The effect of managers' organizational ethics on organizational effectiveness mediated by organizational health

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Abstract

Ethics is a must for all professions and organizations, and organizational effectiveness is the right thing to do and is the key to organizational success. The organization will be effective and capable if it is healthy. The purpose of this study was to investigate the effect of managers' organizational ethics on organizational effectiveness by mediating organizational health among Mashhad education staff. This paper is practical in terms of purpose, descriptive in nature, and in terms of survey method. The statistical population includes all staff of Mashhad Education Staff (753). To collect data, the organizational effectiveness questionnaire of Karam-e-Dokht (2011), the organizational health questionnaire of Hui et al. (1996) and the Atarian organizational ethics questionnaire (2007) were used. In order to analyze the data and respond to the research hypotheses, the structural equation modeling test and the path analysis of the research hypotheses were investigated. The results showed that the impact of organizational ethics on organizational effectiveness, the impact of organizational ethics on organizational health, the impact of organizational health on organizational effectiveness, and the mediating role of organizational health in the impact of organizational ethics on organizational effectiveness were significant at the level of 0.95. Placed.

Keywords: Organizational Ethics, Organizational Effectiveness, Organizational Health

1. Introduction

Organizations are the main pillars of today's communities, In today's life, there is no way to escape from connection with the organization. The necessity for organizations to be needed is just like the air we need to live our lives. In all organizations, management is the most significant factor in the growth and development or death of organizations. Managers, relying on a system of values and do's and don'ts called ethics, can decide what is good and what is bad, who is going the right way, and who is going the wrong way. Organizational management today has appreciated that without an integrated moral system in which individual, organizational, and societal moral needs can be met in various economic, political, and religious aspects, they can't survive. The integrated moral system with a holistic and systematic approach considers all ethical features and succeeds in creating acceptable and universal morals by creating balance and equilibrium [2]. The issue of ethics in educational management is a sensitive issue that affects a relatively large collection. Based on ethical principles and the interests of society, each manager in a variety of organizational fields is expected to put appropriate behaviors at their work forefront. In the organization's
management, the issue of ethics is in line with health and organizational improvement. Since managers in organizations undergo remarkable responsibilities, perhaps their most important responsibility in the organization is the ability to use their power according to a pattern of ethical principles. So, managers of organizations must behave properly according to ethical principles and strive to institutionalize ethical rules in their organization.

Organizational ethics is the most important variable in organizational success. Though human beings do not have a single view of success and its definition, they are similar in their quest for success. A common and meaningful human aspiration is success in personal, professional, and organizational life. The organization has numerous ways to achieve its success and to be accountable; it also faces many impediments and problems. Management is nothing more than recognizing the ways to the success of the organization and planning to improve these ways, increasing the facilitating factors and solving problems, and reducing or removing barriers. Given these points, the governance of organizational ethics in the organization can significantly help the organization to reduce tensions and succeed in achieving its goals. Today, having organizational ethics, especially for managers, is a competitive advantage in the organization [30]. One of the most important responsibilities of organizational management is promoting ethics in the organization [11]. Fred R. David (2011) states: "Good organization means good moral principles"; good moral principles are among the prerequisites for strategic management [11].

If ethical values are observed in an organization, the human resources of that organization would be loyal to organizational values and inclined to maintain membership in the organization, they tend to work beyond the tasks set out in the job description framework with all their efforts. Consequently, organizational ethics plays a significant role in the effectiveness of the organization. So, the value system role in improving the organizations' performance should be considered, because the value system of individuals acts as a perceptual screen when making decisions and is one of the factors that directly affect the behavior of employees. So, guiding and teaching individuals to obtain a superior value system can lead to a desirable performance in them; as a result, it leads to organizational effectiveness [25].

