Ethical Leadership Insight Factor: Does It Matter Ethical Climate And Organizational Commitments To Step Behavior Towards Maximum Goals?

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ABSTRACT

This study aims to determine the influence of Ethical Leadership on Job Satisfaction, Ethical Climate and Organizational Commitment at Frontliner Passenger Service West Region PT Kereta Commuter Indonesia. Data collection techniques are done by distributing questionnaires using ordinal scales. This research was conducted on 66 respondents by using quantitative descriptive approach and hypothesis testing. The collected data is then analyzed using the technique analysis Structural Equation Modeling (SEM) through SmartPLS (Partial Least Square) software. The results of this study show that Ethical Leadership positively and significantly influence on Ethical Climate, Job Satisfaction and Organizational Commitment at Frontliner Passenger Service West Region PT Kereta Commuter Indonesia.

Keywords: Ethical Leadership, Job Satisfaction, Ethical Climate, Organizational Commitment, Passenger Service, PT Kereta Commuter Indonesia

INTRODUCTION

In this globalization there are many developments which cannot be avoided, especially for the companies that have orientation to improving business performance. It’s crucial to have good management and quality human resources (Siagian, 2013; Sinambela,2016; Salahudin et al., 2018). Human Resources (HR) play an important role in the progression of the organization. They are a key factor in providing good service, source of innovation and creativity through thinking and this can increase company productivity and become a competitive advantage for the company. Thus, the organizations must pay more attention to the human element as an asset or human capital in addition to other management elements. In this case the role of human resource management in empowering human beings is needed so that the objectives of the company’s organization can be achieved (Hutagalung et al., 2020; Pitaloka, 2019; Soelton et al., 2019) which in the process of achieving the required job satisfaction, ethical climate and organizational commitment of employees.

Job satisfaction is the emotional orientation of individuals to carry out the roles and characteristics of their work and is the key to business success (Mugiono et al., 2020; Nurhayati et al., 2017; Hafid and Prasetyo, 2017; Soelton and Atmani, 2018; Siregar and Sihaloho, 2019). Increasing employee job satisfaction in an organization cannot be separated from the role of leaders in the organization. Leaders setting goals, planning, organizing and controlling all the resource, they have a main key leadership in management that plays an important and strategic role in the survival of a company. Previous studies showed employees were less likely to experience stress and had satisfaction at work when they worked under a leader who acted as the main source of guidelines (Aryati et al., 2018; Almandeel and Dawood, 2019; Schaufeli and Bakker, 2004; Mo and Shi, 2017).

Also from previous research from Okan and Akyuz, 2015: mentioned ethical leadership had some affects job satisfaction. And loyalty to superiors could become a
mediating variable that mediates ethical leadership with job satisfaction. As a result of the mediator analysis made to test this model, it had been confirmed that certain parts of the relationship between ethical leadership and job satisfaction have arisen because of loyalty to supervisors. Previous studies have shown that an ethical work climate or ethical climate is a concept of right and wrong behavior in the workplace that reflected the true value of an organization and formed ethical decision, making for its members. Ethical climate is a perception of view that applies in organization practices and procedures that have ethical content (Robbins and judge, 2015).

Ethical climate can enhance team level culture, which in leading to individual employee ethics and unethical cognition and behavior. On previous research by (Celik et al., 2015; Demirtas and Akdogan, 2017; Choi, Ullah and Kwak, 2015); stated that there was an influence between ethical leadership and followers’ attitudes towards CSR and also perceived ethical work climate acts as a mediator and moderator in this connection.

Organizational commitment is an ongoing process in which employees show their concern for the organization (Soelton, 2018; Soelton and Nugrahati, 2018; Mowday et al., 2008; Gungor, 2016). Organizational commitment is positively connected to employee performance indicators. Wirawan (2013) stated organizational commitment is the feeling of psychological or physical attachment of employees with the organization where they work (Prasetiwi, 2019; Hansen et al., 2016). Organizational commitment is identification and involvement of someone who is relatively strong towards the organization (Meyer, Allen and Smith, 1993).

