



## Ethical Leadership and Attitudinal Outcomes with Reference To Tunisian Companies

Jaouadi W.<sup>1\*</sup>, Lakhali L.<sup>2</sup>

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<sup>1\*</sup> Wafa Jaouadi, PhD in management, Higher Institute of Management of Sousse, University of Sousse, kef, western kef, Tunisia.

<sup>2</sup> Lassaad Lakhali, Professor, Faculty of Economics and Management of Sousse, University of Sousse, Sousse, Sousse, Tunisia.

The main objective of this paper is to investigate the effect of ethics based leadership on employees' attitudes including job satisfaction and commitment to the organization.


A quantitative methodology was chosen to test hypotheses and investigate causality between variables. The findings were tested using Smart PLS 3 software.

This research confirms the positive association between both ethical leadership and followers' job satisfaction and commitment.

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**Keywords:** ethical leadership, job satisfaction, organizational commitment

Corresponding Author	How to Cite this Article	To Browse
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## Introduction

Due to the growing number of business scandals involving corporate leaders, the subject of ethical leadership has become increasingly important, and research that investigates its antecedents and consequences has become highly relevant (Brown & Trevino 2006). Studies proved that ethics-based leadership correlates positively with employees' outcomes like the perception of a leader's efficiency, trust in leader, satisfaction, gratitude, and affective commitment (Brown & Trevino, 2006; Ponnu & Tennakoon, 2009; Brown & Mitchell, 2010; Elçi et al., 2012; Neubert et al 2009). Additional research has indicated that leadership based on ethics had a great impact on reducing undesirable consequences including turnover and deviant behaviours (Avey et al., 2011; Ghahroodi et al. 2013). Leaders are conscious of the importance of maintaining their followers satisfied and committed to the organization. (Naqvi, 2011). However, if leaders are seen as ruthless and mindless in their professional relationships with others, followers may influence and behave the same way as their leaders (Crane & Matten, 2004). Besides, leaders who give importance to ethics, reward ethical behaviours and penalize unethical ones, may influence the behaviour of employees through the outcomes and effects produced by these behaviours (M. E. Brown & Trevino, 2006).

In this research, we will investigate the influence of ethics based leadership on employees' attitudinal consequences such as employee commitment and job satisfaction. Hence, a set of three research objectives are stated as follows:

RO1: Evaluate the perception of employees of their superior's ethical leadership.

RO2: Investigate the effect of ethics based leadership on employees' job satisfaction.

RO3: Examine the linking between ethics-based leadership and employees' organizational commitment.

This study gives empirical proof that affirms the positive link between leadership based on ethics and followers' job satisfaction and commitment. That contributes to helping organizations to know how they can keep their employees engaged and satisfied with them. Also, this research allows

Scholars and companies to improve the understanding of the fundamental place of ethics based leadership in the organization.

## Literature review

**Ethical leadership:** The introducer of ethics-based leadership is Trevino et al. (2003). The concept involves the ethics-based manners which are adopted by the leaders and their subordinates. The prominent query is, to enhance the ethical values in the companies, what sort of leadership would be needed? Ergo, leadership focused on ethics ensures that these questions are answered for greater ethical behaviour in various organizations as well as business corporations (Trevino et al., 2005).

The ethical leadership concept represents two main facets: being such a "moral person" and a "moral manager" (Brown and Trevino, 2006). The leader should act normatively appropriately, in order to be a moral person. Even though the theory of ethical leadership does not explain the definition of appropriate conduct, Brown et al. (2005), offer a number of examples, such as to be honest, fair, trustworthy, and nurturing. To be a moral manager, the leader regulates followers' ethical actions by resolving ethical problems, encouraging the ethical conduct of followers, and restraining their unethical conduct.

