

# The Mediating Effect of Organization Commitment and Religiosity on Transformational Leadership Style and Post-Conventional Ethical Decision Making in the Malaysian Public Sector

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**Abstract:** Ethical decision making plays a significant role on effectiveness of public sector organization especially Royal Malaysia Police (RMP). The main task of the Royal Malaysia Police is to maintain national security at the highest level. Despite that Royal Malaysia Police facing a challenge where members of the community start questioning the quality, integrity and ethic of police services. There have been numerous attempts by the authorities to improve the quality of public service especially Royal Malaysia Police, but the challenge not resolve. To improve the quality of public service especially Royal Malaysia Police, previous researcher emphasize that ethical value needs to be given priority and addressed and ethics will not work without suitable leaders in organization. This paper examines the mediator effects of organization commitment and religious commitment on relationship between transformational leadership style and post-conventional ethical decision making. This paper finding has confirmed that organizational commitment becomes partial mediator relationship between transformational leadership style and post-conventional ethical decision making, moreover religious commitment is full mediator in relationship between transformational leadership style and post-conventional ethical decision making. We argue that organizational commitment and religious commitment an explanatory insight into understanding variability of leader's ethical judgment and behavior in most part of the world as the three schemas used in ethical reasoning are significantly related to individual beliefs and societal approval.

**Index Terms:** Ethical Decision Making, Organization Commitment, Religious Commitment, Transformational Leadership, Post-Conventional Ethical Decision Making.

## I. INTRODUCTION

The Royal Malaysia Police (RMP) is a main government agency entrusted with the maintenance of law and order in Malaysia (1). In line with rapid Malaysia development, RMP agency now facing new challenge with addressing perceptions and doubts among community against police

service (2). To improve quality of police administrative (3). Ethics will not work without suitable leaders in organization service, there has one key element that need to emphasis it is ethics, according to (Perry et al. 2014) ethics is a key component of good governance (Cowell, Downe, and Morgan, 2014) especially in raising community trust in police service (Villoria, Van Ryzin, dan Lavena, 2013) Ethics defined as compass and thought based on the norms, traditions and beliefs of (7). It is important to understand impact of leadership quality and style in play role as influences organization on achieve their goals to maintain community safety with ethics towards constantly changing environment (Sarver dan Miller, 2014). Leadership style becomes important and dominant aspect in increasing organizational commitment and religious commitment.

In addition, Koharuddin (2012) revealed the ethical decision making among civil servants influenced by the development of cognitive ethics that took place through the life passed. The assessment and developments of cognitive ethics gone through three stage which is pre-conventional, conventional and post conventional. Through pre-conventional stage individuals made decisions based on personal interests. At conventional stages, individual made decisions based on norms, laws, rules and social agreements or in groups that share same interests. Through post-conventional stage, individuals made decisions based on principles pursuit of ethical standards that become underlying principle. The skills of RMP officers in make ethical decisions in facing dilemma situation is very important. Moreover, normal working conditions of RMP officers that have research on post conventional cognitive ethical reasoning among public sector office findings reported. Because inconsistent relationship has been found between the transformational leadership and post-conventional cognitive ethical reasoning, more research required to understand nature of this phenomenon. In fact, Koharuddin (2012) mention cognitive ethical development research whether conceptual or personal factors and environmental factors among civil servants from the perspective of Malaysia and Southeast Asia (Kimberling, 2008; Trevino, 1986) and most of this research were conducted abroad with

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inconsistent power to make decisions in urgent situations determine the direction of the RMP organization(1).

However, there was lack of empirical still minimal. Although, leadership studies in the public sector have seen improvements and empirical studies have shown that some motivational factors are responsible for ethics in the public sector (Brown dan Treviño, 2006; Veríssimo dan Lacerda, 2015). However, empirical study that links between leadership transformation style and post-conventional ethical decision making in the public sector, particularly in the RMP agencies still less emphasized and studied.

## **II. LITERATURE REVIEW**

Western countries especially in the early 1900s has determine civil servants as subject to implement decision-making not as decision-making subjects. According to Choi (2003) civil servants are instructed to act based decisions made by leaders who focus only on organizational competence. Afterwards, western scholars realize this public management philosophy is no longer valid with existing administrative practices and they are beginning focusing on ability of civil servants in making ethical decisions when implementing government policies (Glover, Bumpus, Sharp, and Munchus, 2002; Hyppolite, 2004; Stewart, Sprinthall dan Kem, 2002). Since then, the development of cognitive ethics is an important as part of public service (17). Cognitive ethical reasoning is important to understand acceptance and share standards for ethical decision making and avoid bias (Avolio and Bass, 2002).

