

The relationship between servant leadership and an ethical work climate in an agri-business

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Abstract and keywords/Uittreksel en sleutelwoorde

This study investigates the relationship between perceptions of servant leadership and the ethical climate in an agricultural business.

Using the Executive Servant Leadership Scale (ESLS) and the Ethical Climate Questionnaire (ECQ), the data was collected; full-time employees of an agricultural business, rating the servant leadership style of their managers in addition to the ethical work climate of their organisation.

The survey was conducted on a convenience sample (N=151) representing a response rate of 63.3% from a sample of 240 employees.

This study found a statistically significant correlation between the manager's leadership style of servant leadership and the ethical work climate of the organisation.

Keywords: Servant leadership, ethical climate.

Hierdie studie ondersoek die verhouding tussen die persepsie van dienende leierskap en die etiese klimaat in 'n landbou besigheid.

Die data is ingesamel deur gebruik te maak van die *Executive Servant Leadership Scale (ESLS)* en die *Ethical Climate Questionnaire (ECQ)*. Voltydse werknemers van 'n landboubesigheid het hulle bestuurders se dienende leierskap beoordeel teenoor die etiese werksklimaat van die organisasie.

Die opname is gedoen by wyse van 'n gerieflikheidssteekproef (N=151) wat 'n reaksiekoers van 63.3% opgelewer het tydens 'n steekproef op 240 werknemers.

Hierdie studie het bevind dat daar 'n statisties-beduidende ooreenkoms is tussen die bestuurder se dienende leierskapstyl en die etiese werksklimaat van die organisasie.

Sleutelwoorde: Dienende leierskap, etiese werksklimaat

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CHAPTER 1:

INTRODUCTION

1.1 Introduction to the study

This dissertation investigates the relationship between perceptions of servant leadership and the ethical climate in an agricultural business. This chapter describes the research objectives and the methodology of the study.

1.2 Background and motivation

Unethical behaviour is a rapidly escalating trend in the current work situation where, within organisations, there appears to be a decrease in ethical behaviour. The increasing scandals in businesses have given rise to a growing interest in business ethics. Questions arise regarding the quality of organisational leadership.

How to improve employee loyalty is one of the most difficult problems which troubles business leaders today. Several ways are proposed to solve this problem where choosing the correct style of leadership forms a key perspective. For ages the debate on the right leadership style has continued and will probably go on till a consensus on how to lead and who should lead is formed (Boyle *et al.*, 2001).

In 2011, 3,877 senior business representatives from seventy eight countries participated in PricewaterhouseCoopers' (PwC) Global Economic Crime Survey (GECS), which is conducted every two years (Cybercrime in the spotlight, 2011). The survey result according to PwC shows that economic crime remains a significant challenge for business leaders all over the world and specifically in South Africa where 60% of respondents indicated that they had experienced some form of economic crime, compared to the global average of 34%. For the last six years asset misappropriation, bribery and corruption have been the top three economic crimes in South Africa.

Economic crimes not only have a direct financial impact, but also have a non-financial impact. The negative impact on employee morale has been identified as the most

significant non-financial consequence. Experience has shown that negative employee morale can result in additional losses. In their report in the GECS, PwC said that one of the things to prevent fraud is to develop a strong ethical culture that is clearly evident to all employees; however it can only be implemented with the right leadership and leadership style.

Research indicates that there is a positive relationship between an organisation's ethical climate and employees' organisational commitment. Organisations that exhibit strong ethical values may benefit from having more committed employees to the organisation (Vitell & Hidalgo, 2006:31). Organisations can design an ethical structure and create an ethical climate that supports and encourages people to act ethically in the organisation by both implementing and enforcing rules and policies on ethical behaviours, rewarding ethical behaviours and punishing unethical behaviours (Schwepker, 2001:39).

An organisation's ethical climate is vital, because it can improve employee morale, enrich organisational commitment and foster an involved and retained workforce. Porter (1980) wrote that organisational ethics are primarily driven not by policies and procedures, but by the action of its leaders. Good leaders model the ethics they'd like to see reflected throughout the organisation. If staff members see a leader being less truthful and honest in business dealings, they may believe that they conduct themselves in the same way.

Challenges faced by agricultural businesses today are, *inter alia*, with the lack of profits, just as in the case of every other business, it will fail sooner or later. The ethical point of view is how the business is making its profits. It is not only the business ethics that are a major concern, but also the ethical behaviour of the employers. It is therefore a major task for agricultural businesses to implement an ethical climate in its departments. Agricultural leaders are faced with many difficult decisions that present vexing ethical dilemmas. Typical unethical behaviours from Boyle *et al.* (2001) in an agricultural business are:

- Self-indulgence
- Producing misleading services
- Untrustworthiness
- Showing overconfidence in self-judgement

- Exhibiting poor quality in performance and apathy in goal attainment
- Obeying authority in a mindless routine
- Failing to speak up when unethical practices become evident
- Stepping on others to climb the promotional ladder
- Sacrificing innocent people to get jobs done, such as blaming subordinates
- Failing to cooperate with others
- Failing to take responsibility for injurious practices
- Inefficiency

Brown *et al.* (2005:6) define ethical leadership as the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships and the promotion of such conduct to followers through two-way communication, reinforcement and decision making. Landman and Punt (2006:11) state that ethical leadership is characterised by setting high standards and communicating these standards loudly and repeatedly in public and private, acting when someone violates the standard, funding and supporting ethics initiatives and holding people accountable for ethical and unethical conduct.

1.3 Problem statement

To ensure ethical behaviour in an agricultural business, effective and innovative leadership is needed. Leaders are people who are supposed to practise ethical values and moral attributes. Leaders have a significant impact on the success of a company, but leaders still fail to see that ethical leadership is a vital component of effective and responsible management.

Havenga (2006) says that business has changed and the people working in the organisations have perhaps changed even more. This means that the style of management and leadership also have to change to keep up with the times. Employees are no longer content with the traditional style of command and control. They want flexibility, they need to have the freedom to experiment, be creative, be innovative and, in the process, be allowed to make mistakes without being penalised therefore. Leaders need to be aware of these

changes and respond accordingly. The best way to do this, according to Havenga (2006), is to become a servant leader.

Servant leadership was first proposed in 1977 by Greenleaf. He believes that, to be a leader, one should become a servant first and that service consciousness is most important. Greenleaf's definition of the servant leader revolves around a way of life that carried the notion of service to an act of service (Greenleaf, 1977:7). Fuhrmann (2012) noted that the phrase "servant leadership" may not be familiar to a large number of individuals or corporations, but it's a belief system which already is widely embraced by some of the most successful organisations in the world. Servant leadership also means that leaders think more about their customers, their people and to develop the right kind of leadership throughout the organisation (Havenga, 2005:5).

Servant leadership comprises of an understanding and practise of leadership that places the good of those who are led above the self-interest of the leader. A servant leader has true commitment to his or her followers and predominantly serves the needs of followers, hence providing vision and empowerment, with service being the main activity of the servant leader (Spears, 2010). Servant leadership is demonstrated by empowering and developing people through expressing humility, authenticity, interpersonal acceptance and stewardship and by providing direction, followers are likely to feel empowered (Van Dierendonck, 2011:1254).

Brand Pretorius believes that people who are respected and cared for are more productive, honest and committed. He also believes that an ethical culture characterised by high levels of trust is an important added benefit of servant leadership. The thing that sets servant leaders apart is that they have a strong sense of ethics and high levels of awareness (Pretorius, 2013:174).

In *The Institution as Servant Leader*, Greenleaf wrote:

Caring for persons . . . is the rock upon which a good society is built. Whereas, until recently, caring was largely person to person, now most of it is mediated through institutions – often large, complex, powerful, and impersonal; not always competent; sometimes corrupt. If a better society is to be built, one that is more just and more loving, one that provides greater creative opportunity for its people, then the most open course is to raise both

the capacity to serve and the very performance as servant of existing major institutions (Greenleaf, 1977).

In terms of the scenario described above, the research focused on testing servant leadership and ethical perceptions, with altruism and integrity as core ethical values.

Understanding servant leadership ethics gives rise to the following research questions:

- What is the influence of servant leadership on an ethical climate?
- Does altruism lead to servant leadership behaviours

What is the relationship between integrity, servant leadership and ethical climate?

In this regard it is Greenleaf proposed that servant leadership has a positive effect on ethical climate and can lead to unit performance either directly or indirectly.

The concept of servant leadership and the ethical values of the leader will be integrated by explaining the relationship between these leadership behaviours and ethical climate.

1.4 Research objective

1.4.1 Primary objective

The primary objective of this study is to investigate the relationship between servant leadership and an ethical organisational climate as perceived by employees within an agri business.

1.4.2 Secondary objective

The specific objectives of this research are as follows:

- To conduct a literature survey in order to conceptualise main concepts (servant leadership (SL) and an ethical climate (EC) within the organisation) and to determine their interrelationship as established by previous research in different organisational contexts.
- To ascertain the effect of integrity on the relationship between servant leadership and ethical climate.

- To conduct an empirical study in order to measure employee perceptions of SL & EC as these manifest in an agri business.
- To determine the relationship between SL & EC within an agri business.
- To make recommendations to management regarding the findings.

1.5 Research methodology

Research in common parlance refers to the search for knowledge. One can also define “research” as a scientific and systematic search for pertinent information on a specific topic (Dawson, 2002).

According to Welman *et al.* (2011:2) research methodology considers and explains the logic behind research methods and techniques. It therefore has a much wider scope than research methods which, in turn, have a wider scope than research techniques.

Welman *et al.* (2011:6) highlight two main approaches to research, namely, a positivist versus an anti-positivist approach.

The positivist approach which is based on a philosophical approach known as logical positivism. The positivist approach underlines the natural-scientific method in human behavioural research to what can be observed and measured objectively; the feelings and opinions of individuals. The term “objective” implies that people other than the researcher should agree on what is being observed, such as the score that the observation should register on a measuring instrument. The positivist approach to research is also known as the quantitative approach.

The anti-positivist approach shares a resistance to upholding the natural-scientific methods as the norm in human behavioural research. According to the anti-positivists, it is inappropriate to follow strict natural-scientific methods which are designed for studying molecules or organisms and therefore are not applicable to the phenomena being studied in human behavioural sciences. The anti-positivist approach to research is also known as the qualitative approach.

