

# Simple and Multiple Relationships between Ethical Leadership, Transformational Leadership and Ethical Climate and Organizational Spirituality among the Employees of the Iran National Steel Industrial Group

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## Abstract

This study aimed to investigate the simple and multiple relationships of ethical leadership, transformational leadership, and ethical climate with organizational spirituality among the employees of the Iran National Steel Industrial Group in Ahvaz. This is a correlational study with a statistical population of all employees of an industrial organization in Ahvaz, of whom, 400 subjects were selected using the stratified random sampling method. The research instruments included ethical leadership questionnaire of Brown et al., General Transformational Leadership (GTL) questionnaire, ethical climate questionnaire of Hunt et al., and organizational spirituality questionnaire of Milliman et al., with acceptable validity and reliability. For testing the research hypotheses, the Spearman correlation coefficient and multivariate regression analysis were used. The results showed a significant relationship between ethical leadership, transformational leadership and ethical climate and organizational spirituality. The results of multiple regression analysis showed that ethical climate is the most important factor in explaining and predicting the organizational spirituality.

**Keywords:** ethical leadership, transformational leadership, ethical climate, organizational spirituality

## 1. Introduction

In the new era, we are witnessing the world competitiveness of the organizations, this competition is stressful for the employees. Evidence indicates that organizational spirituality is an effective solution to tolerate these pressures. Integration of spirituality with business activities gives meaning to the life and employees who live according to your inner values, work more and more (Khanka, 2013).

Nowadays, organizational spirituality is of great importance in organizations because most of the employees have been tired of meaningless working life and seek to find the meaning for their personal and occupational lives. Organizational spirituality is an element of organizational culture that has a significant impact on group activities in organizations (Daniel, 2010). Mitroff (1999) defines spirituality as a desire to find the ultimate goal of life, and to live according to this goal. Spirituality is related to the consciousness and unity with others. Spirituality is a combination of the main philosophy of our life, values, and our actions (Moghimi, 2007).

Mitroff and Denton (1999) explain that spirituality in the workplace is manageable and it is one of the most important duties of the managers. They believe that in the West, the science, religion, art and so on are excessively separated and therefore, today organizations will not survive without spirituality. They emphasize that the organizational spirituality management methods should be measured without separating them from other managerial elements (Farhangi et al., 2006). Thus, the role of the managers, especially senior managers is very important in this area so that some believe managers influence their organization by their spirituality and based on this, organizational culture is formed. Consequently, organizational spirituality affect employees and employees accept it. Spirituality is not magically created, but managers and employees create it. Moreover, organizational spirituality in organizations is spread using the ethical leadership style.

Over the recent years, significant growth of the spirituality has been observed in the workplace, especially in the field of spiritual management (Tourish & Tourish, 2010). This is because one of the factors that create

organizational spirituality is ethical leadership, through which the sense of solidarity among employees, strengthening the foundation of the organization and organizational integration and development of organizational culture are achieved (Skrypnek & Kinjerski, 2006). Ethical leadership may be described as attempting to spread justice, showing respect for individual traits of others and a combination of other traits such as honesty, trustworthiness, faithfulness, purity, democratic decision-making, and supporting participation, compassion, and compassionate (Yilmaz & Bokeoglu, 2008). An Ethical leader, using spirituality in his/her organization or group, provides both a kind of intrinsic motivation for himself or herself and a kind of extrinsic motivation for his/ her followers (Khaef Elahi et al., 2010). She/he shows the ethical behaviors and she/he is regarded as a spiritual pattern in the organization, who is honest with employees and provides them with the necessary and sufficient help. She/he rewards the ethical behaviors and punishes the unethical behaviors. Therefore, in this way, organizational spirituality is developed.

Another factor that creates the organizational spirituality is the transformational leadership (Salmani & Moenian, 2010). Transformational leadership is to inspire the followers for accepting and participating in order to achieve the vision or perspective offered by the leader, in which followers' working motivations is beyond the exchanges and reward requests and lead to the good teamwork (Quoted by Afshari, 2012). When a manager uses his or her personal power to transform the organization, the employees obey the orders and help him or her in achieving his or her organizational goals. The sense of justice influences the employees so that they find the meaning in their working life and consider their job as a way to earn living.

