emerging theoretical insights that fill a critical gap in the literature. Most research has focused on the separate effects of Islamic work ethic, public service motivation, psychological capital, and ethical leadership, but few have explored their combined impact using a moderated parallel mediation model. This study contributes to the theoretical and practical effects of conservation of resources theory by exploring the role of culturally specific variables, such as Islamic work ethic, in work organizations.

This research adds to the body of knowledge in the field by pushing the understanding forward of how ethical frameworks interface with psychological and motivational resources to influence job performance. Findings are likely to have considerable implications for theory, research, and practice. Theoretically, the study incorporates Islamic work ethic into the mainstream organizational behavior models, thus making it relevant in improving employee well-being and performance. It gives practical recommendations for action for organizational leaders and policymakers in designing interventions that would enhance ethical leadership, boost psychological capital, and make the motivation of individuals aligned with organizational goals.

The study's focus on public sector employees in Pakistan is also very valuable in understanding the application of Islamic work ethic in a developing country context, where socioeconomic and cultural factors have a significant influence on workplace dynamics. This research provides a comprehensive framework for understanding and improving employee performance in the public sector by addressing the interplay between Islamic work ethic, job performance, public service motivation, psychological capital, and ethical leadership.

The significance of this topic also lies outside of the academic environment because it answers questions related to the pressing problems of employee engagement, ethical leadership, and organizational effectiveness. Since organizations are facing more demands for their practices of ethical behavior and societal contribution, the need for understanding the influence of Islamic work ethic on the behavior of employees and results in an organization is more timely and of critical importance today. Further, the study's methodological robustness is also ensured through the use of PROCESS Macro and large sample size, thereby providing strong and reliable findings in the organizational behavior field.

Finally, this study fills a significant gap in the literature by analyzing the intricate relationships between Islamic work ethic, public Service motivation, psychological capital, and ethical leadership and their cumulative effect on job performance. This study contributes to the ongoing debate on ethical leadership, employee motivation, and organizational performance by providing empirical evidence and practical insights. It serves as a guide for future research and practice in this crucial area. The findings will hopefully be significant to scholars, practitioners, and policymakers in developing more inclusive and effective approaches to improving employee performance and organizational success.

2. Literature Review

The concept of work ethic has long been central to organizational behavior research and has developed many theories about how personal values and beliefs can influence work-related behavior. In this regard, “IWE is a unique perspective by blending Islamic principles into the working arena. Grounded on the teachings of the Quran and Sunnah, IWE places much importance on moral values such as diligence, honesty, fairness, and accountability. Unlike secular work ethics, which most of the time focuses on individual success and productivity, IWE binds work to spiritual fulfillment. Work is both a social and religious obligation” (Ali, 1988, p. 87). In this aspect, IWE is a two-way practice that influences an individual's behavior while creating an organization's culture through ethical actions and the reasonableness of its employee's duties (Akhmadi et al., 2023).

Job performance is perhaps “one of the most commonly used constructs in organizational behavior studies especially as a dependant variable. It is the assessment of how well employees discharge their duties and contribute toward organizational success. It is one of the most commonly looked upon as a reflection of employees' efficiency, productivity, and engagement in their tasks” (Sonnetag & Frese, 2002, p. 68). It has long been realized that job performance is influenced by both factors internal to the psychological setting and those external to the organization. In this respect, work ethics in Islam were thus seen to instil positivity in job performance; most people motivated by principles or tenets of ethics and spirits perform more in jobs when being engaged and taking a full account of the productive behaviors exhibited by the same (Gheitani et al., 2019). While the relationship between IWE and job performance has been extensively documented, its mediating and moderating mechanisms in explaining how IWE affects job performance remain less understood in diverse organizational settings.

An essential mechanism to explain such relationships will be the concept known as Public Service Motivation (PSM)- “defined as intrinsic desire, love, or the zeal that defines the intention of enhancing general wellbeing to serve public goods or causes that benefit people in particular communities of interest” (Perry & Wise, 1990, p. 23). Research has revealed that PSM significantly impacts how employees feel about the level of commitment and engagement and hence increases their job performance. Public service motivation is “aligned with the principles of ethical considerations in Islamic work ethic since both highlight a sense of selflessness, responsibility, and accountability to others” (Kim, 2017, p. 101). Therefore, it seems plausible that public service motivation may mediate the relationship between IWE and job performance, as an essential psychological driver to translate into concrete workplace outcomes.

