

Original Research Article

Ethical leadership of managers in organization in Saudi Arabia: case study of managers of organization in Eastern Province of Saudi Arabia

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Abstract

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This paper examines ethical leadership of managers in organization in Jubail City Saudi Arabia. Ethical leadership Questionnaire (ELQ) developed by Yukl (2013) was adopted and employed to collect data relating to ethical leadership of 30 managers in various organizations in Jubail City Saudi Arabia. Result indicate that most managers in various organization in Saudi Arabia are in totally agreement that ethical issues such as communicating clear ethical standards for member, being honest and can be trusted to tell the truth, insist on doing what is fair and ethical even if it is not easy, acknowledges mistakes and taking responsibility for them, and regard honesty and integrity as important personal values were things that most of them were in total agreement. Most of the managers were in disagreement with relation to issues related holding members accountable for using ethical practice in their work and putting the needs of others above their own self-interest, being fair and objective when evaluating member performance and providing rewards, and finally setting out an example of dedication and self-sacrifice for the organization.

Keywords: Ethical leadership, manager, organization, Saudi Arabia.

INTRODUCTION

Leadership is the most important ingredient in the success and failure of many organizations being in the West or Middle East. Tanner et al (2010) argue that ethical leadership has positive effect on job satisfaction and absenteeism. On the other hand Mayer et al (2010) also attest to the fact that ethical leadership is positively related to organization ethical climate which leads to less employee's misconduct. Thus, ethical leadership is one of the bases of effective management and organizational success in many countries and the same could be said for Saudi Arabia were this paper is written. The survivals of companies in Saudi Arabia and other countries in the world depend on managers and leaders for their ethical behavior or the lack of it. The need for ethical leadership in organization steam from many scandals both in public and corporate sector, which have created an interest in

studying ethical leadership in organization (e.g., Brown and Trevino, 2006; Cuilla, 1998). The global crisis that hit some Western countries that started in America in 2008 and devastated many countries and banks in the west created many economic and social problems for many countries. The major organizational failure like Enron, WorldCom Tyco and other scandals that rock many businesses in developed countries have ignited an interest to examine ethical leadership. Green and Odum (2003) on the other hand attest to the fact that the lack of ethical leadership in Enron caused impairment to thousands of employees, appealed to superior government regulation, and crippled consumer confidence of the financial industry. Thus, the fall of the Lehman Brothers and the housing market crash are all due to unethical behavior. Many business leaders have

failed ethically due to pressure to achieve at all cost without any checks and balances which again arouses significant interest in ethical leadership. Top executives of many corporate organizations contributed to the recent credit crisis by making deceitful decisions that insincerely exaggerated profits to increase compensation. Bello (2012) cited a survey that was conducted in the UK and some European countries which revealed that significant ethical issues in organizations are many the examples are bribery, corruption and facilitation payment, discrimination, harassment and bullying. He gave Tesco example in 1996 paying \$176 million settlement for racial discrimination; Mitsubishi Motors Corporation paying \$34 millions in 1998 in a government investigation of a pervasive sexual harassment. He also cited three cases in Nigerian banks, Afribanks Plc, Spring Bank Plc and Bank PHB that failed because of financial irregularities of their corporate managers. For these reasons among other things ethical values, behaviors and beliefs are now central to the theories of leadership literature, stemming from servant leadership to transformation leadership.

The benefit of ethical leadership within organization or institutions is very important for organizational development to say the least. To this effect Moss (2002) attest to the fact that many organisations displaying unethical behaviour has triggered business to reconsider their strategic route, serving them learn that ethical leadership is the approach which leads them to success of maximising their profitability. Yukl et al (2013) also attest to the fact that ethical leadership creates a small but substantial contribution to the explanation of leader-maker exchange and managerial effectiveness. Nonetheless, research into ethical leadership in organization is quite little. Cuilla (1995) argue that there are little studies with regards to ethical leadership. Yukl (2006) also acknowledged that ethical leadership is an ambiguous construct, which comprise of various elements. According to Hayes et al. (2005), the attitude and organization of professional accountants in providing auditing and assurance services have an impact on the economic well-being of their community and country. Accountants can remain in this advantageous position only by continuing to provide the public with these unique services at a level that demonstrates that the public confidence is well founded. The distinguishing mark of the profession is acceptance of its responsibilities to the public. Therefore standards of the accountancy profession are heavily determined by the public interest. One could say in accountancy "the public and the auditee are our clients and our main product is credibility." That said for accounting, it is also important to also have credibility in managers who are managing various organisations. There is a greater need for ethical leadership in organization today than before. This paper is written to examine such kind of leadership in organization in the Eastern province of Saudi Arabia. Thus, what is ethical leadership?

