TOP MANAGEMENT'S ETHICAL LEADERSHIP AND ITS RELATION TO ORGANIZATIONAL COMMITMENT

(A case study on Ethiopian Public Universities located in Amhara Region)

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Abstract: *The purpose of this study was to assess Top Management's ethical leadership and its relation to Employees organizational commitment in the public universities of Ethiopia located in Amhara Region. To attain this, Explanatory survey research design with quantitative method was employed. Using Stratified random sampling and Convenience sampling method, Data was collected from employees of three public universities. 425 employees were participated in the study by filling the ethical leadership and organizational commitment questionnaire. Among the data analysis tools Correlation, regression and independent sample t-test were used to analyze the data. In the sampled public universities the employee's rated their top management's ethical leadership below average that may be considered as behaving more in an unethical way. The result indicated that Top Managements ethical leadership has a statistically significant effect on employee's organizational commitment. Employees who perceive their top management as ethical were more commented to their organization than those who perceive their top management's ethical leadership as unethical. Hence, the researchers suggest that a center of excellence in each public university that advocates leading the organization and its employees ethically to be established.*

Keywords: *Top Management, Ethical Behavior, Public Universities, Organizational commitment, stratified sampling*

1. INTRODUCTION

We live in a complex and dynamic competitive environment/world that require a lot of thinking and doing for the better of self and others. Hence, human being creates a different type of organizations that has short- and long-term objectives. These objectives indicate directions and commitments. They are the tools to mobilize the resources and energies of the business for the making of the future (Drucker, 2001). Hence, there is there is an increased requirement and emphasis on leadership in organizations and a need to develop

leaders who can inspire followers to perform at high levels. It is the combined efforts of many followers that support these leaders in their pursuit of organizational goals and objectives (Trevino et al., 2000).

For effectively addressing the major tasks in leadership, leaders require full commitment and adherence to ethics because public concern and awareness demand greater accountability of business leaders for their decisions. Leaders have to establish the destination of the organization properly and make a proper decision that attracts and enforces followers to deal with it. An apparent immoral decision either in setting goals or directing followers can harm the organization, consumers, stakeholders, and suppliers (Brown et al., 2005). Ethics is an important aspect of this process. "Ethical leadership pays dividends in employee pride, commitment, and loyalty" (Trevino et al., 2000).

As emphasis was given for the topic of ethical leadership in recent years, there is no univocal definition of the concept of ethical leadership. However, Most of the writers on ethical leadership have a consensus on ethical leadership to describe ethical leaders as those who care about their followers and take them into account when making a decision (Eisenbeiss, 2012). Brown et al. (2005), defined ethical leadership as "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement and decision making". Others have conceptualized ethical leadership by behaviors that display a concern for others, like for example, integrity, role modeling and moral management (Brown & Treviño, 2006), or in terms of morality and fairness, role clarification and power sharing (De Hoogh & Den Hartog, 2008).

Ethical leadership at the individual level influences the state of mind and several positive works behaviors of employees like performance, satisfaction with the leader, and Organizational commitment (Brown, et al., 2005). It is, therefore, conceivable that an ethical leader increases the motivation of its subordinates which in turn will enhance subordinate performance. Ethical leaders can improve follower and organizational performance. "If the leadership of the company reflects [ethical] values . . . people will want to work for that company and will want to do well" (Trevino et al., 2000). In addition to increased employee performance, ethical leadership can help attract and retain talented people.

In light of the fact that research on the relationship between ethical leadership and organizational commitment particularly in Ethiopian context, appears to be rare, this study

is set out to add empirical research to the current conceptual base relating to the relationship between these variables as manifested in the educational sector environment. Hence this study is intended to assess top management's ethical leadership and possible relationship with employees organizational commitment in public universities of Ethiopia located in Amhara region.

2. STATEMENT OF THE PROBLEM

As many scholars agree, the source for every civilization is man's ability to learn what he didn't know. The source of learning is educational institutions. Higher educational institutions, as they are the highest body for enabling a human being to acquire knowledge, perform their intense activities day and night using their human capital as a major tool.