Ethical climate is also another issue that could spread the organizational spirituality (Fawcett et al., 2008). Ethical climate is defined as the dominant perceptions of the organizational performances and trends with ethical content or aspects of the working climate that determines the constituent elements of ethical behavior in the workplace (Victor & Cullen, 1988). The more values, beliefs and norms shared by organizational members that affect their attitudes and behaviors are promoted, the more organizational spirituality is developed. In addition, the strong ethical climate results in the solidarity and empathy among the employees (Robbins, 1990).

Therefore, the research questions are as follow:

- 1) Is there a significant relationship between ethical leadership and organizational spirituality?
- 2) Is there a significant relationship between transformational leadership and organizational spirituality?
- 3) Is there a significant relationship between ethical climate and organizational spirituality?
- 4) Is there a significant relationship between ethical leadership, transformational leadership and organizational ethical climate with the organizational spirituality?
- 5) Is there a multiple relationship between ethical leadership, transformational leadership and organizational ethical climate with the organizational spirituality?

In addition, the research hypotheses are as follow:

- 1) There is a significant relationship between ethical leadership and organizational spirituality.
- 2) There is a significant relationship between transformational leadership and organizational spirituality.
- 3) There is a significant relationship between ethical climate and organizational spirituality.
- 4) There is a significant relationship between ethical leadership, transformational leadership and organizational ethical climate with the organizational spirituality.
- 5) There is a multiple relationship between ethical leadership, transformational leadership and organizational ethical climate with the organizational spirituality.

In previous studies, including studies conducted by Bodla and Ali (2012), Khaef (2010), Dezhban (2011), Krishnan (2008), and Marschke (2009) (Fawcett et al., 2008), a variety of phenomenon have been investigated. Therefore, it is necessary to study all these factors in an integrated research design and their effectiveness in the organizational spirituality is determined.

## 2. Method

The statistical population, sample and sampling method:

The statistical population includes of all employees of an industrial organization in Ahvaz in 2013, of whom, 400 subjects were selected using the stratified random sampling method.

After receiving the organizational table with the name and number of the employees, the sample was selected using the stratified random sampling method based on the determined number. Age mean and SD of the subjects

was equal to 31.55 and 5.26, respectively. In addition, the scores of married employees and single employees were equal to 77.2 and 22.8, respectively. The sample group includes 175 people with a diploma degree (43.8% of the total sample, the highest number in the sample group), 121 people with an Associate's degree (30.2% of the total sample), 84 people with an undergraduate degree (21% of the total sample), and 20 people with a postgraduate degree (5%; the lowest number in the sample group). Moreover, the mean and SD of the subjects' records was 7.31 and 5.22, respectively.

## 2.1 Research Instruments

### 2.1.1 Ethical Leadership Questionnaire

In the present study, the ethical leadership questionnaire of Brown et al. (2005) was used in order to measure the ethical leadership. This 10-item questionnaire is scored based on the Likert five-point scale from 1 (strongly disagree) to 5 (strongly agree). Brown et al. (2005) reported the reliability of the questionnaire using the Cronbach's alpha as 0.95. Zahiri (2003) reported the reliability of the questionnaire using the Cronbach's alpha and split-half reliability as 0.81 and 0.81, respectively and reported the construct validity using the correlated general question as 0.77 ( $P < 0.01$ ). In this study, the reliability coefficient of this scale was calculated using the Cronbach's alpha and split-half reliability as 0.94 and 0.90, respectively.

### 2.1.2 Transformational Leadership Questionnaire

In the present study, General Transformational Leadership (GTL) questionnaire developed by Carlos et al. (2000) was used in order to measure transformational leadership. This 10-item questionnaire is scored based on the Likert five-point scale from 1 (strongly disagree) to 5 (strongly agree). Afshari (2012) in his study for evaluating the reliability coefficients of the questionnaire reported the Cronbach's alpha coefficient and split-half reliability as 0.94 and 0.86, respectively. In the present study, reliability coefficient of the questionnaire was calculated using the Cronbach's alpha coefficient and split-half reliability that was 0.90 and 0.86, respectively.