Ethical leadership

Ethical leadership is defined by Brawn et al (2005, p.120) as the "demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision making". On the other hand Freeman and Stewart (2006, p.2) define ethical leadership as "A matter of leaders having good personality and the right values or being a person of strong personality" For Darcy (2010) ethical leadership "is not about a process but rather an approach of being and making the right choices". On the other hand Kaptein (2011), study show that there were less unethical employees behaviors when management and supervisors were perceived to be ethical role models. Subsequently, if an organization tolerates or rewards unethical behaviors, people in the organization will learn that the way to get rich or get ahead is to behave unethically.

The aim of this paper is to examine the ethical leadership behaviors of managers in various companies in the kingdom of Saudi Arabia especially those within the Eastern region. A qualitative approach was a better suit this paper and questionnaire were sent to managers of various companies to rate their ethical leadership behavior based on a structured questionnaires. This is because ethical leadership plays an important part in the functioning and development of their various organizations.

Literature review

In reviewing the literature for this paper on ethical leadership it is obvious that ethical leadership date back to Plato and Aristotle. Northouse (2010, p.378) argues that ethics deals with the kinds of values and morals an individual or society finds desirable or appropriate. Furthermore, he prove to the fact that ethical theory provides a system of rules or principles that guide us in making decisions about what is right or wrong and good or bad in a particular situation. And that it provide the basis of what it means to a morally decent human being. Wirba (2012) in his unpublished book cited Yukl (2012) who argues that ethics is central to leadership because of the nature of relationship between leaders and followers. Leaders influence followers and therefore will affect them negatively or positively by their character or behavior. They can also influence followers in the quest for a common goal at the same time treat their followers as individuals with respect and dignity. With this regards, leaders should stress values such as justice, equality and liberty as the way of assisting followers to understand the importance of ethics. The values that the leaders uphold are instrumental in influencing followers. Therefore, those who are in leadership position in society are judge by

their character, what they do, their actions and behaviors. Ethical and moral leadership are important in our society but less is written on the subject as noted above in Ciulla (1995) who argues that most of the scholars and practitioners who write about leadership genuflect at the altar ethics and speak with hushed reverence about its importance to leadership, but there is little discussion in the literature regarding ethics in the practice of leadership as noted in the introduction of this paper. Trevino and Brown (2004) also argues that ethical leadership, in its true wisdom, stimulate ethical conduct by practicing as well as handling ethics and holding everyone answerable for it. Kanungo (2001), also attest to the fact that ethical leaders participate in act and behavior that help others, and at the same time, they abstain from behavior that can origin any harm to others. Yukl (2006) when examining ethical leadership and concluded that "ethical leader is one who promotes honesty, and mirror his or her actions with their values and beliefs". Heifetz (2006) on the other hand proposes that "the primary responsibility of ethical leaders is to deal with conflict among followers, and instruct them in a right way.

Plinio et al (2010) on their qualitative study found out that serious problem fronting organization nowadays is impoverished ethical behavior and nonexistence leadership. For them trust in leadership is eroding. Frank (2002, p.18) captured the sentiment behind the lack of trust in leadership in which he called it "shadow side" of leadership. He named the as negative influences of "power, privilege, deception, inconsistency, irresponsibility, and misplaced loyalties". He contended that over time followers became aware of those shadow behaviours and lost trust in the truthfulness of their leader. However, King (2008) found that ethical leadership is exhibited by "honesty, loyalty, dedication to purpose, benevolence, social justice, strength of character, humility and patience". He concluded that ethics is derived from faith.

METHOD

This paper uses a qualitative approach. Questionnaires were sent to various managers of Eastern Province of Saudi Arabia especially within Jubail Industrial City to examine their ethical leadership. In this paper we use a modified Ethical leadership Questionnaires (ELQ) developed by Yukl et al (2013). The questionnaire contained 15 items measuring various aspect of Ethical Leadership with six scales 1 strongly Disagree to 6 strongly Agree.

