

THE RELATIONSHIP BETWEEN ETHICAL LEADERSHIP AND POSITIVE PSYCHOLOGICAL CAPITAL IN FIRMS: A RESEARCH IN USAK CITY

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ABSTRACT

It is well known that the management is basically a job of making decisions to achieve firm's goals. The convictions the manager has about what is right or wrong within the processes held around all organization- which can be called as ethical leadership style- is very important for the decision process. The employees who are the implementors of these decisions are under psychological impact. The emotional moods of employees ends up with efficiency, debate in absenteeism rate, job satisfaction, dedication, involvement and so on. Consequently, as it is a reality that the psychological conditions affect employees' work within an organization, the leadership style which involves being honest, fair, values- oriented, trustful – shortly called as ethical leadership style, determines the employee to have positive psychological capital components (hope, optimism, self- efficacy, resiliency) which is very important for the success of the firm.

With this research, the relationship between ethical leadership style, positive psychological capital, its degree and direction is researched. The data is collected from a sample which has a Tourism Management Voucher in Usak. The survey is analysed with some statistically methods and as a result we can say that there is a relationship between the manager's ethical leadership style and the optimism, hope, resiliency but on the contrary there is not a meaningful relationship between the ethical leadership and self- efficacy.

Keywords: Ethics, Positive Psychological Capital, Leadership.

JEL:

İşletmelerde Etik Liderlik -Pozitif Psikolojik Sermaye İlişkisi: Uşak İlinde Bir Araştırma

Anahtar Kelimeler: Etik, Pozitif Psikolojik Sermaye, Liderlik.



1. INTRODUCTION

Being the reflection of the concept of 'ethics' to business world, the ethical leadership has an inevitable effect on employee motivation.

As the ethical behaviour is different for every culture, person and even for every conditions, there are some basic behavioural patterns that are considered as 'unethical' by majority of people. Unethical behavior has a degreasing effect on the motivation, performance of individuals and causes an increase in the rate of absence.

The motivation concept which is one of the very important approaches of the organizational behavior, researches the situations positive and negative emotions occurs. In this regards motivation and positive psychological capital are closely linked subjects. Positive psychology can be expressed as an evaluation process of how an average individual is like, what is right, what is wrong and what is developing with them (Luthans vd., 2007).

The aim of this study is to ascertain the question like 'Do the ethical leadership behaviors have an effect on employee's positive psychological capital?'. Ethical leaders are known to be fair, supportive and value-oriented. So there may be a relationship between ethical leadership style and positive psychological capital of the employees. This belief is real the reason for our research. The degree of impact on the components of psychological capital- hope, optimism, resiliency and self-efficacy- is also analyzed with his research and the effective factors are discussed.

With his research, the relationship between ethical leadership behaviour and positive psychological capital is examined at the hotels in Usak City through a survey. The data collected is analyzed through a variety of statistical programs, and the findings are interpreted

2. CONCEPTUAL FRAMEWORK AND HYPOTHESES

2.1. Ethical Leadership

Determining standart ethical leadership behaviours for everyone is difficult as the case of ethics varies from culture to culture. On the other hand, it is also very difficult to decide what is right or not in a global economy because of the different cultural views. This differentiation may cause ethical dilemmas and may force employees to list right and wrong behaviours for their ethical elections (Oumlil ve Balloun, 2009).

The importance of business ethics is highlighted in the last century, in terms of its impact on organizational performance. Consequently, ethical leadership affects employees deeply (Yang, 2014). An ethical culture containing ethical values of the organization helps the ethical dilemmas to degrease which increases both motivation and productivity.

The theory of ethical leadership explains how the ethical behaviours of the leader affects the followers. According to the theory, leaders influence their follower's decisions through social learning theory, social change processes and communication about importance of the ethical standarts (Brown ve Trevino, 2006). The follower's ethical decisions can be affected from thoughts, values, culture, organizational climate, age, status, etc. Depending on their strength of the position power, ethical leaders may affect employee behaviours (Steinbauer vd. 2014).

Ethical leadership has main components like being fair and managing ethics actively. Being fair and trustful is ethical person's qualifies. The second one- ethical manager- means that an ethical leader should always behave ethically (Brown vd., 2005).

2.2. Positive Psychological Capital

As the managemet job is a sum of decisions psychological factors impact cannot be ignored. Positive attitude are also useful in the decision-making process and develop constructive approaches to exhibit. Studies on the effect of emotions in decision- making processes show that the prejudice is very effectual. Especially for the decisions which advantage-disadvantage conflict may occur, emotions will be helpful (Seo &Barret, 2007).

