

## Evaluating the Relationship between Managers' Moral Leadership and Organizational Commitment

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### ABSTRACT

The aim of this study was to examine the relationship between ethical leadership and organizational commitment in executive financial units of Hamedancity. In this study, all financial units experts of Hamedan city was considered statistically as statistical population, according to Korjesy – Morgan Table, a sample of 91 people was selected from the statistical society of financial experts. To select the sample, table of random numbers using a simple random sampling was used. This research method is descriptive-correlational survey and questionnaire was used for data collection. Two standardized questionnaires including Allen and Meyer organizational commitment questionnaire (Moghimi and Ramadan, 2011) and "Moral Leadership" questionnaire of Brown, Trevino and Harrison (2005, p. 125) were used for the first time in Iran. To determine the reliability of this questionnaire, Cronbach's alpha coefficient was used. It was 0.892 which is an indicative of a good level of reliability. Experts confirmed the validity of the questionnaire. Chi-square method and Friedman test were used to analyze data. The results of this study indicate that there is a significant and positive relationship between organizational commitment and ethical leadership in financial units of Hamedan city.

**KEYWORDS:** Ethical Leadership, Organizational Commitment, Employee, Executive Agencies.

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### INTRODUCTION

The importance of ethics in the workplace is a general consensus that is desirable and acceptable. Management in any organization wants its members to perform in an appropriate manner and fair manner so as not to harm the majority of the population in the procedure of organizational performance (Hess Mar, 2010, p. 177). Ethical work practices based on standards that employees expect in any organization to behave ethically in accordance with a method when dealing with a particular situation (ibid, p. 179). In the management literature, influence and creating motivation in staffs fall within a leadership role. In fact, the leader is at the center of relations with employees as a manager encourages employees within the framework of the official program of the move (Arabi, 2006, p. 7). The essence of leadership is influence and leaders use their influence to promote ethical behavior or negatively use it to encourage unethical behavior (MacManus, 2011). This may be particularly important when organization sarefaced with a moral crisis. In the case that complex issues of organizational ethics occurs in the organization or events in the organizations cause shifting attention to ethical approach, higher moral leaders come into the others' focus.

In this situation, people more discover the importance of ethical leadership and ethical environment (Trevino Brown, 2006, p. 602). Human resources in any organization are its most important asset; the existence of moral leader can affect the attitude of the organization. This impacts the employee's loyalty and improves organizational success. Poor ethics causes damage to the organization. Success depends on professional ethics and in case that the manager lacks honesty and the spirit of the organization will be spoiled (Sarmadi & Shalhaf, 2007, p. 102). This is reflected in the behavior of managers and ethical behavior in their leadership affects organizational commitment. Because organization is not only a place for living of employees, but they are seeking self-identity in organization (Nasehifar & Almasifard, 2010, p. 20), people extend to work in an organization where they can create feelings of happiness and success and spirituality is the key to such characteristic in organizations. This characteristic increases the performance and effectiveness of the organization.(ibid, p. 23).

New research indicates that ethical behavior of leaders causes ethical reaction of employees in the workplace and while reducing desertion, it increases their job satisfaction. (Sutherland, 2010, p. 52).In this study, we sought to examine the effects of ethical leadership on organizational commitment. In other words, this study

investigates the relationship between leaders' ethical behavior including justice, fairness, honesty, and right action (Golparvar et al, 2011, p. 4) and affective commitment, continuous and normative commitment in financial sections of executive financial units of Hamedan city.

## BACKGROUND RESEARCH

Ethics is seeking reasonable bases to reach an agreement that is originated from our perception of ourselves and our relationship with the society. In this framework, the actions of people are ethical in case that others cannot logically negate it. (Darval, 2003, pp. 2-61). In other words, moral judgments are judgments that are consistent with the norms. (ibid, p. 75).