**Ethical leadership theories:** Researchers have frequently relied on two theories, namely; social exchange theory (SET: Blau, 1964) and social learning theory (SLT: Bandura, 1986, 1977) to clarify how employees react to ethics-based leadership (Brown et al., 2005). They have suggested that SET and SLT can justify the fact that individual and contextual factors related to the leader can influence the perceptions of ethical leadership by employees. Besides, they can be a way to comprehend the effect of ethical leaders on the behaviours as well as attitudes of their subordinates. SLT assumes that employees learn acceptable behaviour through observing their reliable and credible role models (Bandura, 1977; M. E. Brown & Mitchell, 2010; M. E. Brown & Treviño, 2006). SET (Blau, 1964) introduces the idea that when people are treated positively they will reciprocate.

### Ethical leadership and Follower organizational attitude

*Job satisfaction:* According to ÇelİK et al. (2015), the most accurate definition of job satisfaction is given by Locke (1976) and it is an "Employees' positive feeling about the job and organization as well as perceptual interactivity". Brown et al. (2005) indicated that leadership based on ethics is associated with employees' sense of contentment toward their supervisors and devotedness at work. They asserted that followers tend to show a bigger job satisfaction with an ethical leader who penalizes lawbreakers and shows an equitable way of conduct to their followers.

Studies conducted on employees' consequences over ethical leadership indicated that subordinates who distinguish ethical leadership behaviours such as loyalty, trustworthiness, and care about others will work an intense level of job contentment, trust and commitment (Brown & Treviño, 2006; Ponnu & Tennakoon, 2009; Kalshoven et al., 2011; Avey et al., 2012). Based on the literature above, we consider as follows:

Hypothesis 1: perceived ethical leadership correlates positively with worker' job satisfaction

*Organizational commitment:* The definition of organizational commitment differs, but, in general, and according to Mowday et al. (1982) organizational commitment is an "attachment aptitude towards organization". Previous studies on commitment indicated two approaches to define organizational commitment; the behavioural approach and the attitudinal approach (Staw, 1977).

As a behaviour, a committed employee is "bound by his action". For example, when an employee is engaged in behaviour and cannot change their decision easily, the employee becomes committed to past behaviour.

In terms of attitudes, a committed employee refers to "the identification with and engagement in a particular company" (Mowday et al., 1979). This definition involves three components of organizational commitment including:

- A conviction of the organization's values.
- Showing a strong will to attain achievement in an organization.

- An ambition to preserve engagement and involvement in the organization.

Here we are interested in attitudinal commitment, so we are going to use the definition of Mowday et al (1979).

Meyer and Allen (1991) mentioned different sorts of organizational commitment including normative commitment, continuance commitment, as well as affective commitment. However, nearly all research focus on affective commitment and they have defined organizational commitment as the affective commitment of employees to their job (Naqvi et al., 2011).

Affective commitment refers to the fact of remaining in a job for effective motives. Continuance of commitment is present when one is afraid of losing the advantages of the job such as a salary and status. Normative commitment is the result of the employee's awareness of responsibility and obligation towards their job in a way that the employee considers leaving their job an unethical behaviour (B. B. Brown, 2003; Cohen, 2007).

This paper examined the effective form of organizational commitment because it is the one that is mostly used to measure organizational commitment. (Allen & Meyer, 1990)

Previous researchers affirmed that ethics-based leadership behaviour is positively combined with workers' organizational commitment (Mize et al., 2000; Ruiz-Palomino et al., 2011; Ponnu & Tennakoon, 2009; Neubert et al., 2009).

That is to say, employees who perceive ethics-based leadership are inclined to be loyal and attached to their organization. So, we formulate this:

Hypothesis 2: ethical leadership correlates positively with workers' organizational commitment.