The sample composed of 30 fulltime managers from various organizations in Jubail city of Saudi Arabia. The sample was 100 % male due to culture and context with the Middle East. The Data was sorted from managers in education 20%, manufacturing 26.66%, government 13% and other business 40%. These entire managers self-

rated themselves.

A purposive sampling method was used to send questionnaires to various managers in the region to rate themselves as noted above on ethical leadership. A convenience sampling techniques was done to elicit information from the respondents. A copy of 30 survey questionnaires was sent to respondents leaders of various organizations in Jubail Industrial area of Saudi Arabia. The survey items questionnaires were prepared and placed in a sealed envelope along with a cover sheet detailing the purpose of the study and the date the researcher would collect the responses. All the questionnaires were answered by the respondents and collected by the researcher, which reflect 100% responses.

Measures, all the items in the questionnaires were measured on 6-point Likert Scales ranging from 1 (strongly disagree) to 6 (strongly agree). The managers responded to the 15-item Ethical Leadership Scale (Yunkl 2013), which was modified to suite this study.

RESULT

Demographic variable information

The respondent characteristics for this paper were drowned from deferments organizations, namely Education, Manufacturing, government and other Business as shown in table 1.

Table 2, represent various positions the respondents for this paper occupy. They range from senior manager, accountant, and supervisor. As it is shown below in table 2, 83.33% of the respondents where senior managers, while 13.34% were supervisors and only 3.33 % were accountants.

Table 3, looks at gender of the respondents. All respondent were male. This is normal for Saudi Arabia and the Middle Eastern countries where women do not work outside home.

Table 4, Examined the age group of the respondents. The age group of the respondents range from 22-65 and above. 43.34% of the respondents were between the age of 40-50, while 30% of the respondents are between the age of 50-65 years and only 10% of the respondents are between the ages of 22-30 years old.

Table 5, Examined also Education background of the respondents. The background of the respondents varied, from Bachelor, Masters, PhD and other degrees. 56.66% were bachelor holders while 23.34% were master holders, 10% where PhD holders and other 10% had other degrees.

Table 6, looks at the experiences of the respondents. The experiences of the respondents range from 1-20years. 26.66% of the respondents working experiences are between 10-15 years, while 23.34% experiences are between 15-20 years 13.34% are between 5-10 and

Table 1. Organization

Organization	No	%
Education	6	20.0
Manufacturing	8	26.66
Government	4	13.34
Other Business	12	40.0
Total	30	100.0

Table 2. Occupation

Position	No	%
Senior manager	25	83.33
Accountant	1	3.33
Supervisor	4	13.34
Total	30	100.0

Table 3. Gender

Gender	No	%
Male	30	100
Female	0	0
Total	30	100.0

Table 4. Age group

Age group	No	%
22- 30 years	3	10
30-40 years	5	16.66
40-50 years	13	43.34
50-65 years	9	30.0
Total	30	100.0

Table 5. Education

Education level	No	%
Bachelor	17	56.66
Master's	7	23.34
Ph.D	3	10.0
Other degree	3	10.0
Total	30	100.0

Table 6. Experience

Years of your experience	No	%
1-5 years	1	3.33
5-10 years	4	13.34
10-15 years	8	26.66
15-20 years	7	23.34
Over 20 years	10	33.33
Total	30	100.0

Table 7. Organizational size

Employee	Numbers	%
1-9	6	20.0
10-49	9	30.0
50-100	9	30.0
Above 100	6	20.0
Total	30	100.0

Table 8. 15 items self-rated questionnaires by the respondents.

		Degree of Agreement with Ethical Leadership Statement				
Q Nos	Ethical Leadership Questions			Strong	Moderat	Slightly
1	Strong care for Ethical and moral values			70	23.34	3.33
2	Communicate Ethical standards			50	40	10
3	Ethical fairness decision and actions			53.34	40	3.33
4	Honest and trustworthy			73.34	16.67	10
5	Keep my stated values			40	33.34	6.67
6	Fair and impartial when assigning tasks			53.34	40	3.33
7	Trusted to carry out promises and commitments			66.67	20	6.67
8	Doing what is fair and ethical			60	26.66	13.34
9	Acknowledge mistakes			73.33	23.34	3.33
10	Honesty and integrity in personal values			70	20	10
11	Dedication and self-sacrifice for the organization			56.66	26.66	10
12	Oppose unethical practices to increase performce			40	26.66	10
13	Fair and objective when evaluating performance			30	53.33	10
14	Put the needs of others above self-interest			23.34	26.66	26.66
15	Hold members accountable for ethical practices			36.66	23.34	20

3.33% experiences range from 1-5years.

