Do Ethical leadership and organization culture influence the organizational commitment? Mediating role of Employee Sociability

Hamza Zulfiqar[1]; Tabraiz Salahuddin[2]; Abdul Haseeb[3]; Muhammad Hatim[4]& Muhammad Azeem[5]

[1,2,3]MBA, Department of Management Sciences, University of Sargodha, Gujranwala Pakistan
[4]PhD Student, School of International Studies, Universiti Utara Malaysia,
[5]PhD Student, School of Business Management, Universiti Utara Malaysia, Visiting Lecturer.
Department of Management Sciences, GC University Faisalabad, Sahiwal Campus Pakistan

Abstract:

The purpose of this study is to examine the impact of ethical leadership and organizational culture on organizational commitment by considering the mediating role of employees' sociability. Survey questionnaire method was used to collect the data and questionnaires distributed to 300 employees in NGO by using simple random sampling technique. CFA and SEM statistical techniques have been for analysis. Findings revealed that ethical leadership and organization culture have affirmative and significantly relationship with employees' organizational commitment. Moreover, employees' sociability significantly and partially mediates the relationship between ethical leadership, organizational culture and organizational commitment. Furthermore, this research provides the insight to the NGOs regarding the importance of ethical leadership and effective organizational culture to make employees commitment that ultimately influence the overall organizational effectiveness.

Key words: Ethical leadership, Organization culture, Employee sociability, Employee organizational commitment

Introduction

Ethical leadership and organizational culture play significant role to shape the employees behaviors and outcome. Employees are the main asset of any company and consider is a good number costly object that is human capital. The important ways to give intention to the employee you have to, because companies can increase competitive advantage through their employee's commitment. Elevated levels ethical leadership behavior connected to higher levels of employee organizational loyalty [25].

The purpose of this study is to empirically investigate the effect of ethical leadership and organization culture on employee organizational commitment with mediating role of employee sociability.

Literature Reviews

Ethical Leadership

Integrity and ethical principles of employees are cornerstone of ethical leadership [4]. Tentatively, here are three essential behaviors to clarify how people turn into leaders: Trait theory is a state of affairs where some character personality may show the way people naturally into leadership roles. Employees are the major possessions of every company. Then it gives more significant attention on employees because companies can gain significant competitive advantages through the involvement of employees as well as commitment [6]. Furthermore, ethical leadership demonstrated that ethical value of every organization employee directly relate with organization commitment [27]. Ethical leaders are consideration to be amenable and open, own traditional leadership character such s integrity, sincerity, and honesty [27].

Organizational culture

Organization norms, values and beliefs have strong affect upon performance and sustainability [26]. Organizational culture can improve performance ability in a large scale if it can be understood that what sustain a culture [13]. Certain characteristics of organization culture have been established in which set of norms, values and beliefs helps in perfect association between them [14]. Beliefs and values shared within the organization is a pattern of employees [15]. The attraction of organization norms, values and beliefs have strong affect upon performance and sustainability [26]. In addition, suggested that organization culture has generally been interrelated to management [17]. Four dimensions of organization culture were as followed [13]:

Power distance: It is defined as degree of employee and management behavior that have been based upon perfect relationship between formal and informal set of planning action.

Individualism: In this dimension difference between organization interest and self interest have perfectly been matched.

Uncertainty avoidance: The uncertainty and ambiguity based upon tolerance helps in mitigating willingness of people.

Masculinity: It comes in avoidance of caring and promotion rather than level of success based upon challenges, insolence and ambition..

Employee Sociability

The basis of employee sociability was distinct when the capability to recognize and deal with persons and have the correct feat in human dealings [9]. Some researcher creates out those employees who fanatical a high emotional intelligence helped to enhance the business performance [23]. Emotional intelligence declared as the capacity to mutually know one's own emotions and to understand others' emotions [1]. Identified that the emotional intelligence leads to an efficient understanding others, so it lead to potential to create strong connection with others and easily settle in to contiguous atmosphere.

Organizational Commitment

There were a mixture of definitions and dimensions of organizational commitment exist [16]. Organizational commitment is distinct as a position in which an employee identifies with a meticulous organization and its goals and desires to uphold association in the organization [2]. Organizational commitment is crucial element of employees outcomes and play great role to enhance overall organizational performance [31]. Organizational commitment is directly associated with the context in which employees are working; as employees were found to powerfully provoked and loyal in the development of setting, owning, and implementing the organization's vision [8].

