



# Analysis of the Relationship Between Ethical Leadership and Cooperative Social Responsibility and the Organization's Moral Climate

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## Abstract

**Introduction:** Ethical leadership is leadership focused on appropriate behavior through respect for ethics and values, as well as the rights and dignity of others. Ethical leadership can add value to businesses by motivating employees and fulfilling company values. Therefore, the present research was conducted with the aim of analyzing the relationship between ethical leadership and cooperative social responsibility and the moral climate of the organization.

**Material & Methods:** The current research is applied in terms of purpose and descriptive and correlational in terms of data collection method. The statistical population of this research included all employees of Management and Science University (MSU) in Malaysia. Among them, 200 people were selected as the research sample using a simple random sampling method. A standard questionnaire was used to collect data. The data was analyzed by structural equation modeling method.

**Results:** The results of statistical analysis showed that ethical leadership has a direct and positive effect on cooperative social responsibility and ethical climate. Also, moral climate has a direct and positive effect on cooperative social responsibility. At the same time, ethical leadership has an indirect and positive effect on cooperative social responsibility through the mediation of ethical climate.

**Conclusion:** Ethical leadership can affect their social responsibility by inspiring employees to motivate and align with the company's values. The results of this research showed that ethical leadership leads to greater employee satisfaction and collaborative responsibility and leads to the formation of an ethical atmosphere in the organization.

**Keywords:** *Ethical leadership, Social responsibility, Ethical climate.*

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## INTRODUCTION

Ethical leadership as one of the leadership styles plays a significant role in organizational success and effectiveness. Ethical leadership was seriously introduced in the literature of leadership and management in the last decades of the 20th century, and due to its impact on the efficiency of individuals and organizations, it was considered by a number of management and organizational

behavior researchers. Ethical leadership is becoming the most important tool by which leaders can influence people in the organization and organizational performance. Ethical leadership has two significant dimensions: ethical people and ethical managers; The first aspect refers to the personal qualities of ethical leadership and the second dimension refers to the leader's behavior in the workplace to promote

ethical behaviors [1-3]. Ethical leaders clarify responsibilities, expectations and performance goals so that subordinates know what is expected of them and when their performance reaches the expected level [4]. The requirement of this leadership style is the development of ethical standards to manage the behavior of employees and the effective implementation of ethical standards in their behavior. Through ethical behavior, leaders gain the trust and loyalty of their followers, convey the importance of ethics to their subordinates, use rewards and punishments to encourage good behavior, and act as moral role models for followers [5-7]. According to the conducted studies, ethical leadership is of particular importance in determining the status of variables related to individuals and organizations. Especially, it plays a decisive role in how people's career outcomes such as cooperative social responsibility and organizational outcomes such as the moral atmosphere of the organization.

Corporate social responsibility is an ethical framework for any person or organization to act sensitively on social, cultural, economic and environmental issues. Trying to fulfill social responsibility helps individuals, organizations and governments to have a positive role and impact in the sustainable development of a society. Social responsibility as a moral framework commits a person, whether an individual or an organization, to participate in social affairs that will benefit the society on a large scale. Social responsibility means that a person actively participates as a member of society and is not indifferent to problems and dilemmas and can contribute to changes and improvement of conditions. This participation and active presence includes from participation in environmental cleanup to cash donation or participation in social events. Researchers believe that ethical leadership creates social changes and

initiatives in an organization to guide cooperative social responsibility [8-10].

On the other hand, the ethical climate in organizations is an important source of information for employees that determines what actions are right or ethical in a work context. Ethical climate is a one-dimensional construct for measuring employee evaluations of the implementation of ethical codes, ethical communication, ethical policies of the company, and ethical practices of senior management. Ethical dos and don'ts related to the work environment that regulates how a person behaves with others, the organization and other organizations, leads to the desirability in matters related to the individual and the organization. Ethical climate is strongly influenced by ethical leadership and based on existing studies, it has an effect on cooperative social responsibility. Therefore, the present research was conducted to find out the issue that; Is there a relationship between ethical leadership and cooperative social responsibility and ethical climate of the organization?

## **MATERIAL AND METHODS**

The current research is applied in terms of purpose and descriptive and correlational in terms of data collection method. The statistical population of this research includes all employees of Management and Science University (MSU) in Malaysia. Among them, 200 people were selected as the research sample by simple random sampling method.

To collect information in this research, standard questionnaires were used as follows.

- a) Ethical leadership questionnaire: Ethical leadership questionnaire was designed and developed by Kalshon et al. (2011) in order to measure the level of ethical leadership. This questionnaire has 23 questions and 4 components of honesty, power sharing, ethical guidelines and fairness, and based on

the Likert scale, it measures the level of ethical leadership with questions such as (my manager keeps his promises). The reliability of the ethical leadership questionnaire was obtained using Cronbach's alpha method above 70 percent.

b) Ethical climate questionnaire: This questionnaire was created by Victor and Cullen in 1988. The purpose of making this questionnaire was to evaluate the ethical atmosphere of the organization. This questionnaire has 26 questions and 6 dimensions: care and attention, rules and regulations, criteria, instrumental, efficiency-oriented and independent. The validity and reliability of Victor and Cullen's moral atmosphere questionnaire has been confirmed.

c) Jeremy Gilbreth's Corporate Social Responsibility Questionnaire (CSRQ): One of the objectives of this questionnaire is to investigate the level of social responsibility from different dimensions (economic responsibility, legal responsibility, moral responsibility, precautionary responsibility). The dimensions and the question number related to each dimension are:

Economic responsibility dimension of

questions 1 to 7

After legal responsibility questions 8 to 14

Moral responsibility dimension questions 15 to 21

Dimension of precautionary responsibility questions 22 to 28

Cronbach's alpha value of this questionnaire is equal to 0.82, which indicates the appropriate reliability of the questionnaire.