Table 7, examine the organizational size of the respondents. The organization size of the respondents range from 1-100 size, of the employees. 30% of the respondents run at least 50-100 employees, 30% of the respondents also run 10-49 employees and 20% of the respondents run more than 100 and above employees.

Responses to questions on Ethical Leadership Questionnaire (ELQ)

Table 8 shows respondents answers to the 15 items questions. These questionnaires were designed to study the significance of ethics to effective leadership of the leaders. In this paper managers self-rated themselves.

Below is the quick summary of the 15 ELQ items questionnaires to the respondents.

Question 1 of ELQ reads: I show a strong care for ethical and moral values. 70% of the respondents strongly agree that they take a strong care for ethical and morals in the organization, while 23% of the respondents moderately agree and 3.3% slightly agree. 3.3% slightly disagree in taking moral and ethical values in the organization. In sum a total of 3.33% disagree and 96.67% totally agree of taking strong ethical and moral values.

Question 2 of ELQ reads: I communicate clear ethical standards for members. 50% of the respondents rated themselves as strongly agreeing to communicate clear ethical standards for members of the organization, while 40% of the respondents moderately agree and 10%

slightly agree. Therefore, 100% of the respondents totally agree on communicating clear ethical standards for members of their organization.

Question 3 of ELQ reads: I set an example of ethical fairness in my decision and actions. 53.34% of the respondents rated themselves as strongly agreeing to set an example of ethical fairness in their decisions and actions. 40% of the respondents moderately agree and 3.33% slightly agree. 3.33% moderately disagree in setting an example of ethical fairness in their decision and actions. Therefore, 96% of the respondents totally agree on setting an example of ethical fairness in their decision and actions, while 3.33% totally disagree.

Question 4 of ELQ reads: I am honest and can be trustworthiness to tell the truth. 73.34% of the respondents rated themselves as strongly agreeing on being honest and can be trustworthiness to tell the truth. 16.67% of the respondents moderately agree and 10% slightly agree. In sum totally 100% of respondents agree on being honest and can be trustworthiness to tell the truth.

Question 5 of ELQ reads: I Keep my actions truthfulness with my stated values (walks the talk). 40% of the respondents rated themselves as strongly agreeing on Keeping their actions truthfulness with their stated values (walks the talk). 33.34% of the respondents moderately agree and 6.67% slightly agree. 16.66% strongly disagree and 3.33% moderately disagree. Thus, the total of 80.01% agrees while 19.99% totally disagree of Keeping their actions truthfulness with their stated values (walks the talk).

Question 6 of ELQ reads: I am fair and impartial when assigning tasks and responsibility to employees. 53.34% of respondents rated themselves as strongly agreeing on being fair and impartial when assigning tasks and responsibility to employees. 40% of the respondents moderately agree and 3.33% slightly agree. 3.33% slightly disagree. In sum of response type a total of 96.67% agrees while 3.33% totally disagree on being fair and impartial when assigning tasks and responsibility to employees.

Question 7 of ELQ reads: I can be trusted to carry out promises and commitments. 66.67% of respondents rated themselves as strongly agreeing on being trusted to carry out promises and commitments to employees. 20% of the respondents moderately agree and 6.67% slightly agree. 3.33% slightly disagree while 3.33% strongly disagree. Total of 93.34% agrees while 6.66% totally disagree on being trusted to carry out promises and commitments.

Question 8 of ELQ reads: I insist on doing what is fair and ethical even it is not easy. 60% of respondents rated themselves as strongly agreeing for doing what is fair and ethical even it is not easy. 26.66% of the respondents moderately agree and 13.34% slightly agree. 3.33% slightly disagree while 3.33% strongly disagree. Sum of response type, total agree 100% for doing what is fair

and ethical even it is not easy.