Ethical leadership term consists of two concepts in the management literature. The first concept knows the leader as a person who is responsible for directing one or more groups. Obviously, such a person does not have the characteristics of a true leader and he is merely an executive director. The second concept introduces leader as the person who dynamically involves with his subordinates in doing the work and creating changes. Such person with his influence over the subordinates affects them in order to impose basic changes as well as gives them motivation. (Komious, 1991, p. 158). Ethical leadership has been defined as the proper behavior through individual actions, interpersonal communication and promoting behaviors of followers through two-way communication, reinforcement, and decision-making. Based on social learning theory, ethical leaders with traits such as honesty trustworthiness, fairness and caring are a good model for their followers in the workplace. Ethical leaders act such that the result of their actions forms ethical performance in the minds of their followers (Brown & Harrison, 2005, p. 120-121). Brown et al. (2005) defined ethical leadership as the demonstration of normative behavior through individual behavior and interpersonal relationship and encouraging followers to treat these behaviors through mutual behavior, encouragement, and decision.

The concept of organizational commitment was first presented by Etzioni in 1961 that is described as the general acceptance of the organization by the employees. He identifies three types of organizational commitment:

1) Commitment with mental alienation, which means that a person does not feel committed but (s)he has to remain as a member of the organization, 2) accounting -based commitment, which means that a person feels sense of obligation to the extent that (s)he can earn fair money for his/her fair work, 3) the moral commitment, which means that the person in trinsicly values an organization's mission, and the job that (s)he has in organization and does it based on the value (s)he deserves it. Perhaps the most complete classification is related to John Meyer and Allen Natalij Meyer (1984) (cited in Safari & Ebrahimi, 2010, pp. 96-98). Organizational commitment includes accepting the values of organization, tendency to hard work for the organization and a desire to stay in the organization (Allen & Meyer, 1997). Commitment means a commitment to the principles and conventions that man believe in them. Commitment is defined as the tendency of individuals to provide social system with their energy and loyalty (Robbins, 1995; translated by Parsaeian & Arabi, 1996). O'Rrielly and Caldwell divide commitment factors and intrinsic and extrinsic motivation of the job and Summers introduces the effective commitment as a type of dependence and attachment to the organization that are displayed in the form of accepting the organization's values and willingness to stay in the organization (Ebrahimi, 2004).

*Elements of organizational commitment:* Allen and Meyer (199, 1997) define dimensions of organizational commitment in three aspects of affective, continuous, and normative. Affective commitment reflects an emotional bonding and employee identification with the organization's values and goals. Employees remain in organizations because they "want to". Continuous or rational commitment re presents costs of leaving the organization; and therefore, obligation to remain in the organization. Employees remain in organizations because "have to". Normative commitment is faith and sense of duty and obligation to remain in the organization. Employees remain in organizations because they "ought to" to remain (Sutherland, 2010).

*Meyer and Allen Model:* Meyer and Allen created their three-dimension model based on the observed similarities and differences in single- dimension concepts of organizational commitment. Their general argument was that commitment bonds the individual to the organization; therefore this link will reduce the likelihood of turnover (Meyer & Herskovich, 2001, p. 305). They distinguish between the three types of commitment. Affective commitment refers to the emotional attachment to the organization. Continuous commitment is willing to stay in the organization due to costs of leaving the organization or rewards for staying in the organization. Finally, normative commitment reflects the sense of staying as a member of the organization. There is a clear overlap between the way Porter conceptualize the commitment and subsequent work related to Ariel and Chetman and Meyer and Allen. Porter's approach to commitment is very similar to internal dimension of Ariel and Chetman and emotional commitment concept of Meyer and Allen. In fact, according to Meyer and Allen, Porter's Organizational Commitment Questionnaire can be interpreted as affective commitment (Moody, 1998, p. 390).

Coleman and Cooper (1997) investigated the relationship between affective commitment, normative and continuous and job satisfaction and turnover intention in over 232 employees. The research results indicate that job satisfaction is positively associated with both affective commitment and normative, job satisfaction is also correlated inversely with the continued commitment and all three types of commitment were negatively related to employees' turnover intentions. Cohen and Crichmer (1995) examined the relationship between affective, normative and continuous commitments and the non-working dimensions of enriching sources. Their research was based on 227 nurses from two hospitals. The researchers found a positive relationship between affective and normative commitment and enriching sources. Although the relationship enriching sources and continuous commitment was negative, in fact, employees who stay in the organization because of their own desire or sense of obligation to work, they exhibited more cooperation and pleasure (Brown, 2003, p. 32).

