Organisational Behaviour
Interactive Session

Linking Ethical Leadership to Employee Outcomes: The Role of Alienation from Work

Dr Mehran Nejati
School of Business and Law, Edith Cowan University, Australia
Email: mehran.nejati@gmail.com, m.nejati@ecu.edu.au

Dr Greg Fisher
Flinders Business School, Flinders University, Australia
Email: greg.fisher@flinders.edu.au

Dr Tapan Sarker
Griffith Asia Institute, Griffith University, Australia
Email: tapan.sarker@griffith.edu.au
ABSTRACT: Although the outcomes of ethical leadership have been investigated, less is known about the mechanism which links ethical leadership to employee outcomes. This study aims to examine relations among ethical leadership, alienation from work, loyal boosterism, and turnover intention. In a sample of 241 employees from Malaysia, analyses using structural equation modelling revealed that alienation from work has a complementary mediation effect on the relationship between ethical leadership and employee outcomes. Consistent with social identity theory, our research indicates that working with ethical leaders reduces employees’ sense of alienation from their work, which in turn allows employees to flourish and demonstrate positive behaviour towards organization. Study offers fresh insights to HR managers and directions for future research.

Keywords: Organisational Behaviour, Leadership

INTRODUCTION

Despite growing supply of workforce in recent years, maintaining talented employees and ensuring their sense of commitment and citizenship behaviour towards the organization is crucial. This is mainly due to high personal and organizational costs caused by voluntary turnover and challenges in recruiting and training substitute employees (Allen, Bryant, & Vardaman, 2010; Hancock, Allen, Bosco, McDaniel, & Pierce, 2013). Therefore, identifying ways to minimize employees’ turnover intention and increase their extra-role behaviours could remain an important topic for many organizations.

One of organizational stimuli which fosters work-related outcomes in employees is ethical leadership. It is defined as the demonstration and promotion of normatively appropriate conduct through personal actions and interpersonal relationships (Brown, Treviño, & Harrison, 2005). Ethical leadership is different from transformational leadership because “it has a sole and explicit focus on the ethical aspects of leadership” (Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009, p. 1). Earlier studies have demonstrated how ethical leadership is linked to several employee outcomes such as
turnover intention (Demirtas & Akdogan, 2015; Kim & Brymer, 2011) and organizational citizenship behaviour (Öztürk & Ay, 2015; Wang & Sung, 2016). As such, ethical leadership can be seen as a potential cornerstone in an organization’s effort to address issues regarding employee turnover and organizational citizenship behaviour (OCB). However, the mechanism through which ethical leadership leads to these outcomes is still under-explored. The thrust of this paper is to demonstrate whether alienation from work mediates the relationship between ethical leadership and two employee outcomes, namely turnover intention and loyal boosterism. This paper aims to extend the ethical leadership literature by suggesting the role of alienation from work as a mediator in this link.

We investigate loyal boosterism as a type of OCB toward organization (Kamdar, McAllister, & Turban, 2006) which refers to an individual’s promotion of the organizational image to outsiders. It can therefore benefit the entire organization (Dalal, 2005). Overall, this study vies to contribute to knowledge concerning ethical leadership outcomes and the underlying mechanism which stimulates them.

THEORETICAL DEVELOPMENT AND FRAMEWORK

Ethical leadership involves providing participation in decision-making, showing concern for subordinates’ well-being and building trust-based relationships with the followers (Brown & Treviño, 2006). It is linked to organizational identification which is formed when people like and work with similar people and increases when leaders display openness and trustworthiness (Sluss & Ashforth, 2008). Ethical leadership can create a sense of organizational identification in employees, leading to lowering their sense of alienation from the work. This sense of belonging to the job will in turn elicit positive responses by employees in terms of greater positive promotion of the organization to outsiders (loyal boosterism) and lower intention to quit one's job (turnover intention). Founded upon social identity theory (Tajfel, 1981), we propose that ethical leadership creates a feeling of belongingness to organization in employees and causes them to have lower sense of alienation from
the work, which in turn leads to employee outcomes such as lower turnover intention and higher loyal boosterism. Figure 1 depicts the proposed framework of the current study.

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Insert Figure 1 about here

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METHODS

A questionnaire survey was distributed to employees who worked for manufacturing industries across Malaysia and the data obtained therefrom was used in the analysis of the study model.

Structural equation modelling (SEM) was used to test the relationships between the variables in this study. We employed partial least squares (PLS) path modelling to test study hypotheses using SmartPLS version 3.2.4 (Ringle, Wende, & Becker, 2015). PLS algorithm (Chin, 1998; Chin & Todd, 1995) leads to the best estimators when dealing with free distribution, compared with other methodologies based on Maximum Likelihood. PLS-SEM is a common data analysis approach and has received growing interest among scholars (Nejati, Amran, & Ahmad, 2014; Santos, Roomi, & Liñán, 2016; Shafaei, Nejati, & Abd Razak, In Press; Shin, Sung, Choi, & Kim, 2015).

FINDINGS AND DISCUSSION

This study confirmed that ethical leadership influences subordinates’ attitudes and behaviours. Findings of this study validates earlier research which notes that ethical leadership can be an active enabler of proactive ethical behaviours beyond simply being a suppressor of
misconduct (Lee, Choi, Youn, & Chun, In Press). This enables an organization to benefit from committed and loyal employees and achieve its desired end-states.

These results are consistent with the results of other studies. For example, as Neubert, Wu, and Roberts (2013) found, ethical leadership has a positive influence on employees’ OCB.

*p < .05; **p < .01; ***p < .001

CONCLUSION

The results of this study suggest that ethical leadership plays a pivotal role in motivating employees to stay longer with a company and show extra-role behaviour towards the organization. Specifically, we found that ethical leadership has a negative impact on employees’ turnover intention and a positive impact on their loyal boosterism. As the exit of each employee creates additional costs for an organization which is almost equal to 1.5 times the employee’s annual salary (Cleveland, 2005), identifying factors which lowers employees’ voluntary turnover is crucial for organizations and HR managers. Besides, a positive promotion of the organization to outsiders (i.e. loyal boosterism) is an important approach and strategy for organizations to maintain a positive image in the community and attract prospective talents to the company. As such, findings of the current study offer fresh and profound insights to HR managers.
While several previous studies investigated the direct link between ethical leadership and its outcomes (Miao, Newman, Yu, & Xu, 2013; Zheng, Wang, & Li, 2011), we go one step further to examine how ethical leadership could affect these outcomes. Our findings suggest the mechanism which links ethical leadership to turnover intention and loyal boosterism. Despite the contributions of our research, it is not without limitations. This study was limited by its sample and data collection which were collected using single-source self-reported questionnaires. Due to lack of research conducted to validate our findings, future studies can replicate this research in other contexts and verify the mediating role of perceived alienation from work in other settings. Moreover, other mediating variables such as perceived optimism, ethical climate, and person-organization fit can be examined in future research.
REFERENCES


