Ethical Leadership and Follower’s Work Attitude: The Role of Moral Identification

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Abstract
Drawing on moral self and social identity theory, this study investigated the mediating mechanism of moral identification in the relationship between ethical leadership and employee work attitudes: affective commitment and turnover intention. The sample for this study was drawn from telecom sector in Pakistan. Results for this sample showed that ethical leadership was positively associated with affective commitment, while negatively associated with turnover intentions. Furthermore, moral identification mediated the effects of ethical leadership on affective commitment and turnover intentions. This study discussed the theoretical and practical implications for study results.

Keywords: Ethical leadership, Moral Identification, Affective Commitment, Turnover Intention.

1. Introduction

Even though the discussion over ethics in leadership studies has been debated since long, and is considered vital for the organization, but the recent enormous interest in the ethical behavior of leadership from scholars has been got due to the involvement of top leadership and management in unethical scandal and massive corruption in high profile organizations. This discussion from academics and practitioners leads to the emergence of ethical leadership as a distinct construct. Ethical leadership has been widely argued an effective leadership style, and found related with numerous organizational and employee outcomes (Bavik, Tang, Shao, & Lam, 2017; Bedi, Alpaslan, & Green, 2016; Brown, Treviño, & Harrison, 2005; Chen & Hou, 2016; Chughtai, Byrne, & Flood, 2015; Mayer, Aquino, Greenbaum, & Kuenzi, 2012; Neves & Story, 2015).

The aim of the current study is to examine that when and how ethical leadership can be effective to influence follower work attitudes. Though, a number of studies previously examined the link of ethical leadership with employee different outcomes (Demirtas & Akdogan, 2015; Ruiz, Ruiz, & Martínez, 2011), and found it effective in influencing followers desirable outcomes for the organization. However, these studies mostly relying on the sample from Western societies. In the current era of high competition, it is a major concern for organizations to have high committed and loyal employees in organization, as the employee’s turnover cost a huge sum to the organization in every aspect. Evidence shows that ethical leadership can be effective in enhancing follower’s affective commitment towards the organization and curtailing turnover intentions. More importantly, the underlying mechanism that explicates that how ethical leadership can positively influence follower’s attitude is limited. Although, it has been widely argued that ethical leadership because of the morality influences followers, and followers’ role-model their behavior. But, no study to date investigated the underlying process of moral identification of the followers in this relationship. Because of the leader ethical behavior, followers may feel morally attached, and so as well more committed to their organization.

Hence, in response to this, the present study investigates the effect of ethical leadership on employee attitudes; affective commitment and turnover intention as well the underlying process of moral identification. Moral identification is defined by May, Chang, and Shao (2015) as “perception of oneness or belongingness associated with an organization that exhibits ethical traits (e.g., care, kindness, compassion), which also involves a deliberate concern of the membership with an ethical organization” (p.682). Previous studies showed that employee could feel more attracted toward those organizations that give value more to ethics and morality (Caligiuri, Mencin, & Jiang, 2013; Rupp, Shao, Thornton, & Skarlicki, 2013). Employees develop moral identification with the organization when they perceive that their organization give importance to ethics and morality (May et al., 2015). We argue that as leadership has considered representative of the organization, therefore, the role of ethical leadership would be very crucial in developing the moral identification of followers, who is ethical and moral, and employee perceive them more trustworthy and as true leaders (Brown & Mitchell, 2010). This moral identification, in turn, will motivate and retain employees, and such employee will be more
committed towards organization (May et al., 2015). Further, previous studies argued the need to explore the effect of ethical leadership on moral identification (May et al., 2015).

Thus, the main purpose of this study is to investigate the effect of ethical leadership on follower attitudes and the important underlying mechanism of moral identification in this relationship. The research proposition used data collected from employees working in the telecom sector in Pakistan.