There are three dimensions of the organizational commitment [3]. The first "affective factor": Identify the connection of employee's feeling with the organization and its goal. It described from helpful effective knowledge as well as entity and managerial worth. The Second "normative factor": Facilitated that organizational commitment base on ethical responsibility, and traditional value of devotion and responsibility. It intended that a worker feel they have liability to organization; they could surrender their individual benefit to stay with the organization. The third "continuity factor": described that Continuance obligation is the believed monetary worth of enduring with an organization compare to leaving it.

Organization Culture and Employee Organization Commitment

Previous studies proved that organization culture directly affected employee organization commitment [18]. "Organizational culture" was an important element of any cooperate business, which contributed to establish expectation, trust, communication between employees and organization as well as build employee organizational commitment. Many other writer gave conclude that there will be probable connection with between organizational culture and employee organizational commitment. In detail, organizational culture tended to influence employees' work effort and

International Journal of Research
Available at https://edupediapublications.org/journals

p-ISSN: 2348-6848
e-ISSN: 2348-795X
Volume 04 Issue 01
January2017

commitment directly. Individuals who fit the organizational culture would commit to organization longer than others and people who worked in a strong culture felt more committed [6]. In addition, studies also signified that there is be probable connection between organizational culture and employee organizational commitment and showed strong relationships between organization culture and employee organizational commitment [20].
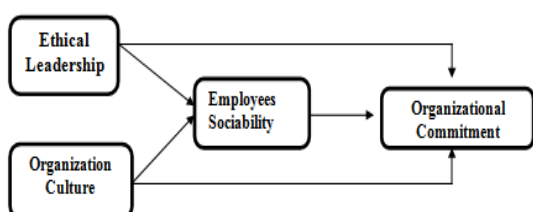
Ethical leadership and Employee organization commitment

Previous studies explored that ethical behavior of leader related to lower role conflict, higher satisfaction, which then leads to lower turnover intention and higher organizational commitment [10]. Ethical leadership could affect strongly to the morale and loyalty of employees. The reason was that a leader's behavior be always viewed as representative of whole organization, and then the leader might impact on employee's organizational commitment. In another research, there was a positive relationship on the effect of leader's ethical action on the commitment of employee towards organization [5]. In the same consideration, there were evidences determined that ethical climate significantly related to lower turnover intentions and higher employee commitment [24].

Employee sociability and employee organization commitment

Emotional intelligence was extensively and positively connected to organizational commitment [12]. The consequences indicate that employee sociability, involvement and mission culture have optimistic relations with employees' organizational commitment [18]. It can also predict crucial work related outcomes such as organizational commitment [11].

Theoretical Framework

Hypotheses

	Construct	M	SD	1	2	3	4
1	Ethical Leadership	3.61	.60	−(.88)			
2	Organization Culture	3.63	.61	.421**	−(.76)		
3	Employees Sociability	3.90	.52	.292*	315**	−(.82)	
4	Employee organization commitment	3.84	.61	.272*	.301**	.353**	−(.70)

H1: There is a significant and positively relationship between ethical leadership and employees organization commitment.

H2: There is a significant and positively relationship between organization culture and employee organizational commitment.

H3: Employees sociability significantly mediates the relationship between ethical leadership and employee's organizational commitment.

Methodology

The purpose of this study is to empirically investigate the effect of ethical leadership and organization culture on employee organizational commitment with mediating role of employee sociability. Current study is descriptive and quantitative in nature.

Measures

Ethical leadership 15 item scale adopted from [30]. Employee Organization Commitment is independent variable and 4 item scale adopted from [22]. Employee sociability is measured by 12 items scale [26]. Organizational culture measured by 5 item scale [19].

Data Collection

Simple Random sampling technique was used to collect data. The survey will be delivered directly to 150 full time employees working.

Questions were designed comfortably for respondents. Questions were designed comfortably for respondents.

Demographics

Mostly respondents were between the age group of 26-44 whose percentage is 54%. Following to this 38% and 8% were age group of up to 25 and age group of 46-55 respectively. Furthermore respondents were53.3%, 46% and 0.7% belonged to Bachelors', Masters' and others category of educational level respectively. 48.7%, 48.7% and 2.7% respondents were doing their jobs as permanent employees, contractual employees and others respectively. 47.3% respondents have 2-5 years length of service and 22%, 19.3% and 11.3% respondents have 5-10 years, up to 1 year and more than 10 years length of service at visited NGOs respectively.