TABLE 1.1 QUALITATIVE VERSUS QUANTITATIVE RESEARCH

Criteria	Qualitative research	Quantitative research
Purpose	To understand & interpret social interactions.	To test hypotheses, look at cause & effect & make predictions.
Group studied	Smaller & not randomly selected.	Larger & randomly selected.
Variable	Study of the whole, not variables.	Specific variables studied.
Type of data collected	Words, images, or objects.	Numbers and statistics.
Form of data collected	Qualitative data such as open-ended responses, interviews, participant observations, field notes, & reflections.	Quantitative data based on precise measurements using structured & validated data-collection instruments.
Type of data analysis	Identify patterns, features, themes.	Identify statistical relationships
Objectivity and subjectivity	Subjectivity is expected.	Objectivity is critical.
Role of researcher	Researcher & their biases may be known to participants in the study, & participant characteristics may be known to the researcher.	Researcher & their biases are not known to participants in the study & participant characteristics are deliberately hidden from the researcher (double blind studies).
Results	Particular or specialised findings that is less generalisable.	Generalisable findings that can be applied to other populations.
Scientific method	Exploratory or bottom-up: the researcher generates a new hypothesis and theory from the data collected.	Confirmatory or top-down: the researcher tests the hypothesis and theory with the data.
View of human behaviour	Dynamic, situational, social & personal.	Regular & predictable.
Most common	Explore, discover & construct.	Describe, explain & predict.

research objectives		
Focus	Wide-angle lens; examines the breadth & depth of phenomena.	Narrow-angle lens; tests a specific hypotheses.
Nature of observation	Study behaviour in a natural environment.	Study behaviour under controlled conditions; isolate casual effects,
Nature of reality	Multiple realities; subjective.	Single reality; objective.
Final report	Narrative report with contextual description & direct quotations from research participants.	Statistical report with correlations, comparisons of means & statistical significance of findings.

(Johnson, 2008:34)

Since the researchers are primarily interested in determining relationships between constructs and quantifying these if possible, a quantitative approach was opted for.

The purpose of this quantitative comparative study is to examine servant leadership and ethical behaviour in an agricultural business.

1.5.1 Literature review

Bourner (1996:8) states that prior to commencing a research project the first step is to review the field. He provides a number of reasons for conducting a literature review, for example:

- To increase your knowledge of your subject area
- To identify opposing views
- To identify gaps in current knowledge
- To put your own work in perspective
- To identify methods that could be relevant to your study

A detailed literature research will be done to gain theoretical knowledge and understanding.

The sources that will be consulted include:

- Research articles in academic journals
- Scientific books
- Textbooks
- Electronic databanks (websites)

1.5.2 Empirical study

Empirical research focuses on the methods of collecting original data and the analysis, interpretation and application of such data (Riley *et al.*, 2005:9).

1.5.3 Population

The study population consists of two departments of an agri business i.e. the retail and spares departments within Suidwes Agriculture (Pty) Ltd. Permission was obtained beforehand to use these branches within the two departments of Suidwes Agricultural (Appendix A). Within these two departments, there are forty branch managers that were evaluated; twenty-one from the retail department and nineteen from the spares department. The number of followers that have a direct relationship with the forty managers is about six per manager, thus a target population of two hundred and forty followers. The population was small enough to manage comfortable, as I regularly visit the different branches as part of my duties. A population survey rather than a population sample was done.

1.5.4 Measuring Instruments

The empirical study with regards to servant leadership was done by means of a standardised questionnaire from an instrument used by Reed *et al.* (2011). Key dimensions of measuring servant leadership have been identified in a questionnaire, namely The Executive Servant Leadership Scale (ESLS). To assess ethical climate, the Ethical Climate Questionnaire (ECQ) by Cullen *et al.* (1993) was used. The ECQ measures the ethical climate at individual and organisational levels of analysis. Both of these questionnaires were freely available from the internet, but extra care was taken with the ESLS

questionnaire, where I have obtained permission from Dr Lora Reed, PHD Ashford University, to use this questionnaire as part of my research. Meetings were held with the respondents during site visits, where the nature of the study and the questionnaire were explained to them. The confidentiality of these questionnaires was also reiterated during these sessions.

1.5.5 Ethical Considerations

Throughout the process of data collection the problem of persuading participants to co-operate with the researcher is ever present. Bless and Higson-Smith (2000) generally accepts the ethical rights of a participant to be: the right to privacy and voluntary participation, anonymity and confidentiality. These were observed throughout the empirical phase of the study.

1.6 LIMITATION / ANTICIPATED PROBLEMS

The research was limited to an agri business with specific focus on two departments within Suidwes Agricultural. Only the perceptions of followers were assessed. These followers have a direct relationship to the leader and have a working experience of at least one year and longer. That was to ensure that they have a trustworthy opinion of their leader.

The limitations could include the honesty of the followers; if they don't have a good relationship with their manager, they could put him/her in a bad light by not being honest. The risk exists that participants are self-biased or subjective in completing the measure instrument. Possible intimidation could also be a contributing factor as well as job security, influential peers and other environmental factors.

1.7 CHAPTER DIVISION

The chapters in this mini-dissertation are presented as follows:

Chapter 1: Introduction and problem statement

Chapter 2 consists of a literature review on the topics of ethics and servant leadership.

Chapter 3 contains a comprehensive explanation of the research methodology followed.

Chapter 4 covers the empirical research performed, including collection of data and the analysis, interpretation and discussion of the result.

Chapter 5 is the final chapter which contains the conclusions and recommendation from the result of the study.

1.8 SUMMARY

Chapter 1 serves as the introduction to this research project. Chapter 2 will focus on the literature review.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction to the study

This chapter will present the literature study supporting the research done and will cover the following subjects: Ethics, ethical climate, ethical leadership and servant leadership.

2.2 Ethics

In today's modern business world, the road to success requires more than merely technical skills, practical knowledge and a good product. Ethics in the business environment are the guiding force to achieve and sustain success (PWC 2011).

To understand business ethics, Treviño and Nelson (2007:16) defined business ethics as the study of behaviour within a business context which is consistent with the principles, norms and standards of business practices as agreed with the community.

According to Mbatha (2005:16), ethics can be seen as a system of moral principles that is based on values relating to human conduct, with respect to the rightness or wrongness of certain actions and to the goodness and badness of the motives and ends of such actions. Grobler *et al.* (2006:32) add to this by describing ethics as a discipline which deals with obligations and moral duty, or with what is good and bad, right and wrong.

Ethics is not about codes, but about people who make decisions. One study found that ethics officers and committees were not perceived by managers to be as effective in institutionalising ethics, while culture, leadership and communication channels were indeed (Jose & Thibodeaux, 1999).

There are a variety of reasons why human beings find it difficult to be moral. One may not know what action is morally best and, even when one does know, may lack the power or the will to do what one ought to. But there is also another, more intriguing, set of circumstances, namely those where there seems to be no right thing to do, where anything

one do seems to be wrong in some important respect. The last set of circumstances constitutes what philosophers refer to as “moral dilemmas,” which is: ethical conflicts in which, in order to do the right thing, one has to do the wrong thing. In other words, in order to be or do good, one must also be or do evil (Parrish, 2007:1-2).

The process of making good ethical decisions is complex, influenced by individual, organisational, situational and external factors (Jose & Thibodeaux, 1999) as well as interpersonal and organisational influences (Knouse & Giacalone, 1992).

Ethical issues in organisations

Ethical or unethical behaviour and judgement usually occur in situations that raise ethical considerations or issues. *“An ethical issue is a problem, situation or opportunity requiring an individual to choose among several actions that must be evaluated as right or wrong, ethical or unethical.”* (Ferrell & Fraedrich, 1991) Issues may also be problematic because of the feeling they evoke or because they contain a dilemma of some kind (Dutton & Dukerich, 1991).

Typical unethical behaviours in organisations include (Boyle *et al.*, 2001):

- Corporate fraud
- Greediness
- Engaging in covert operations
- Producing misleading services
- Reneging or cheating in negotiated terms
- Creating unclear or inappropriate policies that can cause others to lie to get the job done
- Showing overconfidence in self-judgment
- Disloyalty
- Exhibiting poor quality in performance and apathy in goal attainment
- Engaging in humiliating and stereotyping tactics
- Engaging in bigotry, sexism or racism
- Showing favouritism

- Suppressing rights such as freedom of speech and choice
- Obeying authority in a mindless routine
- Promoting people who are destructive go-getters yet they seem to outrun mistakes
- Price fixing as the standard regardless of the real cost
- Failing to speak up when unethical practices become evident
- Stepping on others to climb the promotional ladder
- Sacrificing innocent people to get jobs done, such as blaming subordinates
- Knowingly exaggerating the advantages of a plan to garner support
- Failing to cooperate with others
- Lying for sake of business
- Failing to take responsibility for injurious practices
- Abusing corporate perks
- Obstructing or stalling actions and processes
- Dithering and
- Inefficiency.

The all-important criteria for decision making when it comes to ethics in the workplace could perhaps best be encapsulated by first addressing the myths which are surrounding ethics in the workplace. After all, workplace ethics are also about avoiding what is wrong (Martin, 2011).

Myths in the workplace are derived from Marin (2011).

1. Myth: Our employees are ethical so we don't need to focus on this

Most of the ethical dilemmas faced by leaders and managers in the workplace are highly complexed ones. When presented with complex ethical dilemmas, most people do not realise that there can be wide-spreaded "grey areas" which are not covered in their ethics code of conduct. That is why it is necessary and important to have clear-cut communications.

2. Myth: Workplace ethics are unnecessary. It only asserts the obvious: "*do good axioms*"

Many people mistakenly believe that a code of ethics, or lists of ethical values to which the organisation aspires are quite superfluous because they only represent values that one should aspire to anyway. However, the value of a code of ethics to an organisation should be viewed as a priority to its focus regarding certain principles relating to honesty and integrity. A code of ethics should be organic to each specific organisation.

3. Myth: Workplace ethics is best left to philosophers, theologians and academics

The lack of involvement of leaders and management in planning and implementing a code of ethics has led many to believe that workplace ethics can be construed as a fad or temporary movement, having little to do with the day-to-day realities of running an organisation. They believe workplace ethics is primarily an academic or religious debate.