2. Development of Hypotheses

2.1 Ethical leadership and follower’s Work Attitude

Based on social learning and social exchange perspectives, the ethical leadership was defined by Brown et al. (2005) as such “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.” This definition was basically based on two vital components of ethical leadership: “moral person” and “moral manager”. An ethical leader is honest, caring, truthful, trustworthy, people oriented and maintain ethical conduct in the organization through reward and punishment system (Brown & Mitchell, 2010; Hartog, 2015). Ethical leadership is found an effective leadership style for having influence over follower attitudes and behavior (Hartog, 2015), and is a distinct construct from similar leadership styles (Bedi et al., 2016; Mayer et al., 2012; Ng & Feldman, 2015).

Ethical leadership is contended to be effective in organization for the positive outcomes, including employee attitudes and behaviors. This study examined the effects of ethical leadership on two important employee outcomes: affective commitment and turnover intention. Affective commitment is a sub-dimension of organizational commitment, which refers to “an emotional or an affective attachment of employee toward their organization such that committed individual is involved in, identified with the organization and enjoy membership in the organization” (Allen & Meyer, 1990). Employees having affective organizational commitment tend to possess a strong sense of belongingness. There is a challenge of weakened employee attachments towards the organization in the rapidly changing workforce environment and strengthened affective organizational commitment has been widely recognized as one of the effective ways to deal with this challenge (Grant, Dutton, & Rosso, 2008; Li, Wu, Johnson, & Avey, 2017). Research shows that affective commitment is beneficial for the organization in the existence of strong relationship with employee performance, job satisfaction, OCB, turnover intention and others (Jaramillo, Mulki, & Marshall, 2005; Meyer, Stanley, Herscovitch, & Topolnytsky, 2002; N. P. Podsakoff, LePine, & LePine, 2007). Similarly, in the presence of ethical leader, followers feel more attach and loyal to their organization, as ethical leader treat them with fair and care about their well-being in their work (Chughtai et al., 2015; Demirtas & Akdogan, 2015), and thus, such follower would less likely to leave the organization.

Moreover, Scholars suggest that ethical leadership behavior enhances the positive relation of affective commitment with the organization (Hassan, Mahsud, Yukl, & Prussia, 2013; Loi, Lam, Ngo, & Cheong, 2015), and decrease employee turnover intentions (Demirtas & Akdogan, 2015). Thus, we can propose that:

H1: Ethical leadership is positivity related with affective commitment.

H2: Ethical leadership is negatively related to turnover intentions.

2.2 Ethical leadership and Moral Identification

Previous studies suggest that people want to be affiliated with ethical organizations as they sense the attachment with such organization for supporting moral standards(May et al., 2015). When employees identify themselves with the organization based on morality they feel motivated and thus more loyal with the organization. Moral self and social identity are the theoretical basis for moral identification such that, an individual high in moral identity is more sensitive and reactive to ethical and moral issues, and thus, such individual is likely to be more sensitive to the organizational attributes (Burke, 2003). We argue that ethical leadership, because of its characteristics, would be more affective to enhance moral identification of the employees. Leaders are considered the agent and representative of the organization (Kovosvky & Pughs, 1994), and so their intents and behaviors. An ethical leader is the one who always works with a good intent, and prefers others interests over personal interests. Hence, employees under ethical leader will highly morally identify with such organization. Furthermore, the characteristics such as caring, fair, helpful, honest and kind etc. are the basic characteristic of moral identification, while the ethical leader is widely accepted to have and promote such behaviors and attitudes
in organization. Therefore, we can argue that ethical leadership will be positively related with moral identification.

**H3: Ethical leadership is positivity related with moral identification**

### 2.3 Mediating Role of Moral Identification

Drawing on the theory of moral self (Shao, Aquino, & Freeman, 2008) and social identity theory (Tajfel, 1978), this study proposes the mediating role of moral identification in the relationship between ethical leadership and two employee outcomes: affective commitment and turnover intentions. Previous empirical works show that those employees who experience identification with the organization will put more effort in work and would be highly motivated and committed to their work and organization (Smidts, Pruyn, & Van Riel, 2001; Walumbwa et al., 2011). We argue that when an individual made the identification with the organization based in the moral and ethical ground will be more committed to such organization. Therefore, such employee will have a more affective commitment with their organization.

