

Relationship between Charismatic Leadership and Organizational Citizenship Behavior Considering the Mediators of Ethical Climate and Work Engagement in Iran Darou Pharmaceutical Company

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Abstract: This descriptive correlational study was designed to investigate the relationship between charismatic leadership and organizational citizenship behavior considering the mediators of ethical climate and work engagement in Iran Darou Pharmaceutical Company. 132 persons out of 200 personnel, selected based on convenience sampling, participated in this study. Questionnaires were used for the purpose of data-collection. The data was analyzed using structural equation modeling (SEM). The results of the analysis showed that charismatic leadership has a moderate positive effect on the ethical climate ($t = 4.48$, $\beta = 0.35$) and organizational citizenship behavior ($t = 4.57$, $\beta = 0.37$) It strongly affects work engagement in a positive way. ($t = 7.07$, Beta coefficient= 0.57) The results showed that OCB has strong positive relationship with ethical climate ($t = 9.69$, $\beta = 0.44$). On the other hand, work engagement has a moderate positive relationship with organizational citizenship behavior ($t = 3.46$, $\beta = 0.31$). In the relationship between charismatic leadership and organizational citizenship behavior, ethical climate ($0.154 < 0.37$) and work engagement ($0.176 < 0.37$) do not work as mediators.

Keywords: Charismatic Leadership, Organizational Citizenship Behavior, Work Engagement, Ethical Climate.

Introduction

Today life is full of significant changes. Organizations, as a subset of human life, must keep up with these massive changes. Otherwise, there will be no place for them in this competitive world. Not only in technology and equipment, but also their employees (their valuable human resources) in the current era, most executives prefer employees who contribute to the company more than their contractual tasks. In today's changing world, the traditional principles of organizational management such as bureaucracy, the mere use of rules and regulations, instructions, etc., are no longer effective and do not provide much to the organization. Human resources, which are the most important element in field of management, have always been of particular concern to management scholars. In such circumstances, there is no incentive to develop talent, good behavior and creativity. On the other hand, the organization will not lose the opportunity to fully utilize its human sources potential (Zahedi & Kheirandish, 2008). Generally speaking, those organizational behaviors, which have a great impact on the effectiveness of the organization's operations, have attracted the attention of many researchers. Organ (1988) defines

OCB as "individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization. Organizational citizenship behavior (OCB) is a person's voluntary commitment within an organization or company that is not part of his or her contractual tasks. OCB has been linked to overall organizational effectiveness.

Given the rapid changes in social economy and technological progress, organizations must develop strategies to deal with continuous environmental pressure. In order to be more flexible in working methods and increasing organizational citizenship behavior, a charismatic leader can positively affect the organizational citizenship behavior of employees working in the organization (Ikram Ul Haq et al., 2016). It should be noted that employees vary in their job dedication terms, attention toward their work and level of intensity. Researchers made arguments about work engagement and defined three dimensions for it: cognitive component, psychological component, and emotional component. Psychological component refers to energy for performing job, emotional component refers to "Putting One's heart into one's Job" and cognitive component refers to involved too much in job and forget everything else (May et al., 2004). Organizational citizenship behavior indirectly contributes to organization by maintaining social system in organization which supports the task performance (Organ, 1997).

Later, Organ (1988) deconstructed the dimension of general compliance and added additional dimensions of OCB. This deconstruction resulted in a five-factor model consisting of altruism, courtesy, conscientiousness, civic virtue, and sportsmanship. This served as the basis for measuring organizational citizenship behavior (Abdolrahim, 2006). Victor and Cullen (1987) *define ethical climate* as "the shared perception of what is correct behavior, and how *ethical* situations should be handled in an organization". Organizational ethical climate refers to the moral atmosphere of the work environment and the level of ethics practiced within a company. Ethical climate varies from organization to organization. Researchers have emphasized the positive relationship between leadership style and organizational ethos. Using rewards and punishments, leaders can create ethical climate. The work of Howell and Avolio (1992) on ethical and unethical charismatic leaders highlights the importance of the leader in the ethics equations. Iran Darou Pharmaceutical Company is one of the oldest and most reputable companies in the pharmaceutical industry in Iran. Its employees are one of the main factors in this company. The company's executives want their employees to care deeply about their firm's success and contribute their best effort.

Considering that organizational citizenship behavior involves employees' voluntary commitment leading to overall organizational, this study attempts to examine the factors affecting organizational citizenship behavior.

Thus, the present study aimed to investigate the relationship between charismatic leadership and organizational citizenship behavior by considering the mediators of ethical environment and work engagement in Iran Pharmaceutical Company.