4. Myth: Ethics can't readily be managed

Actually, ethics are constantly "managed," but often in an indirect manner. Strategic priorities (improving client services, profit maximisation, expanding market shares, cutting and costs.) can be very strong influences on morality and integrity. Laws, rules and regulations directly influence behaviours to be more ethical, usually in a manner that improves the general good of the organisation.

5. Myth: My organisation is not in trouble with the law, so we're ethical

One can often be unethical, yet operate within the limits of the law, e.g., withhold information from superiors, unduly complaining about or unjustifiably criticising others, fudging reports and other documentation. However, breaking the law actually starts with unethical behaviour that has simply gone unnoticed.

2.3 Ethical climate in the organisation

Workplace ethical climate represents the organisation's policies, procedures and practices on ethical issues, it influences employees' attitudes and behaviours and serves as a reference for employee behaviour. Individual and organisational characteristics affect ethical climate, for instance, employees' perceptions of ethical climate vary by their age and department where they are working (Martin & Cullen, 2006).

An ethical work climate is defined as the shared perceptions of what ethically correct behaviour is and how ethical issues should be handled within the organisation (Victor & Cullen, 1988). Ethical work climate is also defined as the shared perceptions of the content and strength of the prevalent values, norms, attitudes, and behaviours of the members of a social system. These social systems represent collectives of individuals who share a formal or informal structure such as a department, organisation, or network (Payne, 1990).

Unethical climate has a pervasive effect on employees via levels of lower job satisfaction, low performance, turnover intention and low organisational citizenship behaviour (Leung, 2008). Ethical climate is important because it influences employees' behaviour (Wimbush & Shepard, 1994).

While individual moral character is a principal determinant of moral conduct, the work environment itself is an equally critical influence on behaviour (Cohen, 1993). Ethics are moral principles, values, rules or beliefs about what is right or wrong (Gareth, 2007:42).

Each organisation may have a set of ethical rules that may be unique to the organisation (Gareth, 2007:47). Employees in an organisation firstly perceive ethics (code of ethic) before their behaviours are likely to become more ethical. If an organisation is committed to being ethical, this can have a direct impact on employees' behaviour (Vitell & Hidalgo, 2006:31-43).

Organisations can design an ethical structure and create an ethical climate that supports and encourages people to act ethically in the organisation by both implementing and enforcing rules and policies on ethical behaviours, rewarding ethical behaviours and punishing unethical behaviours (Schwepker, 2001:39-52; Schwepker, 1997:99-108; Gareth, 2007:42-47).

Research indicates that there is a positive relationship between organisations' ethical climate and organisational commitment. Organisations that exhibit strong ethical values

may benefit from having more committed employees in the organisation (Vitell & Hidalgo, 2006: 31-43).

Classification of ethical climates has been validated against various measures of organisational effectiveness. The descriptions that follow are derived from Victor and Cullen (1988).

1. **Caring** - This climate type focuses on the benevolence ethical criterion and is based on concern for others. In this atmosphere, individuals have a sincere interest in each other's well-being, as well as that of others within and outside of the organisation who might be affected by their ethical decisions.
2. **Independent** - This dimension entails the principle of ethical criterion. According to this dimension of ethical climate, persons act according to their own personal moral beliefs based on a set of well-considered principles.
3. **Law and Code** - The law and code dimension is associated with the principle of ethical criterion. In decision making situations within a law and code climate, it is perceived that employees should make decisions based on the mandate of some external systems such as the law or professional codes of conduct.
4. **Rules** - The rule dimension is associated with the principle ethical criterion. This dimension relates to the accepted rules of conduct determined by the firm. Organisational decisions are guided by a set of local rules or standards such as codes of conduct.
5. **Instrumental** - The instrumental climate involves the egoistic criterion and is primarily based on the maximisation of self-interest. Individuals believe that decisions are made to serve the organisation's interests or to provide personal benefit.

Leader's play a large role in influencing the performance of their subordinates and their work unit as a whole and a leader's effectiveness is often measured by the performance of his/her unit (Henning *et al.*, 2002).

The performance of a leader thus influences the overall organisational unit performance, as changes in managerial effectiveness have been directly related to changes in organisational effectiveness (House, cited in Henning, *et al.*, 2002).

2.4 Ethical Leadership

The expense of doing business in a completely unethical environment would preclude any organisation from making a profit (Beu & Buckley, 2004). Organisations increasingly emphasise on ethics in the workplace and rely on the ethical behaviour of leaders at different levels in the organisation. Theory suggests that such leaders form role models of appropriate behaviour to followers. Followers emulate leaders' fair, open and honest behaviours by, for example, engaging in pro-social behaviours such as interpersonal citizenship and through showing such pro-social behaviours they constructively contribute to the organisation (Brown *et al.*, 2005).

Leaders are vital to organisations in order to meet their goals. These days, in addition to financial targets, organisations are required to meet environmental as well as societal responsibilities and leaders are expected to play an imperative role in stimulating the ethical climate in the workplace (Dickson *et al.*, 2001).

Ethical leadership is a value-driven form of leadership. Such value-driven leaders affect the self-concept and beliefs of their followers and, in turn, their motivation, attitudes and behaviours (Shamir *et al.*, 1993). Piccolo *et al.* (2010) suggest that an ethical leader's behaviour helps followers to see their job as more meaningful, which translates into increased motivation, effort and productive behaviour.

An important way in which ethical leaders affect the self-concept and beliefs of followers is through acting as a role model to their followers. According to this social learning perspective, followers imitate favourable behaviours of their ethical leader's expressed identity and adopt the leaders' emphasis on integrity, trust and shared values by integrating these into their own identity (Brown *et al.*, 2005).

Brown *et al.* (2005) identified and separately measured three related but distinguishable ethical leader behaviours.

1. **Fairness** is seen as an important element of ethical leader behaviour. Behaviours that are part of the fairness component are making fair choices, showing trustworthy and honest behaviour, not practicing favouritism and taking responsibility for one's own actions.
2. **Power sharing** is labelled by De Hoogh and Den Hartog (2008) as a behavioural component of ethical leadership. Ethical leaders provide subordinates with voice, ask for and listen to their input, and allow them to share in decision-making issues that concern their task.
3. **Role clarification** is a distinguished part of ethical leader behaviour and such leaders communicate transparently and respectfully, while clarifying responsibilities, expectations and performance goals. Open communication and transparency toward subordinates help them knowing what is expected of them and understand when their performance is up to par.

Ethical leadership can be defined as the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships and the promotion of such conduct to followers through two-way communication, reinforcement and decision making (Brown *et al.*, 2005).

When followers perceive leaders to be neither ethical nor unethical, they will most likely view them as ethically neutral. This perception limits leaders' potential to exert a positive influence on follower's moral behaviour, and it may even have counterproductive effects as employees will believe that the bottom line is the only value that should guide their decisions (Treviño *et al.*, 2000).

As leadership always entails a relationship between leaders and followers, it is important to focus on the leader as a moral manager. Leadership is an essential feature of the ethical culture of an organisation (Treviño *et al.*, 1999) and it is the leader who is able to place ethics on the organisational agenda (Treviño *et al.*, 2003; Treviño *et al.*, 2000). Moral managers consciously attempt to foster their followers' moral behaviour by setting clear

moral standards and expectations and creating ground rules for moral conduct (Brown & Treviño, 2006; Treviño *et al.*, 2003).

Great leaders create a vision for an organisation, articulate the vision to the followers, build a shared vision, craft a path to achieve the vision and guide their organisations into new directions (Banutu-Gomez & Banutu-Gomez, 2007; Kotter, 2001).

In their theory of ethical leadership, Brown *et al.* (2005) suggests that ethical leaders' role in enhancing the attitudes and behaviours of their respective followers and employees are important. It has been substantiated that the relationship between ethical leadership and employees' job satisfaction is significant and consequently these employees (followers) would show higher job satisfaction with their work when their leaders are ethical (Brown *et al.*, 2005).

Some basic principles to help leaders make ethical decisions

A key reason why decisions which have ethical implications may be difficult for leaders to make, is that they may be encountering situations that they have never had to deal with before. This lack of experience may be characterised by a great deal of ambiguity in terms of what to do. Some basic principles may be useful in helping to guide the ethical decision-making process (Sherwin, 1983):

1. Don't allow personal gains to outweigh the good of the organisation.
2. Recognise all perspectives when making an ethical decision.
3. Respect people and their rights.
4. Keep promises and honour contracts.
5. Use feelings to help decide morale dilemmas.
6. Get all the facts.
7. Treat all people fairly.

8. Define who you are, your company and personal values.
9. Always challenge your decision to be in line with your values, beliefs and morals.
10. Never compromise your integrity.
11. Ethical decisions must use fair procedures and account for unjust actions.
12. Don't choose the easiest answer; consider all the options (don't just go for a quick fix).
13. Don't overstep the bounds of what outsiders will tolerate while balancing the company's and outsider's interests.
14. Consider the risk of setting and trying to achieve overly ambitious goals.
15. Communicate that all employees have a responsibility to keep the company's moral and ethical standards in check.
16. When in doubt, don't.
17. Instil proper checks and balances of ethical behaviour that don't create bottlenecks and
18. When possible, seek the input of individuals who already have been confronted at a moral crossroad.

2.5 Servant leadership

Greenleaf (1977) proposed the concept of servant leadership, in which service to followers, the essence of leadership, is the primary responsibility of leaders.

The servant leader is servant first . . . It begins with the natural feeling that one wants to serve, to serve first. Then conscious choice brings one to aspire to lead . . . The best test and difficult to administer is this: Do those served grow as persons? Do they, while being served, become healthier, wiser, freer, more autonomous and more likely themselves to become servants? And, what is the effect on the least privileged in society? Will they benefit, or at least not further be harmed?
(Greenleaf 1977: 7)

A servant leader has the role of a steward who holds the organisation in trust (Reinke, 2004). It means that servant leaders go beyond self-interest. They are motivated by

something more important than the need for power, namely, the need to serve (Luthans & Avolio, 2003).

The vision of principled, open and caring leadership which servant leadership creates, is deeply appealing to an apathetic and cynical public, tired of scandal and poorly performing bureaucracies and stands in sharp contrast to the “ethics of compliance” so popular with organisations today (Gawthrop, 1998).