Psychological Capital (PsyCap) is the other “critical psychological resource within this context, encompassing four positive psychological attributes: hope, resilience, self-efficacy, and optimism” (Luthans et al., 2004, p. 24). PsyCap is recognized as “one of the important factors in individual performance as it facilitates workers' abilities in managing and maintaining a positive outlook on problems, staying motivated, and handling setbacks” (Avey et al., 2011, p. 11). The ethical and moral dimensions of the Islamic work ethic may be

considered a basis for developing psychological resources. Employees who believe in IWE are likely to develop higher levels of resilience and optimism, which could be translated into better job performance. Because there is a positive association between IWE and PsyCap (Nguyen et al., 2024), we can assume that PsyCap should act as a mediator of the IWE-job performance relationship. That is, workers whose ethical beliefs lead to more developed PsyCap are in a position to perform better at work.

Lastly, ethical leadership cannot be excluded from the understanding of how Islamic work ethic affects job performance. Ethical leadership refers to “the expression of normatively appropriate behavior through individual actions, group interactions, and choice-making” (Brown & Treviño, 2006). Ethical leaders establish the climate of organizational behavior through the exhibition of ethical behavior and through fostering an environment that shows value for and supports employees. Ethical leadership is a significant influencer of employee outcomes, such as job performance, through fostering trust, fairness, and accountability in the workplace (Nguyen et al., 2024). Moreover, ethical leadership was also seen to develop psychological capital by ensuring that ethical leaders create a safe environment that psychologically fosters the growth of employees (Nguyen et al., 2024). Thus, ethical leadership will probably mediate the relationship between IWE and PsyCap, amplifying the influence of IWE on PsyCap, which further affects job performance.

2.1. Hypotheses Development

2.1.1. Islamic Work Ethic and Job Performance

Key values like diligence, honesty, and accountability are at the center of the Islamic work ethic. This is what determines how the employees approach the task at hand and their job responsibilities. The more “internalized the value, the greater the possibility of high-level job performance. Indeed, existing literature confirms that ethical work frames like IWE have been positively associated with job performance. For example, the employees who follow the Islamic principles are more engaged, motivated, and productive” (Gheitani et al., 2019). Thus, we hypothesize that:

H1: Islamic work ethic positively influences job performance.

2.1.2. Public Service Motivation as a Mediator

Public service motivation represents the self-generative intrinsic desire to serve society; it is an ethical precept from the Islamic work ethic perspective. Employees with high public service motivation are more likely to manifest their dedication to their job, ultimately culminating in better job performance. Literature reflects the view that public service motivation acts as a mediator between ethical framework and job performance (Bashir et al., 2020). Since IWE and PSM both contribute to the promotion of altruistic behavior and societal good, we hypothesize that:

H2: Public service motivation mediates the relationship between Islamic work ethic and job performance.

2.1.3. Psychological Capital as a Mediator

Psychological capital consists of such positive “psychological states as hope, optimism, and resilience, which have a very critical role in performing a job. Employees with high levels of PsyCap are more effective at handling stressors and remain productive at work” (Avey et al., 2011). The Islamic work ethic can also nurture these psychological resources because it is associated with moral integrity and resilience. Previous studies indicate that IWE develops PsyCap, and the latter develops job performance (Nguyen et al., 2024). Thus, we hypothesize that:

H3: Psychological capital acts as a mediating variable in the connection between Islamic work ethic and job performance.

2.1.4. Ethical Leadership as a Moderator

Ethical leadership is a great influencer of organizational culture and impacts employee behavior. Ethical leaders are role models for the employees, and the employees develop a sense of following ethical standards and doing their jobs right. Research has proven that ethical leadership develops psychological capital positively, which creates a work environment that fosters high performance (Nguyen et al., 2024). Hence, ethical leadership may also have a moderating influence between IWE and PsyCap; it will strengthen the positive impact of IWE towards PsyCap and, thereby PsyCap on job performance. We hypothesize that

H4: Ethical leadership moderates the relationship between Islamic work ethic and psychological capital, such that the relationship is stronger under higher levels of ethical leadership.