Results

Descriptive, Reliability and Correlation Analysis

Table1

Table 1 The above-mentioned table 1 is representing the descriptive statistics, reliability and Pearson correlation among all understudies variables. The highest correlation existed between organization culture and ethical leadership which is valued at 0.421. It is reflecting that ethical leadership and organization culture are positively related with each other with a moderate standard deviation. All other variables named as organization culture, employee

Independent Variables	Effects	EOC
EL	Direct Effect	.136*
	Indirect Effect	.423*
	Total Effect	.581*
OC	Direct Effect	.226*
	Indirect Effect	.123*
	Total Effect	.481*

sociability are also correlated with each other. The mean values are showing the trend of responses that most of them are laid towards agreeableness. Results indicate that alpha values for all variables are under acceptable range to prove data reliability.

Fit Indices for CFA & SEM

Fit Indices	CFA	SEM
Chi-square/df	2.91	2.90
P-value	.04	.04
GFI	.921	.920
AGFI	.890	.887
CFI	.912	.900
RMSEA	.071	.068

Table 2

Table 2 is presenting the results of model fitness from both CFA and SEM dimensions. Goodness of fit index is given at the first place which represents the variance covariance matrix and as its value is greater than 0.90 so it is declaring a good fit of the model. AGFI is adjusted GFI whose value is greater than 0.8 which is quite good to prove that model is good fit. CFI is representing the comparative fit index which is showing more realistic values that are proving that model is near to absolute fit due to greater than 0.9 values. RMSEA is root mean square error of approximation whose value is lesser than 0.10 so that is also indicating the good fitness of model.

SEM Regression Weights

Table 3

CFA has been utilized for measurement model, while the hypothesis being illustrated would be tested through the SME mediation model. Findings revealed that ethical leadership has significant and positive association with organizational commitment (B= 0.136, P<0.05) and supported to H1. Similarly, results also proved positive and significant association between organizational culture and organizational commitment (B= 0.226, P<0.05) and supported to H2. In addition, findings also purported that employees' sociability significantly and partially mediate the relationship between ethical leadership and organizational commitment as total effect is 0.581 with p<0.05. Moreover, employees'

sociability also significantly and partially mediate the relationship between organizational culture and organizational commitment as total effect is 0.481 with p<0.05.

Conclusion

The purpose of this study was to examine the effect of ethical leadership and organization culture on employee organizational commitment with mediating role of employee sociability. Study results enlightened that ethical leadership and organizational culture play significant role to shape the employees behaviors and outcome. Study result also proposed that employee sociability is important factor that significantly contribute to have positive outcomes. The study result has been show that ethical leadership directly and indirectly influence the employee's organization commitment. And these finding are supported by previous study [19]. The study result enlightened that ethical leadership directly and indirectly influences the employee's organization commitment.

Limitations & future directions

This study has a few limitations that ought to be recognized. The main constraint of this study is that control of time this research could not get all employees. So, this study can be more precise and perfect by expanding sample size.. We take only NGOs that were working and located in district Gujranwala. For future researcher which is interested to know deeper affect of this model should be build more comprehensive model for this study and broader effect of organization commitment. In addition, this type of research should be conducted in other organization which is relater with ethics and diversify culture.

References:

[1] A.H. Seya and T. Afzaal, (2006) "An investigation of relationship among emotional intelligence, organizational commitment and job satisfaction: Evidence from academics in Brunei Darussalam,"

[2] Allen &Meyer, 1991 "An investigation of relationship among emotional intelligence, organizational commitment and job satisfaction: Evidence from academics in Brunei Darussalam,"

[3] Allen, N. J., & Meyer, J. P. (1990). The measurement and antecedents of affective, continuance and normative commitment to the organization. *Journal of Occupational Psychology, 63,* 1–18.

[4] Brown, M. E., Treviño, L. K., and Harrison, D. (2005). Ethical leadership: A social learning perspective for construct development and testing. Organizational Behavior and Human Decision Processes, 97:117-134.

[5] C. H. Ponnu and G. Tennakoon, "The association between ethical leadership and employee outcomes-the Malaysian case," *Electronic Journal of Business Ethics and Organization Studies,* vol. 14, no. 1, pp. 21-32, 2009.

[6] C. A. O'Reilly, J. Chatman, and D. F. Caldwell, "People and organizational culture: A profile comparison approach to assessing person-organization fit," *Academy of Management Journal*, vol. 34, no. 3, pp. 487-516, 1991.

[7] D. E. Guest, "Personnel management: The end of orthodoxy?" *British Journal of Industrial Relations*, vol. 29, no. 2, pp. 149-175, 1991.