Focusing on how we manage our human capital is at the footstep of every manager. With better understanding, we can make informed choices about how we create a conducive ethical environment that maintains the interest of employees towards the organization. From the perspective of organizations in the 21st century, human capital or employees are the most valuable intangible asset for achieving organizational objectives. The employee is the most sensational and prone to any carelessness by the organization which may cost a company's life. Then it is very important to give attention to employees because employees are the vehicle for enabling organizations towards their success (Brown and Treviño, 2006).

However, to do the right thing employees need motivation and support. It is the leader's job to ensure that employees are surrounded by the right environment—an environment that supports ethical conduct. In organizational settings, employees need the support of others, especially leaders, to behave ethically. In the absence of such a support, employees will not know how to behave. Leaders have the power and responsibility to create a workplace environment that values and supports individual ethical behavior (Mayor et al. 2012).

In Ethiopia educational institutions mainly public universities are assumed to be the source and role models for other organizations in their activities (MoE, 2010). Hence, studying these organizations will provide a great deal of knowledge on how these institutions are doing, behaving in ethical leadership, treating their followers and how they are inbreeding knowledge transfer to the wider society at large. Hence, this study is intended to assess the top management's ethical leadership behavior and its relationship with employee's organizational commitment in public universities of Ethiopia located in Amhara region. The following are the basic research question of this particular study:

- How employees perceive their top management's ethical leadership behavior?

- How do employees feel about their commitment to the organization?

- What is the influence of top management's ethical leadership on employee's organizational commitment?

- Is there a difference in employees commitment based on their perception of top management's ethical leadership behavior?

3.   OBJECTIVE OF THE STUDY

The main objective of the study is to assess the relationship between top management's ethical leadership and employee's organizational commitment. With the following specifics:

- To assess how employees perceive their top management's ethical leadership behavior

- To assess the organizational commitment level of employees in the selected public universities

- To examine the possible relationship between top management's ethical leadership and employees organizational commitment

- To examine the difference in employee's organizational commitment based on their perception of top management ethical leadership.

4.   RESEARCH DESIGN AND METHODOLOGY

An explanatory survey design was used to attain the purpose of this study. Quantitative, cross-sectional research, approach was employed in this study and enabled us to focus on the statement of the basic question, collect data from sample respondents representing the total population at one point in time, and provide answers for basic questions. Employees of public universities in Ethiopia located in Amhara region were the population of the study.

Stratified random sampling was used to select representative sample public universities. Hence, three public universities are selected considering the generation of public universities. We took one representative from each of the three generation of universities. Using Yemane (2005) sample size determination formula, among the total population of 9569 employees in the three public universities, 384 employees has to be selected as a representative sample. The researchers took 450 employees as representatives of the population considering that larger sample size will enhance the possibility of efficiency. This representative sample has been drawn from each unit in the organization considering the

proportionate ratio of the population size depending on the stratified random sampling technique. Convenience method was used to distribute the questionnaire in each stratum.

Two standardized questionnaires were adopted and administered to collect first-hand information from respondents in the study. Ethical Leadership Scale (ELS) questionnaire developed by Brown (2005) were used to collect information from the selected employees in the three public universities. This scale was validated and showed high internal consistency ($\alpha > .90$) in several studies (Walumbwa, et al., 2008). Items were measured on a five-point Likert-type response scale ranging from "strongly disagree" (1) to "strongly agree" (5). Cronbach's Alpha coefficient of reliability in this study was calculated and found to be Alpha=0.886.

Organizational Commitment Questionnaire (OCQ) developed by Mowday et al. (1982) was used to measure employee organizational commitment. The instrument contains 15 questions employing a 5-point Likert scales ranging from strongly disagree to strongly agree. The results were totaled and divided by 15 to obtain a numeric indicator of employee commitment. Cronbach's Alpha coefficient of reliability in this study was calculated and found to be Alpha=0.884.

Descriptive statistics such as frequency tables, percentages, mean, and the standard deviation was used to describe the basic nature of the constructs under consideration. Correlation and regression analysis were used to assess the relationship and possible variance creation of one variable over the other. Independent sample t-test was computed to test significance variations between the commitment of respondents to their organization based perception of their supervisor's ethical leadership as an Ethical leader or unethical leader. The inferences were made by comparing the results of each group of the participants. Finally, generalizations were made based on the final results of the study.