Malaysia growing rapidly towards modern economics with changing socioeconomic factors which also result in declining ethical and religious implementation (Ramly, Chai, dan Lung, 2008). Ethics is widely understood as true or correct behavior (20). Ethics can also be considered as a form of self-accountability in terms of behavior of civil servants (21). The implementation of strong ethical practices by leaders and the participation of followers in combating unethical behavior can lead to organizations that foster good ethical values (22). According to Koharuddin (2012) ethical civil servants will be more capable of making a ethical decision. This is because civil servants are empowered in the ethical and moral development of individuals who form civil administrative entities (16)

However, the involvement of ethical scandals among civil servants in public sector organizations is increasingly and need further research on leadership in public sector organizations to understand this phenomenon (Hassan, Wright, and Yukl, 2014). The emergence of these issues in public sector organizations in Malaysia is linked to accountability, behavior, integrity and ethics (Abdullah, Sulong, and Said, 2014). In fact, this poor ethical decision making comes in many forms, namely litigation, investigation, loss of trust, reputation of public trust and image problems (Kimberling, 2008; Tubbs, 2012). Hence, studies on key factors that may influence the ethical decision making will enrich the study paradigm in revealing the factors that encourage civil servants to be more ethical in making ethical decisions.

Although their various policies and transformations are introduced and implemented from time to time for civil servant in achieving quality of work, however there is a

slight lacking that ruin image of the public sector organization (Syed-Ikhsan and Rowland, 2004). In effort to improve work ethics and reminders, the level of professionalism among civil servants in Malaysia continues to decline (27). According to Koharuddin et al. (2012) among top officials showing leadership in the hierarchical system of administration have a weak motivation and no commitment to strict control and to take penalties against subordinates who violate the rules to make them unethical. Ferrell and Ferrell (2008) states that leadership and the deterioration of ethics are linked together with the inability to commit acts based on certain principles or regulations. Therefore, this research addressed the deterioration of the ethics of civil servants in the public sector, especially RMP officers through the phenomenon of transformational leadership and post-conventional cognitive ethical reasoning and how it can foster in better post-conventional and better ethical decision- making.

According to Lutfan and Mohd Hisyam (2011) the current leadership style especially spearheaded by western philosophers is used as benchmarks not emphasizing the religious element. In western philosophy, the rational "sense of reason" among the leaders is placed in the highest without concerning religious elements and "god's orders". Instead, the style of leadership and values held and applied in Malaysia holds the mandatory requirement in context of religion (Lutfan and Mohd Hisyam, 2011). Hence, this leadership style coincides with the leadership style of transformation that holds high ethical values and seeks to influence personal values and cognitive ethics of subordinates. Meanwhile, Koharuddin (2012) confirmed that civil servants in Malaysia were influenced by religion in conducting post-conventional cognitive ethical reasoning and influencing behavior during daily tasks. Hence, increasing the strength of personal and social values seeks to avoid unethical behavior (Gorsira et al., 2018).

Unethical leadership behavior gives the worst impression to individuals and communities in general (Brown and Treviño, 2006). The ability to nurture and establish integral public sector organization that can maintain trust by adopting pasca-conventional ethical decision-making practices is essential for RMP agencies. Previous studies reveal that unethical issue raise due to weakness of the leadership highest officials to guide and control the internal organization (32,33). Therefore, there are requirements to understand and address factors motivate multicultural workforce as different leadership styles interact with cultural orientation to influence results (Walumbwa, Fred and Lawler, 2003). This is because individuals bring their religion, behavior, confidence and personal values to the organization. This situation coincides with the leadership style of transformation, motivates and values relationships with followers to improves ethical and ethical reasoning of both parties (35).

Studies conducted by Bass, Avolio, Jung, and Berson (2003) and Yukl (2012) reveal that leadership is central to organizational needs. In fact, leadership has been studied from different perspectives such as behavior, nature, contingency theory and situation factors (Blanchard and Caroline Blanchard,

1977). Most of these studies have focused on one or more dimensions of leadership style and their relation to cognitive ethics and leadership style theory that have a positive impact on their cognitive ethical reasoning (Bass, and Riggio, 2006; Bass and Avolio, 1997; Burns, 1978; Kimberling, 2008) Through previous studies, empirical evidence reports that the relationship between transformational leadership and cognitive ethics reasoning is inconsistent. For example, some researchers revealed that there was a disproportionate positive relationship between transformational leadership and cognitive ethical reasoning (Banerji and Krishnan, 2000; Fitch, 2009; Jennifer and Bhowon, 2017; Lasthuizen, 2008; Parry and Proctor-Thomson, 2002). Therefore, this study attempts to fill the gap by introducing mediating variables to strengthen this relationship.