Descriptive statistics and inferential statistics methods have been used in the current research. In the inferential statistics section of this study, confirmatory factor analysis and structural equations were used.

## RESULTS

Descriptive indexes of variables were done to check the dispersion and normality of data distribution. Given that the values of average and standard deviation statistics indicate the appropriate dispersion of the data and the value of skewness and kurtosis indicate the normality of the data. Therefore, the correlation between the research variables could be calculated, which is presented in Table 1. As can be seen in Table 1, there is a significant correlation between research variables at the level of (0.01).

**Table 1:** Correlation coefficients of research variables

| Variables   | 1      | 2      | 3 |
|---|--------|--------|---|
| 1. Ethical leadership                             | 1      |        |   |
| 2. Ethical climate                                | 0.61** | 1      |   |
| 3. Responsibility                                 | 0.44** | 0.54** | 1 |
| ** Significant correlation at the level of (0.01) |        |        |   |

In order to understand the relationship between ethical leadership and social responsibility and moral atmosphere, path analysis was done using the structural equation model. Due to the lack of consensus among researchers in choosing the most suitable goodness of fit criterion for the structural model, a set of goodness of fit indices is usually suggested, which were also used in this

research to evaluate the fit of the model. These indices are:  $\chi^2/d.f.$ , which values less than 3 are acceptable, Goodness of Fit Index (GFI), which values greater than 0.90 indicate a good fit of the model. Adjusted goodness-of-fit index (AGFI) with values greater than 0.90 are acceptable, root mean square approximation (RMSEA) with values less than 0.08 indicating good model fit

and comparative fit index (CFI) with values greater than 0.90 indicates the appropriate fit of the model. These indicators (based on the results of Lisrel 8.5 software) were performed for the data of the present research, which shows that the research model has a good fit. In general, it can be

said that the final model of the research was a suitable model. After ensuring the correctness of the model, the partial hypotheses of the research have been examined. In Table 2, the results of checking some hypotheses are presented.

**Table 2:** Direct and indirect effect coefficients and corresponding t values

| Hypothesis | Path  | Path analysis | t    | Results         |
|------------|---|---------------|------|-----------------|
| 1          | Ethical leadership→ Social responsibility               | 0.25          | 2.03 | Direct effect   |
| 2          | Ethical leadership→ Responsibility                      | 0.64          | 8.12 | Direct effect   |
| 3          | Ethical climate→ Responsibility                         | 0.49          | 5.65 | Direct effect   |
| 4          | Ethical leadership→ Responsibility (of ethical climate) | 0.28          | 4.63 | Indirect effect |

According to Table 2, ethical leadership has a direct, positive and significant effect with a coefficient of 0.25 on social responsibility. In addition, ethical leadership has a direct, positive and significant effect with a coefficient of 0.64 on moral atmosphere. Also, moral atmosphere has a direct, positive and significant effect with a coefficient of 0.49 on social responsibility. In addition, ethical leadership has an indirect, positive and significant effect with a coefficient of 0.28 on social responsibility.

## DISCUSSION

The present study was conducted with the aim of modeling the relationship between ethical leadership, cooperative social responsibility and ethical climate of the organization among employees at Management and Science University (MSU) in Malaysia. According to the analysis related to the first research hypothesis, it can be said that ethical leadership has a direct, positive and significant effect with a coefficient of 0.25 on social responsibility. As a result, ethical leadership can predict social responsibility. In clearer words, an organization where the ethical leadership style is the basis of managers' behavior with subordinates is a clear result of the presence of socially responsible characteristics of organizational people during work. This result is

consistent with the existing research in this field. To explain this alignment, we can refer to D'Amato's (2010) opinion, which believes that; For the successful establishment of accountability in the organization, it is necessary to focus the main efforts on addressing the issue of leadership as an agent of system change (11). As we refer to Groves (2011) opinion in further explanation of this general matter, which states, ethical leadership style brings changes and social initiatives in an organization to guide social responsibility.

Another part of the research findings indicates the direct positive effect of ethical leadership with a coefficient of 0.64 on ethical climate. This part of the research is consistent with the findings of some researchers (12, 13). Because they found that ethical leadership is the basis for promoting ethical climate.

Regarding the hypothesis related to moral climate and social responsibility, it can be said that moral climate is related to social responsibility with a coefficient of 0.49. That is, when there is an ethical atmosphere in the organization, one can imagine the existence of social responsibility in organizational people. Therefore, the existence of a positive moral context and moral atmosphere in the organization, the existence of the social responsibility of the employees is evident. The

results of the research related to this part of the research are in line with the findings of another study (14).

The results of the analysis related to the final hypothesis of the research showed that ethical climate has an indirect effect on the relationship between ethical leadership and accountability. In other words, moral climate as a process variable increases the effect of the independent variable on the dependent variables. The existence of ethical climate along with ethical leadership predicts the level of cooperative social responsibility of employees. This result is consistent with some researches in this regard (15).

## CONCLUSION

Ethical leadership can influence their social responsibility by inspiring employees to motivate and align with company values. The results of this research showed that ethical leadership leads to greater employee satisfaction and collaborative responsibility and leads to the formation of an ethical atmosphere in Management and Science University (MSU) in Malaysia.

## ETHICAL CONSIDERATIONS

Ethical issues (such as plagiarism, conscious satisfaction, misleading, making and or forging data, publishing or sending to two places, redundancy and etc.) have been fully considered by the writers.

## CONFLICT OF INTEREST

The authors declare that there is no conflict of interests.

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