## Research model

This research model presents the effects of leadership based on ethics on employee job satisfaction as well as organizational commitment

(Please see Figure 1: Research model)

## Methodology

**Sample and procedure:** A quantitative method is appropriate for investigating the impact of ethics-based leadership on employees' attitudes. The data collection tool for our research is the questionnaire as it is considered to be one of the most used and reliable tools in survey research (Leedy & Ormrod, 2005; Javed, Husain, & Ali, 2020; Javed & Khan, 2017; Javed, Khan, & Farooqi, 2020; Javed, Malik, & Alharbi, 2020; A. A. Khan & Javed, 2017a, 2017b). The questionnaire was addressed to all employees working in various companies located all over Tunisia and from different sectors and activities to evaluate their supervisor's ethical leadership and their attitudes towards their job and firm (Albashabsheh, Alhroob, Irbihat, & Javed, 2018; Alhroob, Irbihat, Albashabsheh, & Javed, 2017; Bashabsheh, 2017; Husain & Javed, 2019a, 2019b; Javed, 2018, 2017). The suitable sampling method is probability sampling due to the representativeness of the sample and it is considered as a guarantee against sampling bias (Randall & Gibson, 1990). A total of 50 respondents made up of employees were kept. 52 % of the respondents were female. Most participants were in the 20-29 age range, graduated from high school. Also, 80% of participants were not recruited by their supervisor. Finally, the questionnaire is coded and inserted into SPSS software for further factor analysis (A. Khan, Baseer, & Javed, 2017; A. Khan & Javed, 2016; Malik, Khan, Faisal, Javed, & Faridi, 2020; Rutskiy et al., 2020; Javed, Aldalaien, Husain, & Khan, 2019; Javed, Atallah, Aldalaien, & Husain, 2019; Javed & Husain, 2020).

## Measures

**Ethical leadership:** To assess the impression of the subordinates of their direct supervisor's ethical leadership, Brown et al. (2005) have determined an instrument for measuring Ethical Leadership; it is the Ethical Leadership Scale (ELS). It is a uni-dimensional measure containing ten items, examples of items such as "Disciplines workers who break ethical norms".

**Job satisfaction:** The tool applied to measure job satisfaction contains four items taken from Valentine et al. (2006)

And Seashore et al. (1982). It includes "I feel relaxed in my work". Employees are required to evaluate their job satisfaction by answering these items using a five-point scale starting from the "strongly disagree as 1" ending at "strongly agree as 5".

**Organizational Commitment:** The original instrument of the "Organizational Commitment Questionnaire" (OCQ) consists of one-dimensional scale containing 15 items adopted by Mowday et al (1979), which is the most utilized instrument to assess Organizational Commitment Construct (Ashman, 2006). Also, the OCQ is designed to measure one dimension of organizational commitment which is the affective commitment that is approved as the dimension that represents more the organizational commitment (Nwadei, 2004; Allen & Meyer, 1990).

Six items were reversely worded and negatively formulated and nine items were positively formulated, only nine-items short form of the instrument were used because generally the positively coded items are more correlated with the total score than the negatively coded items (Mowday et al., 1979). The employees were called to answer these nine items such as "I consider that my principles and the principles of the organization are very close".

## Findings

**Descriptive statistics:** Ethical leadership correlates strongly with job satisfaction and commitment as expected (both are significant at  $p < .01$ ). (Please see Table 1: Means, Standard Deviations, and Correlations Matrix)

**Measurements Model:** The measurement model allows us to examine the link among latent variables and their measures (Hair et al., 2017). But in the first place, we have to check on the reliability and validity of the scale used to measure latent variables and their observed variables.

*Reliability and Convergent Validity:* Convergent Validity is the extent to which items that are used to measure the same construct are agreed (Joseph F Hair et al., 2017). According to these authors, there are three criteria to check the convergent validity. First, the outer loading should be above 70% to adopt the item. Second,

The composite reliability CR of each variable should be 0.708 or higher. Loading less than 0, 7 will be removed. Finally, the Average Variance Extracted (AVE) of every variable must be above 50% as recommended by Fornell and Larcker (1981); Kline (2015).

(Please see Table 2: Results of Measurements Model-Convergent Validity)

All factor loadings presented in the table above were ranged from 0.76 to 0.94 which are higher than 0.7. The AVE for all variables ranged from 0.67 to 0.83 which are greater than 0.5. Also, the composite reliability and Cronbach's  $\alpha$  coefficients are utilized to measure the internal consistency reliability. The results show that CR and Cronbach's  $\alpha$  exceed the 0.70 value proposed by Bagozzi and Yi (1988). Therefore, the reliability of the internal consistency of all variables is acceptable. These results show a good convergent validity.