Similarly, moral identification would play a vital role in employee retention and will curtail their intention to leave the organization. As we argued that moral identification will serve as a motivational attribute for employees to remain the part of the organization. When an individual’s perceive the organization attributes and values more favorable and distinct from other organizations, they form identification with that organization (Hogg & Terry, 2014), and such identification will trigger the sense of belongingness with the organization in them (May et al., 2015). Thus, those employees who morally identify themselves with the organization are less likely to leave the organization (May et al., 2015).

Thus, with above literature support, we can argue that moral identification will play a mediating role in the relationship between ethical leadership and employee work attitudes; affective commitment and turnover intentions. Therefore, we can propose the following hypotheses such that:

**H4: Moral identification mediates the relationship between ethical leadership and affective commitment.**

**H5: Moral identification mediates the relationship between ethical leadership and turnover intention.**

### 3. Method

#### 3.1 Sample and Procedure

We invited a total of 280 employees working in the telecom sector in Islamabad, Pakistan to participate in our study. Access to the participants was gained through human resource department of the concerned company. We provided a cover letter with questionnaire explaining the purpose and procedure of the study, and also to ensure anonymity and confidentiality. Participants were asked to rate their supervisor ethical leadership, their own moral identification, affective commitment and turnover intentions. Out of 280, a total of 237 valid and complete responses were returned to us (84% response rate).

Seventy-five percent of the total respondents were male, ninety-five of them have a bachelor’s or master’s degree. The average age of the respondents was 27 years, and average job tenure in the organization was 6 years.

#### 3.2 Measures

In the present study, all the measures employed were standard and pre-tested in the literature. The multi-item measures used in the study were administered in English as it’s an official working language in Pakistan. Participants were asked to rate the instruments on the five-points Likert scale ranging from 1 strongly disagree to 5 strongly agree.

**Ethical leadership:** Ethical leadership was measured on ten-item scale developed by Brown et al. (2005). The sample item included: “My supervisor discusses business ethics or values with employees”. The internal consistency for the scale was 0.86.

**Moral Identification:** This study used the five-item scale developed by May et al. (2015) to assess the moral identification of employees. The sample item includes “When thinking of the organizations to which others belong, I would be proud of my affiliations with the organization whose members have these characteristics (e.g.
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...caring, honest, fair, compassionate). The alpha reliability of the scale was 0.83.

**Affective Commitment**: Affective commitment was measured by “6-items scale” developed by Meyer, Allen, and Smith (1993). The sample items include “I feel a strong sense of belonging to my organization”, and “Working at my organization has a great deal of personal meaning to me”. The Cronbach’s alpha for this scale was 0.86.

**Turnover Intentions**: The three-item scale developed by Ganesan and Weitz (1996) was utilized to measure employee’s turnover intention. Sample items included: “I intend to leave this organization within a short period of time” and “If I do not get promoted soon, I will look for a job elsewhere”. The Cronbach’s alpha for the scale was 0.96.

**Control variables**: Following previous studies on ethical leadership, we controlled for four demographic variables that included; age, gender, education, and tenure in the organization.

4. Results

4.1 Measurement Model

The data was collected for this study from the same source and same period of time, therefore, our results might be affected by common method bias. For this purpose, we conducted a series of confirmatory factor analysis using AMOS 20 to assess the validity of our hypothesized model. Our results for model fit shows that the four-factor model fit better ($\chi^2 = 408.76$, df = 246, $p < 0.01$, CFI = 0.94, IFI = 0.94, TLI = 0.93, RMSEA = 0.053) compared to all possible alternative models. For example, the three-factor model by combing turnover intention with moral identification ($\chi^2 = 826.81$, df = 249, $p < 0.01$, CFI = 0.80, IFI = 0.80, TLI = 0.78, RMSEA = 0.099), the two-factor model by combing moral identification, turnover intention and affective commitment ($\chi^2 = 1472.7$, df = 251, $p < 0.01$, CFI = 0.59, IFI = 0.59, TLI = 0.55, RMSEA = 0.144), and one-factor model by combing all variables ($\chi^2 = 2029.5$, df = 252, $p < 0.01$, CFI = 0.40, IFI = 0.41, TLI = 0.35, RMSEA = 0.173). We also did Harman’s single factor test following P. M. Podsakoff, MacKenzie, Lee, and Podsakoff (2003) recommendation to check for CMV. The result for exploratory analysis shows that the first factor accounting for 29% of the total variance, thus our not have that issue too.