Organizational effectiveness is one of the themes that much research is devoted to them. Discussions about the effectiveness, efficiency, culture, and superiority of organizations are issues that have attracted organizational theorists, management philosophers, financial and economic analysts, and executives. It's been more than a few decades that effectiveness has been the subject of research in the management and organization design. Experimental research has not yet reached a general theory about effectiveness. This is while; effectiveness is deeply rooted in organizational literature. At the theoretical level, Goodman and Pennings contend that effectiveness is a major issue in all organizational analysis, and imagining an organizational theory that does not involve the construction of effectiveness is difficult. Ivan also draws attention to organizational effectiveness by developing organizational theory [10]. The first view of effectiveness (probably introduced in 1950) was very simple. In this view, effectiveness was defined as the extent or level to which the goals of a research organization are realized [23]. Organizational effectiveness is not a single issue, but a very complex subject that includes different preferences and expectations. Organizational effectiveness is the method in which an organization evaluates the success of its missions through organizational strategies; in simpler terms, effectiveness is usually in the form of the degree to which an organization achieves its goals [28]. Organizational effectiveness is the degree to which the organization approaches the desired goals [8]. Organizational effectiveness is a state in which the desired organization consumes limited resources and according to the set criteria can achieve the goal or objectives [14]. If we consider a rational model for an organization, we can define organizational effectiveness as the organization's ability to achieve its goals [6]. The target logical model assesses the organization's ability to achieve the organization's goals. This pattern is both simple and complex in measuring organizational effectiveness [9]. In the resource model, the system defines effectiveness as the organization's ability to have a privileged position in negotiating with its environment and to use its position to get rare and valuable resources. The concept of a negotiated position necessitates the elimination of specific goals as the ultimate criteria for effectiveness (Hui and Miskel, 1992). Parsons has presented a pattern in which four
dimensions are considered for effectiveness, including adaptation, goal achievement, coherence, and continuity [20].

In today's highly competitive world, fast change necessitates that existing organizations in the country (private and public) be as competitive as possible or remain competitive. Based on this assumption, the main cost of most organizations is the cost of manpower [33]. Undoubtedly, in any organization, human resources are the most important asset, and the key to the sustainability of organizations in today's highly competitive world is human resources [27]. So, countries and organizations have long invested in this manpower and are trying to enrich it, and those societies move toward progress, prosperity, and excellence that be able to develop these forces and the talents that lie within them [16]. But the condition for optimal use of this valuable force is to have healthy organizations. As our forefathers believed that a healthy mind is a healthy body, by extending it to the organization it can be mentioned that: Healthy work is in a healthy organization [7].

To create health in the organization, first, the atmosphere in that organization must be acknowledged. To define, explain, and measure the social climate of organizations, numerous scientific efforts have been made in recent decades. One of the recognized and useful theoretical frameworks in this regard is the fact that today, under the heading of organizational health; it has a well-meaning place in organizations [26]. Bill Wilkerson believes that an organization is healthy when managers and every employee come together in a common procedure to take responsibility for creating a dynamic workplace that will increase customer loyalty and shared profitability [24].

Today, the failure of organizations to achieve their goals and even the failure to achieve effectiveness and efficiency is partially related to the lack or low level of organizational health [12]. Certainly, educational organizations, especially education organization, as the most important, effective and widespread organizations, like other organizations, have tried to achieve their goals, and this provides the ground for the study and analyzes the health of the education organization [27].

Nowadays, the education organization is considered one of the most complex human innovations, which is socially considered a means of governing and controlling society and a factor in the survival and continuity of human culture, and economically, it is considered a kind of large-scale investment, which on the one hand transforms raw and talented human beings into creative and growing human beings and, on the other hand, meets the needs of the human force of society. Due to this importance, addressing education is one of the fundamental tasks of all governments [29].

