Studying the effect of transformational leadership on Islamic work ethics, case study: affiliated organization of Iran Khodro

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Abstract

Morality or ethics is one of the discussions that Islam emphasizes on applying it in the society. Morality as a set of values, dos and don'ts can play important role in efficient and effective management. The main issue in this research is to study the effect of transformational leadership components on Islamic work ethics in work environments. Transformational leadership has four components which are: idealized influence, inspirational motivation, mental stimulation and individual considerations. The methodology is descriptive/survey and the statistical population of the research includes employees of one of the affiliated companies of Iran khodro in Tehran Province. The data collection tool is questionnaire. In this research for ensuring of the structure validity, confirmatory factorial analysis has been used. For testing the research hypotheses, structural equations model and Lisrel software were used. Among 5 hypotheses which were proposed in the research, only one hypothesis was confirmed and other research hypotheses were rejected and this indicates that the issue of understanding Islamic work ethics in this organization by employees isn’t a one-dimensional issue and allocated to leadership and issues such as the amount of effective relation of leaders, kind of production strategy such as mass and reduction of cost also have effect on the amount of employees understanding of Islamic ethics in work environments.

Keywords: transformational leadership, ethics, Islamic work ethics, structural equations.
Statement of problem

Leadership is accounted as one of the oldest phenomena of human societies (Torkamani, 2013). Transformational leadership has commitment to the development and progress of associations, businesses and society because it can cause to find the response of deeper issues and create new paradigms and fundamental changes. At the same time, many behaviors and decisions of employees and managers in today's organizations are influenced by their ethical values (Mazaheri, 2011). It can be said, ethics is a part of business, so leaders must make ethical decisions and they must make the work environment ethical. In light of this, identifying the role of leaders in ethical and correct selections is important. The leaders ethics either good or bad, positive or negative influences on employees' personality and their ethical decisions in the work environment (Benargi & Krishnan, 2000). On the other hand, although many studies have been accomplished about the effect of transformational leadership on satisfaction, commitment and loyalty of employees but the relation between transformational leadership and Islamic ethics has been studied less (Bass and Reggio, 2006). Therefore in this research, the effect of transformational leadership components on employees' understanding of Islamic work ethics has been considered. According to it, in the first parts, the literature related to the transformational leadership, ethics category and occupational ethics and Islamic work ethics in domestic and international literature have been considered and in the second part of methodology, the statistical population and measures of each one of the endogenous and exogenous variables are explained and the results of hypotheses test are expressed and finally, the research conclusions are presented.

1. The theoretical principles of research

Leadership during the history has been one of the human societies elements. When a leader is considered as a functionality, it becomes an important component of management and the presence and existence of it depend on exerting some skills which can be considered as the leadership methods and styles of persons for achieving special purposes (Bennett and Anderson, 2003). Leadership is «an effect that a person creates on a group of persons for achieving a public common purpose» (Farhangi, 2008). Today's organizations need leaders that by helping of personality characteristics and exceptional attraction, high influence ability and wide perspective can create necessary sensation and enthusiasm in inferior persons for the extremity using of their talent and effort in order to achieve the organizational purposes. This kind of today's leaders were called transformational (Bronze, 1987). In the following, this new paradigm will be considered more.