Psychological capital is the capacity of development of its four components: (1) self- efficacy (2) resiliency (3) hope (4) optimism (Lizar vd., 2015). The development degree of these components can be measured through some ways. Different kind of surveys can be used to measure positive psychological capital components.



Employees with higher positive psychological capital, trust, hope and optimism are more satisfied, and they become more powerful to face with work stress and burnout.

2.3. The Relationship Between Ethical Leadership And Positive Psychological Capital

Generally ethics concept is related with organisational capital, social capital and human resources in firms. This stems from three reasons. First, an organisation managed with ethical rules provides trust within employees, customers and suppliers. Ethical values and trust creates an organisational culture that allows employees to be more information sharing, creative, supportive, participative. Secondly, when managed under ethical rules, employees can explain the initiative ethical concepts to other stakeholders easily. And this ethical concepts also provides trust within them. And thirdly the employees feel precious as being a part of an ethical managed organisation (Su, 2014).

Research about ethical leadership shows that ethical leadership increases the psychological capital through the motivation (Bouckennooghe vd., 2015). This positive mood and motivation feeling have a positive effect on productivity and so on.

Consequently, the positive psychological capital components' additives for individual's success is proved by many researchers. And ethical leadership is a supportive factor for his components to empower. So we can say, ethical leadership behaviour – containing fairness, trustful organisational climate, peaceful working conditions – can help employees to increase their positive psychological capital.

Our hypotheses are listed below;

H1: There is a positive relationship between the ethical leadership behaviour and hope degree of employees.

H2: There is a positive relationship between the ethical leadership behaviour and optimism degree of employees.

H3: There is a positive relationship between the ethical leadership behaviour and self-efficacy degree of employees.

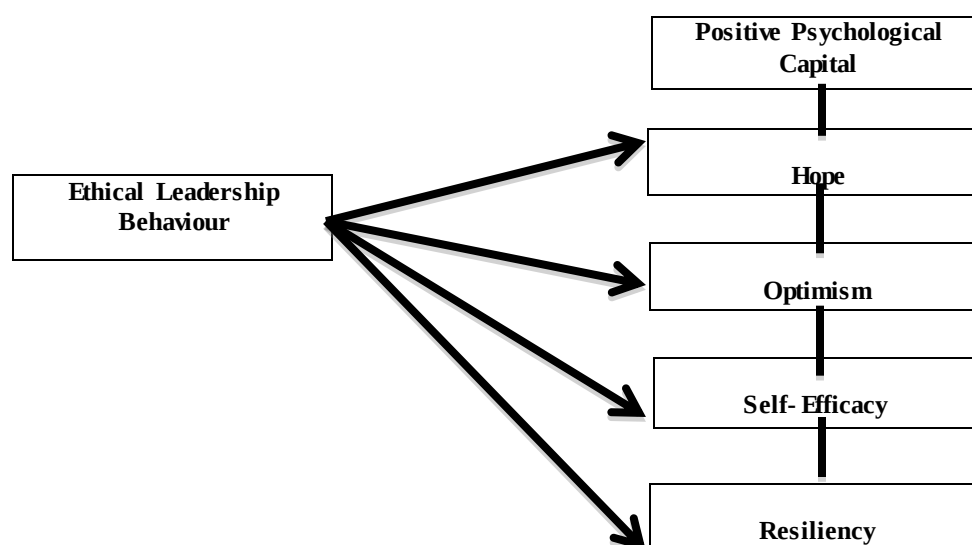
H4: There is a positive relationship between the ethical leadership behaviour and resiliency degree of employees.

3. RESEARCH

3.1. Aim of the Research

The aim of the research is to ascertain the effect of ethical leadership behavior on positive psychological capital is shown on the Figure 1. According to the hypotheses the variables have a positive and significant relationship.

Figure 1. Model of the Research





3.2. Sample and Data Collecting

Our research is held on a sample from the hotels in Usak City in Turkey. We get permission from 5 hotels of the 6 which has a Tourism Management Voucher. The data is collected from 122 employees working in these hotels and 101 surveys are analyzed through statistically methods.

3.3. Scales

To measure ethical leadership behavior, The Ethical Leadership Scale which has ten questions developed by Brown etc. (2005) is used. To prevent the misunderstanding stemming from the cultural differences, the validity and the reliability of the scale is made by Tuna, Bircan ve Yeşiltaş (2012).

The positive psychological capital is measured by the scale developed by Luthans, Avolio, Avey ve Norman (2007). The scale has four dimensions, and 24 questions- each 6 question measures one dimension. The questions between 1-6 measures 'self- efficacy', 7-12 measures 'hope', 13-18 measures 'resiliency' and 19-24 measures 'optimism'.