The servant leader’s behaviour is grounded in his or her concept of him/herself as a steward of the organisation and its people. The servant leader holds the organisation in trust to the public it serves (Greenleaf, 1977). The leader’s behaviour is grounded in a strong sense of values or “virtue”; it resembles virtue ethics (Hursthouse, 1999) and the “substantive justice” stage of ethical development (Rest & Darcia, 1994). Stewardship ensures that the servant leader does not accept mediocre performance, but keeps everyone focused on achieving organisational objectives within the constraints of shared organisational values. This view coincides with Gawthrop’s (1998) call for a public service staffed with ethical public servants as opposed to relaying ethics based on conformity to rules.

This focus on objectives is balanced by a deep commitment to the growth of people and the building of community within the organisation. This understanding of leadership makes reference to some of the relationship, such as being caring (instead of indifferent), being close (instead of distant), being relationally connected (instead of relationally disconnected and independent), being cooperative (instead of overly competitive), being intuitive (instead of purely logical), being emotional and loving (instead of purely rational) and being empathetic (instead of exploitative) (Morgan, 1997).

Spears (2010) determined a list of 10 essential characteristics of servant leaders:

- **Listening** – Leaders have traditionally been valued for their communication and decision-making skills. Although these skills are also important for a servant leader,

they are required to be reinforced by a deep commitment to listen intently to others. The servant leader seeks to identify the will of a group and helps to clarify and understand that will. He listens receptively to what is being said and unsaid. Listening is essential to the growth and well-being of the servant leader.

- **Empathy** – The servant leader strives to understand and empathise with others. People have an inherent need to be accepted and recognised for their special and unique spirits. The most successful servant leaders are those who become skilled empathetic listeners.
- **Healing** – The healing of relationships is a powerful force for transformation and integration. One of the great strengths of servant leadership is the potential for healing oneself as well as one's relationship with others.
- **Awareness** – General awareness and especially self-awareness, strengthens the servant leader. Awareness helps one to understand issues relating to ethics, power and values.
- **Persuasion** – Another characteristic of servant leaders is reliance on persuasion, rather than on one's positional authority, in making decisions within an organisation. The servant leader seeks to convince others, rather than coerce compliance.
- **Conceptualisation** – Servant leaders seek to nature their abilities to dream great dreams. The ability to look at a problem or an organisation from a conceptualising perspective means that one must think beyond day-to-day realities. For many leaders, this is a characteristic that requires discipline and constant practice.
- **Foresight** - Closely related to conceptualisation, the ability to foresee the likely outcome of a situation is hard to define, but easier to identify. One knows foresight when one experiences it. Foresight is a characteristic that enables the servant leader to understand the lessons from the past, the realities of the present and the likely consequence of a decision for the future. It is also deeply rooted within the intuitive mind.
- **Stewardship** - Holding something in trust and serving the needs of others. Servant leadership, like stewardship, assumes first and foremost a commitment to serving the needs of others. It also emphasises the use of openness and persuasion, rather than control.

- **Commitment to the growth of people** - Nurturing the personal, professional and spiritual growth of others. The servant leader recognises the tremendous responsibility to do everything in his or her power to nurture the personal and professional growth of employees and colleagues. In practice this can include, *inter alia*, concrete actions such as making funds available for personal and professional development, taking a personal interest in the ideas and suggestions from everyone, encouraging worker involvement in decision making and actively assisting laid-off employees to find other positions.
- **Building community** - Emphasising that local communities are essential in a person's life. This awareness causes the servant leader seeking to identify some means for building the community among those who work within a given institution. Servant leadership suggests that true community can be created among those who work in businesses and other institutions.

To be a servant leader we should be humble and know our limits. If we are humble, only then we can serve others at work. If we do not remain humble, we cannot assist others in building themselves and converge as a team with success as the common goal. By doing these things it provides "others the opportunity to lead and develop" (Rinehart, 1998).

Laub (1999) proposed that "managers and workers would have higher job satisfaction in a servant organisation and as a result would be freed up to perform at their highest levels of ability, leading to greater success for the organisation."

In ethical leadership, the emphasis is more on directive and normative behaviour, whereas servant leadership has a stronger focus on the developmental aspect of the followers. The latter is focused not so much on how things should be done given the norms of the organisation, but rather on how people want to do things themselves and whether they are able to do so (van Dierendonck, 2011).

2.6 Previous research done on servant leadership

Avolio *et al.* (2009) described how the focus of leadership has been changed by researchers from only focusing on the leader to a broader context, including followers, peers, supervisors, work setting and culture. Leadership theories are more and more recognising the complex process that leadership actually is. Especially with its focus on followers and on ethical behaviour, servant leadership is part of the emerging theories. There are seven leadership theories that reveal the most overlays with servant leadership, namely, transformational leadership, authentic leadership, ethical leadership, level 5 leadership, empowering leadership, spiritual leadership, and self-sacrificing leadership (Avolio *et al.*, 2009).

There has been a flurry of interest in recent years surrounding a theory of servant leadership and the dimensions that make up the construct. What started out as a two-fold concern of Greenleaf (1977) that, individuals who want to tackle the problems of the world do so only intellectually and that individuals who want to serve often miss the opportunity, servant leadership has become a theory for moral and ethical leadership that focuses on follower development, community building, authentic leadership, and shared leadership (Graham, 1991).

Researchers proposed “that the motive of the servant leader’s influence is . . . to motivate and facilitate service and stewardship by the followers themselves.” Indeed Greenleaf argued that the best indicator of servant leadership is that followers are “more likely themselves to become servants” (Stone *et al.*, 2004).

Prior research has demonstrated that employees, when empowered, exude a higher level of self-confidence and have a greater sense of being able to positively influence their work environment (Zhu *et al.*, 2004). Servant leadership is an altruistic leadership style that potentially contributes to the development of positive attitudes in followers.

Laub realises the need for a way to assess the level at which workers and leaders perceive the presence of servant leadership characteristics within their organisations. He formulates an operational definition from an agreed-upon list of the characteristics of servant

leadership. Laub's definition states that, servant leadership is an understanding and practising of leadership that places the good of those led over the self-interest of the leader. Servant leadership promotes the valuing and development of people, the building of community, the practise of authenticity, the providing of leadership for the good of those led and the sharing of power and status for the common good of each individual, the total organisation and those served by the organisation (Laub, 1999).

Servant leadership is also praised for its emphasis on a "holistic" approach to the individual worker, one that addresses his or her spiritual as well as economical needs. Lee and Zemke, for example, point to the instabilities of today's work environment. Layoffs, plant closings, corporate scandals and increased competitive pressures have all contributed to a heightened uncertainty and stress in the workforce. There is a growing need for psychological security and stability and a sense of moral and ethical grounding. Researchers cite a "growing preoccupation among individuals with the spiritual side of life," and a need for follower empowerment and personal development. Servant leadership is described as a new paradigm that meets these needs, because corporate culture is most influenced by the beliefs, values and actions of its leader (Lee & Zemke, 1993).

2.7 Conclusion

This chapter began with a brief literature review of ethics, ethical leadership and servant leadership. Additionally, an overview of previous research done on servant leadership was also discussed.

People will adapt to their environment and to the behaviours of others - occasionally to an astonishing degree. It is a misleading generalisation to say that only bad people will do bad things. "Good" people may do bad things as well, depending on the nature of the circumstances. Recruiting only "good" people is not enough. Institutions are required to set up incentives, values and breed a culture in order to lead people to serve as stewards of the company's reputation. People can be uncertain of what is expected and/or required of them. Lack of clarity creates uncertainty and uncertainty undermines trust.

The crux of any organisation's culture is determined by the way it is led by its leaders; even the best leadership system has to be implemented by its people. They need to assess the situation, evaluate related risks, and subsequently make the appropriate decision. Achieving this requires not only a strategic mind-set, but also values a culture that can provide guidance to individuals and foster in their daily actions as well as interactions. However, cultures are fragile; they need to be reinforced and nurtured constantly, otherwise, they will wither away. How leaders respond to crisis, misconduct or lack of integrity can have a tremendous impact on a company's culture and these occurrences are the ideal opportunities for leaders to set the example.

To conclude, to be an effective leader it is required to become a servant leader. Servant leadership is effective when it comes to self-perception of leadership style and the ability to be innovative as well as his/her subordinates' perception of him/her as leader.

CHAPTER 3:

EMPIRICAL RESEARCH

3.1 Introduction

The preceding chapter reviewed the literature relating to ethics, ethical climate and servant leadership. This chapter describes the research methodology used in the study. The research design, population and sampling used in the study will be presented. The two instruments used for data collection will be described. Finally, this chapter highlights the ethical considerations that needed to be taken into account.

3.2 Hypotheses

3.2.1 Hypothesis One

Ho1 There is no significant positive linear relationship between the ethical climate and the performance of a servant leader.

Ha1 There is a significant positive linear relationship between the ethical climate and the performance of a servant leader.

3.2.2 Hypothesis Two

Ho2 There is no significant positive linear relationship between employee ethical behaviour and servant leadership.

Ha2 There is a significant positive linear relationship between employee ethical behaviour and servant leadership.

3.2.3 Hypothesis Three

Ho3 There is no significant positive linear relationship between ethics and servant leadership.

Ha3 There is a significant positive linear relationship between ethics and servant leadership.

3.3 Research design

Research design is the strategy, plan and structure of conducting a research project (Leedy, 1993). There are three common methods of data collection, namely: observation, interviews and questionnaires (Bless & Higson-Smith, 2000). Sekaran (2000) suggests that questionnaires are an efficient data collection mechanism provided the researcher knows exactly what is required and how to measure the variables of interest.

For the purposes of this research a quantitative research method was used. Two instruments were used to gather the necessary information: 1) The Executive Servant Leadership Scale (ESLS) by Reed *et al.* (2011) and 2) The Ethical Climate Questionnaire (ECQ) by Cullen *et al.* (1993). See Appendix A

3.3.1 The Executive Servant Leadership Scale (ESLS)

A total of 55 questions were used to measure the key dimensions of servant leadership, based on the Executive Servant Leadership Scale (ESLS). The questionnaire was introduced as follows: Please respond to the following statements regarding your perception of your manager.

Read each statement carefully. For each statement, which number best describes your manager?

The ESLS used a 5 point scale of measurement from 1 to 5, where 1= totally disagree and 5= totally agree

The questionnaire focused on a few elements necessary for servant leadership.

Interpersonal support

Interpersonal support offered by leaders cannot only help organisational members develop their full potential, but can also foster an organisational culture conducive to growth and service.

