

## IMPACT OF LEADERSHIP INTEGRITY ON EMPLOYEE ATTITUDE

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### ABSTRACT

The objective of this study is to analyze the impact of leadership integrity on employees' attitude. This study attempts to explain that leadership honesty and integrity is the source of enhancing job satisfaction and employees' commitment. Professionals working in different companies of financial institutes: banks, insurance companies, leasing companies, modaraba and investment centers were selected for data collection. We have selected this sample from the financial sector on the basis of purposive sampling technique. Primary data from 125 professionals were collected using questionnaire. Reliability test, descriptive statistics, regression analysis and ANOVA were used to analyze the data. Results of the study have confirmed the proposed model. Findings of the study provide the basis for moral development of leaders to increase the organizational effectiveness.

**Keywords:** Attitude, Employee Commitment, Employee Satisfaction, Integrity.

### INTRODUCTION:

Integrity in leadership is becoming increasing concern for business and organizations (Kanungo & Mendonca, 1996). Many organizational theorists and practitioners now believe that leadership without integrity may finally place the organization at risk (Simons, 1999). Morgan (1993) explained the concept of Behavioral Integrity as the perceived degree of alignment between the values expressed by words and those expressed by actions. Kaptein (2003) developed a model called the Diamond of Managerial Integrity, which he argued could be used to assess and improve the integrity of managers. Morrison (2001) explored the role of integrity in leading global companies and states that Without integrity, managers could never create the goodwill and trust of the organization, both necessary for effective leadership.

Leadership integrity refers to the consistency between the leader's words and actions whether the leaders spoke words and own their words or not?. One of the major problems with integrity is that integrity is treated as synonymous with honesty and fairness but in real terms integrity is the perceived degree of analogy between the

values expressed by words and those expressed by conduct. Integrity enhances leader effectiveness and effective leaders always care about their employees (Kaptein, 2002). Integrity in administration is happening to expanding concern inside of business and associations (Kanungo and Mendonca, 1996). Various hierarchical scholars and professionals now trust that leading without morality might be the association of danger (Morgan, 1993). Hence, the motivation behind this study is to initiate the investigation of the relationship between transformational leadership in terms of integrity and employee's attitude in terms of job satisfaction and commitment. Our study explores whether or not employee's assessment of their leader's integrity is influenced by their leaders' values, critical knowledge from both a scholarly and practical perspective.

## **LITERATURE REVIEW:**

### **Leadership Integrity:**

Leaders function as important ethical role models and guides for their followers (Treviño & Brown, 2004). It is considered to be vital that the leaders should have moral and ethical conduct and express this ethical conduct clearly to their followers. Followers learn what to do and what not to do by observing their leaders' behavior and are likely to reproduce their leaders, whether the example set by the leader is good or bad (Lasthuizen, 2008). Thus, ethical leaders are believable and consistent in what they say and follow up on that by what they do. Brown and Treviño (2006) pointed out, managers should walk the talk and talk the walk. By explaining the details regarding ethics and values more clearly leaders can affect the moral conduct of their followers in a positive way. This includes frequently communicating about the ethical standards and values that should lead organizational decisions and actions. This could be done by regularly communicating the ethical standards and values that should lead organizational decisions and actions (Treviño et al., 2000).

Integrity is vital to trustworthy leadership, while acting without integrity is a blatant indicator of pseudo-transformational leaders (Bass & Steidlmeier, 1999). Brown et al., (2005) operationalized integrity as behavioral integrity, "the perceived pattern of Agreement between an actor's words and deeds". Simons (2002) further explained it as a construct subdivided into followers' perception of the match between their leaders' espoused and enacted values and the extent to which followers' perceive promises are kept. According to him, the concept of behavioral integrity itself is amoral, blind to the content of leaders' values. Although Simons (2002) in his meta-analysis of behavioral integrity, held the assumption that "the words spoken are ethical". There exist different experimental studies on respectability, and only three of them explained the relationship between uprightness, work fulfillment and leader adequacy. Craig and Gustafson (1998) built up a 31-thing scale to quantify workers' impression of their leaders' respectability. They revealed a great positive link between the leaders' integrity and job satisfaction. Repel and Thomson (2002) coined a changed form of the integrity to break down the relationship between idea of behavioral honesty and leader viability, and also qualities that make up transformational leaders and qualities that make up value-based leaders. Morgan (1989) Utilizing retreat investigation on the built scales, he found that integrity was the most dominating and vital variable identified with satisfaction, however inspiration was the most vital variable identified with Leadership (Morgan, 1989).