High and low commitments which exist in employees towards the company are influenced by several factors. Kusmaryani and Endang (2011) stated factors that could influence someone’s commitment to an organization, called personal characteristic such as age, sex, work engagement period, willingness, work ethic and work level, satisfaction and personality) and also the factors of the organization itself. The next researcher concluded that there is a strong influence between leadership and organizational commitment (Soelton and Yuliana, 2018).

LITERATURE REVIEW

Ethical Leadership

Ethical leadership is a different from of leadership that has the potential to influence a variety of important work outcomes. The basis of ethical leadership lies in the behavioral characteristics that reflect being moral as being trustworthy and fair (Sawitri et al., 2018; Shafique et al., 2018; Neubert et al., 2013). Ethical leadership is understood as 3 basic components. First, concerning the personal integrity of the leader, also called the moral component of ethical leadership, secondly emphasizes the extent to which a leader is able to foster integrity between leader-followers, namely the moral component. The third component concerns the quality of the leader-follower relationship, which influences follower morale, the ethical basis of the leader and facilitates the leader's influence on followers (Jordan, Treviño, Brown and Finkelstein, 2013).

Job Satisfaction

Hasibuan, (2011) states that job satisfaction is an emotional attitude that is fun and loves work. In Hasibuan's view, employee job satisfaction must be created as well as possible so that employee morale, dedication, love, and discipline increase. Putra and Mujianti (2016) stated that job satisfaction will be felt by a worker if there is a match between expectations and the reality obtained by a worker. According to Sunuharjo and Ruhana, (2016) job
satisfaction is a feeling that supports or does not support employees who are related to their work or with their condition. Feelings related to his work or to his condition. Work-related feelings involve aspects such as wages or salaries received, career development opportunities, relationships with other employees, job placement, type of work, company organizational structure, quality of supervision. While the feelings associated with him include age, health conditions, abilities, and education.

**Ethical Climate**

Ethical climate is a perception or view that applies in organizational practices and procedures that have ethical content (Robbins and Judge, 2015). The ethical climate is more directed to the perception of employees who are stable, psychologically meaningful, and there are ethical policies in an organization where they work (Sumarjaya et al., 2017; Ismail and Yuhonis, 2019). So that this ethical climate indirectly affects the attitude of an individual with his work within an organization (Prasetiwi, 2019).

**Organizational Commitment**

According to Robert and Kinicki, (2011) that organizational commitment is a reflection in which an employee recognizes an organization and is bound to its goals. This is an important work attitude because committed people are expected to be able to show their availability to work harder to achieve organizational goals and have a greater desire to continue working in a company. According to Robbins and Judge (2015) states that organizational commitment is a situation where an employee takes sides with organizational goals and has a desire to maintain membership in the organization. The organizational commitment is the feeling of psychological or physical attachment or attachment of employees with the organization where they work or organizations where they are members (Luthan, 2009; Sedarmayanti, 2013; Prasetiwi, 2019).

2. **Conceptual Framework**

The model shown in fig. is made based on the review of the literature for this paper.

![Conceptual Framework](image)

Source: From data processing (2019)

*Figure 1: Conceptual Framework*
Regarding the previous, the following hypotheses are proposed:
H1: Ethical leadership has a positive and significant effect on job satisfaction.
H2: Ethical leadership has a positive and significant effect on ethical climate.
H3: Ethical leadership has a positive and significant effect on organizational climate.

METHODOLOGY

Research Design
Researchers took causal analysis methods. Causal analysis is a causal relationship. Which means the research conducted to find out about the effect of one or more independent variables (independent variables) on the dependent variable (the dependent variable). The purpose of causal research in this case is to find out whether there is an influence of ethical leadership on job satisfaction, ethical climate and organizational commitment. The approach taken in this research is a quantitative approach.

