

## A study on relationship between ethical leadership style and organizational learning based on Northouse model: A case study of governmental organizations in province of Charmahal-Bakhtiari in Iran

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### ABSTRACT

Most organizations benefit from ethical leadership and try to establish ethical rules and regulations in their working environment. This paper proposes an empirical investigation to learn the relationship between ethical leadership and organization learning. The proposed study designs a questionnaire based on Northouse model [Northouse, P. G. (2012). *Leadership: Theory and practice*. SAGE Publications, Incorporated.] and distributes it among all 108 managers in province of Charmahal-Bakhtiari located in west part of Iran and, using Pearson correlation, we examine different hypotheses. Cronbach alpha is equal to 0.86, which is well above the minimum desirable level of 0.70. The results of our study indicate that all five components of ethical leadership including respect, serve, justice, honesty and socialization have positive and meaningful relationship with organizational learning.

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## 1. Introduction

Leadership in any organization plays an important role on continuous economic growth (Wilmot & Hocker, 2001) and organizational learning is considered as the primary source of survival in today's competitive environment (Northouse, 2012). Sama and Shoaf (2008) investigated the professions as instances of "moral community" and studied how professional leaders possessed of moral intelligence could contribute to enhance the ethical fabric of their communities. They also offered a framework of ethical leadership in the professional business sector, which would give us some insight on how ethical behavior in the professions confers legitimacy and sustainability necessary to reach the professions' objectives, and how a leadership approach to ethics could serve as an efficient method for the dissemination of moral values in the firm.

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McCann and Holt (2009) studied the role of ethical leadership and organizations by analyzing leadership in the manufacturing industry based on the perceived leadership integrity scale. Their study included a total of 10 manufacturing firms in the United States and considered 59 surveys to calculate data for their study. They implemented a demographic survey and the Perceived Leader Integrity Scale (PLIS) to collect data from respondents. According to their study, employees in the age category (18–25) rated their supervisors higher ethically than other age groups while ethnicity categories, African-Americans scored their supervisors lower ethically than the European-American category did.

According to Brown et al. (2005), leaders are the primary source of ethical guidance for employees and there are few studies on an ethical dimension of leadership. They proposed social learning theory as a theoretical basis for understanding ethical leadership and offered a constitutive description of the ethical leadership framework. They studied the viability and relative importance of this construct and examined a new tool to measure ethical leadership, demonstrated its predictive validity for important employee results. Ethical leadership, in their study, was associated with consideration behavior, honesty, trust in the leader, interactional fairness, socialized charismatic leadership and abusive supervision. They also reported that ethical leadership could forecast outcomes such as perceived effectiveness of leaders, followers' job satisfaction and dedication, and their willingness to report any possible issues to management.

Brown and Treviño (2006) reviewed the emerging construct of ethical leadership and compares this construct with associated concepts, which would share a common concern for a moral dimension of leadership. They identified issues in the future, discussed their implications for research and practice and concluded that ethical leadership remains largely unexplored, offering researchers areas of investigation for new discoveries and leaders opportunities to improve their effectiveness.

Verbos et al. (2007) investigated on business ethics literature, positive organizational scholarship, and management literature to detect the elements of positive ethical organizations as those exemplary organizations consistently practicing the highest levels of organizational ethics. Walumbwa et al. (2011) investigated the relationship between ethical leadership and performance in Republic of China. Consistent with social exchange, social learning, and social identity theories, they studied leader–member exchange (LMX), self-efficacy, and organizational identification as mediators of the ethical leadership to performance relationship. They reported that ethical leadership was positively and significantly associated with employee performance as rated by their immediate supervisors.

Neubert et al. (2009) investigated a moderated/mediated model of ethical leadership on follower job satisfaction and affective organizational commitment. They reported that ethical leadership had both a direct and indirect impact on follower job satisfaction and affective commitment. The indirect impact of ethical leadership involved shaping perceptions of ethical climate, which in turn, jeopardized greater job satisfaction and affective organizational commitment.

Ofori (2009). examined the relationships with full range leadership model, employee outcomes, and organizational culture in an empirical investigation. According to Cooper et al. (2005), it is premature to concentrate on designing interventions to develop authentic leaders before taking further steps in describing, measuring, and rigorously researching this construct. Allio (2005) performed a comprehensive study on leadership development by looking into teaching versus learning.

In this study, we present an empirical investigation on relationship between ethical leadership components and organizational learning.

## **2. The proposed study**

The proposed study of this paper studies whether an ethical leadership style could positively influence on organizational learning. Fig.1 demonstrates the proposed framework of this study.



**Fig. 1.** The proposed framework of the study

As we can observe from Fig. 1, we study the effect of five major components of ethical leadership; namely respect, serve, justice, honesty and sense of socialization on organizational learning as follows,

Main hypothesis: There is a meaningful and positive relationship between ethical leadership and organizational learning.

The study adopts a questionnaire originally developed by Northouse (2012). The main hypothesis of this survey includes five sub-hypotheses as follows,

1. There is a positive and meaningful relationship between managers' respect and organizational learning.
2. There is a positive and meaningful relationship on how managers serving people with organizational learning.
3. There is a positive and meaningful relationship between managers' justice and organizational learning.
4. There is a positive and meaningful relationship between managers' honesty and organizational learning.
5. There is a positive and meaningful relationship between managers' socialization and organizational learning.