1.1. Transformational leadership

Many years have been passed since a time that Bronze in 1975 has edited his article about introducing the concepts of transformational and transactional leadership (Bass, 1999). Constant changes which have been converted to one of the parts of today's life of most of organizations, indicate incremental importance of transformational leadership more. The performance beyond the public expectations is probable only through transformation of values, behaviors and motivations of inferior persons for achieving the maturity (Krishnan, 2001). While transformational leaders increase morale, motivation and ethics of their followers, transactional leaders follows to cater personal benefits of their followers (Bass, 1999). Transactional leadership is related to the transaction of relations between leader and followers for achieving the personal benefits. Among all leadership theories between the years of 1990 to 2000, transformational leadership has the most empirical studies in related
literature. Transformational leadership has critical effect on behavior of inferior persons and the results related to their work. This includes trust to managers, organizational commitment, satisfaction of leadership, performance in relation with work and strengthening unique work relations (Barling & et al, 2002). Avolio believes to create organizational commitment through creating mental commitment for employees (Avolio & et al, 2004). Hartog & et al concluded that transformational leadership theory through identifying the emotional interests of followers to leader and emotional and motivational arousal of followers as the result of leaders’ behavior predict the followers’ behavior (Hartog & et al, 1997). The effect of transformational leadership has been studied on team and different aspects of team in various articles like innovation (Eisenbeiss & et al, 2008), (Chou & et al, 2013), gregarious relations (Gil and et al, 2005), creativity and innovation (Gumusluoglu & et al, 2009);

Bass & Avolio in a common conceptualization suggest that transformational leadership is a combination of four dimensions: idealized influence, inspirational motivation, mental stimulation (mental persuasion) and individual considerations. When leader does «correct work», idealized influence occurs and it causes followers’ trust and respect (Arnold & et al, 2007). Idealized features include: induction of vanity and pride on members in order to cooperate with leader, dispense with individual tendencies for the group, sacrifice the personal benefits due to the others’ benefits and behaviors like: attention to the spiritual and ethical results of decisions, disputation about the importance of trust to each other and talking about the most important values and beliefs (Forouzandeh & et al, 2013: 118). The inspirational motivation of leader stimulates high expectations and followers’ courage for achieving whatever which is more than their imagination (Arnold & et al, 2007). This case is done by indicating empathy and optimism, involving the followers in presenting future perspectives and having many expectations (Right and Pendi, 2009). Mental persuasion is a combination of intellectual openness to the problem, the processes for evaluation of situation, formulization of insights and executive patterns (Bass, 1999). In fact, it includes encouragement of followers for facing with existing situation and responding to their questions. And finally, a leader with individual considerations behaves with each one of his followers as a human, spends time for guidance of employees and appreciates of their successes (Arnold & et al, 2007). These leaders about the value levels that should stimulate in followers have knowledge, because compared with followers they have better understanding to the values and fulfillment of predesigned results (Price, 2005). Transformational leadership emphasizes on this issue that leaders should be converted to the ethical patterns for their employees through doing what is ethical or correct rather than what is suitable (Barling & et al, 2002). Kanungo expressed that transformational leaders are involved in an ethical effect process while transactional leaders don’t have such role (Kanungo, 2001). Transformational and ethical leaders have overlapping at the time of concentration on characteristics of inferior persons. Transformational and ethical leaders valuate others, have stability in their behavior in relation with their ethical principles (like truth and honesty), consider the ethical consequences of their decisions and they are ethical patterns for others (Brown & Treviño, 2006).

2, 1. Ethics in the work environment

In management, ethic has been defined as a set of ethical principles and standards which give direction to the behavior (Salajogheh, 2011). In this application, ethic is a science which discusses about good and bad. One of the ethic’s branches is occupational ethic (Shalbaf, 2010). For society’s health, ethic is a necessity and the organizations’ managers due to the
positive individual effects and results always have paid attention to it (Gholamshahi & Ahmadi, 2012).