Several factors are involved in the formation of dynamic education organization, one of the most important of which is to pay attention to the value system and ethics, and the condition for achieving broad and important goals of the education system is the existence of managers who, in addition to specialization, have moral principles. With a comparative look at the countries of the world and the comparison of developed countries with underdeveloped countries, we find that the reason for the development and growth of these countries is to have efficient moral values [25]. As education is a key and vital factor in the social, economic, cultural, and political development of any society, the need for change in it is more tangible than in other organizations. Analyzing the factors affecting the growth and development of advanced societies designates that all countries have had an efficient and effective education [15]. In our country, due to the increasing speed of technological change on the one hand and the changing nature of society's demands from education organization, on the other hand, this organization is strongly seeking new skills to respond to rapid changes of the environment and students’ needs and reach organizational effectiveness. So, based on what was mentioned, the current study aims to answer the question of whether the organizational ethics of managers affects organizational effectiveness. Does organizational health mediate the relationship between managers' organizational ethics and organizational effectiveness?

2. Literature Review

2.1. Organizational Effectiveness
Every organization is created to meet the requirements of society and does not make sense without aim and purpose. The organization is created to realize a goal or goals in society. Organizational effectiveness is one of the subjects that have always been considered by organizations and their related factors since increasing effectiveness in the organization means increasing the degree of achievement of the goals of the organization. Studies done on effectiveness show that there is no best way to be effective, but it depends on the management's view of effectiveness in every single organization [22]. In effect, organizational effectiveness demonstrates the organization's closeness degree to its goals [34]. Organizational effectiveness is the extent to which an organization uses specific resources without wasting its resources and without unnecessarily exhausting its members and society, and achieves its goals [31]. There are diverse definitions of organizational effectiveness, but most of these definitions highlight the level and degree of achievement of the organization's goals. In other words, the effectiveness is equal to the ratio of the goals achieved to the set goals [9]. Robbins (2006) defines organizational effectiveness as the expectations of stakeholders, evaluators, and the stage of organizational life.

2.2. Organizational Ethics

In the last decade, there has been a noteworthy increase in business ethics research and books. Despite the growing complexity of organizational ethics in organizations and the rising importance of business ethics in the international field, this is not so astonishing. Morals states in this area are becoming increasingly complex, which include issues such as social expectations, fair competition, legal immunities (legal and social responsibilities). They also have the potential results on customers, trainees, competitors, and the general public. In the international context, increasing the globalization of trade necessitates more requirements in addressing ethical questions in new and different features. These advances and developments have increased the depth and breadth of business ethics research. For a long time, research in the field of business ethics normally involves inspecting the nature and fields of ethical judgment, criteria, and the rules of its implementation in situations such as current decisions [13, 32]. There are three categories of individual, organizational, and extra-organizational factors involved in the formation of organizational ethics. Individual factors, including personal ethics, self-knowledge, and self-control, are the backbones of ethics in the organization. Organizational factors include organizational rules and regulations, organizational culture, and organizational structure, which institutionalize ethical management. Extra-organizational factors include government, economic conditions, the work environment, and international environments, which lead to the moral management orientation and ultimately to moral management in the applied and practical organization [19].

2.3. Organizational Health

The idea of organizational health is not new, and for decades it has attracted the attention of scholars of the science of organization and management. Despite the widespread use of the organizational health concept, due to its different perspectives, it is difficult to find a single definition of this concept. Though it is not easy to define, measure, and estimate organizational health, it is a concept that explains the reason for the permanence and survival of organizations; it should be given special attention and importance.

Organizational health means an organization's ability to maintain survival and adapt to the environment and improve these capabilities [4]. Leiden and Klingel write about organizational health; organizational health is an almost new concept and not only includes the organization's ability to perform tasks effectively, but also the organization's ability to grow and improve. Observers find committed and conscientious employees, high morale, open communication channels, and high success in healthy organizations [17]. Karl Polanyi (2004), emphasizing the cause of organizational change and its effects on employee health, outlined ten key components of organizational health: role clarity and its accessibility, reasonable work requirements, job control, and limits of authority in decision making, social support for the workplace, fair rewards and fair behavior, adequate wages, satisfactory working hours, job security, a secure organizational
climate, and healthy employment arrangements [3]. According to Newell (1995), organizational health is a broad issue that is related to three sets of psychological stress, stress, mental health, and ethics in organizations in organizations [4].