### **EMPLOYEES ATTITUDE:**

Employee attitudes and behaviors have engaged the attention of organizational scholars and practitioners for decades (Nagy, 2002). Several studies including meta-analyses and literature reviews have examined various employees' work attitudes because they were critical to organizational effectiveness (Meyer & Allen, 1997). There is a great requirement to know more about the background and details about employee work attitudes and behaviors. In the recent study, job satisfaction and employee commitment congregated to explain the employee attitude.

### **JOB SATISFACTION:**

Organizations are more productive if they have satisfied the employees (Hellriegel and Slocum, 2007). Churchill, Ford, and Walker (1974) conceptualized job satisfaction, composed of factors such as job itself and the work environment. Vecchio (2000) defined job satisfaction as one's feelings and thinking towards his/her work. As in the case of other attitudes, one's attitude towards job is greatly influenced by the experience. Similarly, satisfaction level can be strongly influenced by the employee's expectations about the job and communication from

others. McShane and Glinow (2005) believe that job satisfaction represents an employee's evaluation of job and work context. Thus job satisfaction is an attitude to the specific aspects of job.

Certain dimensions of the job while dissatisfied with others such as an employee may be satisfied with co-workers but simultaneously dissatisfied with work-load (Kohan & Oconner, 2002). Job satisfaction is a pleasurable or can change positive emotional state resulting from the appraisal of one's job or job experiences (Nelson & Quick, 2000). Muchinsky (2007), defined job satisfaction as the degree of pleasure an employee derives from his or her job. Leadership is considered to be an important factor to determine organizational effectiveness and employee job satisfaction. It is cleared from different studies that there exists a strong relationship between leadership and employee job satisfaction (Yousef, 2006; Berson and Linton, 2005). While, Kim (2002) identified a progressive relationship between participative leadership behavior and employees' job satisfaction. Attaining organizational goals is strongly dependent on managers and their leadership behavior. The Path-Goal theory advocates that leaders may not only use varying behaviors with different subordinates but might use different behaviors with same subordinates in different situations. Path-goal theory suggests that depending upon subordinates, and situations, different leadership behaviors will increase acceptance of leader by subordinates; level of satisfaction; and motivation to high performance. A study by Toor & Ofori (2009) revealed that ethical leadership may play a mediating role in the relationship between organizational culture and employee outcomes. The study shows that ethical leadership is more likely to bring about leader's effectiveness, willingness of employees to put in extra efforts, employees' job satisfaction, and an atmosphere for ethical leadership to flourish; which will ultimately leads to increased employees' job performance. Vitell & Davis (1990) suggest that leaders with strong ethical commitments can have impact on "task significance" and "autonomy" of the Job Characteristic model; and the willingness of employee to put extra effort on task performance. If followers perceived top manager's good moral image, integrity may be viewed as an important issue within the organization.

Weiss (2002) found that job satisfaction was identified with follower's view of their leader's respectability. Craig and Gustafson (1998) had comparative discoveries when they gauged the moral honesty of administrators utilizing the Perceived Leader Integrity Scale. Vitell and Davis (1990) discovered an immediate relationship in the middle of morals and job satisfaction when their examination recommended that when bosses participate in dishonest conduct, subordinates are more inclined to wind up disappointed with their occupations. Cocoa, Trevino and Harisson (2005) found that moral initiative is unequivocally corresponded to the staffs' job satisfaction with their leaders. They expressed that the subordinate tend to demonstrate higher job satisfaction toward a moral leader who "disciplines wrongdoers, treats their devotees decently and thoughtfully, and shows transformational initiative style" (Brown et al, 2005).