Data Collection Instrument
The instrument used for data collection was a questionnaire submitted to employees. The questionnaire was distributed to 66 respondents of frontliner passenger service west region PT Kereta Commuter Indonesia. The population used in this study is 66 employees of frontliner passenger service west region PT Kereta Commuter Indonesia. The study uses the sampling method of saturated sampling, which is a sampling technique where all members of the population are used as samples. Then the number of samples used in this study were 66 employees. Data analysis and interpretations for research aimed for answering research questions in order to uncover certain phenomena. By analyzing the data using the Structural Equation Modeling (SEM) of the PLS3.0 statistical software is used in the model and hypothesis assessment, structural equation modeling.

RESULT AND DISCUSSION

Table 1: Result Test of Convergent Validity

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicator</th>
<th>Outer Loading</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical Leadership</td>
<td>EL1</td>
<td>0.655</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>EL4</td>
<td>0.704</td>
<td>Valid</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>J1</td>
<td>0.660</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>J3</td>
<td>0.698</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>J6</td>
<td>0.744</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>J8</td>
<td>0.598</td>
<td>Valid</td>
</tr>
<tr>
<td>Ethical Climate</td>
<td>E1</td>
<td>0.590</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>E3</td>
<td>0.668</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>E5</td>
<td>0.780</td>
<td>Valid</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>O2</td>
<td>0.651</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>O4</td>
<td>0.708</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>O6</td>
<td>0.569</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>O8</td>
<td>0.858</td>
<td>Valid</td>
</tr>
</tbody>
</table>

Source: From data processing (2019)
Table 1 show that all indicators have met the convergent validity, because it has loading factor above 0.5 and thus all the indicators to measure the construct of the study was valid. If all indicators have loading factor above 0.5 then the proposed measurement model has the potential for further testing.

Table 2: Composite Realibility Testing Result

<table>
<thead>
<tr>
<th>Variable</th>
<th>Composite Reability</th>
<th>Cronbach’s Alpha</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical Leadership</td>
<td>0.855</td>
<td>0.782</td>
<td>Reliable</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>0.824</td>
<td>0.826</td>
<td>Reliable</td>
</tr>
<tr>
<td>Ethical Climate</td>
<td>0.761</td>
<td>0.807</td>
<td>Reliable</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>0.830</td>
<td>0.759</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Source: From data processing (2019)

Figure 2: The Correlation of Variables

Table 2 show that result of testing composite reliability and Cronbach’s alpha show satisfactory values, because all latent variables have composite reliability and Cronbach’s alpha values ≥ 0.70. This means that all latent variables are said to be reliable.

Hypothesis Test

As a basis for making hypotheses by comparing the amount of t-table with t-test at alpha of 0.05 (5%) = 1.96. If the t-table is less than alpha 1.96, then the hypothesis is not accepted or rejected, and vice versa if the t-table > 1.96, then the hypothesis is accepted or a
significant difference between the two variables.

<table>
<thead>
<tr>
<th>Hypothesis Test Results</th>
<th>Original</th>
<th>Standard Deviation</th>
<th>T Statistics</th>
<th>P Values</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical Leadership -&gt; Job Satisfaction</td>
<td>0.408</td>
<td>0.298</td>
<td>3.781</td>
<td>0.000</td>
<td>Positive - Significant</td>
</tr>
<tr>
<td>Ethical Leadership -&gt; Ethical Climate</td>
<td>0.552</td>
<td>0.361</td>
<td>3.529</td>
<td>0.001</td>
<td>Positive - Significant</td>
</tr>
<tr>
<td>Ethical Leadership -&gt; Organizational Commitment</td>
<td>0.513</td>
<td>0.340</td>
<td>4.864</td>
<td>0.001</td>
<td>Positive - Significant</td>
</tr>
</tbody>
</table>