Matthew Miles, a psychologist and education expert, is the organization's second organizational health theorist. In 1956, in a detailed article, he defined and explained the dimensions of this concept. After him, other experts followed up and completed the concept, creating a theoretical framework and a tool for measuring and evaluating it. In defining organizational health, Matthew Miles, to define organizational health, argues that a healthy organization is one that not only persists in its environment but also adapts sufficiently at one point in time and continuously develops and expands its survival and adaptability capabilities [35]. He also considers organizational health to be a situation beyond the short-term effectiveness of the organization. Though a short-term operation of a healthy organization may be effective or ineffective on a particular day, the growth of capabilities and its continued survival and adequate adaptation to the environment is realized. In other words, a continually ineffective organization is certainly not healthy. In sum, health implicitly implies the sum of effective labor [6].

3. Conceptual Model of the Research

3.1. Method

The current study is applied in terms of purpose and descriptive-survey in terms of data collection. The method of this research is applied in terms of purpose, descriptive in terms of nature, and terms of method, it is a survey. The statistical population includes all employees of the Mashhad Education Department who have been employed in the 2018-2019 academic year and they are 137 participants. In the current study, due to the limited size of the staff of the educational organization, which includes 137 staff members, the sample size was done as a census. To collect data, the organizational effectiveness questionnaire of Karam Dokht (2011), the organizational health questionnaire of Hui et al. (1996) and the organizational ethics questionnaire of Atarian (2007) have been used [5]. To analyze the data and respond to the research hypotheses, they were examined using a structural equation modeling test and path analysis of the research hypotheses.

A) Organizational Ethics Questionnaire took from Atarian’s dissertation (2007), the scale of which is a 4-point Likert scale from strongly agree = 4 to completely disagree = 1 and includes 18 items and consists of three components of organizational autonomy (6 questions), benevolence (6 questions) and adherence to moral principles (6 questions).
B) Karam Dokht Organizational Effectiveness Questionnaire (2011), which is based on the Parsons (AGIL) model and it is designed in the form of 28 closed questions, which is rated as a five-point Likert scale of very low = 1 to very much = 5. This questionnaire consists of 4 components of adaptation (7 questions), goal attainment (4 questions), integration (6 questions), and latency (7 questions) [18].

C) The Organizational Health Questionnaire of Hui et al. (1996), which is organized in the form of 44 closed questions, which are scored based on a 4-point Likert scale from 4=always to 1=seldom. This questionnaire consists of 3 components: organizational level (7 questions), administrative level (20 questions), and technical level (17 questions).

4. Findings

In this section, descriptive data of the studied variables are presented to 137 employees of the Mashhad Education Department.

Investigating the demographic factors in the statistical sample showed that out of a total of 137 respondents, 70.80% were men (97 people) and 29.19% were women (40 people). Their highest occupational record at the age level of 5 to 11 was 46 percent. Likewise, the study of the participants’ educational level showed that the majority of employees had a bachelor’s degree (35%).

In the following, descriptive findings of research variables are presented in Table 1.

Table 1. Descriptive Findings of Research Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
<th>Max.</th>
<th>Min.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational effectiveness</td>
<td>88.78</td>
<td>30.87</td>
<td>29.00</td>
<td>138.00</td>
</tr>
<tr>
<td>Organizational autonomy</td>
<td>16.26</td>
<td>4.43</td>
<td>6.00</td>
<td>23.00</td>
</tr>
<tr>
<td>Benevolence</td>
<td>16.26</td>
<td>4.69</td>
<td>6.00</td>
<td>23.00</td>
</tr>
<tr>
<td>Adherence to ethical principles</td>
<td>15.20</td>
<td>5.16</td>
<td>6.00</td>
<td>23.00</td>
</tr>
<tr>
<td>The total score of organizational ethics</td>
<td>47.72</td>
<td>12.43</td>
<td>18.00</td>
<td>69.00</td>
</tr>
</tbody>
</table>
The information on the mean, standard deviation, and the lowest value and the highest value of the research variables are presented in Table 1.