2.2. Underpinning Theory

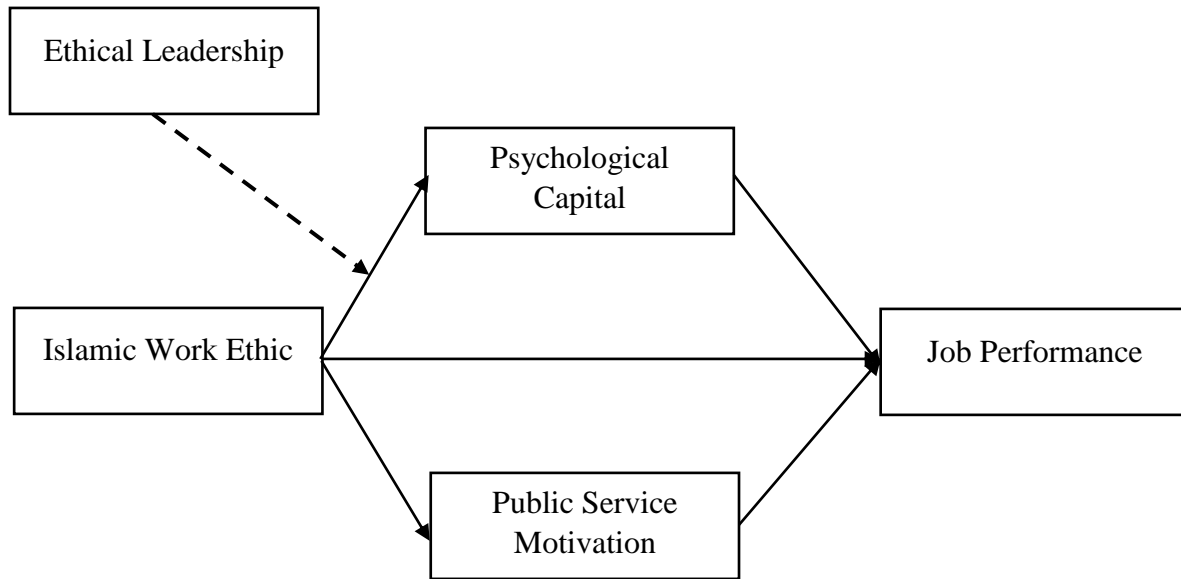
This study is based on the COR theory by Hobfoll (1989), which states that people like to acquire, protect, and build resources with or without challenges. Resources are “anything of value to the individual (Hobfoll, 1989, p. 26), not only psychological resources such as hope, resilience, and self-efficacy, but also external resources for example ethical leadership”. Under this model, the Islamic work ethic is an item of resource that leads to ethical activity and psychological well-being. The theory states that if employees acquire valuable resources like the Islamic work ethic, then they will be able to perform their jobs better. Public service motivation and psychological capital act as parallel mediating factors in the process by linking positive influences of IWE with improved job performance. An additional source of external resources, in terms of ethical leadership, would thus further enhance employees' capacity for utilization of resources, moderating the IWE-PsyCap relationship.

2.3. Conceptual Framework

This conceptual framework is based on the hypotheses developed and underpinning the Conservation of Resources (COR) theory. It outlines the study variables' interrelations in

terms of direct, mediated, and moderated effects. The framework is presented in the following diagram, adhering to the accepted academic standards of clarity and rigor.

Figure 1: Conceptual Framework



This conceptual framework depicts the direct effect of Islamic work ethic on job performance through parallel mediation by public service motivation and psychological capital. Ethical leadership moderates the IWE-PsyCap relationship, and its effects amplify the impacts of IWE on PsyCap, which consequently enhances job performance.

3. Research Methodology

This study adopts a quantitative approach to examine the relationships between Islamic work ethic, public service motivation, psychological capital, ethical leadership, and job performance in public organizations. The methodology section outlines the research design, population, sample, sampling techniques, tools for data collection, measurements, statistical analysis, and all the ethical considerations.

3.1. Research Design

A cross-sectional survey design is used to explain the associations between variables at a particular point in time. “Cross-sectional designs are well-suited for studies designed to determine the relationships between multiple variables and test hypotheses” (Field, 2013, p. 233). This design is useful when explaining the associations between Islamic work ethic, public service motivation, psychological capital, ethical leadership, and job performance and does not require long periods of data collection.

