The role of perceived leader integrity, ethical climate and perceived organizational support on organizational commitment

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ABSTRACT
The organizational commitment helps business executives effectively implements ethical leadership in organizations. To improve organizational commitment, business executives depend greatly on perceived of leader integrity (PLI). PLI is particularly relevant in architect the ethical leadership structure of organizations in order to ensure employees are modelled with ethical decisions that are critical to the organizations’ sustainability. At the same time, an ethical climate concept proposes a system that guides the ethical comprehension for better commitment towards the organizations. While perceived organizational support (POS) is a support system within the organization that compensate employees in lieu to commitment demonstrated. This study makes a significant contribution by developing a proposed model as a methodological example which can be useful for tracking the degree of PLI, ethical climate and POS on organizational commitment in profit oriented organizations and the non profit oriented organizations.

Introduction
The renowned Enron together with Arthur Andersen have been marked as whistle blowers for bigger coverage of unethical practices in Malaysia. Maxwell (1993) and Covey (1990) claimed that ethics as the most important ingredients of leadership. The lack of integrity behaviours and decision making creates crucial problem combined with pressure from shareholders to maximize the wealth and the lack of sound good governance are the key factors to unethical behaviour and character breakdown today.

The Perils
In 2005, a survey conducted by an ethics institution in Malaysia revealed that Malaysian perceived that the government ministers, business leaders with politicians are cunning and manipulative (Rajah, 2006). This perception is supported with Malaysia’s Corruption Perception Index score that plunged to the lowest in 15 years to 4.4 in 2010 (Chong, 2010). The reputation risk of social perception in ethical conduct could impact the organization in a long term (Agarwal & Malloy, 2002). The impact damage to organization reputation is forever. Subsequently, the organizations also need to deal with risk of severe penalties and costs incurred in lieu to their unethical and illegal conducts (Agarwal & Malloy, 2002). These issues could tarnish the credibility and integrity of the organization among public and foreign investors. As a result, the organizations’ value dropped radically and the spilt over effect felt by the parties involved especially the employees (Victor & Cullen, 1988). Employees will re-enter the labour market again and significantly will contribute to the rise of unemployment rate. This chain consequently affect Malaysia inflation rate. As a result, Malaysians are penalized due to unethical and illegal conduct of these organizations. Nevertheless, Agarwal and Malloy (2002) identified the positive pressure on organization to act ethically. This act accrues the organization short and long term benefit such as reduced employee turnover, increase employee commitment, improve productivity and levels of trust gained from ethical behaviours of organization leaders. A study by Cullen et al. (2003) measured the impact of leaders’ behaviours on followers. The study revealed that deterioration of the organization’s ethical climate leads to reduced commitment, increased intention to leave, increased turnover and deterioration in organization citizenship. On the other hand, improved level of an organization’s ethical climate contributes to increase commitment, improved organization citizenship and reduced turnover and intentions to leave.

Ethical leadership has a greatest impact leadership commitment to ensure that leadership behaviour is beyond reproach, and that leaders themselves maintain the highest standards of moral and ethical integrity, both in their public and private life. The role of leadership is to guide and motivate others towards achievements of goal. In carrying out the said role, leaders influence the corporate culture and ethical tone of the organization. Leadership, all the way down the food chain, must be willing to adopt and embrace a culture of openness, where concerns about breaches of compliance, including in relation to bullying, harassment, and the application of double standards, can be raised openly and freely without any fear of retribution (Victor & Cullen, 1988). Building on this notion, this paper attempts to examine ethical consideration in perceived leader integrity, ethical climate and POS on organizational commitment.

PLI and Organizational Commitment
Ethical attitudes of the organization’s leaders are important situational factors observed in every organization (Sims & Brinkmann, 2003). Hence, this assumption is parallel with the theory made via Perceived Leader Integrity Scale (PLIS) cited...
by Craig and Gustafson (1998) that employee’s direct supervision’s behaviours are a reflection of the ethical standards incorporated in the corporate culture, and such behaviour have a direct bearing on an employee’s job commitment. PLIS demonstrated high internal consistency (Cronbach’s alpha at 0.97) (Craig & Gustafson, 1998). Empirical attempts to demonstrate the influence of leader’s ethical attitudes has failed to produce consistent result. According to Ford & Richardson (1994) explained that some studies have observed a significant relationship between variables. However, others have found either mix result, significant relationship or no correlation in measuring leader’s integrity in organizational setting. Thus, it is hypothesis that:

H1: PLI significantly influences organizational commitment

Ethical Climate and Organizational Commitment

Victor and Cullen (1988) explained that the behaviour of individuals produces an organization’s ethical climates. Characteristics by share assumptions, values and beliefs that shape the organizational culture help to guide this behaviour. Wimbush and Shepard (1994) supported the abovementioned and noted that subordinates’ reaction in an organization is based on the model shaped through supervisor’s behaviour. Empirical studies have already been determined that higher level of moral development in an organization represented in ethical climates resulted an ethical decision making process. Conversely, Schein (2004) mentioned in his study that subordinate behaviours and values differ will continue until set of homogeneous values or organizational commitment is established. Thus, it is hypothesis that:

H2: Ethical climate significantly influences organizational commitment

POS and Organizational Commitment

Rhoades and Eisenberger (2002) cited that employees’ belief that the organization values their contributions and cares about their well being and it gives an overall effect on organizational commitment. This statement is supported by Shore and Wayne (1993) that discovered a positive correlation between organizational commitment and POS. Rhoades and Eisenberger (2002) added that employees have a tendency to ascribe the bidirectional social enhance view of commitment. Thus, it is hypothesis that:

H3 : Perceived organizational support significantly influences organizational commitment

Conceptual Research Framework

Based on the above review of the literature, the following conceptual framework is proposed, demonstrating the relationships among PLI, ethical climates and POS on organizational commitment. The model is shown in Figure 1.

Figure 1: Conceptual Research Framework

Implication and Conclusion

The conceptual model contributes to the body of knowledge for both academics and practitioners. From the theoretical perspective, this study contributes to the body of knowledge in business ethics and leadership, and provides a proposed conceptual model with an initial insight into what may be valuable connections between these concepts.

In conclusion, the purpose of this paper is to provide a thorough model for examining and understanding the relationship between PLI, ethical climate and POS on organizational commitment. This proposed conceptual model will serve as the catalyst for future research. Further, research should be conducted using a multivariate analysis to test and validate the model. Hopefully, the model could advance the study in this area and provide a channel for both practitioners and academicians to better understand the relationships between PLI, ethical climate and POS on organizational commitment in profit oriented organizations as well as the non profit oriented organizations.

References