5.   RESULTS

5.1.   Characteristics of the Respondents

Response Rate - Ethical leadership scale and organizational commitment scale were used to gather data from 450 employees of the selected three universities. 96.7 % of the sample respondents submitted their response. However, 0.02 % of the staff responses were excluded due to invalid responses. Thus, 425 employees were included in the analysis.

Gender, Education, experience, educational qualification and employment type of the respondents - Out of a total of 425 participants, 323 of the participants (76%) were male,

and 102 of the participants (24%) were female. Almost half of the participants (202 or 47.55%) of the respondent served between 2-5 years. The lowest number of participants (7 or 1.65%) of the respondents came from the long-serving category (more than 15 years of work service). The majority of the study participants held First Degree (n=180, 42.4%) and Master's degrees (n = 173, 40.7%). The rest (n=63, 14.8%, and n=9, 2.1%) of the respondents has diplomas and Ph.D. as their educational qualifications, respectively. 226 (53.2%) of the respondents are administrative staffs and the rest are academic staff.

5.2. Analysis and Interpretation

The two survey instruments measuring ethical leadership and organizational commitment were scored based on each of the instrument scoring instructions. The respondent scores for each of the two instruments were entered into an SPSS data file. Based on the available data the following analysis and interpretation was made.

5.2.1. Testing For Normality of the data

Frequency distribution and histograms were used to assess the distribution of the collected data. Based on the frequency distribution table analysis (Table 1) using the mean, standard deviation, skewness and kurtosis of the data, the collected data for both top management's ethical leadership and organizational commitment follows a normal distribution. To further see the nature of the distribution, the histogram was used and the Normal curve was drawn on each of the histograms. Hence as shown in figure 1 and figure 2, both data sets have a normal distribution.
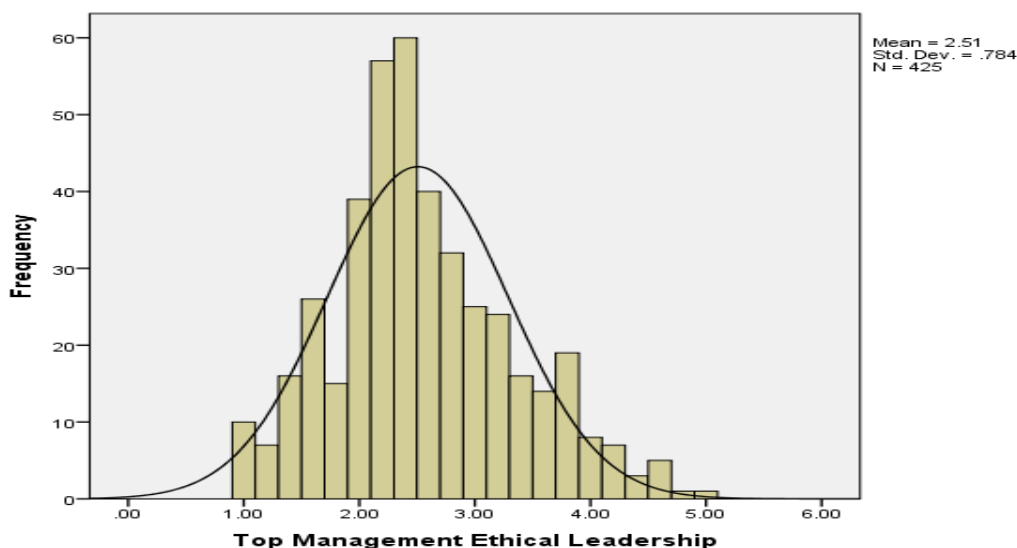
Figure 1. Histogram of Top Managements ethical leadership with the superimposed normal curve
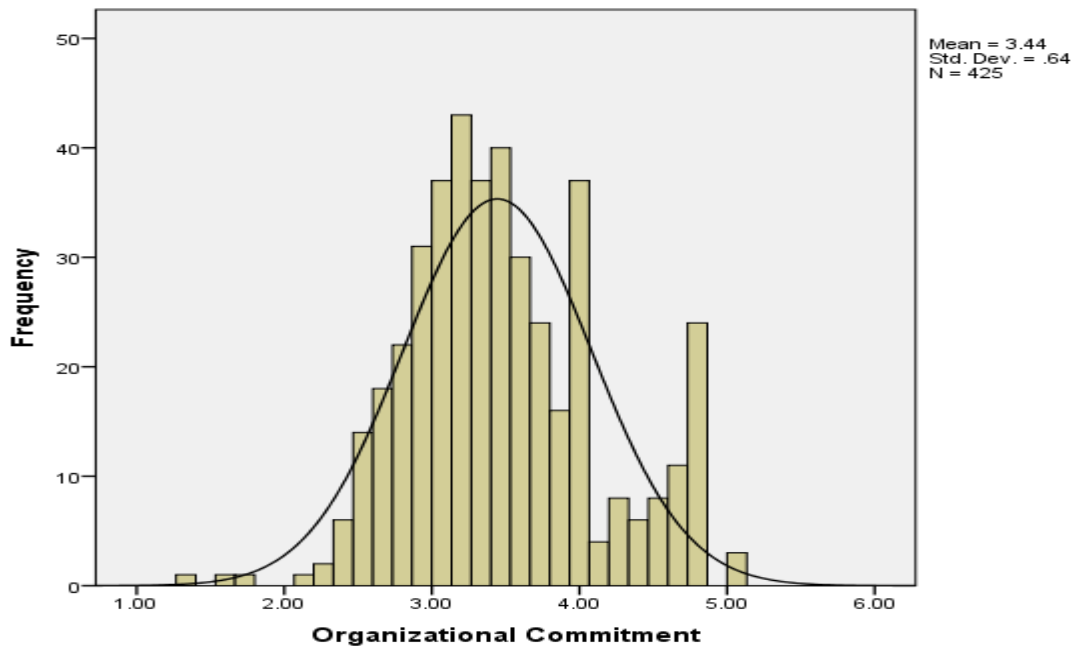
Figure 2. Histogram of organizational commitment with the superimposed normal curve