3.4. The Validity and Reliability Analyses of the Scales

Ethical Leadership Scale is not needed to make factor analysis again as it is made by other researchers before. But the validity and reliability analyses are made. The Cronbach Alpha value (α) is measured like 0,88, KMO value is 0,88 and The Bartlett Test value is 531,572 ($p < .000$).

Positive Psychological Capital Scale (PYSCAP) has four dimensions as told before. These dimensions are hope, resiliency, self-efficacy and optimism. The hope dimension is inspired by the scale developed by Synder etc. (1996), the optimism dimension is inspired by the scale developed by Scheier and Carver (1985), the self- efficacy dimension is inspired by the scale developed by Parker (1998) and the resiliency dimension is inspired by the scale developed by Wagnild and Young (1993) (Luthans, Youssef ve Avolio, 2007:237-238).

Figure 2. The Reliability Analyses of the Variables

Variable	Number of Questions	(α)
Ethical Leadership	10	0,880
Positive Psychological Capital	24	0,817
Hope	6	0,840
Optimism	6	0,776
Self- Efficacy	6	0,740
Resiliency	6	0,740

4. ANALYSES

The data collected is analyzed with the SPSS for Windows 17.0 programme. To measure the relationship between dependent and independent variables, Pearson correlation and regression analyses are used. The confidence interval is %95 and signifiacnce level is %5. The demographic characteristics are shown in the table below.

Figure 3. Demographic Characteristics

<i>Education Level</i>	<i>No</i>	<i>%</i>	<i>Revenue</i>	<i>No</i>	<i>%</i>
<i>Elementary Education</i>	11	10,9	<i>1001-1499 TL</i>	60	59,4
<i>High School</i>	37	36,6	<i>1500-1999 TL</i>	32	31,7
<i>Associate Degree</i>	25	24,8	<i>2000-2999 TL</i>	6	5,9
<i>University</i>	27	26,7	<i>3000-3999 TL</i>	1	1,0
<i>Master, PHd.</i>	1	1,0	<i>4000-4999 TL</i>	1	1,0
<i>Total</i>	101	100,0	<i>5000 TL and more</i>	1	1,0
<i>Age</i>	<i>No</i>	<i>%</i>	<i>Total</i>	101	100,0
<i>18-28</i>	19	18,8	<i>Gender</i>	<i>No</i>	<i>%</i>
<i>26-33</i>	31	30,7	<i>Male</i>	61	60,4



34-41	37	36,6	Female	40	39,6
42-49	14	13,9	Total	101	100,0
Total	101	100,0			

Figure 4. Employment Characteristics

Unit	No	%	Employment Time At The Sector	No	%
Human Resources	22	21,8	Less than 1 year	6	5,9
Food Department	28	27,7	1-3 Years	47	46,5
Rooms Department	17	16,8	4-7 Years	23	22,8
Finance Department	7	6,9	8-11 Years	12	11,9
Other	27	26,7	12 Years and more	13	12,9
Total	101	100,0	Total	101	100,0
Employment Style	No	%	Employment Time At The Hotel	No	%
Temporary	13	12,9	Less than 1 year	28	27,7
Permanent	78	77,2	1-5 Years	52	51,5
Other	10	9,9	6-10 Years	16	15,8
Total	101	100,0	11-15 Years	2	2,0
			16-20 Years	3	3,0
			Total	101	100,0

Figure 5. One-Sample Test of The PSYCAP Dimensions

Dimensions	Test Value = 0				
	t	df	Sig. (2-tailed)	Mean	Std. Deviation
Self- Efficacy	77,342	100	,000	3,8762	,50368
Hope	64,550	100	,000	3,7162	,57857
Resilience	66,644	100	,000	4,0347	,60842
Optimism	67,253	100	,000	4,0561	,60612

As seen from the table, the scorings for the resiliency and optimism dimensions are higher than the other two dimensions and more consistent. The hope dimension has the least score with 3, 8762. The t-value of self-efficacy dimension is higher than the other dimensions which mean this dimension can be more effective than other dimensions as a whole.

Figure 6. One Way ANOVA Test of PSYCAP Dimensions for The Employment Time At The Sector

Dimensions		Sum of Squares	df	Mean Square	F	Sig.
Self- Efficacy	Inter Groups	2,966	4	,742	3,178	,017
	In Group	22,403	96	,233		
	Total	25,370	100			
Hope	Inter Groups	,338	4	,084	,245	,912
	In Group	33,137	96	,345		
	Total	33,475	100			
Resilience	Inter Groups	1,160	4	,290	,776	,543
	In Group	35,858	96	,374		
	Total	37,018	100			
Optimism	Inter Groups	1,524	4	,381	1,039	,391
	In Group	35,214	96	,367		
	Total	36,738	100			



The self- efficacy dimension has difference for the employment time at the sector in compare with the others. Though it is not at the significance level, the employees' working at the sector longer (more than 12 years) scoring style is different than others. An important detail is that this isn't valid for the hope dimension. Also, only for self- efficacy dimension the employment style is significant ($p < 0,05$).