### 2.1.3 Ethical Climate Questionnaire

In the present study, the ethical climate questionnaire of Hunt et al. (1989) was used in order to measure the ethical climate. This 5-item questionnaire is scored based on the Likert five-point scale from 1 (strongly disagree) to 5 (strongly agree). Hunt et al. (1989) reported the reliability of the questionnaire using the Cronbach's alpha as 0.82. Zahiri (2003) reported the reliability of the questionnaire using the Cronbach's alpha and split-half reliability as 0.89 and 0.75, respectively and reported the construct validity using the correlated general question as 0.66 ( $P < 0.01$ ). In this study, the reliability coefficient of this scale was calculated using the Cronbach's alpha and split-half reliability as 0.37 and 0.30, respectively.

### 2.1.4 Organizational Spirituality Questionnaire

In the present study, the organizational spirituality questionnaire of Milliman et al. (2003) was used in order to measure the organizational spirituality. This 20-item questionnaire measures the three dimensions of meaningful work (6 items), a sense of solidarity (7 items), and alignment values in organizations (7 items) and the items are scored based on the Likert five-point scale from 1 (strongly disagree) to 5 (strongly agree). Mousavi (2008) in this study reported the reliability of the questionnaire through Cronbach's alpha as 0.87. In this study, the reliability coefficient of this scale was calculated using the Cronbach's alpha and split-half reliability as 0.93 and 0.83, respectively.

## 3. Result

Table 1. Mean and standard deviation of the scales of ethical leadership, transformational leadership, ethical climate, and organizational spirituality

Questionnaire	Ethical leadership	Transformational leadership	Ethical climate	Organizational spirituality
statistical indicator	Scale of ethical leadership	Scale of transformational leadership	Scale of ethical climate	alignment values in organizations, sense of solidarity, meaningful work
mean	32.57	19.27	17.57	20.68, 22.20, 19.86
SD	10.09	6.54	2.90	5.52, 5.74, 5.96

As shown in Table 1, the mean and standard deviation of the research variables are as follow:

Ethical leadership as 32.57 and 10.09; transformational leadership as 19.27 and 6.54; ethical climate as 17.57 and 2.90; organizational spirituality as 62.75 and 15.06; alignment values in organizations as 20.68 and 5.52; sense of solidarity as 22.20 and 5.74; meaningful work as 19.86 and 5.96, respectively.

Table 2. Correlation coefficients of the scales of ethical leadership, transformational leadership and ethical climate and organizational spirituality

variable	1	2	3	4	5	6	7
1. Ethical leadership	1	0.46	0.30	0.58	0.44	0.53	0.55
2. Transformational leadership	-	1	0.17	0.52	0.48	0.45	0.43
3. Ethical climate	-	-	1	0.34	0.26	0.32	0.31
4. Organizational spirituality	-	-	-	1	0.85	0.91	0.87
5. Alignment values in organizations	-	-	-	-	1	0.68	0.56
6. Sense of solidarity	-	-	-	-	-	1	0.71
7. Meaningful work	-	-	-	-	-	-	1

As shown in Table 2, the correlation coefficients between the variables are matched with the hypothesized relationships between variables in the model. The correlation analysis provides insight into two-variables relationships between the research variables.

Table 3 Results of multiple regression analysis of ethical leadership, transformational leadership and ethical climate and organizational spirituality using the step-by-step method.

Table 3. Results of multiple regression of ethical leadership, transformational leadership, and ethical climate and organizational spirituality using the step by step method

criterion variable	Predictor variables	Multiple correlation coefficient	coefficient of determination RS	F ratio	probability P	regression coefficient			
						1	2	3	
Organizational spirituality	Ethical leadership	0.58	0.33	199.79	0.001	0.58			$\beta$
						14.14			t
						0.001			p
	Transformational leadership	0.64	0.42	140.72	0.001	0.43	0.32		$\beta$
						10.03	7.40		t
						0.001	0.001		p
Ethical climate	0.66	0.44	104.20	0.001	0.31	0.31	0.17	$\beta$	
					8.81	7.40	4.32	t	
					0.001	0.001	0.001	p	

As shown in Table 3, multivariate correlation coefficient for the linear combination of variables of ethical leadership, transformational leadership and ethical climate and organizational spirituality for the employees of the Iran National Steel Industrial Group is equal to MR = 66 and F ratio is 104.20 that is significant at  $P < 0.001$ . Regression coefficients ( $\beta$ ) show that ethical leadership, transformational leadership and ethical climate predict the organizational spirituality. In addition, the coefficient of determination ( $RS = 0.44$ ) indicates that 0.44% of the variance of the organizational spirituality is explained by predictor variables of ethical leadership,

transformational leadership and ethical climate. On the other hand, coefficients of determination show that ethical leadership predicts 0.33% of the variance of the organizational spirituality and by adding the transformational leadership variable to the regression equation, MR has increased from 0.58 to 0.64 and RS has increased from 0.33 to 0.43. Furthermore, by adding the ethical climate to the regression equation, MR has increased from 0.64 to 0.66 and RS has increased from 0.42 to 0.44.