Through the literature, there is a need for integration between personal factors and organizational factors that can influence the level of individual cognitive ethical reasoning (Trevino, 1986; Treviño, Weaver, and Reynolds, 2006; Turner et al., 2002) the relationship between transformational leadership and cognitive ethics reasoning. Furthermore, most of the personal values associated with ethics in the public sector are constantly examined independently from wider leadership issues (Brown, Treviño, and Harrison, 2005; Northouse, 2013; Treviño, Brown, and Hartman, 2003; Treviño, Hartman, and Brown, 2000; Yukl, 2012; Yukl, 1989). This is attributed to one's religion is said to be a very important personal value in influencing ethical decision making (Essoo and Dibb, 2004; Hirschman, 1982). Therefore, researcher proposes to apply personal values associated with religious commitment as one of the mediating variables in this study.

Previous study reveals relationship between transformational leadership and ethics decision making is associated with individual attitudes. Some researchers explain organizational commitment can mediating relationship between transformational leadership and ethics decision making (Banerji and Krishnan, 2000; Fitch, 2009; Jennifer and Bhowon, 2017). Certainly, the transformational leadership is seen as an approach that can influence the personal values, attitudes, perceptions, achievements and commitment of civil servants (Abdullah, 2000). According to Mohd Yusoff et al. (2011) organizational commitment is to strengthen the cognitive ethics reasoning factor of the employee. Therefore, the researcher proposes that organizational commitment as mediating variable in this study. Moreover, based on theoretical and practical weaknesses described in previous studies, this study will examine the impact of mediation on organizational commitment variables and religious commitment in the relationship between transformational leadership and ethical decision making to address the ethical behavior of civil servants in public sector organizations. Therefore, this study was conducted to fill the gap of the theory of cognitive ethical development at the same time filling a large gap in the study literature especially in public sector organizations, especially the Royal Malaysian Police (RMP).

### III. METHODOLOGY/MATERIALS

This study tends to focus on the test theory, which takes a deductive approach (Lynch and Holden, 2004) based on

theory and model such as transformational leadership, organizational commitment, religious commitment and ethical decision making as a framework for developing hypotheses and testing conclusions. This study used questionnaire to collect the data. Questionnaire contained main two parts. In the first part, the question is asking regarding demographical information about respondent. The second part is further divided into four sections. In the first section the questionnaire items regarding independent variable (transformational leadership style) and the second and third section contains the questionnaire regarding mediating variable (organizational commitment and religious commitment) and the fourth section, all questions related to dependent variable (post-conventional ethical decision-making). The population of this study were police inspectors (Grade YA13) from management and professional groups from Contingent Police Headquarters (GPA) and 15 District Police Headquarters (IPDs) under the Selangor contingent's administration. The total population for this study is 717.

To increase the robustness of the research, the large sample size should be chosen. According to Hair et al. 2010) and Kline (2011) study that using Structural Equation Modelling Technique (SEM) required minimum sample size required between 100 to 200 respondents. According to Krejcie dan Morgan, (1970) Sample size recommended for this study is 250 respondents. All 250 set of questionnaires distributed to police inspectors (Grade YA13) from management and professional groups from Contingent Police Headquarters (GPA) and 15 District Police Headquarters (IPDs) under the Selangor contingent's administration. There will be no other formal requirement or qualifiers for the population if they are police inspectors (Grade YA13) from management and professional groups under the Selangor contingents. Data from the respondents will be collected and analyzed by the researchers.

### IV. RESULTS AND FINDINGS

In this study Structural Equation Model (SEM) used to testing the data, hypothesis was testing with using Goodness-of-fit. Standardized regression weight coefficients have been used for hypotheses testing between exogenous latent variables on endogenous latent variables. In this model, exogenous constructs have a headless arrow pointing towards them (61). The exogenous constructs in this model is Transformational Leadership Style (TL). It is supposed to estimate the correlation between each pair of exogenous constructs although no hypothesis is hypothesized (62) as one of the significant assumptions in the SEM that exogenous constructs are correlated. Table 1 represent direct hypothesis result for this study, indicate  $R^2$  value shows that 51 percent of the total variance post-conventional ethical decision-making (PCEDM) is explain by transformational leadership style ( $\beta = 0.299$ ,  $p < 0.001$ ), Organizational Commitment ( $\beta = 0.494$ ,  $p < 0.001$ ) and Religious commitment ( $\beta = 0.235$ ,  $p > 0.001$ ). Hence, hypotheses H1, H4 and H5 are supported, these findings show that the transformational leadership style (TL), organizational commitment (OC) and



religious commitment (RC) is seen to improve the post-conventional ethical decision-making (PCEDM).