4.2 Descriptive Statistics

The bivariate correlation, mean, standard deviation for all study variables are reported in Table 1. We also reported the Cronbach’s alphas for each variable. The result shows that ethical leadership was significantly correlated with moral identification, affective commitment, and turnover intention. Similarly, as expected moral identification was significantly related to affective commitment and turnover intention.

**Table 1. Mean, Standard deviation, Correlation for all variables**

<table>
<thead>
<tr>
<th>Variables</th>
<th>M</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>2.70</td>
<td>1.09</td>
<td>NA</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>1.75</td>
<td>0.43</td>
<td>.34**</td>
<td>NA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>2.52</td>
<td>0.59</td>
<td>-.07</td>
<td>.01</td>
<td>NA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenure</td>
<td>5.99</td>
<td>7.27</td>
<td>.74**</td>
<td>.22**</td>
<td>-.13*</td>
<td>NA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EL</td>
<td>3.83</td>
<td>0.62</td>
<td>.00</td>
<td>.09</td>
<td>.03</td>
<td>-.05</td>
<td>(.86)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MI</td>
<td>3.73</td>
<td>0.70</td>
<td>.04</td>
<td>.07</td>
<td>.07</td>
<td>.03</td>
<td>.19**</td>
<td>(.83)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AC</td>
<td>3.89</td>
<td>0.66</td>
<td>.04</td>
<td>.01</td>
<td>.06</td>
<td>.06</td>
<td>.45**</td>
<td>.21**</td>
<td>(.86)</td>
<td></td>
</tr>
<tr>
<td>TI</td>
<td>2.29</td>
<td>0.81</td>
<td>-.03</td>
<td>-.08</td>
<td>-.03</td>
<td>.02</td>
<td>-.25**</td>
<td>-.20**</td>
<td>-.08</td>
<td>(.96)</td>
</tr>
</tbody>
</table>

*p < 0.05; **p < 0.01

4.3 Hypothesis Testing

To test the study hypotheses, we used bootstrapping procedure by following Preacher and Hayes (2008)
recommendations. As our study proposed mediation model, therefore we followed the bootstrapping technique as researchers recommend it as one of the powerful and most valid method for testing mediation effects (Hayes, 2009; Zhao, Lynch, & Chen, 2010). In order to establish the significance of the regression, the CI should not include zero.

The result in Table shows that ethical leadership was positively associated with affective commitment ($\beta = .46, p < 0.001, 95\% \text{ CI} [0.3439, 0.5945]$), but negatively related with turnover intention ($\beta = -.27, p < 0.001, 95\% \text{ CI} [-0.4419, -0.1104]$), thus provided support for hypotheses H1 and H2. Similarly, the regression result for hypothesis H3 shows that ethical leadership was positively associated with moral identification ($\beta = .21, p < 0.001, 95\% \text{ CI} [0.0672, 0.3545]$), therefore, H3 also got support.

As hypotheses H4 and H5 suggests a mediation, such that moral identification mediates the relationship between ethical leadership and affective commitment (H4), and moral identification mediates the relationship between ethical leadership and turnover intention (H5). The result generated by PROCESS macro shows that the indirect effect of ethical leadership on affective commitment via moral identification was 0.02 and the 95% CIs for the indirect effect was [.0021, .0693]. Similarly, the result for H5 showed that the indirect effect of ethical leadership on turnover intention via moral identification was -0.03 and the 95% CIs for the indirect effect was [-0.0962, -0.0049]. Since, the results of both hypotheses did not contain zero, therefore, we can conclude that the indirect effect of ethical leadership on affective commitment and turnover intention was significant. These results provide support for both mediation hypotheses H4 and H5.