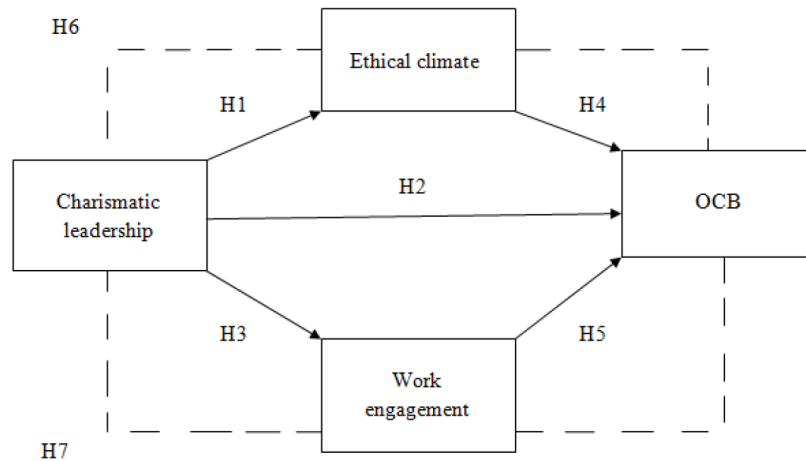
Research Background

The relationship between OCB and leadership styles has been widely researched. To learn more about such relationship, some of the results of the recently conducted studies in this context will be discussed; however, regarding the relationship between charismatic relationship and OCB of employees and the mediators of ethical climate and work engagement, no distinct research study has been conducted.

The results of Strickland (2007) suggested that there is association between charismatic leadership and work engagement and it also assumed that there is a positive relationship between charismatic leadership and organizational citizenship behavior. Findings of Zehir et al (2014) study showed there is a strong positive relationship among charismatic leadership and OCB.

Ikram Ul Haq et al (2016) examining the relationship between charismatic leadership, work engagement, OCB and job responsibilities concluded that there was a significant positive relationship between charismatic leadership and work engagement. The findings also indicated that work engagement has a moderate positive relationship with organizational citizenship behavior

Research Framework



Hypothesis

H1: There is a significant relationship between charismatic Leadership and ethical climate in Iran Darou Pharmaceutical Company.

H2: There is a significant relationship between charismatic Leadership the and OCB in Iran Darou Pharmaceutical Company.

H3: There is a significant relationship between charismatic Leadership and employee’s work engagement in Iran Darou Pharmaceutical Company.

H4: There is a significant relationship between ethical climate and OCB in Iran Darou Pharmaceutical Company.

H5: There is a significant relationship between work engagement and OCB in Iran Darou Pharmaceutical Company.

H6: Charismatic leadership influences employees’ organizational citizenship behavior via mediating role of ethical climate in Iran Darou Pharmaceutical Company.

H7: Charismatic leadership influences employee’s organizational citizenship behavior via mediating role of work engagement in Iran Darou Pharmaceutical Company.

Materials and Methods

A descriptive correlation design was employed in this study to describe the relationship between charismatic leadership and organizational citizenship behavior considering the mediators of ethical climate and work engagement in Iran Darou Pharmaceutical Company. 132 persons out of 200 personnel, selected based on convenience sampling, participated in this study.

In the implementation phase, after providing a preliminary description of the measurement tool and the purpose of the test, the manner of responding to the tests for the participants was described in detail. The subjects were informed how to complete the questioners and how long it might take. Each subject was assured of the confidentiality of his/her anonymous responses.

To collect the data related to the variables under study, Podsakoff’s Organizational Citizenship Behavior Questionnaire (2000), Schaufeli’s Work engagement self-report questionnaire (2010) were used. Podsakoff’s Organizational Citizenship Behavior Questionnaire has 20 items, assessing managers’ organizational citizenship behavior, using a 5-point Likert type scale (5 = strongly agree, 4 = agree, 3 = I have no idea, 2 = disagree, 1 = strongly disagree). Schaufeli’s Work engagement questionnaire consists of “vigor, dedication and absorption using 17 items ranging from strongly disagree to strongly agree. To investigate the variables of charismatic leadership and ethical climate, Kakavogianni (2009) questionnaire and Ethical Climate Questionnaire (ECQ) (Cullen et al., 1989) were used respectively. The content validity of the questionnaires was checked and their reliability was estimated using Cronbach’s alpha coefficient (Table 1).

Table 1. Cronbach's Alpha Reliability Coefficient.

variable	questionnaire	Cronbach's Alpha	reliability
OCB	Podsakoff et al (2000)	0.89	accepted
Charismatic Leadership	Kakavogianni (2009)	0.74	accepted
Ethical Climate	Cullen et al (1989)	0.83	accepted
Work Engagement	Schaufeli & Bakker (2010)	0.86	accepted

A reliability coefficient of 0.70 or higher is considered acceptable. According to Table 1, the calculated values are higher than 0.70. , so reliability of the data is confirmed.

