The Effect of Ethical Leadership Behavior on Perceived Organizational Climate: Mediating Role of Work Loneliness

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Extensive Summary

Introduction

In this paper, the effects of ethical leadership behaviors on employees’ perceived organization climate and whether work loneliness plays mediation role in this relationship are researched. Nowadays, there have been growing competitive working conditions due to globalization and increasing number or organizations. In this competitive environment, organizations should take into consideration not only external environment factors but also the internal structures of the organizations. Especially employees play a crucial role in reaching the goals and the sustainable success of the organization.

Creating a positive atmosphere and implementing ethical rules which provide a healthy organizational structure yield in increased efficiency and sense of belonging of the employees; also decreased work loneliness. The most important implementers ethical rules in the organizations are the leaders. Eren (2013) defined leadership as “gathering a group of people around certain objectives and the total capabilities and the knowledge to stimulate them to come these objectives true”. Employees consider ethic leaders as honest and reliable. Beyond these ethical leaders are known as behaving ethical towards their employees in their professional life and principled decision makers. This study 4 main dimension of ethical leadership was investigated. These dimensions are: “communicative ethic”, “climatical ethic”, “behavioral ethic” and “decisional ethic”.

On the other side, work atmosphere is one of the most required conditions of work efficiency for the employees’. In businesses, organizational climate respects the features of the organization and the effects of them on employees’ behaviors. A positive organizational climate effects employees’ motivation and sense of belonging. It also provides reliable organizational relationship and improves the organizational performance. The dimensions of organizational climate used in this study are: “innovation”, “communication”, “rewards” and “clarity”.

Methodology

The following hypotheses were tested in the study:

H1 - Employees' ethical leadership perceptions positively and significantly affect their organizational climate perceptions.

H2 - Employees' ethical leadership perceptions negatively and significantly affect work loneliness.

H3 - Employees' work loneliness negatively and significantly affect organizational climate.

H4 - Work loneliness plays a mediation role on the effect of employees' ethical leadership perceptions on perceived organizational climate.

Initially, a questionnaire including 82 items was developed for this study in order to gather data. It has been decreased to 74 items after the validity increasing processes. This questionnaire was delivered to all (225 participants) employees of a textile company located in Istanbul. 174 questioners were responded (respond Rate %77,3). 8 questionnaires were eliminated due to lack of information in the forms. Thus finally 166 forms were used for the analysis. Firstly Reliability analyses were performed to determine the suitability of the data for analysis. SPSS 21 and Factor 9.2. programs were used for Cronbach's Alpha and Mc Donald's Omega Reliability Analyses and the acceptable reliability results were found (Ethical Leadership Scale: \( \alpha = 0.840 \), \( \omega = 0.929 \); Organizational Climate: \( \alpha = 0.721 \), \( \omega = 0.873 \); Work Lonliness \( \alpha = 0.769 \), \( \omega = 0.885 \)). Descriptive statistics, Structural Equation Modeling based on PLS (Partial least square) algorithm and Sobel test were used to summarize the relationships among the variables.

Findings

First of all CFA (Confirmatory Factor Analysis) analysis with SmartPLS was conducted to confirm the dimensions of the latent variables (Ethical Leadership, Work Lonliness and organization Climate) and it has been seen that factor loadings are acceptable for all latent variables (factor loads: 0.506-0.972).

After this confirmation process hypotheses were tested with SmartPLS program (method: PLS algorithm, Path Weighting Scheme and maximum 1000 Iterations). First hypothesis (H1) which claimed that employees' ethical leadership perceptions positively and significantly affect their organizational climate perceptions was accepted (coefficient=0.458 and \( p<0.05 \)). This finding indicated that when the employees' have higher ethical leadership perceptions; they perceive their organizational climate more positively.

H2 and H3 hypotheses were also accepted which showed that ethical leadership perceptions have negative and significant effects on work loneliness (coefficient: -0.261, \( p<0.05 \)); and work loneliness has negative and significant effects on perceived organizational climate (coefficient: -0.136, \( p<0.05 \)).

In addition according to path analyze and Sobel test procedure, it has been seen that work loneliness mediate the effects of employees' ethical leadership perceptions on their perceived organizational climates partially (H4 was accepted).
Conclusion

Economic awards and managerial pressure have limited effect on increasing employees' sense of belonging. However organizations' being fair, supporting employees, meeting their expectations are important factors in increasing their sense of belongingness. At this point ethical leadership implementations also play a crucial role. In this study the mediation effect of work loneliness on the employees' perception of ethical leadership on their perceived organizational climate was investigated. All hypotheses were accepted according to results.

These results are in accordance with those of some previous studies (e.g. Erdil ve Ertosun, 2011; Wright, 2005) and this shows the importance of the role of ethical leadership behaviors on organizational performance and climate.

It should not be forgotten that the results of this study are limited with only one organization operating in textile sector and the results may be different if it is conducted in other sectors especially services such as education, health and banking.