Table 2. Results for mediations analysis

<table>
<thead>
<tr>
<th></th>
<th>$\beta$</th>
<th>$t$</th>
<th>95%LLCI</th>
<th>95%ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL-AC</td>
<td>0.46***</td>
<td>7.37</td>
<td>0.3439</td>
<td>0.5945</td>
</tr>
<tr>
<td>EL-TI</td>
<td>-0.27***</td>
<td>-3.28</td>
<td>-0.4419</td>
<td>-0.1104</td>
</tr>
<tr>
<td>EL-MI</td>
<td>0.21***</td>
<td>2.89</td>
<td>0.0672</td>
<td>0.3545</td>
</tr>
<tr>
<td>EL-MI-AC</td>
<td>0.02***</td>
<td>2.89</td>
<td>0.0621</td>
<td>0.0693</td>
</tr>
<tr>
<td>EL-MI-TI</td>
<td>-0.03***</td>
<td>-2.89</td>
<td>-0.0962</td>
<td>-0.0049</td>
</tr>
</tbody>
</table>

Original $n = 237$, bootstrap sample $n = 5000$, *$p < 0.05$; **$p < 0.01$; ***$p < 0.001$

EL=ethical leadership, AC=affective commitment, TI=turnover intention, MI=moral identification.

5. Discussion

The prime purpose of this study was to link ethical leadership with employee affective commitment and turnover intentions in Pakistani organizations. Furthermore, the main aim of the current study was to explore the mediation mechanism of moral identification in the relationship between ethical leadership and two employee outcomes: affective commitment and turnover intention. The results for the study showed that ethical leadership was positively linked with affective commitment and moral identification, while negatively linked with turnover intention. More, the moral identification mediated the effect of ethical leadership on employee affective commitment and turnover intention.

6. Theoretical and Practical implication

The current study contributes to the literature in several ways. Studies on ethical leadership is in early stage, but growing rapidly. This study provided us the link of ethical leadership with follower work attitude in developing country perspective and also provide evidence that ethical leadership theory can be applicable across the cultures.

Moreover, though number of studies have examined the link between ethical leadership and different employee outcomes, but the intervening mechanism through which ethical leadership influences these outcomes are limited. Thus, by examining the mediating role of moral identification, our study provides another useful insight that what ethical leadership can do to enhance followers work attitudes and behaviors in organization. Moreover, as per my knowledge, there is very limited studies on ethical leadership in Pakistani context. With this, we can see the developing country perspective in this study.

In addition to theoretical implications, this study also has some practical implications for companies.
The results show that ethical leadership can be effective to inspire employees to be more committed and loyal to the organization and do not leave their job. This show ethical leadership can improve employee commitment for organization and their stay in job. Committed employee exert more energy in work and found effective to improve their performance. Further, as turnover can be costly, while ethical leaders can be effective to decrees this. With these positive effects, thus organization should promote ethical leaders and hire those who possess the qualities of ethical leadership. This can be further promoted through suitable training programs, and providing incentives for ethical behaviors to both leadership and employees.

7. Limitations and Future Direction for Research

This study has some limitations and therefore, while interpreting the study results, it is necessary to keep in mind these limitations. The first major limitation of this study was the data, as the data was collected in one period of time and from one source (followers). Thus, this may cause the problem of common method bias. For this reason, future study should try to make a better study design to eliminate these problems. Second, this data was from Pakistan, which may restrict the generalizability of the study outcomes in other work contexts. Third, the data was collected from one sector in Pakistan. in future, study can replicate this model with more diversified sample from different organizations.

In conclusion, this study highlights the role of ethical leadership in enhancing the affective commitment of employees and reducing the chances of employee’s intention to leave the organization. More specifically, this study results showed that ethical leaders can deliver positive work attitudes through strengthening the employees’ moral identification with the company. With these results, we hope that our study will inspire future research in the field and will provide evidence to the organization to take steps to develop ethical leadership in the organization.

References