[8] Dirani's (2009) From Transactional to Transformational Leadership: Learning to Share the Vision. *Organizational Dynamics*, Vol.8, No.3, pp.19-31

[9] E. L. Thorndike, "Intelligence and its uses," *Harper's Magazine*, 1920.

[10] F. Jaramillo, J. P. Mulki, and P. Solomon, "The role of ethical climate on salesperson's role stress, job attitudes, turnover intention, and job performance," *Journal of Personal Selling and Sales Management*, vol. 26, no. 3, pp. 271-282, 2006.

[11] Gardner, L., June 2003. Assessing the relationship between workplace emotional intelligence, job satisfaction and organizational commitment. Paper Presented at the 5th Australia

Industrial and Organizational Psychology Conference, Melbourne.

[12] Güleryüz, G., et al. (2008). "The mediating effect of job satisfaction between emotional intelligence and organisational commitment of nurses: A questionnaire survey." International Journal of Nursing Studies 45(11): 1625-1635.

[13] Hofstede, G. (1980). Culture's Consequences, Sage London.

[14] Hodgetts and Luthans, F. (2003). International Management: Culture, Strategy, and Behavior.New York, McGraw-Hill/Irwin, Fifth Edition.

[15] Hellriegel, D., & Slocum, J. M. (2009). *Organizational Behavior.* South- Western, U.S.A.

[16] J. P. Sharma and N. Bajpai, "Organizational commitment and its impact on job satisfaction of employees: A comparative study in public and private sector in India," *International Bulletin of Business Administration*, vol. 9, no. 1, p. 7, 2010

[17] Kotter, J. P., & Heskett, J. L. (1992). *Corporate Culture and Performance.* New York: Free Press.

[18] Khuong, M. N. and N. V. Q. Nhu (2015). "The Effects of Ethical Leadership and Organizational Culture towards Employees' Sociability and Commitment–A Study of Tourism Sector in Ho Chi Minh City, Vietnam." Journal of Advanced Management Science Vol 3

[19] Kaiser, H.F. (1974). An index of factorial simplicity, *Pschometrika*, *39*, 31-6.

[20] Kwon, I. G., & Banks, D. W. (2004). Factors related to the organizational & professional commitment of internal auditors. Managerial Auditing Journal, 19(5), 606-622.

[21] Northouse, P. G. (2010). Leadership: Theory and Practice. Thousand Oaks, CA: Sage.

[22] Netemeyer RG, Boles JS, McKee DO, McMurrian R. An investigation into the antecedents of organizational citizenship behaviors in a personal selling context. J Mark 1997;61(3):85 –98.

[23] R. Bar-On, (2010) "The Bar-On model of emotional-social intelligence (ESI) 1," *Psicothema*, vol. 18(Suplemento), pp. 13-25, 2006.

[24] R. L. Sims and K. G. Kroeck, "The influence of ethical fit on employee satisfaction, commitment and turnover," *Journal of Business Ethics*, vol. 13, no. 12, pp. 939-947. 1994.

[25] S. M. Bello, "Impact of ethical leadership on employee job performance," *International Journal of Business and Social Science*, vol. 11, pp. 228-236, 2012.

[26] Stewart Douglas, (2010). Growing the Corporate Culture, (Ed.), Organizational Climate and Culture. Jossey-Bass, San Francisco, CA, 5-39.

[27] Treviño, L.K., Brown, M. & Hartman, L.P. (2003) A "Qualitative Investigation of Perceived Executive Ethical Leadership: Perceptions from Inside and Outside the Executive Suite", *Human Relations,* Vol.56, No.1, pp. 5-37

[28] T. O. K. T. Nuri, "Teachers' job satisfaction and organizational commitment in Turkey," *International Journal of Engineering and Management Sciences*, vol. 4, no. 2, pp. 250-265, 2013.

[29] Wong, C.-S., & Law, K. S. (2002). The effects of leader and follower emotional intelligence on performance and attitude: An exploratory study. *The Leadership Quarterly*, *13,* 243–274.

[30] Yukl, G. (2010). Leadership in organizations (7th ed.). Upper Saddle River, NJ: Prentice Hall.

[31] Mahesar, H. A., Chaudhry, N. I., Ansari, M. A., & Nisar, Q. A. (2016). Do Islamic HRM Practices Influence Employee Outcomes: Mediating Role of Employee Engagement. International Research Journal of Arts & Humanities (IRJAH), 44(44).