5.2.2. Descriptive statistics for the independent variable, ethical leadership, and the dependent variables, organizational commitment

Table 1 – Descriptive statics

	N	Mean	Standard Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Standard error	Statistic	Standard error
Top Managements Ethical Leadership	425	2.5056	.7844	.475	.118	-.045	.236
Organizational Commitment	425	3.4430	.6397	.341	.118	-.014	.236

Valid N (listwise)=425

As shown in table 1, top management's ethical leadership has been rated to have an average of 2.51 with a standard deviation of 0.78 by employees in the organization. This value is below the expected average that indicates the existence of unethical leaders in the organization. The employee's commitment in the organization has been rated to have an average of 3.44 and a standard deviation of 0.64. The mean of the organizational commitment is slightly above the average value. This indicates that employees in the selected organizations have above average commitment.

5.2.3. Relationship between Top Management's Ethical Leadership and Organizational commitment

Correlation Analysis

A Pearson's Coefficient of Correlation test was conducted to determine if an association existed among the variables under consideration.

Table 2 – Correlations analysis

		Top Management Ethical Leadership	Organizational Commitment
Top Management Ethical Leadership	Pearson Correlation	1	.186[**]
	Sig. (2-tailed)		.000
	N	425	425
Organizational Commitment	Pearson Correlation	.186[**]	1
	Sig. (2-tailed)	.000	
	N	425	425

**. Correlation is significant at the 0.01 level (2-tailed).

Top Managements Ethical leadership demonstrated a positive and weak correlation with organizational commitment, $r(425) = .19$, $p < .001$. The correlation values suggest support for rejecting the assumption that there was no relationship between top management's ethical leadership and organizational commitment. Top management Ethical leadership was positively associated with the dependent variable. Correlation testing offered insight regarding the data results.

Regression Analysis

Table 3 - Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.186[a]	.035	.032	.62926	.035	15.164	1	423	.000

a. Predictors: (Constant), Top Management Ethical Leadership
b. Dependent Variable: Organizational Commitment

Regression analysis was used to test if Top Managements Ethical leadership significantly predicted participants' organizational commitment. The results of the regression indicated the predictor (Top Managements Ethical Leadership) explained 3.5% of the variance in employees commitment in their organization (R^2=.032, F (1,423) =15.164, p<.000).