*Discriminate Validity:* Discriminate validity is the degree to which each item in the construct is different from items of the other constructs in the conceptual model (Hair et al., 2017). To check the discriminate validity, researchers identified two approaches; the first one is the cross-loading approach; an item should have the highest loading with its appropriate construct. The second approach is the square root of the AVE value of every variable; it must be larger than its correlation with any of the other latent variables (Hair et al., 2017).

(Please see Table 3: Results of Measurements Model-Discriminate Validity: cross-loading)

As it can be seen in the table the cross-loadings of items on their respective variable are greater than all its cross-loading with other variables. Items not eliminated in this study loaded higher than 0, 7 on their appropriate variable (Hair et al., 2017).

(Please see Table 4: Discriminate validity- Square root of AVE and variable correlations)

According to the result presented in the table above, the discriminate validity is established too because the square root of the AVE of every variable exceeds its correlation with other variables. Consequently, tables showed satisfactory convergent and discriminate validity.

## Hypotheses Testing

In the measurement model, we have checked the reliability and validity of the variable measures. In the structural model, we will test the predictive capacities of the model and the association between variables through which we will test hypotheses. The evaluation of the structural model consists of five types of statistical tests; Path coefficient, Coefficient of determination  $R^2$ , Predictive Relevance  $Q^2$ , Effect size  $f^2$ , and Goodness of fit GOF (Joseph F Hair et al., 2017).

Results concerning the structural model presented in the table below indicate a good fit (Henseler et al., 2009; Schermelleh-Engel et al., 2003; Hair et al., 2017). Also findings showed that ethics-based leadership has a significant positive link to follower job satisfaction (H1) ( $\beta=.772, p<.05$ ) and organizational commitment (H2) ( $\beta=.805, p<.05$ ). Consequently, hypotheses H1 and H2 were supported.

(Please see Table 5: Results of structural model and hypotheses)

## Discussion

The result supports the hypothesis that stated that ethics-based leadership is positively linked to the commitment of the employees with the organization as proved by ÇelİK et al., 2015; Ghahroodi et al., 2013; Ruiz-Palomino et al., 2011; Mize et al., 2000.

In the prospect of social exchange theory, when the individual feels that they are fairly handled by the other person, they behave positively and according to the other person's expectations (Blau 1964). Employees put all their efforts and show dedication towards the organization when they are fairly treated by their supervisor. Organizations have a high turnover ratio when the leader did not treat their employees with respect and honesty. Chen and Indartono (2011) found that the employee perception of fairness and commitment level towards the organization are strongly associated. Ethical leaders set ethical guidance, discuss ethical issues with their employees, and define their responsibilities. These behaviours of the leaders give ensure to employees and enhance commitment level towards organizational goals and values (Brown and Mitchell, 2010; Toor and Ofori, 2009).

Our findings also show the positive association between ethics-based leadership and job satisfaction; employees are happier and more satisfied with an ethical leader who is caring, respectful, and fair. These findings are supported by the study of Brown and Trevino (2006) that proposed that working with an ethical leader may increase the job satisfaction of the workers.

Ethical leaders care about their employees, make ethical decisions and create an ethical climate that contributes to an increased feeling of job satisfaction felt by employees and ultimately affects positively their attitudes (Brown et al., 2005). Employees' job satisfaction is influenced by the ethical behaviour of leaders in an organization (Avey et al., 2012). Besides, an ethical leader who shows characteristics like loyalty, fidelity, and consideration for others can undeniably affect followers positively (Brown & Trevino, 2006).

## Conclusion and recommendation

Given the importance of employees as an essential human resource in an organization, all kinds of companies should ensure the commitment and job satisfaction of employees at the workplace. This research gives evidence that ethics-based leadership had a significant contribution to improve the positive attitudes of employees toward their job and organizations. Results showed that ethics-based leadership affected the attitude of the workers such as organizational commitment and job satisfaction. Future studies have to more explore the precursors and consequences of leadership based on ethics as well as its influence on stakeholders other than employees.