5. ANALYSE OF THE HYPOTHESES

Our hypotheses are analyzed according to the scale below:

Analyse of the Hypotheses

R	Relationship
0,00-0,25	Very Weak
0,26-0,49	Weak
0,50-0,69	Average
0,70-0,89	High
0,90-1,00	Very High

Figure 7. Correlations

Correlations			
Ethical Leadership Scale (ELS)	Pearson Correlation	ELS	Hope
		1	,249
	Sig. (2-tailed)		,012
Hope	N	101	101
	Pearson Correlation	,249*	1
	Sig. (2-tailed)	,012	
ELS	N	101	101
	Pearson Correlation	ELS	Optimism
		1	,386
Optimism	Sig. (2-tailed)		,000
	N	101	101
	Pearson Correlation	,386**	1
ELS	Sig. (2-tailed)	,000	
	N	101	101
	Pearson Correlation	ELS	Self- Efficacy
Self- Efficacy		1	,193
	Sig. (2-tailed)		,053
	N	101	101
ELS	Pearson Correlation	,193	1
	Sig. (2-tailed)	,053	
	N	101	101
ELS	Pearson Correlation	ELS	Resilience
		1	,215
	Sig. (2-tailed)		,031
Resilience	N	101	101
	Pearson Correlation	,215***	1
	Sig. (2-tailed)	,031	
Resilience	N	101	101

*. Correlation is significant at the 0.05 level (2-tailed).

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



***. Correlation is significant at the 0.05 level (2-tailed).

H1: There is a positive relationship between the ethical leadership behaviour and hope degree of employees.

There is a positive relationship between ethical leadership behaviour and hope degree of employees. $r=0,249$ The positive effect is weak.

Regression Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,992	,288		10,374	,000
	ELS	,191	,075	,249	2,560	,012

a. Dependent Variable: hope

The effect of the ethical leadership behaviour on hope degree of employees are 0,191 per unit.

H1 is accepted.

H2: There is a positive relationship between the ethical leadership behaviour and optimism degree of employees..

There is a positive relationship between ethical leadership behaviour and optimism degree of employees. $r=0,386$ The positive effect is weak.

Regression Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,881	,288		10,011	,000
	ELS	,310	,074	,386	4,161	,000

a. Dependent Variable: optimism

The effect of the ethical leadership behaviour on optimism degree of employees are 0,310 per unit.

H2 is accepted.

H3: There is a positive relationship between the ethical leadership behaviour and self-efficacy degree of employees.

There is a positive relationship between ethical leadership behaviour and self-efficacy degree of employees but $P>0,05$, the relationship is not significant.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,389	,254		13,320	,000
	ELS	,129	,066	,193	1,954	,053

a. Dependent Variable: self- efficacy

H3 is rejected.

H4: There is a positive relationship between the ethical leadership behaviour and resiliency degree of employees.

There is a positive relationship between ethical leadership behaviour and resiliency degree of employees. $r=0,215$ The positive effect is weak.



Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3,379	,306		11,046	,000
ELS	,173	,079	,215	2,186	,031

a. Dependent Variable: resiliency

The effect of the ethical leadership behaviour on resiliency degree of employees are 0,173 per unit.

H4 is accepted.

6. RESULTS

Our research is formulated to ascertain the relationship between ethical leadership behavior and positive psychological components basically. But before detecting the hypotheses listed upon, the effect of some demographic and employment characteristics upon positive psychological capital are also researched.

The results of our research on gender of the employees show that there is no difference between males and females to score the dimensions of the positive psychological capital survey.

Correspondingly, the employees don't show any difference for their ages. Even if the difference is not at the significance level, the different scores for the age group of 18-28 for self-efficacy dimension, 42-49 age group for hope dimension, 18-28 age group for resiliency dimension, 34-41 age group for optimism dimension is important to interpret.

Another finding of the research is the difference of the employment time in the sector for the self-efficacy dimension. So, we can say that the employment time in the sector has an effect on employee's self-efficacy. Being more experienced is the most important factor to have self-efficacy.

The analyses of the hypotheses show us the ethical leadership behavior has a positive but weak relationship with hope, a positive but weak relationship with optimism, a positive but weak relationship with resiliency degrees. On the other hand, ethical leadership behavior has no positive effect on self-efficacy at the significance level. So, the hypotheses H1, H2, and H4 are accepted but H3 is rejected. As the employment times of the employees in the sector are differentiated for our sample group, the experience has more impact on self-efficacy than the ethical leadership behavior on employees.



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