6. Recognise low morale

7. Make other succeed

- 15. Nurtures employee leadership
- 25. Dignity and respect
- 29. Decision-making control to most affected
- 37. Listens carefully

Example question ask: Recognises when employee morale is low without asking?

Building community

The ability to build community, both within and outside the organisation, is a critical attribute of servant leadership, with emphasis on external communities which are a distinguishing feature of the construct.

- 2. Effects of decisions on community
- 20. Spirit of cooperation
- 21. Organisational commitment
- 45. Improve community
- 46. Values diversity and differences

Example question ask: Considers the effects of organisational decisions on the community?

Altruism

Defined as unselfish concern for others, manifested in constructive service, altruism is at the core of servant leadership and has been shown by other leadership models to exert a positive impact on employee motivation and performance.

- 9. Sacrifice personal benefit
- 11. Serve with no expectation of reward
- 22. Other's interests over self
- 42. Serving others over being served

Example question ask: Sacrifices personal benefit to meet employee needs?

Egalitarianism

An important feature of servant leadership is egalitarianism: rejecting the notion that leaders are inherently superior to other organisational members and understanding that learning and influence are multi-directional processes.

- 10. Encourages debate
- 13. Invites constructive criticism
- 27. Learns from employees at all levels
- 52. Welcomes input from all levels

Example question ask: Encourages debate of his/her ideas?

Moral integrity

Moral integrity, like altruism, is fundamental to servant leadership.

- 12. Inspires trust
- 18. Refuses manipulation and deceit
- 32. Admits mistakes
- 33. Transparency and honesty in organisation
- 40. Integrity over profit
- 55. Models expected behaviour (walks the walk)

Example question ask: Inspires employee trust?

The questionnaire that was distributed to be completed is provided in Appendix A

3.3.2 Ethical Climate Questionnaire (ECQ)

A total of 36 questions were used to measure the general climate in the company, based on the Ethical Climate Questionnaire (ECQ). The questionnaire was introduced as follows: Please answer the following in terms of how it really is in your company, not how you would prefer it to be.

Please indicate whether you agree with each of the following statements about your company. Please use the scale below and write the number which best represents your answer in the space next to each item.

The ECQ used a 5 point scale of measurement from 1 to 5, where 1 = Mostly false and 5 = Completely true

The Ethical Climate Questionnaire represents seven dimensions of ethical climate in the company:

- 1) Self-Interest 1, 10, 33,
- 2) Company profit efficiency 2, 4, 19, 25, 29, 36
- 3) Friendship and team-interest 5, 12, 16, 21, 27, 31, 32
- 4) Social responsibility 26, 28, 30, 34
- 5) Personal morality 3, 6, 9, 11, 22, 35
- 6) Rules and standard operating procedures 7, 15, 17, 18, 23
- 7) Laws and professional codes 8, 13, 14, 20, 24

The questionnaire that was distributed to be completed is provided in Appendix A.

3.4 Mean and Standard deviation

In a research project that includes several variables, beyond knowing the means and standard deviations of each of the variables, one would often like to know how one variable is related to another. The mean is the sum of all the scores in the distribution divided by the number of scores in the distribution. The standard deviation is the (positive) squared root of the variance. The value of the standard deviation indicates how much the scores vary. The larger the value of the standard deviation, the more the scores vary (Bless & Higson-Smith, 2000).

A correlation, the linear relationship between two quantitative variables, is derived by assessing the variations in one variable as another variable also varies (Sekaran, 2000).

Bless and Higson-Smith (2000:153) define a correlation as “the relationship between two variables where change in one variable is accompanied by predictable change in another variable.”

3.5 Reliability and validity

When evaluating or formulating a specific instrument, reliability and validity are two of the most important aspects to be considered. Reliability and validity are the statistical criteria used to assess whether the research provides a good measure (Whitelaw, 2001). Reliability is concerned with the consistency of the particular instrument, while validity is concerned with systematic or consistent error.

Validity is the degree to which a questionnaire or survey actually measures what it intends to measure. A valid measure must be reliable, but a reliable measure is not necessarily valid. The degree of validity may change depending on the population included in the validation process (Streiner & Norman, 2003).

Cronbach’s alpha determines the internal consistency of the measuring instrument. Alpha was developed by Lee Cronbach in 1951 to provide a measurement of the internal consistency of a test or scale; it is expressed as a number between 0 and 1. Internal consistency describes the extent to which all the items in a test measure the same concept or construct and hence it is connected to the inter-relatedness of the items within the test (Cronbach, 1951).

There are different reports about the acceptable values of alpha, ranging from 0.50 to 0.90. A low value of alpha could be due to a low number of questions, poor interrelatedness between items or heterogeneous constructs. For example if a low alpha is due to poor correlation between items, then some should be revised or discarded (DeVellis, 2003).

For the purpose of this study, a Cronbach’s alpha of >0.5 was considered as acceptable.

Mean inter-item correlation was also calculated as an additional measurement of reliability. Clark and Watson (1995:316) recommend that the average inter-item correlation falls in the range between 0.15 and 0.50. If one is measuring a broad, higher order construct such as extraversion, a mean correlation as low as 0.15 to 0.20 probably is desirable. For a valid

measurement of a narrower construct such as talkativeness, a much higher mean inter-item correlation of between 0.40 and 0.50 is needed.

3.6 Correlation for dimensions and constructs

Correlation can tell you something about the relationship between variables. It is used to understand:

- whether the relationship is positive or negative
- the strength of relationship

Correlations between variables can be measured with the use of different indices (coefficients). The two most popular are: Pearson's coefficient (r) and Spearman's rho coefficient (r_s).

Pearson's coefficient and Spearman's rank order coefficient each measures aspects of the relationship between two variables. They are closely related, but not the same. Spearman's coefficient measures the rank order of the points. It does not care exactly where they are. Pearson's coefficient measures the linear relationship between the two, i.e. how well a straight line describes the relationship between them.

The Pearson correlation coefficient is the most widely used. It measures the strength of the linear relationship between normally distributed variables. When the variables are not normally distributed or the relationship between the variables is not linear, it may be more appropriate to use the Spearman rank correlation method (Sheskin, 2007).

According to Field (2009), values of ± 0.1 indicate a small effect, ± 0.3 indicate a medium effect and ± 0.5 indicate a large effect.

3.7 Effect size

Effect size measurements tell us the relative magnitude of the experimental treatment. It tells us the size of the experimental effect. Effect sizes are especially important because it allows us to compare the magnitude of experimental treatments from one experiment to another (Rosenthal *et al.*, 2000).

There are different types of effect size indices as a result of different interpretations. Huberty (2002) names three different types:

- Group differences
- Relationships
- Group overlapping

For the purpose of this study the effect sizes used were between black and white and male and females. Effect size was calculated through Cohen's d-values. The meaning of effect size varies by context, but the standard interpretation offered by Cohen (1988) is:

$d = 0.2$ – Small effect; practically no difference

$d = 0.5$ – Medium effect; practically visible difference

$d = 0.8$ – Large effect; practically significant difference

3.8 Participants

Permission was obtained beforehand to approach the employees at the different branches of an agricultural company. There are 40 branch managers that were evaluated. The number of followers that have a direct relationship with these 40 managers is about 6 per manager, thus a target population of 240 followers.

3.9 Data Collection Process

There are three common methods of data collection, namely: observation, interviews and questionnaires (Bless & Higson-Smith, 2000).

For the purpose of this research, the questionnaires were used to gather the necessary information. 240 copies of the ESLS and ECQ questionnaires were distributed to subordinates to evaluate their direct leader and the ethical climate of their workplace.

3.10 Ethical Considerations

Throughout the process of data collection the problem of persuading participants to co-operate with the researcher is ever present. Bless and Higson-Smith (2000) generally accepts the ethical rights of a participant to be: the right to privacy and voluntary

participation, anonymity and confidentiality. These were observed throughout the empirical phase of the study.

The participants were assured that their personal information would be kept in the strictest confidence and their identities would not be disclosed. Information received from the participants would solely be used for the purpose of fulfilling the study requirements.

3.11 Summary

In this chapter the research methodology of the study was discussed. In the next chapter the result of the empirical study will be presented.

CHAPTER 4:

EMPIRICAL RESULTS

4.1 Introduction

The preceding chapter reviewed the methodology applied during the research, where the research design, measuring instruments, effect size and participants used were discussed.

In this chapter a statistical analysis will be presented which will refer to the results obtained, the reliability and consistency of these results and the correlations found in it, indicating relationships between the factors under investigation. The results were obtained from the North-West University's statistical consultation services.

4.2 Biographical profile

A total of 151 questionnaires of the 240 questionnaires distributed to the subordinates were returned, which constituted a 63.3% response rate.

Response rates are widely reported to have decreased for many types of surveys over the past decade. Internal surveys generally have a much higher response rate than external surveys. Internal surveys will generally receive a 30 to 40% response rate or more on average, compared to an average 10 to 15% response rate for external surveys (Curtin, 2005). Response rates are only relevant to random (probability) samples. For a convenience (nonprobability sample) response rate it is irrelevant because you can't generalise to the population in any case; thus the fact that findings of a convenience sample is only applicable to that particular sample group, not to the larger population.

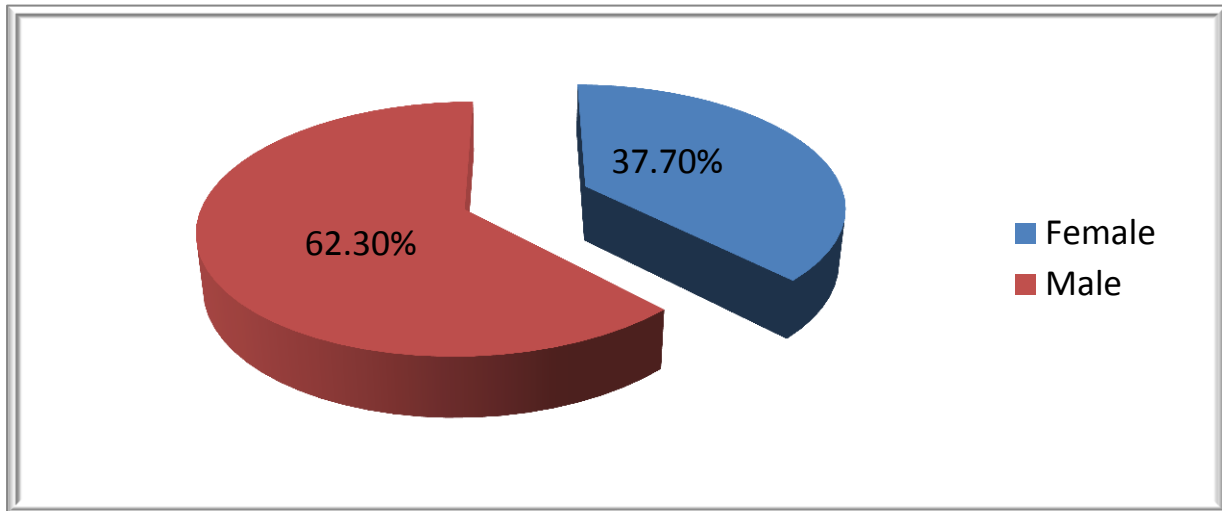
4.3 Demographic data

In the demographic section of the questionnaire, respondents had to indicate their gender, race, age, years' work experience, years' service in this organisation.