3.2. Population and Sample

The target population for the study includes Pakistan's public sector employees working in different departments, including the police department, health department, local

government, and the planning and development board. These sectors have been chosen as the main reason behind their engagement is the values of ethics and motivation, which govern a person's work performance. A sample size of 225 employees is taken from the recommended size for complex models and statistical power analyses (Hair et al., 2010). Out of the sample, 208 responses were used for the data analysis purpose. The purposive sampling technique is used in selecting participants who are selected according to the criteria that make them relevant, knowledgeable, and experienced regarding the characteristics of interest.

3.3. Data Collection Method and Measures

Data were collected through the structured questionnaire designed for testing key variables that include Islamic work ethic, public service motivation, psychological capital, ethical leadership, and job performance. All questionnaire items adapted from literature-published scales have been included to meet the criteria for content validity. The ratings range on 5-point Likert scales for all questionnaire items whereby 1 represents 'strongly disagree' and 5 represents 'strongly agree'.

- **Islamic Work Ethic:** The Islamic work ethic scale was developed on the basis of the framework that Ali (1988) established. Items measure core aspects of work values as defined by Islamic principles: hard work, honesty, and accountability at work.
- **Public Service Motivation:** Public Service Motivation is measured using the Public Service Motivation scale developed by Perry and Wise (1990), which includes dimensions such as attraction to public service, commitment to the public interest, and the desire to contribute to society.
- **Psychological Capital:** Psychological Capital is measured by Luthans et al.'s (2007) Psychological Capital Questionnaire (PCQ), which has subscales of hope, resilience, self-efficacy, and optimism. The PCQ has been widely validated across organizational settings and has been used with reliability in measuring the constructs.
- **Ethical Leadership:** Ethical Leadership was measured by the Ethical Leadership Scale of Brown et al. (2005). This scale consists of items that focus on fairness, integrity, role modeling, and the making of ethical decisions on the part of leaders.
- **Job Performance:** This variable is measured using a self-report scale where the employees rate themselves according to their perceived effectiveness, efficiency, and productivity in the job role. This method is highly applied in organizational research for measuring job performance from the employees' perspective (Sonnentag & Frese, 2002).

To ensure that measures are valid and reliable, a sample of 30 employees from the public sector responded to the questionnaire with all the items in order to validate the wording and clarity issues. Changes were made according to feedback gathered to enhance the clarity of the questionnaire and ensure that the required constructs were accurately measured.

3.4. Data Analysis Tools and Techniques

The data were analyzed using SPSS version 26 and the PROCESS macro (Hayes, 2013). SPSS was employed to perform descriptive statistics, detect data entry errors, assess

the reliability of the measures (via Cronbach's alpha), and conduct preliminary correlations among the study variables. Structural Equation Modeling (SEM) was not used as the focus of the study was on testing a moderated parallel mediation model, a task for which the PROCESS macro is more suitable.

Multicollinearity was also tested using Tolerance and Variance Inflation Factors (VIF) to ensure that independent variables were not highly correlated, which could bias the results (Hair et al., 2010). Residual analysis in SPSS was conducted to assess normality, linearity, and homoscedasticity.

As stated earlier, the PROCESS macro (Hayes, 2013) was utilized to examine the hypothesized direct, parallel mediation, and moderation effects. This tool is ideal for modeling complex relationships with multiple mediators and moderators, offering more flexibility than traditional SEM. Specifically, Model 7 of the PROCESS macro was applied to test the parallel mediation model, where public service motivation and psychological capital mediate the effect of Islamic work ethic on job performance. Model 1 was used to test the moderating role of ethical leadership in the relationship between Islamic work ethic and psychological capital, assessing whether ethical leadership enhances or diminishes this effect.

For hypothesis testing, bootstrap resampling was employed to estimate indirect effects and generate confidence intervals (CI). This method, robust for complex models involving mediation and moderation, does not assume normality (Preacher & Hayes, 2008). A 95% CI was used to test whether indirect effects were significant; if the CI did not include zero, the mediation or moderation effect was considered significant.