Results

The Kolmogorov-Smirnov test indicates the normal distribution of data ($P > 0.05$).

Structural equation model analysis which was performed to determine the relationship between variables was found to be statistically significant ($p < 0.05$) as it is seen in Table 2.

Table 2. Relationship between Variables.

Hypothesis	IV	DV	Sig	T-value	α	β
H1	Charismatic Leadership	Ethical Climate	0.000	4.487	0.080	0.359
H2	Charismatic Leadership	OCB	0.045	4.573	0.082	0.375
H3	Charismatic Leadership	Work Engagement	0.000	7.074	0.081	0.573
H4	Ethical Climate	OCB	0.000	9.695	0.046	0.446
H5	Work Engagement	OCB	0.671	3.467	0.092	0.319

Table 3 shows the relationship between independent and dependent variables.

It is accepted that charismatic leadership has positive direct effect on organizational citizenship behavior ($\beta = 0.37$) and ethical climate ($\beta = 0.35$). The results showed that charismatic leadership has strong positive relationship with ethical climate ($\beta = 0.44$).

The indirect effect of charismatic leadership on organizational citizenship behavior can be estimated by multiplying direct effect of the charismatic leadership on ethical climate (0.35) by the direct effect of ethical climate on organizational citizenship behavior (0.44).

$$\text{Indirect effect} = 0.35 * 0.44 = 0.154$$

The total effect of IV on DV is the sum of the direct and indirect effects. The total of charismatic leadership effect on organizational citizenship behavior equals the sum of the direct and indirect effects of these two variables.

$$\text{Total effect} = 0.37 + 0.154 = 0.524$$

The mediating role of ethical climate is not accepted, since the indirect effect (0.154) is less than the direct effect (0.37).

Through structural equation modeling, the direct effect of charismatic leadership on organizational citizenship behavior is 0.37 and the direct effect of charismatic leadership on work engagement is 0.57. The direct effect of work engagement on organizational citizenship behavior is 0.31. The indirect effect of charismatic leadership on organizational citizenship behavior is estimated by multiplying the direct effect of charismatic leadership on work engagement (0.57) by the direct effect of work engagement on organizational citizenship behavior (0.31).

$$\text{Indirect effect} = 0.57 * 0.31 = 0.176$$

The total effect of IV on DV is the sum of the direct and indirect effects. The total of charismatic leadership effect on organizational citizenship behavior equals the sum of its direct and indirect effects of these two variables.

$$\text{Total effect} = 0.37 + 0.176 = 0.546$$

The mediator role of work engagement wasn't confirmed, since the indirect effect is less than the direct effect. ($0.176 < 0.37$)

Table 3. The relationship between the variables considering the mediator variables.

Hypothesis	IV	DV	β	T-value	Result
H1	Charismatic Leadership	OCB	0.37	4.57	accepted
H2	Charismatic Leadership	Ethical Climate	0.35	4.48	accepted
H3	Ethical Climate	OCB	0.44	9.69	accepted
H4	Charismatic Leadership	Work Engagement	0.57	7.07	accepted
H5	Work Engagement	OCB	0.31	3.46	accepted

Discussion and Conclusion

The purpose of this study was to examine the relationship between charismatic leadership and organizational citizenship behavior considering the mediators of ethical climate and work engagement in Iran Darou Pharmaceutical Company.

The results of the analysis showed that charismatic leadership has a moderate positive effect on the ethical climate ($t = 4.48$, $\beta = 0.35$). The findings are consistent with what Zehir et al (2014) found.

Additionally, the findings suggested that there was a moderate positive relationship between charismatic leadership and OCB in Iran Darou Pharmaceutical Company ($t = 4.57$, $\beta = 0.37$). This finding is in line with the findings of Zehir et al (2014) and Ikram Ul Haq et al (2016).

Further findings indicated that there was a significant positive relationship between charismatic leadership and work engagement. ($t = 7.07$, $\beta = 0.57$) The findings are consistent with Ikram Ul Haq et al (2016) findings.

In addition, a significant positive relationship was observed between showed that OCB and ethical climate ($t = 9.69$, $\beta = 0.44$). This finding was consistent with the results of Zehir et al (2014).

In the other hand, work engagement has a moderate positive relationship with organizational citizenship behavior ($t = 3.46$, $\beta = 0.31$). This finding is consistent with Ikram Ul Haq et al (2016) results.