The population of this survey has included all managers who worked for governmental agencies in province of Charmahal-Bakhtiari located in west part of Iran. Since there were only 104 people we have decided to distribute questionnaires among all of them and only 89 of them were return and could be analyzed. We first distributed 30 questionnaires among some experts and verified the results. Cronbach alpha (Cronbach, 1951) has been calculated as 0.86, which is well above the minimum acceptable limit. Therefore, we could rely on the investigation.

### 3. The results

In this section, we present details of our findings using Pearson correlation ratios.

#### 3.1. The main hypothesis: The relationship between ethical management and organizational learning

The main hypothesis of this survey investigates whether there is a positive and meaningful relationship between ethical management and organizational learning.

$$\begin{cases} H_0 : & \text{There is not any relationship between ethical management and organizational learning.} \\ H_1 : & \text{There is a positive and meaningful relationship between ethical management and organizational learning.} \end{cases}$$

In our survey, Pearson correlation ratio has been calculated as 0.511 and P-Value=0.000. In other words, there is a meaningful and positive relationship between ethical management and organizational learning and the more respect management team demonstrate within organization, the more organization learning we expect within organization.

##### 3.1.1 The first sub-hypothesis: The relationship between respect and organizational learning

The first sub-hypothesis of this survey is associated with the relationship between high level of governmental managers' respect and organizational learning.

$$\begin{cases} H_0 : & \text{There is not any relationship between management's respect and organizational learning.} \\ H_1 : & \text{There is a positive and meaningful relationship between management's respect and organizational learning.} \end{cases}$$

The result of Pearson correlation ratio between these two components has been calculated as 0.621 and P-Value=0.000. In other words, there is a meaningful and positive relationship between management respect attitude and organizational learning. In other words, the more respect management team show within organization, the more organization learning occurs within organization.

##### 3.1.2. The second hypothesis: The relationship between how managers serving employee and organizational learning

The second sub-hypothesis of this survey investigates the relationship between how management team serving employee and organizational learning.

$$\begin{cases} H_0 : & \text{There is not any relationship between how managers serving employees and organizational learning.} \\ H_1 : & \text{There is a positive and meaningful relationship between how managers serving employees and organizational learning.} \end{cases}$$

The result of Pearson correlation ratio between these two components has been calculated as 0.651 and P-Value=0.000, which means the relationship is positive and relatively strong correlation between these two components. There is no doubt that when managers are really dedicated for their organizations, employees also pay more attention on learning.

##### 3.1.3. The third hypothesis: The relationship between managers' justice and organizational learning

The third sub-hypothesis of this survey studies the effect of justice on organizational learning using Pearson correlation test.

$$\begin{cases} H_0 : & \text{There is not any relationship between management's justice and organizational learning.} \\ H_1 : & \text{There is a positive and meaningful relationship between management's justice and organizational learning.} \end{cases}$$

In our survey, this ratio was calculated as 0.385 with P-value=0.000, which means there is some positive relationship between these two components but the effect is not strong compared with other two ethical components, respect and serve.

#### 3.1.4. *The fourth hypothesis: The relationship between managers' honesty and organizational learning*

The fourth sub-hypothesis of this survey examines the impact of managements' honesty on organizational learning using Pearson correlation test.

- $$\begin{cases} H_0 : \text{There is not any relationship between management's honesty and organizational learning.} \\ H_1 : \text{There is a positive and meaningful relationship between management's honesty and organizational learning.} \end{cases}$$

In our survey, this ratio was calculated as 0.286 with P-value=0.000, which means there is a weak but positive relationship between these two components but the effect is not as strong as other three ethical components, respect, serve and honesty.

#### 3.1.5. *The fourth hypothesis: The relationship between managers' sense of socialization and organizational learning*

The last sub-hypothesis of this survey tests the effect of managements' sense of socialization on organizational learning using Pearson correlation test.

- $$\begin{cases} H_0 : \text{There is not any relationship between managements' sense of socialization and organizational learning.} \\ H_1 : \text{There is a positive and meaningful relationship between managements' sense of socialization and organizational learning.} \end{cases}$$

In our survey, this ratio was calculated as 0.546 with P-value=0.000, which means there is a strong and positive relationship between these two components.

In summary, the implementation of Pearson correlation test indicates that there are some positive and meaningful relationships between five ethical components including respect, serve, justice, honesty and being socialized with employee and organizational learning.

## 4. Conclusion

In this paper, we have explained the relative importance of ethical management on organizational learning. The proposed study of this paper performed the survey on all top governmental managers who were working in province of Charmahal-Bakhtiari and, using Pearson correlation test, we have confirmed that there were, indeed, some positive and meaningful relationship between all major components of ethical management and organizational learning. While serving the employees played the most important role followed by having mutual respect and sense of socialization, we have found weak correlation between justice and honesty with organizational learning. In other words, the correlation ratios were not as significance as the other three components.

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