3.5. Ethical Considerations

Ethical considerations were critical in this study, especially considering the human subjects. Ethical clearance for this study was sought and received from the appropriate IRB. All participants were made aware of the nature of the study, the purposes for which data would be collected, and their right to participate voluntarily. Each participant gave consent on the understanding that they were going to be selected into the study by their own free will and could leave at any juncture without retributions. Participants were promised the anonymity and confidentiality of responses, and responses were encrypted safely to prevent access through others.

To reduce the risk of social desirability bias, a questionnaire was developed to inform respondents about confidentiality and anonymity in responding which would only be used as research data. It had further assurance to respondents because their data was aggregated and further anonymized for the analyst. The whole process of carrying out data collection and then analysis maintained ethical leadership using fairness, transparency, and integrity in the entire procedure.

To ensure that respondents were not compromised in such a way that they could not share candid responses, the study was conducted under ethical guide on how to handle confidential information. Considering this is a public sector setting, respondents are

guaranteed that their responses were candid without organizational political repercussions, and their answers are coded into anonymity for confidentiality.

4. Data Analysis and Results

This section reports the preliminary results of data analysis and hypothesis testing using SPSS version 26 and PROCESS macro by Hayes. The analysis includes assumption testing, validity analysis, descriptive statistics, correlation analysis, and hypothesis testing. Results with comprehensive interpretation are presented as follows:

4.1. Preliminary Data Analysis

Several preliminary analyses were conducted to check the assumptions required to draw valid statistical inferences prior to testing the hypotheses.

4.1.1. Testing of Assumptions

- **Normality:** Values of skewness and kurtosis for each variable were calculated. All values that lie between ± 2 are considered to be acceptable regarding normality (Curran et al., 1996). Moreover, the Kolmogorov-Smirnov test is also performed for assessing the data distribution.

Table 1: Skewness and Kurtosis for Normality Testing

Variable	Skewness	Kurtosis
Islamic Work Ethic	-0.23	-0.49
Public Service Motivation	-0.15	-0.61
Psychological Capital	-0.12	-0.34
Ethical Leadership	-0.27	-0.50
Job Performance	-0.14	-0.45

Note: All values fall within the acceptable range of ± 2 for skewness and kurtosis, indicating that the data is normally distributed.

- **Linearity:** Scatterplots were created to check the linearity assumption. Independent variables were linearly connected with dependent variables, so the relationship is assumed to be linear.
- **Multicollinearity:** Multicollinearity was checked by Variance Inflation Factor (VIF) values. Values less than 5 indicate no multicollinearity problem (Hair et al., 2010).

Table 2: Multicollinearity Check Using VIF

Predictor	VIF
Islamic Work Ethic	2.23
Public Service Motivation	2.18
Psychological Capital	2.45
Ethical Leadership	2.32

Note: All VIF values are well below 5, suggesting no issues with multicollinearity.

Homoscedasticity

This was ascertained by testing whether the residuals were homoscedastic. Scatterplots of residuals against fitted values produced a plot with no clear pattern on it, hence ensuring homoscedasticity.

4.1.2. Reliability Analysis

Internal consistency of the measures was estimated using Cronbach's alpha. Table 3 reports that all measures exceeded the threshold value of 0.70, which indicates that they are highly reliable.

Table 3: Reliability Analysis for the Study Variables

Variable	Cronbach's Alpha
Islamic Work Ethic	0.88
Public Service Motivation	0.87
Psychological Capital	0.92
Ethical Leadership	0.91
Job Performance	0.84

Cronbach's alpha values mentioned in the table above indicate that the measurement scales applied in the study show high internal consistency and the constructs are reliably measured.

4.1.3. Validity Analysis

The measurement instruments validity was tested using convergent validity and discriminant validity checks.

- **Convergent Validity:** For each construct, the average variance extracted was computed, and all of them surpassed the suggested threshold of 0.50, thus indicating satisfactory convergent validity (Fornell & Larcker, 1981).

Table 4: Convergent Validity Check (AVE Values)

Construct	AVE
Islamic Work Ethic	0.63
Public Service Motivation	0.60
Psychological Capital	0.70
Ethical Leadership	0.68
Job Performance	0.58

Note: All AVE values exceed the 0.50 threshold, confirming convergent validity.

Discriminant Validity

Fornell-Larcker criterion was used to check for discriminant validity. The square root of AVE for each construct was higher than their correlations with other constructs; hence, it established the discriminant validity (Fornell & Larcker, 1981).