Though significant reasons for the superiority of the PLS method over other methods are mentioned as small samples and abnormal data, the Kolmogorov–Smirnov test has been used to test the normality assumption of the data distribution.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
<th>Sig. level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational level</td>
<td>17.96</td>
<td>3.77</td>
<td></td>
</tr>
<tr>
<td>Administrative level</td>
<td>69.84</td>
<td>29.44</td>
<td></td>
</tr>
<tr>
<td>Technical level</td>
<td>41.72</td>
<td>13.02</td>
<td></td>
</tr>
<tr>
<td>Total organizational health score</td>
<td>129.52</td>
<td>42.61</td>
<td>51.00</td>
</tr>
</tbody>
</table>

Table 2. Status of Research Variable Data Distribution

The results of Table 2 show that the statistical data had a natural distribution.

In the following, data were then analyzed using statistical methods such as the Pearson correlation coefficient and structural equations using SPSS22 and SMARTPLS software.

To regulate the validity of the questionnaire, the diagnostic validity method was used by determining the index of Average Variance Extracted (AVE). The mean value of the extracted variance for organizational effectiveness, organizational ethics, and organizational health was 1.71, 0.756, and 0.831, respectively. To determine the questionnaire reliability, the composite reliability (CR) method was used along with Cronbach's alpha. The composite reliability of organizational effectiveness, organizational ethics, and organizational health were 0.1, 0.902, and 0.936, respectively. Likewise, the amount of Cronbach's alpha of organizational effectiveness, organizational ethics, and organizational health was obtained as 1.000, 840, and 0.897, respectively. Diagnostic coefficients, composite reliability, and Cronbach's alpha of the research variables are shown in Table 3.

Table 3. Factor Loads and t Coefficients of the Components of the Questionnaire

The conceptual model tested is presented in Figure (2). The numbers written on the lines are the beta coefficients of the regression equation between the variables and the same path coefficient. The numbers inside each circle represent the value of $R^2$ of the model that its predecessor variables were entered into that circle via arrow.
To check the significance of the path coefficient, it is necessary to measure the $t$ value of each path (Figure 3). Path coefficients reveal that among the 4 predicted paths, the effect of organizational ethics on organizational effectiveness, the impact of organizational ethics on organizational health, the effect of organizational health on organizational effectiveness and the mediating role of organizational health in the effect of organizational ethics on organizational effectiveness at 0.95 level is meaningful and is approved.

Table (4) the path coefficients and $t$ values of the research hypotheses are shown. According to Table (4), it can be concluded that given that the coefficients of the path and since the significant levels are higher than 1.96, the first to fourth hypotheses are confirmed. If the mediating variable of organizational health in the effect of organizational ethics on organizational effectiveness enters the model, the effect of organizational ethics on organizational effectiveness through organizational health is 0.771, this means that 77.1% of the effect of organizational ethics on organizational effectiveness is explained indirectly and by the mediating variable of organizational health. Since this value is greater than the direct effect of organizational ethics on organizational effectiveness with the value of path coefficient (0.204), it can be concluded that the organizational health variable plays a mediating role in the impact of organizational ethics on organizational effectiveness.