Since the human force either individually or gregariously and in interaction with others is accounted as the most important factor of competitive advantage, persons’ judgement about the correctness or incorrectness of works is effective severely on their performance quantity and quality and following it the organization performance and consequently its success. Therefore, attention to the ethical principles for organizations is an unavoidable necessity (Mazaherirad, 2011). On the other hand, today’s managers have concluded that the organizations cannot be managed only with provisions, rather beside them, they need another tool which is called ethic. Ethic provides this power for person or in the dimension of an organization which can be self-controller and self-improver (Alvani & et al, 2010). Also this point should be considered that phrases like work ethics and vocation ethics are synonyms with occupational ethics and at first, the same phrases were used but nowadays using of occupational ethics phrases has become customary (Gholamshahi & Ahmadi, 2012). Occupational ethic as a branch of ethic knowledge studies the ethical duties in an occupation and its ethical issues. The features of occupational ethics in its today’s concept are: having the identity of knowledge, having an applicable role, presenting occupational formula, being native and dependent on culture, dependency on an ethical system, presenting human knowledge, having motivational and clear language, presenting inter-course tending (Amiri, Hemmati and Mobini, 2011). In Islamic ethics system, the final criterion is «God» namely nearness to him is value and farness of him is anti-value; therefore whatever causes God's satisfaction in occupational ethics knowledge is accounted as the final criterion of values and his dissatisfaction is accounted as the final criterion of anti-values (Ameli, 2009). Work discipline, kindness, justice, constructive association, consultation, humility and willingness to serve are accounted as the desired ethical methods which are emphasized in the organizations management by Islam. In this regard, by creating executive guarantees and institutionalizing the ethical behavior in the organization, the morality and ethics in the organization can be strengthened that in the event of fulfillment of this case, discrimination, injustice and dissatisfaction are reduced and the organizational morale and employees commitment are increased and on the other hand, it causes the growth and elevation of humans, development of organizations and progress of society (Salajogheh & Sistani, 2011). Therefore observing Islamic ethics in Islamic organizations either on behalf of the managers or on behalf of the employees is necessary. One of the effective factors on ethical behavior of employees is the ethical atmosphere of the organization which includes understanding of correct and error in the work environment of organization and it presents norms for acceptance and lack of acceptance of organizational behaviors that meantime senior managers play key role in creating ethical atmosphere of the organization (Rahimnia & Nikkhah Farkhani, 2012).

2. The research model and hypotheses

The main purpose of the research is to study the transformational leadership dimensions on employees' understanding of Islamic work ethics in the work environments. Studying the literature and theoretical principles of the research indicates that transformational leadership has 4 combinative components which are: idealized influence, inspirational motivation, mental stimulation and individual considerations. Therefore, the research model can be compiled in the diagram (1). Also in order to respond to the main issue of the research, the following hypotheses have been compiled.
1. Idealized features of transformational leadership are effective on spread of Islamic work ethics among employees;
2. Mental persuasion of transformational leadership is effective on spread of Islamic work ethics among employees;
3. Inspirational motivation of transformational leadership is effective on spread of Islamic work ethics among employees;
4. Individual considerations of transformational leadership has bad effect on spread of Islamic work ethics among employees;
5. Transformational leadership is effective on spread of Islamic work ethics among employees.

Diagram 1: conceptual frame of the research: the effect of transformational leadership on Islamic work ethics

3. Methodology

With regard to the data collection manner, this study is accounted as the survey researches (non-experimental). Also the data analysis method at current research includes the route analysis and structural equations model. The software of Lisrel 8.85 has been used for doing the factorial analysis and route analysis.

The studied population of this research includes the employees of one of the affiliated companies of Iran khodro in Tehran Province. By using of Cochran's formula, 230 persons of them were selected with random sampling. The data collection tool has been two-part questionnaire. In different articles and researches which have been accomplished on transformational leadership and its relation with different cases in Iran, the first part of
questionnaire has been used. For example, Rezaee & et al (2012) and article of Mughali & et al (2005).

The questionnaire of Islamic work ethics is a tool which has been created and developed in 1988 (Yousef, 2001) and the second part of questionnaire which has been applied at current research for evaluation of Islamic work ethics has been used several times by different authors in investigative works that some of them are Yousef (2001), Rokhman & Hassan (2012), Marri & et al (2012). With regard to the standard questions which have been applied, the validity of two parts of questionnaire is confirmed. Cronbach's Alpha coefficient has been also used for their reliability. Alpha coefficient for the questionnaire has been obtained 0.81 which confirms the questionnaire reliability.