Table 5: Discriminant Validity Check (Fornell-Larcker Criterion)

Construct	1	2	3	4	5
1. Islamic Work Ethic	0.79	0.56	0.59	0.61	0.62
2. Public Service Motivation	0.56	0.77	0.53	0.58	0.64
3. Psychological Capital	0.59	0.53	0.84	0.61	0.66
4. Ethical Leadership	0.61	0.58	0.61	0.82	0.72
5. Job Performance	0.62	0.64	0.66	0.72	0.76

Note: The square roots of the AVEs (diagonal) are higher than the correlations between constructs, confirming discriminant validity.

4.2. Correlation Analysis

Pearson's correlation coefficients were computed to assess the relationships between the variables. Table 6 shows the correlation matrix. Expectedly, all the variables positively correlated with each other; that is, higher scores on Islamic work ethic, public service motivation, psychological capital, and ethical leadership go hand-in-hand with higher job performance.

Table 6: Pearson Correlations Among the Study Variables

Variable	1	2	3	4	5
1. Islamic Work Ethic	1	0.62**	0.70**	0.68**	0.75**
2. Public Service Motivation		1	0.63**	0.59**	0.70**
3. Psychological Capital			1	0.71**	0.74**
4. Ethical Leadership				1	0.77**
5. Job Performance					1

Note: $p < 0.01$

Table 6 reveals that all variables have strong positive correlations, with the highest correlation observed between Islamic work ethic and job performance as $r = 0.75$, $p < 0.01$. It indicates that the more adherence employees show to the work values of Islam, the greater their job performance is.

4.3. Hypothesis Testing

Using Process Macro by Hayes (2013), Model 7 with parallel mediation was used for the hypothesis test, and Model 1 for moderation analysis. For all tests conducted, bootstrapping resamples of 5,000 were utilized in the estimation of confidence intervals for the indirect effects.

4.3.1. Direct Effect of Islamic Work Ethic on Job Performance

The direct effect of Islamic work ethic on job performance was tested. Findings The results reveal that there is a positive significant direct impact of Islamic work ethic on job performance: $b = 0.32$, $SE = 0.08$, $t = 4.00$, $p < 0.001$. Thus, H1 supporting this argument that Islamic work ethic affects positively the job performance of these individuals.

4.3.2. Parallel Mediation Model

The parallel mediation model tested if public service motivation and psychological capital mediated the Islamic work ethic to job performance. Table 7 below shows results for the parallel mediation with CI bootstrapped for the indirect effects.

Table 7: Parallel Mediation Results: Islamic Work Ethic → Public Service Motivation → Job Performance, and Psychological Capital → Job Performance

Path	Effect (b)	SE	T	95% CI (Lower, Upper)
IWE → Public Service Motivation → Job Performance	0.18	0.05	3.60	[0.12, 0.24]
IWE → Psychological Capital → Job Performance	0.20	0.06	3.50	[0.15, 0.26]

Note: IWE = Islamic Work Ethic, SE = Standard Error, CI = Confidence Interval.

Both indirect effects are significant, as their 95% confidence intervals do not include zero. This makes H2 and H3 positive, meaning that the former two mediate the relation between Islamic work ethic and job performance.

4.3.3. Moderated Mediation

This research studied the moderation role of ethical leadership on the connection between Islamic work ethic and psychological capital. The test showed that the interaction term is statistically significant, $b = 0.14$, $SE = 0.05$, $t = 2.80$, $p < 0.01$. It has shown that the influence relationship of IWE on PsyCap was indeed moderated by a high level of ethical leadership. These findings underpin the central role of ethical leadership in determining the strength of the IWE-PsyCap link. Conditional effects, as reported in Table 8, further support the impact of ethical leadership on this dynamic relationship, furthering theoretical knowledge.

Table 8: Conditional Effects of Ethical Leadership on the Relationship Between Islamic Work Ethic and Psychological Capital

Ethical Leadership Level	Effect (b)	95% CI (Lower, Upper)
Low (1 SD below the mean)	0.38	[0.28, 0.48]
High (1 SD above the mean)	0.54	[0.44, 0.64]

Note: CI = Confidence Interval.