### **EMPLOYEE COMMITMENT:**

According to Bratton and Gold (2007) employee commitment is relative to the workers' attachment and participation in the organizations in which they employed. Employee commitment is significant since it determines whether employees are likely to leave their jobs or improve performance. Mowday, Steers, and Porter (1979) emphasized concepts they referred to as attitudinal commitment and behavioral commitment. Another concept introduced by Meyer and Allen (1991) is the most recognized among employee commitment theories. This study explained that employee commitment has three multi-dimensional components namely: affective commitment, continuance commitment, and normative commitment.

Research by Taly, Kass, and Sahamir (2004) explored the relationship between leadership behavior and commitment. Examining the bond between leaders and followers, leaders set a tone that influences the way employees feel about their employer, and consequently, the way they perform for and interact with other (Allen & Grisaffe, 2001). Employee commitment is highly influenced by the level of integrity, which is essential in evoking a positive employee attitude towards the job. Without morality, the workers feel short-changed; they feel as if the Employees are more committed when supported by appropriate styles of leadership (Mitchell & Sackney, 2002). Morgan and Hunt (1994) explored the concept of employee commitment within their conceptualization of commitment-trust. Committed employees are less likely to leave, are more motivated and they are more likely to engage in organizational citizenship behaviors (Morgan & Hunt, 1994).

**PROBLEM STATEMENT:**

This research seeks to answer that if leaders show consistency between words and actions and demonstrate the integrity what would be the impact on employees’ attitude in terms of job satisfaction and commitment. To answer this problem following

**RESEARCH OBJECTIVES:**

- To analyze the standing of relationship of leadership integrity, job satisfaction and employee commitment.
- To analyze the relationship between leadership integrity and employees commitment.
- To examine the effect of leaders integrity on job satisfaction.

**RESEARCH QUESTIONS:**

- Whether there exist correlation between leadership integrity and follower’s attitude: job satisfaction and employee commitment?
- How leader’s integrity effect the employee commitment?
- How leader’s integrity effect the job satisfaction?

**RESEARCH METHODOLOGY:**

To answer these questions following research methodology was adopted. In this cross sectional study the primary data on independent and dependent variables were collected through self-administered questionnaire from the professionals of financial institute. This population was selected due to increasing competitiveness and demanding nature of jobs and requirements of level of commitment for better performance of the employees. Sample size for this study was 125. Purposive sampling technique a form of none probable sampling technique was used to gather the data. Further Regression analysis, ANOVA and descriptive statistics techniques were used for data analysis.

**THEORETICAL MODEL:**

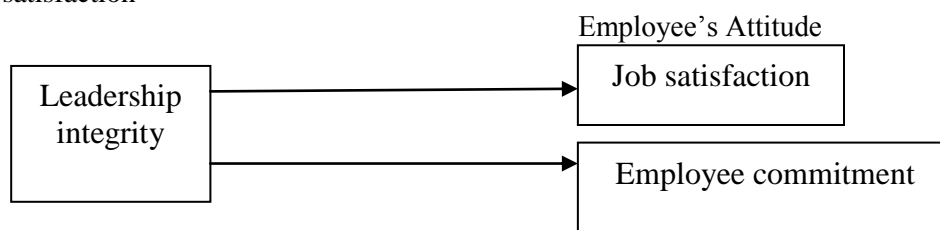
**Independent variable**

Leadership integrity

**Dependent variable**

Employee’s Attitude

- Employee’s commitment
- Job satisfaction



**H<sub>1</sub>:** There is correlation between leader’s integrity and employee attitude (employee job satisfactions and employee commitment)

**H<sub>2</sub>:** Leadership Integrity have positive direct impact on employee’s job satisfaction.

**H<sub>3</sub>:** Leadership Integrity have positive direct impact on employee’s commitment.

**RESULTS AND DISCUSSIONS:**

**Reliability Analysis:**

**Table 1: Reliability Analysis Results**

Variable	$\alpha$ Value
Leadership Integrity	0.79
Employee Commitment	0.87
Employee Satisfaction	0.72
Overall reliability of all variables	0.78

Table: 1 shows the reliability results of all variable and over all reliability results. Results depicts that the scale used for the study was reliable ( $\alpha=0.784$ )