4. Data analysis

In this research, for ensuring of the structure validity, confirmatory factorial analysis has been used.

1. 4. Measurement model of exogenous variable

The results of first degree confirmatory factorial analysis of Islamic work ethics variable have been indicated in the diagram No.2 that the measurement model is suitable and all numbers and parameters of the model are meaningful. The proportion indexes of measured model are as follows which indicate the suitability of the measurement model of Islamic work ethics.
Diagram 2: the standard estimation model of exogenous variable

2.4. Measurement model of endogenous variables

The results of first degree confirmatory analysis indicated the measurement model of endogenous variables is suitable and all numbers and parameters of the model are meaningful. The proportion indexes of measurement model are as follows that indicate the suitability of measurement model of endogenous variable. In the diagram (3), Var 1 indicates idealized features, Var2 indicates mental persuasion, Var 3 indicates inspirational motivation and Var 4 indicates individual considerations.

The results of measurement model indicate the existence of positive and meaningful relations between endogenous variables.
Diagram 3. Standard estimation model of endogenous variables

5. The hypotheses test

For testing the research hypotheses, the route analysis method was used. The route diagram can be considered as a device for indicating this issue that which variables cause changes in other variables. If a model which is drawn in the form of route diagram is confirmed by the model fit indexes, that route diagram can be used for the hypotheses test about existence of relation between variables existing in the diagram; therefore, the first step is to determine the model fit.

Diagram No.4 is the diagram of intended route for testing the research hypotheses. This route diagram includes the research variables relations which form the general model of the research and its hypotheses set.
Standard estimation model

Chi-Square=730.48, df=485, p-value=0.00000, RMSEA=0.047
As it is observed, the model in terms of fit indexes is in suitable situation. So it can be used for the research hypotheses test. Table No.1 indicates the hypotheses test results about the research variables relations.

<table>
<thead>
<tr>
<th>Effective variable</th>
<th>Impressionable variable</th>
<th>Route coefficient</th>
<th>Hypothesis</th>
<th>The test result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational leadership</td>
<td>Islamic work ethics</td>
<td>0.08</td>
<td>First</td>
<td>Rejection of hypothesis</td>
</tr>
<tr>
<td>Idealized features</td>
<td>Islamic work ethics</td>
<td>0.15</td>
<td>Second</td>
<td>Rejection of hypothesis</td>
</tr>
<tr>
<td>Mental persuasion</td>
<td>Islamic work ethics</td>
<td>0.74</td>
<td>Third</td>
<td>Rejection of hypothesis</td>
</tr>
<tr>
<td>Inspirational motivation</td>
<td>Islamic work ethics</td>
<td>-1.61</td>
<td>Fourth</td>
<td>Rejection of hypothesis</td>
</tr>
<tr>
<td>Individual considerations</td>
<td>Islamic work ethics</td>
<td>1.57</td>
<td>Fifth</td>
<td>Rejection of hypothesis</td>
</tr>
</tbody>
</table>

**Conclusion**

The work ethics can influence on performance by better regulation of relations, reduction of discrepancy and contradiction and increasing of mutual understanding, cooperation and also reduction of costs arising from control. The managers must take steps for ethical promotion of organization. With regard to the studies accomplished in related literature, it was expected that the hypotheses proposed in the research to face with more fortune luck and it was expected that at least three cases of them to face with confirmation on behalf of the employees of affiliated company of Iran khodro. But with regard to the obtained results, it seems due to the work nature and technology and strategy existing in these companies, understanding the Islamic ethics by employees hasn’t any effect of their leaders and supervisors’ characteristics. Due to the mass production and using of repetitive technology and mostly utilizing of the cost reduction strategy, the leaders’ behavior probably has effect more on output results rather than behavioral characteristics and spiritual morale of...
employees. Therefore, it is suggested for increasing of morale and motivation of employees and implementation of Islamic ethics principles among employees, the training plans to be held for promotion of ability in establishing the effective relation with employees.
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