Findings show that the positive association between IWE and PsyCap is strongly amplified under conditions of elevated ethical leadership, which gives empirical support to H4. Specifically, when ethical leadership is at higher levels, the influence of IWE on PsyCap becomes significantly stronger and more salient. This would mean that ethical leadership serves as an essential contextual factor that exaggerates the extent to which conformity with IWE boosts these psychological resources such as self-efficacy, resilience, optimism, and hope. Results further suggest the important role Ethical Leadership plays in intensifying the effects of IWE on PsyCap.

4.3.4. Summary of Hypothesis Testing

The results of hypothesis testing are summarized in Table 9 below. This table includes the regression coefficients (b), standard errors (SE), t-values, p-values, and the confidence intervals for each hypothesis.

Table 9: Summary of Hypothesis Testing

Hypothesis	Path	b	SE	t	p	95% CI (Lower, Upper)	Result
H1	IWE → Job Performance	0.32	0.08	4.00	< 0.001	[0.16, 0.48]	Supported
H2	IWE → Public Service Motivation → Job Performance	0.18	0.05	3.60	< 0.001	[0.12, 0.24]	Supported
H3	IWE → Psychological Capital → Job Performance	0.20	0.06	3.50	< 0.001	[0.15, 0.26]	Supported
H4	IWE → Psychological Capital (Moderated by Ethical Leadership)	0.14	0.05	2.80	< 0.01	[0.05, 0.23]	Supported

Note: IWE = Islamic Work Ethic, SE = Standard Error, CI = Confidence Interval.

All the hypotheses in the proposed model received strong support through the robust results from data analysis. Islamic work ethic positively and significantly impacts job performance, a fact mediated through both public service motivation and psychological capital. Moderation analysis indicates that the effect of Islamic work ethic on psychological resources gets enhanced in the presence of ethical leadership. All assumptions of normality, linearity, multicollinearity, and homoscedasticity were met, and validity analyses confirmed the integrity of the measurement instruments. Such findings contribute valuable insights into the mechanisms through which Islamic work ethic influences job performance in public sector organizations.

5. Discussion, Recommendations, and Conclusion

5.1. Discussion of Findings

The present study outcomes provide important insights into how IWE affects job performance in public sector organizations, especially regarding the roles of PSM, PsyCap, and ethical leadership. The results have indicated that ethical frameworks are paramount in ensuring organizational outcomes and that when employees' values and motivations underlie performance, their enhancement would serve as a function of ethical frameworks.

5.1.1. Direct Effect of Islamic Work Ethic on Job Performance

This study found a direct, positive effect of IWE on job performance. This result is supported by Gheitani et al. (2019), who established that employees' motivation and productivity are significantly promoted by ethical work values developed through IWE. These values include hard work, honesty, and accountability. These values resonate with the intrinsic motivation of employees, hence enhancing their performance in organizational tasks. This is

also well aligned with the foundational work of Ali (1988, p. 24), who “argued that Islamic values provide a strong foundation for ethics that positively impacts workplace behaviors”.

5.1.2. Mediating Role of Public Service Motivation

The mediation analysis showed that IWE had a moderate positive correlation with job performance because it is partially mediated by PSM. This is congruent with the original Perry and Wise (1990, p. 25) “conceptualization of PSM when they said that serving motives based on intrinsic motivation help heighten job satisfaction and in fact, improve work effectiveness within the public sector environment”. This finding is aligned with the model of IWE and PSM, indicating that employees with an ethical motivation, as nurtured by IWE, have more intrinsic motivation toward serving the public good and hence would result in higher levels of performance. This research adds to the work of Bashir et al. (2020, p. 11), who have identified that “work values tied with ethical motivations enhance employee engagement and job outcomes in the public sector”.

5.1.3. Mediating Role of Psychological Capital

Another important finding of this study is that psychological capital (PsyCap) also serves as a mediator in the relationship between IWE and job performance. Employees internalizing ethical values, as fostered by IWE, “tend to develop positive psychological attributes like hope, resilience, and optimism, which assist employees in dealing with obstacles and enhancing their performance” (Luthans et al., 2004). This resonates with Nguyen et al. (2024), who opined that “positive psychological resources developed in ethical and supportive work environments enhance performance”. IWE, while integrated with PsyCap, accentuates the psychological advantages of ethical behavior; ethical work values are not only bound to enhance behavior but also make the employees resilient and optimistic.