4.3.1 Gender

From the 151 respondents, 94 (62.3%) were male and 57 (37.7%) were female. Figure 4.1 illustrates the distribution by gender

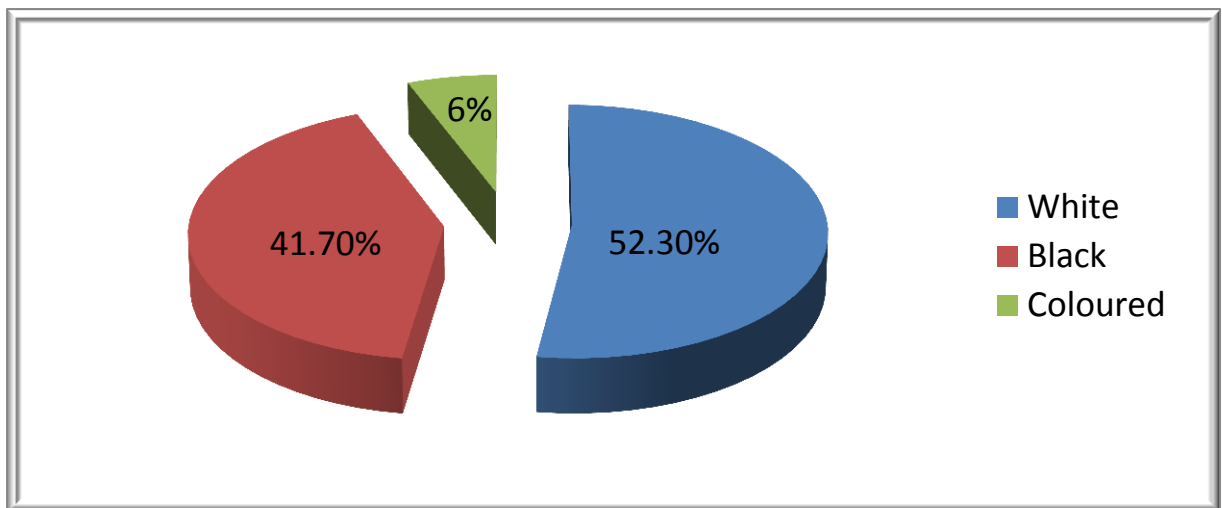
Figure 4.1: Respondents by gender



4.3.2 Race

From the 151 respondents, 79 (52.3%) were white, 63 (41.7%) were black and 9 (6%) were coloured. Figure 4.2 illustrates the distribution by race.

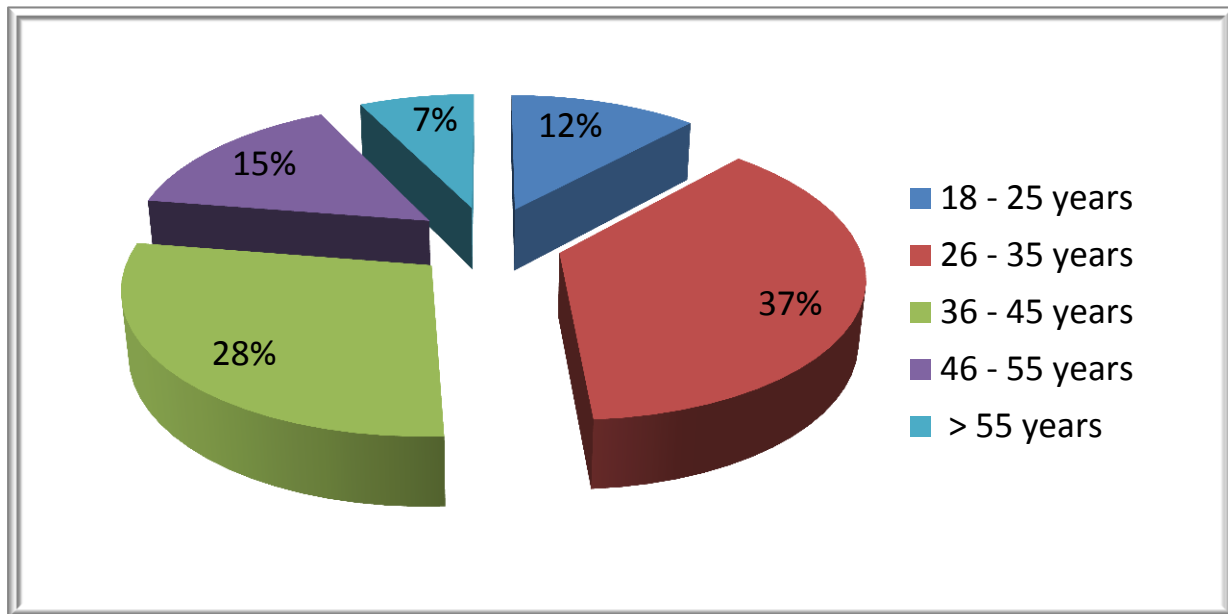
Figure 4.2: Respondents by race



4.3.3 Age

The respondents' ages ranged from 19 to 61 years, with the majority in the age group 26 – 35 years. Figure 4.3 illustrates the distribution by age.

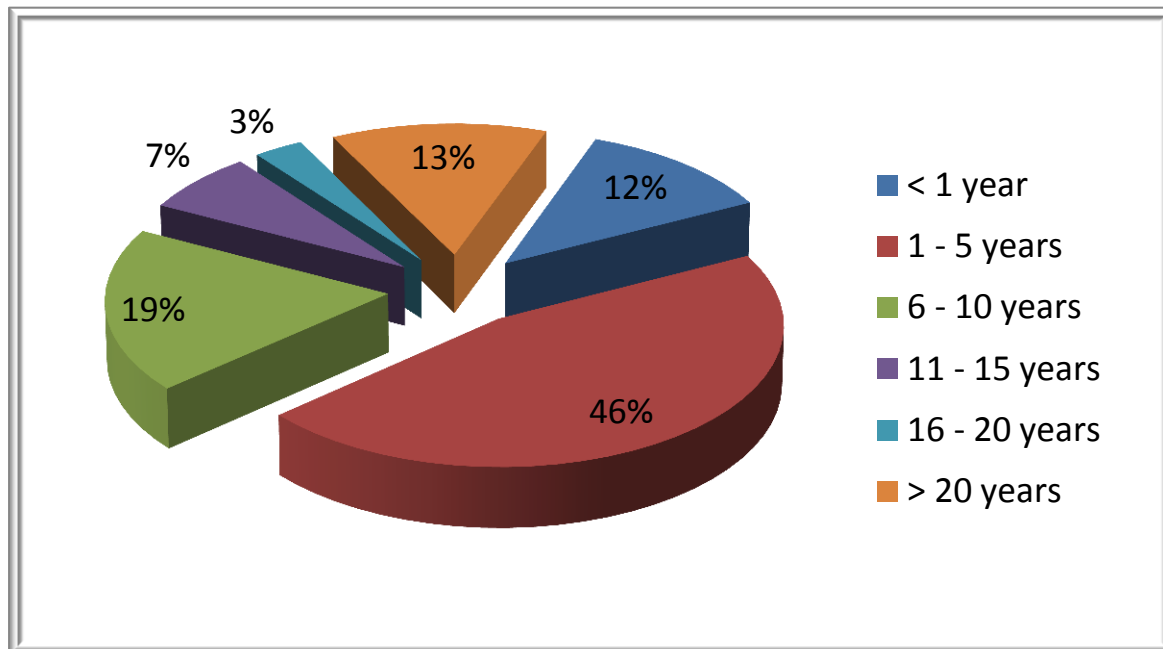
Figure 4.3: Respondents by age



4.3.4 Years' working experience in this company

An observation was made that 46% of the respondents worked for a period of between 1 and 5 years at a company. This indicates a high percentage of immature working force. This could be due to the fact that the agricultural environment tends to experience that employees within this industry lure to each other. The benefits of experienced staff tend to outweigh the effort to train internal staff which may be inexperienced. Figure 4.4 illustrates the years of working experience in this company.

Figure 4.4: Respondents' working experience in this company



The results indicated that the participants to the study consisted mostly of males (62.3%). The majority of the participants were white (52.3%) and their average age was between 26 and 35 (37%) with a working experience of between 1 and 5 Years (46%).

4.4 Descriptive statistics

Means and standard deviations were obtained from data analysis to describe the data.

4.4.1 Servant leadership

The results from the empirical survey on servant leadership, using the Executive Servant Leadership Scale (ESLS), are presented in Table 4.1 below.