#### 4. Discussion and Conclusion

This study aimed to investigate the simple and multiple relationships of ethical leadership, transformational leadership, and ethical climate with organizational spirituality in an industrial organization. Therefore, employees were compared with respect to these three variables, research hypotheses were based a hypothesized significant relationship between the ethical leadership, transformational leadership, ethical climate and organizational spirituality of the employees. Results showed that ethical climate is the most important factor in explaining and predicting the organizational spirituality.

The first hypothesis that states there is a significant relationship between ethical leadership and organizational spirituality is confirmed; because the more ethical leadership in organization is promoted, the more organizational spirituality is developed. These results are consistent with those of Skrypnek and Kinjerski (2006), Tourish and Tourish (2010), Khaef Ellahi et al. (2010), Myers et al. (2011), Nazaripour et al. (2012), Stöten et al. (2012), Mohammadi et al. (2013) and Rastegar et al. (2012) in that ethical leadership affects directly the organizational spirituality.

The second hypothesis that states there is a significant relationship between transformational leadership and organizational spirituality is confirmed; because the more transformational leadership style in organization is used, the more organizational spirituality is developed. These results are consistent with those of Salmani and Moenian (2010), Krishnan (2008), and Mazloomi and Shahtalebi (2010) in that transformational leadership affects directly the organizational spirituality.

The third hypothesis that states there is a significant relationship between ethical climate and organizational spirituality is confirmed; these results are consistent with those of Fawcett (2008), Robbins (1990), Myers et al. (2011), Witners (2011) and Karimi et al. (2010) in that ethical climate affects directly the organizational spirituality.

The fourth hypothesis that states there is a significant relationship between ethical leadership, transformational leadership, ethical climate, and organizational spirituality is confirmed with respect to the Table 3; because the more ethical leadership, transformational leadership, and ethical climate are promoted, the more organizational spirituality is developed. These results are consistent with those of Skrypnek and Kinjerski (2006), Tourish and Tourish (2010), Khaef et al. (2010), Mayer et al. (2011), Nazaripour et al. (2012), Stöten et al. (2012), Mohammadi et al. (2013), Rastegar et al. (2012), Salmani and Moenian (2010), Krishnan (2008), Mazloomi and Shahtalebi (2010), Fawcett (2008), Robbins (1990), Myers et al. (2011), Witners (2011) and Karimi et al. (2010).

It can be concluded that one of the factors that create organizational spirituality is ethical leadership, through which the sense of solidarity among employees, strengthening the foundation of the organization and organizational integration and development of organizational culture are achieved (see Skrypnek & Kinjerski, 2006). An Ethical leader, using spirituality in his/her organization or group, provides both a kind of intrinsic motivation for himself or herself and a kind of extrinsic motivation for his/her followers (Khaef Elahi et al., 2010). She/he shows the ethical behaviors and she/he is regarded as a spiritual pattern in the organization, who is honest with employees and provides them with the necessary and sufficient help. She/he rewards the ethical behaviors and punishes the unethical behaviors. Therefore, in this way, organizational spirituality is developed. When a manager uses his or her personal power to transform the organization, the employees obey the orders and help him or her in achieving his or her organizational goals. Furthermore, in this way, employees think beyond the material issues and recognize that organizational development affects their progress and if the organization fails to achieve its goals, they fail to progress, too. This kind of thinking leads to the good teamwork, because the more values, beliefs, and norms shared by organizational members that affect their attitudes and behaviors are promoted, the more organizational spirituality is developed. In addition, the strong ethical climate results in the solidarity and empathy among the employees (Robbins, 1990, quoted by Taghipour). Influential managers affect their employees' behaviors in the way ethical climate provides the ground for the development of organizational spirituality (Wang & Hsieh, 2012). Therefore, it is recommended that managers using the ethical and transformational leadership styles and creating the appropriate ethical climate promote the organizational spirituality at workplace, since this affects the progress of the employees and the sustainable development of organization.

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