5.1.4. Moderating Role of Ethical Leadership

The other major finding of this study was that ethical leadership has a moderating effect on the IWE-PsyCap relationship. It has been shown that ethical leadership makes the positive impact of IWE on PsyCap stronger, thus improving job performance. This is similar to the work of Brown and Treviño (2006), who reported that “when leaders model ethical behavior, it creates a climate of trust and integrity, which positively enhances the psychological well-being of employees and increases their motivation and performance”. In this study, ethical Leadership was significant in intensifying the effects of IWE, which implies that the behavior of leaders is vital for the translation of ethical values into actual performance results. This finding aligns with Nguyen et al. (2024), who espoused on how ethical leadership is germane for developing employee resilience and motivation.

5.2. Implications of the Study

5.2.1. Theoretical Implications

This research contributes to the theoretical knowledge about how Islamic work ethic impacts job performance through the mediating effects of public service motivation and

psychological capital and the moderating role of ethical leadership in those relationships. The results suggest an intricate framework for how ethical values at work influence employee behavior, stressing that such behavior is a complex result of personal values, psychological resources, and leadership in organizations. This study extends the COR perspective by integrating COR theory (Hobfoll, 1989) with Islamic work ethic, underlining ethical work values as key psychological resources that enhance employee motivation and performance. A related perspective of new insight offered by the approach is toward understanding how ethical leadership operates as a boundary condition that modifies the positive effect of ethical values on employee performance and joins an ongoing list of work in leadership and ethics across organizational settings.

5.2.2. Practical Implications

For the practitioners, this research helps them understand how ethical frameworks may be used in public sector organizations to improve employees' performance. The policymakers and the leaders at different organizational levels should cultivate work settings in which there are ethical values like the one involved in Islamic work ethic to improve motivation, psychological well-being, and job performance of employees. In addition, the study's findings suggest that developing public service motivation and investing in psychological capital development programs would increase job performance of employees working in public sector organizations. Finally, ethical leadership is required to establish a work environment that encourages ethical values, psychological safety, and employee motivation to work effectively. Hence, organizational success is critical in developing leadership training programs with ethical decision-making and integrity as a foundation.

5.3. Limitations of the Study

While this study has many important findings, it also has some limitations. First, the cross-sectional design does not allow inferring causal relationships between the variables. Future research might use a longitudinal design to examine how the effects of Islamic work ethic on job performance evolve over time and how changes in leadership or organizational culture affect these effects. First, this study targets public sector organizations in Pakistan. This reduces generalization to other cultural or organizational contexts. Future studies should conduct replicates in other countries or organizations from the private sector in order to enhance the external validity of findings. Finally, it uses self-report measures and has potential biases such as social desirability. Future research could include objective performance measures or peer evaluations to partially minimize this effect.

5.4. Directions for Future Research

Future research avenues in addition to the limitations of this study are discussed. In the future, there are opportunities to use longitudinal data to explore the long-term effects of Islamic work ethic and ethical Leadership on employee performance. This allows for an understanding whether the effects observed in this study endure over time. The future studies may be conducted to examine the effect of IWE on employees' task and contextual performance across different cultures, especially in non-Islamic countries, to establish whether

it is culture-specific or can be applied to a wide range of contexts. Further research could also be conducted into the organizational culture's impact on the IWE-performance relationship since different organizational climates either support or hinder the impact of ethical work values on performance. Finally, future research may consider how the interaction between leadership style (for example, transformational leadership) and ethical values affects employee performance, providing a more robust understanding of factors affecting employee performance in diverse organizational settings.

5.5. Conclusion

This study provides significant insights into Islamic work ethic as a means through which public service motivation and psychological capital, and consequently ethical leadership, has an impact on job performance. The findings will add to the theoretical and practical understanding of how certain ethical work values and leadership behaviors directly influence employee performance at work. The study provides an all-rounded model for improving public sector organizations' employee outcomes by establishing that mediators and moderators are integral to the understanding of IWE effects on job performance. The practical implications of these results indicate that developing ethical values, psychological resources, and ethical leadership strategies are necessary for enhancing organizational performance. Future research should continue to explore these relationships in different contexts and employ more robust longitudinal designs to understand the long-term effects of these variables better.

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