Javdani (2011). Relationship-oriented leadership and transformative engagement with teachers' organizational commitment. 0.143-158, (1) Research Foundations of Education, Nadi, Mohammad Ali; Nazhatozzaman (2009). Teachers' perception of the relationship of trust and affective organizational commitment to continuing education in order to provide a suitable structural equation model of education.

Sutherland (2010) in his doctoral thesis considered ethical leadership and organizational commitment. They found that positive significant relationship between ethical leadership and commitment (affective and normative). Furthermore, there is a significant positive relationship between ethical leadership and ideal influence, inspiring and transformational leadership. Alkhatib and et al (2002) using a scale Makiaolisti have tried to consider two dimensions of moral and ethical ideology and Makiaolisti approach in three countries of the Middle East. Their findings indicated that employees' ethical ideology affect their ethical practice in the organization. Researchers have proposed that for ethical issues, necessary training be applied for employees in area of rule education and ethical methods.

Samadi and Mahdavi (2010) conducted a study on the effect of managerial ethics on organizational commitment of employees' of tax department of Hamedan Province. They concluded that there is direct positive relationship between managerial ethics and organizational commitment. The results also revealed that if the levels of managerial ethics improve, the organizational commitment improves.

## **MATERIALS AND METHODS**

The statistical population of research was all account executive employees of Hamedan city whose numbers was 132. A sample of 92 people were suitable for research, however, it is likely that some of the questionnaires may be distorted or incomplete, a sample of 100 questionnaires were distributed randomly (using a random numbers table) and 93 questionnaires were fully completed. Thus, the study sample consisted of 93 people. The reason for this was that the number of sample was identified and a list of financial personnel of executive units was prepared that Ministry of Finance was in their head; they were homogeneous and therefore simple random sampling method was used to distribute questionnaires. The instrument to collect data was questionnaire. Two standardized questionnaires include:

- 1 - Organizational Commitment Questionnaire (Moghimi & Ramezan, 2011)
- 2 - Moral Leadership Questionnaire. (Brown, Trevino, & Harrison, 2005, p. 125)

Allen and Meyer's Organizational Commitment Questionnaire has been frequently used and its reliability and validity have been confirmed by scientific authorities. The validity of research questionnaire has been confirmed in Ashrafi (1995) and Sarughi (1996). The researcher stated that specialists verified the validity of the test and it enjoys face validity (Ebrahimi, 1996). Ebrahimi (2008) translated and standardized organizational commitment questionnaire of Allen and Meyer in Iran. He established the overall reliability of the test using the method of internal consistency (Cronbach's alpha) and reported it as 0.81. Norouzi again estimated the reliability of the test using test-retest method and reported it as 0.873. (Zeighami, 2010, pp. 52-53) Ethical leadership questionnaire is used in Iran for the first time. Evidence of reliability and validity of its 14 statements was reported desirable in other countries (Sutherland, 2010, pp. 44 & 62), and (Pano and Tenakon, 2009, p 25). The translation of 14 items was considered precisely. In order to assess the reliability of the questionnaire, 30 questionnaires were distributed and collected, and the Cronbach's alpha coefficient calculated by SPSS software, the following results were obtained: Cronbach's alpha coefficient to determine the reliability of this questionnaire was calculated to 0.892, which implies sufficient level of reliability.