Table 1. Direct Hypothesis Result

Hypothesis Path	Relationship	R	β	P	CR	Result
H <sub>1</sub> T → PCE → DM	+	0.51	0.299	0.000	6.12	Significant
H <sub>2</sub> T → OC	+	0.19	0.436	0.000	6.018	Significant
H <sub>3</sub> T → RC	+	0.00	-0.047	0.739	-0.30	Not Significant
H <sub>4</sub> O → PCE → DM	+	0.51	0.436	0.000	7.412	Significant
H <sub>5</sub> R → PCE → DM	+	0.51	0.299	0.000	6.534	Significant

Note: \*\*\* p<0.001; \*\* p<0.05; \* p<0.1; R<sup>2</sup> – squared multiple correlation coefficients; β – estimate; CR: critical ratio; TL – Transformational Leadership; OC – Organizational Commitment; RC – Religious Commitment; PCEDM – Post-Conventional Ethical Decision Making

Furthermore, the results show that the transformational leadership style (TL) explains 19% of the variance in organizational commitment (OC). Specifically, the regression route of transformational leadership style (β = 0.436, p <0.001) to organizational commitment (OC) is positive and significant. Therefore, H<sub>2</sub> is supported. This finding implies that the transformational leadership style (TL) leads to a higher increase of organizational commitment (OC) among inspector police. However, the regression route of transformational leadership style (β = -0.047, p <0.739) to religious commitment (RC) is negative and insignificant. Therefore, H<sub>3</sub> is not supported. This discovery explains the transformation leadership (TL) does not give effect to religious commitment (RC) among inspector police.

In this study mediating relationship being tested using bootstrapping Baron et al. (2004) and Fairchild, and McQuillin (2010). Table 2 represent mediating hypothesis result for this study. Result show a significant direct impact of transformational leadership style (TL) on post-conventional ethical decision-making (PCEDM) (β TL → PCEDM = 0.299, p <0.001), and indirect effects of relationship through organizational commitment (OC) (β TL → OC → EDM = 0.212, p <0.001). Result indicate organizational commitment (OC) acting as a partial mediating relationship between transformational leadership style (TL) and post-conventional ethical decision-making (PCEDM). Therefore H<sub>6</sub> is supported. Table 2 also represent significant direct impact of transformational leadership style (TL) and post-conventional ethical decision-making (PCEDM) (β TL → PCEDM = 0.299, p <0.001), but there was insignificant impression of transformational leadership style (TL) and religion commitment (RC) (β TL → RC = -0.047, p <0.739), while indirect effects of relationships through religious commitment (TL → RC → EDM = 0.330, p <0.05). Since there is an insignificant direct impact of transformational leadership style (TL) and religious commitment (RC) and indirect effects of transformational leadership (TL) and post-conventional ethical decision-making (PCEDM) acting

as a full mediator in the relationship between transformational leadership style (TL) and post-conventional ethical decision-making (PCEDM). Therefore, H<sub>7</sub> is supported.

Table 2. Mediating hypothesis result

Indirect Path	β	P	95% CI
			Bootstrap BC LL UL
H <sub>6</sub> TL → OC → PCEDM	.212	.000	.092 .300
H <sub>7</sub> TL → RC → PCEDM	.330	.000	.091 .349

Note: LL: Lower limit; UL: Upper limit; \*\*\* p<0.001, \*\* p<0.05, \* p<0.1 (two-tailed); β – estimate; TL – Transformational Leadership; OC – Organizational Commitment; RC – Religious Commitment; PCEDM – Post-Conventional Ethical Decision Making

## V. CONCLUSION

This Study examines the relationship mentioned before by keeping in view the recent changes that have occurred in Royal Malaysia Police (RMP), where civil servant nowadays needs to play role as decision-making subject not as subject to implement decision-making. Police officer role has changes rapidly according to Malaysia development towards modern economics with changing socioeconomic factors which also result in declining ethical and religious implementation (19). This paper finding has confirmed that organizational commitment becomes partial mediator relationship between transformational leadership style and post-conventional ethical decision-making, moreover religious commitment is full mediator in relationship between transformational leadership style and post-conventional ethical decision making. Moreover, the current research focus to examine the dimension of organization commitment, religious commitment, transformational leadership style and post-conventional ethical decision making to fill the existing gaps in the literature.

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