Table 4.1 Results of the Executive Servant Leadership Scale (ESLS)

Possible answers		Frequency					Mean (X)	Standard Deviation (S)
		Disagree strongly	Disagree somewhat	Neutral	Agree	Agree strongly		
21	Inspires organisational commitment	1%	3%	16%	51%	28%	4.02	0.84
36	Articulates a clear direction for the organisation's future	2%	5%	12%	57%	25%	3.97	0.86
26	Demonstrates clear understanding of how to attain organisational goals	3%	4%	14%	50%	28%	3.97	0.94
4	Maintains high ethical standards	2%	6%	13%	44%	35%	4.05	0.95
29	Ensures greatest decision-making control given to employees most affected by decision	4%	6%	29%	44%	17%	3.64	0.96
42	Prefers serving others to being served by others	4%	8%	21%	52%	15%	3.67	0.96
20	Encourages a spirit of cooperation among employees	3%	3%	19%	44%	31%	3.96	0.97
46	Values diversity and individual differences in the organisation	4%	8%	31%	42%	15%	3.56	0.97
19	Promotes empathy and tolerance throughout the organisation	4%	6%	25%	45%	21%	3.72	0.99
6	Recognises when employee morale is low without asking	5%	8%	28%	36%	22%	3.80	1.00
23	Expresses genuine enjoyment in serving others	3%	7%	23%	42%	25%	3.80	1.00
30	Solves organisational problems with new and creative ideas	2%	5%	12%	57%	25%	3.84	1.01
28	Tries to build consensus among employees on important decisions	3%	10%	23%	42%	23%	3.72	1.01
33	Promotes transparency and honesty throughout the organisation	5%	3%	17%	42%	33%	3.97	1.02
40	Values integrity more than profit or personal gain	5%	5%	36%	34%	21%	3.62	1.02

48	Believes employees should be provided with work experiences that enable them to develop new skills	4%	6%	14%	46%	30%	3.93	1.02
51	Makes employee career development an organisational priority	7%	4%	25%	48%	17%	3.64	1.02
7	Looks for ways to make others successful	5%	5%	26%	41%	23%	3.73	1.03
47	Consistently tries to bring out the best in others	5%	7%	19%	46%	23%	3.77	1.03
35	Follows through on what he/she promises to do	3%	9%	21%	40%	27%	3.79	1.04
5	Inspires others to lead through service	4%	9%	17%	44%	26%	3.80	1.05
39	Believes our organisation should give back to the community	6%	5%	33%	35%	21%	3.59	1.06
44	Enthusiastically celebrates others' accomplishments	7%	8%	22%	48%	15%	3.55	1.07
45	Believes our organisation has a duty to improve the community in which it operates	7%	7%	26%	44%	16%	3.55	1.07
1	Invests time and energy developing others' potential	8%	5%	22%	46%	20%	3.62	1.08
12	Inspires employee trust	6%	3%	20%	40%	30%	3.86	1.08
31	Refuses to compromise ethical principles in order to achieve success	7%	7%	37%	30%	19%	3.49	1.08
11	Serves others willingly with no expectation of reward	7%	3%	20%	45%	25%	3.76	1.09
17	Seems able to tell if something is going wrong in the organisation	7%	1%	11%	44%	36%	4.01	1.09
3	Effectively thinks through complex problems	7%	4%	26%	40%	23%	3.66	1.09
18	Refuses to use manipulation or deceit to achieve his/her goals	7%	5%	23%	41%	24%	3.70	1.09
49	Demonstrates concern for employees' personal well-being	6%	6%	26%	36%	25%	3.69	1.10
52	Welcomes ideas and input from employees at all levels of the organisation	8%	6%	18%	49%	19%	3.66	1.10
27	Displays interest in learning from employees, regardless of their level in the organisation	6%	7%	28%	35%	24%	3.64	1.10
8	Encourages open exchange of information throughout the organisation	7%	7%	25%	41%	19%	3.58	1.10

55	Models the behaviour he/she expects from others in the organisation	2%	6%	13%	44%	35%	3.62	1.11
41	Believes employees should be given freedom to handle difficult situations in the way they feel is best	9%	7%	28%	41%	15%	3.47	1.11
10	Encourages debate of his/her ideas	7%	9%	25%	40%	21%	3.59	1.11
15	Nurtures employee leadership potential	8%	7%	26%	41%	18%	3.54	1.11
24	Willingly shares credit for organisational accomplishments	7%	6%	23%	42%	23%	3.66	1.11
14	Shares power with others throughout the organisation	8%	5%	20%	45%	23%	3.70	1.11
50	Engages in community service and volunteer activities outside of work	11%	9%	39%	29%	11%	3.20	1.12
38	Looks for new ways to make employees' jobs easier	6%	7%	19%	39%	28%	3.77	1.12
54	Communicates candidly with others	6%	9%	16%	42%	27%	3.76	1.12
2	Considers the effects of organisational decisions on the community	9%	9%	34%	31%	17%	3.39	1.14
9	Sacrifices personal benefit to meet employee needs	7%	9%	23%	39%	21%	3.58	1.14
53	Creates a feeling of belonging in our organisation	9%	5%	21%	42%	23%	3.66	1.15
16	Encourages employees to volunteer in the community	13%	13%	36%	26%	12%	3.13	1.17
43	Demonstrates sensitivity to employees' personal obligations outside the workplace	11%	7%	30%	34%	18%	3.42	1.17
34	Takes time to talk to employees on a personal level	6%	11%	16%	36%	31%	3.76	1.18
22	Places the interests of others before self-interest	11%	7%	26%	37%	18%	3.43	1.20
13	Invites constructive criticism	11%	7%	31%	31%	20%	3.42	1.21
37	Listens carefully to others	9%	6%	13%	36%	37%	3.87	1.23
25	Treats all employees with dignity and respect	8%	8%	12%	33%	39%	3.87	1.24

32	Freely admits his/her mistakes	13%	7%	22%	38%	19%	3.43	1.26
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Table 4.1 indicates that the means of all but three work engagement items, that are above 3 in the “Neutral to Agree” range, while the means of the other three items are above 4 in the “Agree to Agree strongly ” range.

All the means are above 3, being the midpoint of the scale, leading towards the positive side of the scale. Question 4 (Maintains high ethical standards) has the largest mean at 4.046 and question 16 (Encourages employees to volunteer in the community) has the smallest mean at 3.126.

Forty six of the questions in the ESLS measured standard deviations above 1, with Question 32 (Freely admits his/her mistakes) being the largest at 1.257. Nine of the questions measured below 1.000 with Question 21 (Inspires organisational commitment) being the lowest at 0.836. None of the items could be considered outliers.

With regards to the mean of the respondents above 3, the result indicates that these respondents have the view that their leaders incorporate a style of servant leadership.

4.4.2 Ethical climate

The results from the empirical survey on ethical climate using the Ethical Climate Questionnaire (ECQ), are presented in Table 4.2 below.

Table 4.2 Results of the Ethical Climate Questionnaire (ECQ)

		Frequency					Mean (X)	Standard Deviation (S)
		Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True		
7	Possible answers It is very important to strictly follow the company's rules and procedures here.	1%	1%	11%	26%	62%	4.457	0.814

15	Everyone is expected to stick by company rules and procedures.	1%	3%	3%	24%	68%	4.543	0.823
25	In this company, each person is expected, above all, to work efficiently.	1%	3%	9%	38%	48%	4.305	0.824
26	It is expected that you will always do what is right for the customer and public.	2%	3%	8%	34%	53%	4.338	0.886
14	People are expected to comply with the law and professional standards over and above other considerations	1%	3%	22%	40%	34%	4.033	0.890
2	The major responsibility for people in this company is to consider efficiency first.	4%	5%	32%	40%	19%	3.649	0.981
20	In this company, people are expected to strictly follow legal or professional standards.	4%	1%	12%	36%	47%	4.205	0.982
29	Decisions made here are primarily viewed in terms of contribution to profit	5%	4%	24%	46%	22%	3.762	0.991
12	The most important concern is the good of all the people in the company.	3%	17%	29%	36%	15%	3.424	1.035
33	People in this company are very concerned about what is best for themselves.	5%	12%	35%	34%	14%	3.391	1.039
34	The effect of decisions on the customer and the public are a primary concern in this company.	8%	5%	36%	37%	13%	3.424	1.048
30	People in this company are actively concerned about the customers' and public's interests.	5%	6%	16%	44%	30%	3.881	1.051
11	The most important consideration in this company is each person's sense of right and wrong.	11%	19%	41%	22%	7%	2.960	1.063
23	Successful people in this company strictly obey the company policies.	4%	6%	24%	31%	35%	3.874	1.085
21	Our major consideration is what is best for everyone in the company.	5%	8%	24%	38%	25%	3.689	1.090
32	What is best for each individual is a primary concern in this organisation.	10%	11%	36%	33%	11%	3.238	1.100
19	The most efficient way is always the right way in this company.	7%	5%	22%	40%	26%	3.742	1.110
36	Efficient solutions to problems are always sought here.	7%	6%	30%	34%	23%	3.583	1.121
17	People are concerned with the company's interests.	14%	5%	41%	31%	9%	3.172	1.124

31	People are very concerned about what is generally best for employees in the company.	9%	14%	28%	36%	13%	3.305	1.125
4	People are expected to do anything to further the company's interests.	6%	10%	17%	42%	25%	3.695	1.125
5	In this company, people look out for each other's good.	7%	12%	31%	30%	21%	3.457	1.141
35	It is expected that each individual is cared for when making decisions here.	9%	9%	30%	36%	16%	3.397	1.143
13	The first consideration is whether a decision violates any law.	9%	6%	26%	37%	22%	3.576	1.151
27	People in this company view team spirit as important.	7%	5%	19%	34%	35%	3.854	1.157
18	Successful people in this company go by the book.	7%	7%	21%	36%	29%	3.728	1.165
16	In this company, our major concern is always what is best for the other person	12%	9%	33%	30%	17%	3.305	1.200
28	People in this company have a strong sense of responsibility to the outside community.	11%	7%	26%	36%	21%	3.483	1.204
1	In this company, people are mostly out for themselves	16%	11%	33%	28%	13%	3.106	1.233
10	In this company, people protect their own interest above other considerations.	19%	18%	31%	21%	11%	2.887	1.257
24	In this company, the law or ethical code of theft profession is the major consideration	9%	7%	19%	28%	37%	3.768	1.272
8	Work is considered sub-standard only when it hurts the company's interests.	15%	11%	28%	28%	17%	3.205	1.287
22	In this company, people are guided by their own personal ethics.	21%	12%	33%	22%	12%	2.914	1.290
3	In this company, people are expected to follow their own personal and moral beliefs	19%	13%	31%	22%	15%	2.993	1.308
6	There is no room for one's own personal morals or ethics in this company	18%	20%	26%	17%	19%	2.993	1.363
9	Each person in this company decides for himself what is right and wrong.	37%	15%	20%	15%	13%	2.530	1.450

Table 4.2 indicates that the means of twenty four of the questions are above 3, six of the questions are below 3 with the lowest being Question 9 (Each person in this company

decides for himself what is right and wrong) at 2.530 and six of the questions are above 4 with the highest being Question 15 (Everyone is expected to stick by company rules and procedures) at 4.543.