Figure 2. Path Coefficients of the Research Model
Figure 3. Results of t-Coefficients of the Research Model

Table 4. Results of Research Hypotheses

<table>
<thead>
<tr>
<th>Path</th>
<th>Path coefficient</th>
<th>T</th>
<th>SIG</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational ethics affects</td>
<td>0.204</td>
<td>2.384</td>
<td>0.017</td>
<td>Confirmed</td>
</tr>
<tr>
<td>organizational effectiveness.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational ethics affects</td>
<td>0.902</td>
<td>38.965</td>
<td>0.0001</td>
<td>Confirmed</td>
</tr>
<tr>
<td>organizational health.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational health has an impact on</td>
<td>0.763</td>
<td>9.360</td>
<td>0.0001</td>
<td>Confirmed</td>
</tr>
<tr>
<td>organizational effectiveness.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. Discussion and Conclusion

The goal of this study was to examine the effect of managers’ organizational ethics on organizational effectiveness with the mediation of organizational health. The obtained results revealed that there is a positive and significant relationship between organizational ethics and organizational health with organizational effectiveness and between organizational ethics and organizational health, and likewise organizational health has a mediating role in the relationship between organizational ethics and organizational effectiveness. The findings of this study are consistent with the study of Karam Dokht (2010) and Atarian (2007). In their studies, they disclosed that there is a positive and significant relationship between organizational ethics and organizational effectiveness.

In line with explaining the findings of this study, it can be indicated that according to the theory of organizational justice, when an organization employees’ vision from the atmosphere in the organization is a vision based on justice and fairness, this increases their effectiveness. Since one of the components of organizational ethics is organizational autonomy and organizational autonomy means considering the interests of the organization regardless of the interests of employees, it can be concluded that whenever an organization emphasizes its interests, it cannot be expected to have an impact on employee effectiveness and if it does not play a role in reducing it, it will not increase it. Likewise, since benevolence is one of the components of organizational ethics, and if the moral atmosphere in the organization is fair and just, the employees' insights will confirm it, this will increase their effectiveness. The human tendency is towards perfection, and nature prefers justice and will be pleased to see the results of justice and in the workplace, this issue has a clear feature. So, the existence of this relationship is not far from expectation. Adherence to ethical principles in the organization affects the atmosphere in the organization. If the space governing the organization is a moral space due to adherence to ethical principles, the
existence of this type of space for employees will lead to agreement and adaptation, which in turn will increase organizational effectiveness.

The role of organizational health mediator in the relationship between organizational ethics and organizational effectiveness has not been investigated, however, it can be indicated that the concept of organizational health allows for a great picture of the health of the organization. In healthy organizations, employees are committed and conscientious, have high morale and performance, communication paths are open and useful, and a healthy organization is a place where employees like it and are proud to work in it. If a healthy organization is viewed as a system, then organizational health can be pursued not only in the physical and mental health of employees individually and collectively but also in the very existence and survival of the organization itself. At large, there are two mechanisms for making the organization's environment healthy: one is the law mechanism and the other is the moral mechanism, both of which are beyond the law and can sustainably and institutionally govern sanitation as a process in the organization. Actually, over this mechanism, organizational relationships are renewed and employees become self-controlled by internalizing ethics and the organization becomes healthy. Organizational health is a general topic that is related to the three sets of stress, mental health, and organizational ethics in organizations. Organizational health in any complex is the result of the establishment and institutionalization of professional ethics in the employees of that complex, that the entry of the Golden Rule into the lives of individuals and individual decisions based on it can, somewhat, eliminate the grounds for the occurrence of any administrative corruption [21]. Surely, the more committed managers are to ethics in the organization, the more effective the organization's staff will and will achieve organizational health.

This research, like other research, has had its limitations: the subject of organizational ethics has received less attention from researchers, thinkers, and writers; hence the researcher was faced with a lack of resources and works on organizational ethics, both descriptive and field research.

Based on the results of the current study, researchers are suggested that since the research conducted in the field of organizational ethics and organizational effectiveness is very small, study this issue with various methods and tools and in different conditions and organizations. To develop and improve organizational ethics and organizational health, and of course, to improve the organization's ability and effectiveness, the education organization is suggested to encourage employees to do the right thing for the benefit of the organization and ask them to fulfill their obligations in the organization. Similarly, managers should provide a clear definition of the organization's goals for employees so that employees have deep feelings about the organization's goals that initiate the reactions.

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