Question 9 of ELQ reads: I acknowledge mistakes and take responsibility for them. 73.33% of respondents rated themselves as strongly agreed and acknowledges mistakes and take responsibility for them. 23.34% of the respondents moderately agree and 3.33% slightly agree. Thus, the sum of response type, total agrees 100% and acknowledges mistakes and takes responsibility for them.

Question 10 of ELQ reads: I regard honesty and integrity as important personal values. 70% of respondents rated themselves as strongly agreed and regard honesty and integrity as important personal values. 20% of the respondents moderately agree and 10% slightly agree. In total a sum of response type, total agrees 100% and regard honesty and integrity as important personal values.

Question 11 of ELQ reads: I set out an example of dedication and self-sacrifice for the organization. 56.66% of respondents rated themselves as strongly agreed and set out an example of dedication and self-sacrifice for the organization. 26.66% of the respondents moderately agree and 10% slightly agree. 3.34% slightly disagree while 3.34% strongly disagree. Sum of responses type, total 93.32% agree and 6.64% disagree that they set out an example of dedication and self-sacrifice for the organization.

Question 12 of ELQ reads: I oppose the use of unethical practices to increase performance. 40% of respondents rated themselves as strongly agreed that they oppose the use of unethical practices to increase performance. 26.66% of the respondents moderately agree and 10% slightly agree. 23.34% strongly disagree. Total sum of response type, 76.66% agree while 23.34% disagree and oppose the use of unethical practices to increase performance.

Question 13 of ELQ reads: I am fair and objectives when evaluating member performance and providing rewards. 30% of respondents rated themselves as strongly agreed that they are fair and objectives when evaluating member performance and providing rewards. 53.34% of the respondents moderately agree and 10% slightly agree. In sum of response type, 93.34% agree while 6.66% disagree that were fair and objectives when evaluating member performance and providing rewards.

Question 14 of ELQ reads: I put the needs of others above my own self-interest. 23.34% of respondents rated themselves as strongly agreed that they put the needs of others above their own self-interest. 26.66% of the respondents moderately agree and 26.66% slightly agree. 10% slightly disagree, 3.34% moderately disagree while 10% strongly disagree. In sum of response type, 76.66% agree while 23.34% disagree that they put the needs of others above their own self-interest.

Question 15 of ELQ reads: I hold members accountable for using ethical practices in their work. 36.66% of respondents rated themselves as strongly agreed that they hold members accountable for

using ethical practices in their work. 23.34% of the respondents moderately agree and 20% slightly agree. 3.34% slightly disagree, while 16.66% moderately disagree. Therefore, the sum total responses type, 80% agree and 20% disagree that they, hold members accountable for using ethical practices in their work.

CONCLUSION

The findings from the study indicate that the area into which managers self-rated themselves 100% in agreements were that they communicate clear ethical standards for member, honest and can be trusted to tell the truth, insist on doing what is fair and ethical even if it is not easy, acknowledges mistakes and take responsibility for them, and regard honesty and integrity as important personal values. The second percentage wise 96.67% in terms of agreement are setting an example of dedication and self-sacrifice for the organization, showing a strong care for ethical and moral values, and being fair and impartial when assigning tasks and responsibility to employees. The third, in terms of agreement is 93.34% by the manager of various organization is that they can be trusted to carry out promises and commitments, and be fair and objectives when evaluating member performance and providing rewards. The fourth, in terms of percentage 80.01, and 80% is that managers rate themselves as Keeping their actions truthfulness with their stated values(walks the talk), and also hold members accountable for using ethical practices in their work. Fifth, 76.66% of managers self-rated themselves as oppose the use of unethical practices to increase performance, and they put the needs of others above their own self-interest. The highest disagreement in percentage 20% disagree that they hold members accountable for using ethical practice in their work and seconded by 23.34% disagreement of managers in putting the needs of others above their own self-interest, 6.66% disagree on being fair and objective when evaluating member performance and providing rewards, 6.64% disagrees on setting out an example of dedication and self-sacrifice for the organization.

Limitation

The finding for this paper cannot be generalized, however, lesson can be learn from the paper. The

sample of this paper is very small a larger sample with more managers from various organisations across Saudi Arabia could be collected to yield better outcome.

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