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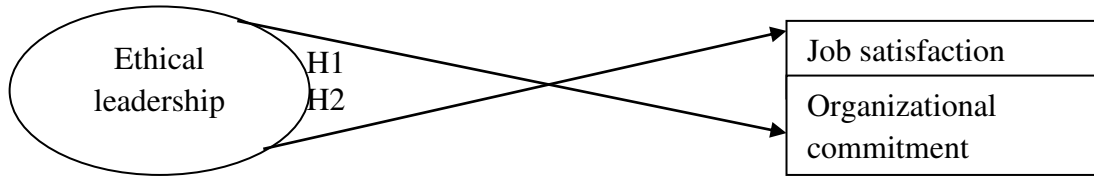
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## Annexure 1

**Figure 1: Research model**



**Table 1: Means, Standard Deviations, and Correlations Matrix**

Variables	Mean	SD	1	2	3
1. Ethical leadership	4,26	,91	1	,77**	,80**
2. Job satisfaction	4,12	1,02	,77**	1	,70**
3. Organizational commitment	4,13	1,12	,80**	,70**	1

\*\* Significance at the level of 0.01 \* Significance at the level of 0.05 N= 50

**Table 2: Results of Measurements Model (Convergent Validity)**

Variables	Items	Loading	AVE	CR	Cronbach'α
Ethical leadership	ethicallead1	0,766	0,671	0,924	0,901
	ethicallead3	0,773			
	ethicallead4	0,872			
	ethicallead5	0,839			
	ethicallead8	0,837			
	ethicallead9	0,820			
Job satisfaction	jobsat2	0,914	0,836	0,939	0,902
	jobsat3	0,892			
	jobsat4	0,936			
Organizational commitment	orgcommit1	0,870	0,816	0,969	0,962
	orgcommit4	0,944			
	orgcommit5	0,909			
	orgcommit6	0,897			
	orgcommit7	0,913			
	orgcommit8	0,942			
	orgcommit9	0,844			

**Table 3:** Results of Measurements Model (Discriminate Validity: cross loading)

	Ethical leadership	Job satisfaction	Organizational commitment
ethicallead1	0,766	0,625	0,625
ethicallead3	0,774	0,627	0,593
ethicallead4	0,873	0,737	0,681
ethicallead5	0,839	0,565	0,674
ethicallead8	0,837	0,618	0,733
ethicallead9	0,820	0,613	0,643
jobsat2	0,749	0,914	0,709
jobsat3	0,665	0,892	0,598
jobsat4	0,699	0,936	0,623
orgcommit1	0,744	0,619	0,870
orgcommit4	0,717	0,596	0,944
orgcommit5	0,693	0,584	0,909
orgcommit6	0,730	0,657	0,897
orgcommit7	0,693	0,603	0,913
orgcommit8	0,763	0,632	0,942
otgcommit9	0,740	0,765	0,844

**Table 4:** Discriminate validity (square root of AVE and variable correlations)

	Ethical leadership	Job satisfaction	Organizational commitment
Ethical leadership	<b>0,819</b>		
Job satisfaction	0,772	<b>0,914</b>	
Organizational commitment	0,805	0,706	<b>0,903</b>

Note: the square root of AVE written in bold on the diagonal

**Table 5:** Results of structural model and hypotheses

Hypotheses	Association	Beta $\beta$	T Values	P Values	Result
H1	Ethical leadership $\rightarrow$ Job satisfaction	0,772	8,861	0,000	Supported** *
H2	Ethical leadership $\rightarrow$ Organizational commitment	0,805	7,021	0,000	Supported** *
R2: job satisfaction= 0.59, Organizational Commitment =.64 Q2: Job satisfaction =.0.460, Organizational Commitment = 0.486					
Goodness-of-fit statistics	SRMR = 0.065, NFI= 0.758				

Significant at P\*\*\*= < 0.01, P\*\*= < 0.05, P\*= < 0.1