## DATA ANALYSIS

Friedman test:

**Table (1): Friedman ranking test for research variables**

Variables	Average Rating
Ethical Leadership	3/47
Affective commitment	3/06
Continuous commitment	3/87
Normative commitment	3/95
Organizational commitment	3/55
Number	91
Chi-square	55/513
Degrees of freedom	5
Significance level	0/000

Variables ranked according to gathered data are from the least emotional commitment (3.06) to the most normative commitment (3.95). Commitment is ranked from the highest order related to continuous commitment (3.87), organizational commitment (3.55), and ethical leadership (3.47). Since the significance level is less than 5% and the chi-square (55.513), it is likely with 99% chance that there is average difference of ranking between research variables.

### Research Hypotheses

**Research main hypothesis:** There is a relationship between ethical leadership and organizational commitment.

**Table (2): Chi-square result of organizational commitment and ethical leadership**

	value	df	sig
Pearson chi-square	187/655	16	0/000
Likelihood Ratio	189/019	16	0/000
Linear-by-Linear Association	78/258	1	/000
N of valid cases	91	-	-

Based on the above table (which is about the Chi-square result of organizational commitment and ethical leadership), the calculated chi-square is significant. Therefore, according to the values and df, there is relationship between organizational commitment and ethical leadership, so  $H_0$  is rejected and  $H_1$  is confirmed.

### Secondary hypotheses

**First hypothesis:** There is relationship between ethical leadership and affective commitment.

**Table (3): Chi-square result of ethical leadership and affective commitment**

	value	df	sig
Pearson chi-square	170/030	16	0/000
Likelihood Ratio	178/870	16	0/000
Linear-by-Linear Association	77/988	1	0/000
N of valid cases	91	-	-

As seen in above table (which is about the Chi-square result of ethical leadership and affective commitment), chi-square result of ethical leadership and affective commitment is (170.030) and the significance level of the test is 0/000 that null hypothesis is rejected with 99% confidence. Therefore according to value and df, he main result of the hypothesis is confirmed.

**Second hypothesis:** There is a relationship between ethical leadership and continuous commitment.

**Table (4): Relationship between ethical leadership and continuous commitment in financial units of Hamedan**

	value	df	sig
Pearson chi-square	187/718	16	0/000
Likelihood Ratio	183/374	16	0/000
Linear-by-Linear Association	76/075	1	0/000
N of valid cases	91	-	-

As displays in table 4 (which is about the Relationship between ethical leadership and continuous commitment in financial units of Hamedan), the Pearson chi-square between ethical leadership and continuous commitment is 187/718. The significance level is 000/0. So, according to the value and df, the null hypothesis is rejected with 99% confidence, and these two variables are associated.

Third hypothesis: There is a relationship between ethical leadership and normative commitment.

**Table (5): Relationship between ethical leadership and normative commitment in financial units of Hamedan**

	value	df	sig
Pearson chi-square	193/411	16	0/000
Likelihood Ratio	188/045	16	0/000
Linear-by-Linear Association	78/897	1	0/000
N of valid cases	91	-	-

According to table 5 (which is about the Relationship between ethical leadership and normative commitment in financial units of Hamedan), the calculated Pearson between ethical leadership and normative commitment is 193/411, and the significance level is 000/0. So, according to the value and df, the null hypothesis is rejected with 99% confidence, and the two variables are dependent on each other.

## CONCLUSION

The aim of this study was to examine the relationship between ethical leadership and organizational commitment in executive financial units of Hamedan city. In this study, all financial units experts of Hamedan city was considered statistically as statistical population, according to Korjesy – Morgan Table, a sample of 91 people was selected from the statistical society of financial experts.

Chi-square values between ethical leadership and affective commitment (170/030) and significance level of the test is 0/000. The Pearson value between ethical leadership and continuous commitment is equivalent to 187/718. Significant level equals to 000/0 and two variables are interrelated. Pearson between ethical leadership and normative commitment is 193/411 at significance level equals to 000/0, therefore two variables are associated. Thus it can be said that the relationship between two variables, organizational commitment and ethical leadership is significant with 99% confidence and at significance level ( $p < 0.05$ ). This relationship confirms the existence of relationship, impact and influence of these two variables on each other.

Therefore, the results of this study indicate that there is a significant and positive relationship between organizational commitment and ethical leadership in financial units of Hamedan city.

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