The mediating role of ethical climate is not accepted, since the indirect effect (0.154) is less than the direct effect (0.37). Similarly, the mediator role of work engagement in the relationship between charismatic leadership and OCB wasn't confirmed, since the indirect effect is less than the direct effect. ($0.176 < 0.37$)

To survive, organizations need the employees' increased dedication and loyalty towards the firm, which is best expressed in the OCB concept. Organizational Citizenship Behavior causes employees to understand the organizational objectives better, to work by these objectives and to have increased motivation. The establishments of appropriate reward systems and appropriate performance evaluation systems are very important to create an organizational climate that can cause a healthy and positive motivation in employees, and to have personnel with successful superior-subordinate relationships in the organizational structure.

The purpose of this study was to investigate the relationship between charismatic leadership and organizational citizenship behavior considering ethical climate and work engagement as mediators. The results of the research showed that there is a significant positive relationship between charismatic leadership and organizational citizenship behavior. Similarly, there is a significant positive relationship between charismatic leadership, work engagement and ethical climate.

Ethical climate has significant positive relationship with organizational citizenship behavior. Furthermore, work engagement has significant positive relationship with organizational citizenship behavior.

But in this research, in the relationship between charismatic leadership and organizational citizenship behavior, ethical climate and work engagement do not have meditating role.

Charismatic leaders motivate their followers to make contribution in organization and whole group by providing vision in participative manner not with usage of formal authority and through this charismatic leadership have positive relationship with positive work-behaviors of employees.

Therefore, it can be concluded that charismatic leadership is crucial for implementing ethical climate.

According to the results of this research, charismatic leadership is expected to have a significant positive relationship with organizational citizenship behavior.

As the leaders show great persistence and determination in the pursuit of objectives, show high standards of ethical, principles, and moral conduct, sacrifice self-gain for the gain of others, consider subordinates' needs over their own needs and share successes and risks with subordinates, employees are more likely to demonstrate organizational citizenship behavior.

In addition, charismatic leaders facilitate employees' positive relationships, and make them help each other willingly.

The findings showed that there is a significant relationship between charismatic leadership and organizational citizenship behavior in Iran Pharmaceutical Company. To improve employees' OCB, it was further recommended that managers should strive to become role models to their subordinates; inspire subordinates by providing meaning and challenge to work; stimulate subordinate efforts to become more innovative & creative; and lastly, pay greater attention to each individual's need for achievement and growth.

Charismatic leaders take these items into account to create and develop ideal environment.

It has been suggested that leaders should build a considerate relationship with each individual, pay attention to each individual's need for achievement and growth by acting as a coach or mentor, develop subordinates in a supportive climate to higher levels of potential and create a healthy and competitive environment. In addition, Individual differences in terms of needs and desires should be recognized.

Accordingly, leaders must recognize each individual's need and ability, allocate time for education, and set up development plans, which can have a positive impact on employees' satisfaction and commitment. In this way, subordinates are guided, trained and supported by the leader and their abilities develop through a regular process.

Charismatic leaders enhance follower identification with the leader and trust in the leader. As was found by Sosik (2005), followers are willing to engage in OCB 'because of their favorable perceptions of the leader, based on their trust, loyalty, and obedience to the leader. Second, charismatic leaders provide effects on followers' identification with their task or role, 'namely increased efficacy perceptions, intrinsic motivation, and willingness to sacrifice themselves to perform the task' (Shamir et al., 1993).

Third, charismatic leaders put emphasis on the collective identity of the group or unit and its superiority to other groups. Thus, charismatic leaders strengthen followers' relationship with the collective, namely increased identification with the group and attachment to it. Accordingly, employees' collective identification and group belongingness have been proposed and identified as (partial) mediators between charismatic leadership and OCB.

"Transactional" leadership should be used since transactional leaders are said to be "instrumental" and frequently focus on exchange relationship with their subordinates. They can hold workshops and seminars on organizational citizenship behavior in order to develop spirit of chivalry among employees. Also, due to the positive relationship between charismatic leadership and work engagement, it can be said that employees' engagement in their work and responsibilities highly depends on the leader and the leadership style selected by him.

In the past, HR hasn't been an important concept in the management. Managers tried to improve their personnel work performance by the incentive of a higher salary or compensation bonus. But in recent years recognition of the importance of human resources management to a company's overall health has grown dramatically.

Researches in the field of business and management validated that employees are the activators of organizational resources, hence, considered as the vital assets of the organization. Further, available literature validates the contention that high employee citizenship behavior is the most influential factor and is widely contributes in the success of firm performance. Essentially, effective leadership contribution towards employees' commitment and citizenship cannot be ignored.

Charismatic leadership is the most effective style for engaging employees in their work, organizational citizenship behavior and job responsibilities.

Conflict of Interest

The authors declare no conflict of interest.

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