Source: From data processing (2019)

**Effect of ethical leadership on job satisfaction**

Based on the hypothesis test in this study the results obtained a T-statistic value of 3.781 original sample value of 0.408, and a P value of 0.000. The T-statistic value is greater than the T-table value of 1.96, the original sample value shows a positive value, and the P Values value is less than 0.05, these results indicate that ethical leadership has a positive and significant effect on job satisfaction. Ethical leadership has a positive and significant effect on job satisfaction on frontliner passenger service west region PT Kereta Commuter Indonesia. This means that if ethical leadership in a good company, then the satisfaction received by employees is also good and can affect the results of job satisfaction. This research is in line with the research conducted by (O’Brien et al., 2017; Kalsoven et al., 2013; Okan and Akyiiz, 2015; Park et al., 2015).

**Effect of ethical leadership on ethical climate.**
Based on the hypothesis test in this study the results obtained $T$-statistic value of 3.529, the value of the original sample of 0.552, and the value of $P$ Values of 0.001. The $T$-statistic value is greater than the $T$-table value of 1.96, the original sample value shows a positive value and the $P$ Values value is less than 0.05. This research is in line with the research conducted by (Khuong & Nhu, 2015; Hutagalung et al., 2020; Choi et al., 2015; Mugiono et al., 2020; Soelton et al., 2020; Nurhayati et al., 2019); ethical leadership has a positive and significant effect on ethical climate on frontliner passenger service west region PT Kereta Commuter Indonesia. This means that if ethical leadership is good then the atmosphere of ethical climate in the company will be good.

**Effect of ethical leadership on organizational commitment**

Based on the hypothesis test in this study the results obtained $T$-statistic value of 4.864, original sample value of 0.513, and $P$ value of values of 0.001. The $T$-statistic value is greater than the $T$-table value of 1.96, the original sample value shows a positive value, and the $P$ Values value is less than 0.05. Ethical leadership has a positive and significant effect on organizational commitment on frontliner passenger service west region PT Kereta Commuter Indonesia. This means that if ethical leadership in a company is good and fair then organizational commitment in the company will also increase. This research is in line with the research conducted by (Mitonga and Cilliers, 2016; Munajah and Purba, 2018; Kusuma and Hastuti, 2017; Kusumawari and Erna, 2017; Soelton et al., 2020; Suzabar et al., 2020)

**CONCLUSIONS AND SUGGESTION**

**Conclusion**

This study tries to analyze variables related to Ethical Leadership on Job Satisfaction, Ethical Climate and Organizational Commitment at Frontliner Passenger Service West Region PT Kereta Commuter Indonesia. The results of this study were obtained from research on the employees. From the results of calculations in this study, the following conclusions can be drawn:

1. Ethical leadership has a positive and significant effect on job satisfaction on frontliner passenger service west region PT Kereta Commuter Indonesia. This means that if ethical leadership in a good company, then the satisfaction received by employees is also good and can affect the results of job satisfaction.

2. Ethical leadership has a positive and significant effect on ethical climate on frontliner passenger service west region PT Kereta Commuter Indonesia. This means that if ethical leadership is good then the atmosphere of ethical climate in the company will be good too.

3. Ethical leadership has a positive and significant effect on organizational commitment on frontliner passenger service west region PT Kereta Commuter Indonesia. This means that if ethical leadership in a company is good and fair then organizational commitment in the company will also increase.

**Suggestion**

Based on the conclusions above, it can be put forward some suggestions that are taken into consideration for company and for future researchers:

1. The company should improve its leadership because it will give a good impact for the work atmosphere.
2. The company should keep and maintain the relationship between employees and leader by good communication and other tools.
3. The company should pay more attention to the satisfaction which the employees receive, so they will commit more to the company.

Further Research Suggestions
According to the hypothesis we developed, we can look for it in the future with a variety of variables and more population

REFERENCES