**DESCRIPTIVE STATISTICS:**

**Table 2: Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Leadership Integrity	125	1.67	4.67	3.7200	.64744
Employee Satisfaction	125	1.20	10.00	3.6752	.87682
Empoyee_Commi	125	2.00	4.80	3.8560	.59492
Valid N (list wise)	125				

The study have applied descriptive statistic on the computed variables of all independent and dependent variables. The above table shows the descriptive statistics and the mean value of all variables. The mean value of leadership integrity, employee satisfaction and employee commitment are (3.72) (3.67) and (3.85). It suggests that means of all variables are approaching to four which shows the agreement of respondents about the question which we asked. Therefore it represents the positive perceptions of the leadership integrity, employee satisfaction and employee commitment.

**HYPOTHESIS: 1**

**H<sub>1</sub>:** There is correlation between leader’s integrity and employee attitude (employee job satisfactions and employee commitment)

**Table 3: Pearson Correlation Coefficients**

		Leadership Integrity	Employee Satisfaction	Employee_C ommit
Leadership Integrity	Pearson Correlation	1	.393**	.370**
	Sig. (2-tailed)		.000	.000
	N	125	125	125
Employee Satisfaction	Pearson Correlation	.393**	1	.471**
	Sig. (2-tailed)	.000		.000
	N	125	125	125
Employee_Committ	Pearson Correlation	.370**	.471**	1
	Sig. (2-tailed)	.000	.000	
	N	125	125	125

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The above table shows that all the three variables are correlated as coefficient of correlation between employee satisfaction and leadership integrity is(0.393) at  $p < 0.01$  and for employee commitment and leadership integrity Pearson coefficient of correlation is (0.370) at  $p < 0.01$  level. Hence hypothesis H<sub>1</sub> is accepted

**HYPOTHESES: 2**

**H<sub>2</sub>:** Leadership integrity have positive direct impact on employee’s job satisfaction.

**Table 4: Regression Analysis**

Model	R square	B	Sig
Job satisfaction	.137	.370	.000

Above table shows the regression analysis results for hypothesis H<sub>2</sub>. Value of R Square (0.137) implies that leadership integrity explains the employee satisfaction 13.7% and beta value ( $\beta=0.370$ ) suggests the change in employee satisfaction with reference to the change in leadership integrity at  $\rho < 0.01$ . Results shows that leadership integrity have positive direct impact on employee satisfaction hence hypothesis H<sub>2</sub> is accepted.

**HYPOTHESIS: 3**

**H<sub>3</sub>:** Leadership integrity have positive direct impact on employee’s commitment.

**Table 4: Regression Analysis**

Model	R square	B	Sig
Employee commitment	.154	.393	.000

Above table shows the regression analysis results for hypothesis H<sub>3</sub>. Value of R Square (0.154) implies that leadership integrity explains the employee satisfaction 15.4% and beta value ( $\beta=0.393$ ) suggests the change in employee commitment with reference to the change in leadership integrity at ( $\rho < 0.01$ ). Results shows that leadership integrity have positive direct impact on employee commitment hence hypothesis H<sub>3</sub> is accepted.

**CONCLUSION & RECOMMENDATION:**

**CONCLUSION:**

The present study concludes the increasing and ever expanding scope of morality in terms of leadership behavior and its effects on molding the employees’ attitude towards their job. As this study throw light on the importance of consistency of words and action of leaders by measuring the impact of this integrity on employees’ attitude. This study conclude that if the leaders will be honest, do what they say, shows consistency of words and actions and discourage hypocrisy they will tend to impact the employee’s attitude towards their job. Employees will be more satisfied and more committed towards their job and organization which will ultimately increase the organization effectiveness.

**RECOMMENDATIONS:**

Following are the recommendations of the study:

- Employees follow the attitude of their leaders therefore leaders should always focus upon the positivity of their attitude.
- Leaders should must be consistent about their words and actions in organizational settings in order to make the employees more satisfied about their jobs.
- Honesty of the leaders causes the increase in commitment of employees.
- Organization should initiate the training programs for the development of the ethical leadership which will positively affect the leadership integrity and ultimately change the attitude of employees towards their job and make the employees more satisfied and commitment.

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