Independent Sample t-test Analysis

The study intends to determine differences among two groups of leaders, those who are perceived as highly ethical leaders or as less ethical leaders (unethical leaders). In order to test the hypotheses, the independent variable was divided into two groups based on low

and high perceived ethical leadership. Survey scores of < 3.00 were categorized as low (unethical leaders) and scores of > 3.00 as high (Ethical leaders).

Table 4 - Group Statistics

	TMEL categorical	N	Mean	Std. Deviation	Std. Error Mean
Organizational Commitment	1.00 (unethical)	327	3.4027	.65429	.03618
	2.00 (ethical)	98	3.5776	.57108	.05769

As indicated in the above table, there are two independent groups of ethical leadership scores that resulted in groups of 327 (low ethical leadership) and 98(high ethical leadership). A t-test was performed to compare the existence of a real difference in the means between the two groups.

Table 5 - Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Organizational Commitment	Equal variances assumed	3.188	.075	-2.387	423	.017	-.17490	.07326	-.31890	-.03090
	Equal variances not assumed			-2.568	180.038	.011	-.17490	.06810	-.30927	-.04053

The t-test requires normally distributed group populations and the assumption that variances between the two groups are equal (Newton & Rudestam, 1999). Normal distribution was previously confirmed using frequency testing and graphs. The variance was tested using Levene's statistical testing. Levene's test is considered to be significant at a value of < .05. If the test is significant, the null hypothesis of equal population variances is rejected. In comparing top management's ethical leadership with the dependent variable (organizational Commitment), the Levene's statistics were found to be insignificant (F=3.19, p=.075), indicating that the assumption of homogeneity of variance can be made.

The question that raised the existence of difference in the employee's organizational commitment based on the perception of their top management's ethical leadership as ethical or unethical has been answered as follows: Employees led by highly ethical leaders recorded a higher score on organizational commitment (*M* = 3.58, *SD* = 0.65), *t*(423) = -2.387, *p* = .017 (two-tailed) than employees led by less ethical leaders (*M* = 3.40, *SD* = 0.57).

Hence, the data suggest that employee's organizational commitment is greater when highly ethical leaders lead employees.

6.   SUMMARY OF MAJOR FINDINGS

The analysis of the data obtained from employees of the selected sample universities indicates

- Top management's ethical leadership is below expected average that indicates top management are acting unethically in their leadership (Mean=2.51 and Standard Deviation=0.78).

- Employees organizational commitment is slightly above average (Mean = 3.44 and Standard Deviation = 0.64. this indicates that employees in the organization have above average commitment to their organization.

- Perception of employees on top management's ethical leadership has a positive and significant influence in their organizational committeemen.

- Based on the independent sample t-test results, there is commitment difference in the organization based on the perception of their top management's ethical leadership. Those who perceived their leaders as ethical are more committed to their organization than those who perceived their leaders as unethical.

7.   CONCLUSION

Based on the major findings of the study the following conclusions are made: Leaders influence on their followers is psychological and depends on the motive and perception of the followers in relation to the leaders' action and the situation in which the influence occurs (Yukul, 2010). Hence, this study found that those individuals who perceived their top management's ethical leadership as ethical are more committed than those who perceived their top management ethical leadership as unethical. The result of the study also indicated that for the majority of the respondent's top management's ethical leadership was below their expectations that have an effect on their organizational commitment. The data analysis using correlation and regression methods indicated that there is a significant positive relationship between top management's ethical leadership and organizational commitment. Top management's ethical leadership has accounted for three percent change in the employee's organizational commitment. This study was supported by many

researchers as ethical leadership has a positive impact on employee's commitment in their organization (Brown et al., 2006, Ruiz et al., 2013)

8.   SUGGESTIONS

Based on the major findings and conclusions of the study, ethical leadership practices in the public universities of Ethiopia in general and in Amhara Region in particular needs considerable attention. Although developing and using Ethical leadership needs a long period of time to have a visible effect on the leader's personal behavior and its effect on followers, the concerned parties has to develop a system that enables leaders in the public universities possess the required theoretical and practical skills to be ethical leaders and lead their followers accordingly. The system may be:

- Creating regular training programs for leader at management position in the organization
- Undertaking discussion forums on a regular base on ethical leadership issues.
- Conducting experience sharing with other similar institutes
- Having regular discussion with followers on ethical leadership issues

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