Twenty eight of the questions in the ECQ measured standard deviations above 1.000, with Question 9 (Each person in this company decides for himself what is right and wrong) being the largest at 1.450. Eight of the questions measured below 1 with Question 7 (It is very important to strictly follow the company's rules and procedures here) being the lowest at 0.814. None of the items could be considered as outliers.

This illustrates respondents' diverse perceptions of the ethical climate in their organisation. This is due to the fact that the respondents' perceptions are filtered by individual psychological characteristics and differences. This questionnaire does not focus on whether respondents believed that they behaved ethically and it does not emphasise whether the respondents perceived ethical climates as good or bad. Rather the instrument places respondents in the role of observers, reporting on but not evaluating the perceived organisational expectations. With the mean above 3 (referring to the dimension of the company) it can be said that the respondents believe that their company has an ethical work climate.

4.5 Reliability and validity

An important consideration of this study is measurement adequacy. Content validity has to be established in order to determine whether the attributes of the underlying constructs measured through the respective instruments are a true reflection.

4.5.1 Validity

Validity is often defined as the extent to which an instrument measures what it purports to measure. Validity requires that an instrument is reliable, but an instrument can be reliable without being valid. Validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are (Winter, 2000).

4.5.2 Reliability

Reliability testing ensures the survey instrument produces consistent results across repeated measures either within the same population or with a similar population. A reliable survey is generalisable and therefore is expected to reproduce similar results across settings.

Cronbach's alpha coefficient is the statistic most frequently used to show internal consistency reliability; it is the most widely used by researchers (Polit & Beck, 2004). For the purpose of this study, a relatively lenient Cronbach's alpha of >0.5 was considered, due to the exploratory nature of the study. Table 4.3 below summarises the reliability factor.

Table 4.3: Descriptive statistics: Reliability Factor

Dimension	Cronbach's Alpha	Mean	Standard deviation
ESLS			
Interpersonal Support	0.942	3.697	0.789
Building Community	0.850	3.548	0.731
Altruism	0.916	3.747	0.782
Egalitarianism	0.837	3.587	0.764
Moral Integrity	0.896	3.747	0.739
ECQ			
Self Interest	0.581	3.128	0.870
Company profit efficiency	0.640	3.789	0.616
Friendship and team-interest	0.860	3.467	0.827
Social responsibility	0.705	3.781	0.767
Personal morality	0.553	2.964	0.710
Rules and standard operating procedures	0.562	3.955	0.611
Laws and professional codes	0.580	3.757	0.688

The Cronbach's alpha values of both measuring instruments are above 0.5, which indicates that these two measuring instruments are reliable. One should nevertheless remember that the cut-off value was set quite low; therefore, results should be interpreted with caution.

Altruism in the ESLS measuring instrument was the highest dimension with a Cronbach's alpha measurement of 0.916 and in the ECQ measuring instrument, it was the friendship and team-interest that was the highest dimension with a Cronbach's alpha measurement of 0.860.

In the section above, the reliability of the instruments used were considered acceptable for the criteria provided. This allows the study to evaluate results obtained from the survey, compare these results and explore relationships between dimensions and constructs.

The notion of servant leadership is not new. However, efforts to measure the construct and study its effect on organisational outcomes have appeared only in the last decade. Reed *et al.* (2011:415) noted that the reliability and internal consistency of this instrument were found to be adequate as the Cronbach alpha coefficients ranged from 0.80 to 0.90 which is above the norm of 0.70.

In a study of the ECQ by Shacklock *et al.* (2011:55), they found that the Cronbach alpha between 0.6 and 0.8 is acceptable and all of the measures can be satisfactory reliable.

4.6 Correlation Coefficient

According to Investopedia (2014a) correlation coefficient determines the degree to which two variables' movements are associated.

The correlation coefficient is calculated as:

$$\rho_{xy} = \frac{\text{Cov}(r_x, r_y)}{\sigma_x \sigma_y}$$

The correlation coefficient will vary from -1 to +1. A -1 indicates perfect negative correlation and a +1 indicates perfect positive correlation (Investopedia, 2014b).

4.6.1 Spearman's correlation between the dimensions of servant leadership and ethical work climate.

Spearman's correlations were used to determine the nature and strength of relationship between the servant leader and the ethical work climate construct. Table 4.4 below summarises the main findings.

Table 4.4 Spearman's correlation between Servant leadership and Ethical work climate

Spearman's correlation between the dimensions of Servant leadership and Ethical Work Climate		ESLS					ECW						
		Interpersonal Support	Building Community	Altruism	Egalitarianism	Moral Integrity	Self Interest	Company Profit Efficiency	Fraternity and team interest	Social responsibility	Personal morality	Rules, Standard operating procedures	Laws, Professional Codes
Interpersonal Support	Spearman Correlation	1	0.823	0.917	0.867	0.876	-0.07	0.346	0.462	0.382	0.049	0.233	0.131
	p-value		0	0	0	0	0.392	0	0	0	0.553	0.004	0.108
	n		151	151	151	151	151	151	151	151	151	151	151
Building Community	Spearman Correlation		1	0.81	0.806	0.764	0.018	0.253	0.292	0.314	0.036	0.198	0.026
	p-value			0	0	0	0.831	0.002	0	0	0.657	0.015	0.749
	n			151	151	151	151	151	151	151	151	151	151
Altruism	Spearman Correlation			1	0.867	0.883	-0.062	0.378	0.476	0.436	0.06	0.275	0.218
	p-value				0	0	0.447	0	0	0	0.468	0.001	0.007
	n				151	151	151	151	151	151	151	151	151
Egalitarianism	Spearman Correlation				1	0.796	-0.044	0.296	0.38	0.364	0.109	0.214	0.116
	p-value					0	0.593	0	0	0	0.181	0.008	0.157
	n					151	151	151	151	151	151	151	151
Moral Integrity	Spearman Correlation					1	0.037	0.425	0.385	0.317	0.067	0.303	0.222
	p-value						0.651	0	0	0	0.413	0	0.006
	n						151	151	151	151	151	151	151
Self Interest	Spearman Correlation						1	0.048	-0.205	-0.149	0.482	-0.055	0.04
	p-value							0.557	0.012	0.069	0	0.784	0.624
	n							151	151	151	151	151	151
Company Profit Efficiency	Spearman Correlation							1	0.547	0.576	0.288	0.552	0.483
	p-value								0	0	0	0	0
	n								151	151	151	151	151
Fraternity and team interest	Spearman Correlation								1	0.726	0.321	0.401	0.234
	p-value									0	0	0	0.004
	n									151	151	151	151
Social responsibility	Spearman Correlation									1	0.232	0.386	0.331
	p-value										0.004	0	0
	n										151	151	151
Personal morality	Spearman Correlation										1	0.096	0.279
	p-value											0.24	0.001
	n											151	151
Rules, Standard operating procedures	Spearman Correlation											1	0.556
	p-value												0
	n												151
Laws, Professional Codes	Spearman Correlation												1
	p-value												
	n												

Spearman's correlation coefficient is a statistical measurement of the strength of a monotonic relationship between paired data. Its interpretation is that the closer the value is to ± 1 , the stronger the monotonic relationship. Correlation is an effect size and so we can verbally describe the strength of the correlation using the following guide for the absolute value (Bland, 2000):

- 0.00 to 0.19 “very weak”
- 0.20 to 0.39 “weak”
- 0.40 to 0.59 “moderate”
- 0.60 to 0.79 “strong”
- 0.80 to 1.0 “very strong”

Table 4.6 shows that **interpersonal support** is statistically, significantly and positively correlated:

- ✚ Very strong to building community, altruism, egalitarianism and moral integrity.
- ✚ Moderate to friendships and team-interest.
- ✚ Weak to company profit efficiency, social responsibility and rules and standard operating procedures.
- ✚ Very weak to personal morality and laws and professional codes.
- ✚ Negatively correlated very weak to self-interest.

Building community is statistically, significantly and positively correlated:

- ✚ Very strong to altruism and egalitarianism.
- ✚ Strong to moral integrity.
- ✚ Weak to company profit efficiency, friendships and team-interest, social responsibility and rules and standard operating procedures.
- ✚ Very weak to self-interest, personal morality and laws and professional codes.

Altruism is statistically, significantly and positively correlated:

- ✚ Very strong to egalitarianism and moral integrity.
- ✚ Moderate to friendships and team-interest and social responsibility.

- ✚ Weak to company profit efficiency, rules and standard operating procedures and laws and professional codes.
- ✚ Very weak to personal morality.
- ✚ It negatively correlated very weak to self-interest.

Egalitarianism is statistically, significantly and positively correlated:

- ✚ Very strong to moral integrity.
- ✚ Weak to company profit efficiency, social responsibility and rules and standard operating procedures.
- ✚ Very weak to friendships and team-interest, personal morality and laws and professional codes.
- ✚ It negatively correlated very weak to self-interest.

Moral integrity is statistically, significantly and positively correlated:

- ✚ Moderate to company profit efficiency.
- ✚ Weak to friendships and team-interest, social responsibility, rules and standard operating procedures and laws and, professional codes.
- ✚ Very weak to personal morality and self- Interest.

Self-Interest is statistically, significantly and positively correlated:

- ✚ Moderate to personal morality.
- ✚ Very weak to company profit efficiency and Laws and professional codes.
- ✚ Negatively correlated weak to friendships and team-interest.
- ✚ Negatively very weak to social responsibility and rules and standard operating procedures.

Company profit efficiency is statistically, significantly and positively correlated:

- ✚ Moderate to friendships and team-interest, social responsibility, rules and standard operating procedures and laws and professional codes.
- ✚ Weak to personal morality.

Friendships and team-interest are statistically, significantly and positively correlated:

- + Strong to social responsibility.
- + Moderate to rules and standard operating procedures.
- + Weak to personal morality and laws and professional codes.

Social responsibility is statistically, significantly and positively correlated:

- + Weak to personal morality, rules and standard operating procedures and laws and professional codes.

Personal morality is statistically, significantly and positively correlated:

- + Weak to laws and professional codes.
- + Very weak to rules and standard operating procedures.

Rules and standard operating procedures are statistically significantly and positively correlated:

- + Moderate to laws and professional codes.

There is a positive and significant relationship between servant leadership style and its components. It is interesting that almost all the servant leadership components correlate negatively to self-interest in the ethical work climate. Thus it is an indication that the instruments are reliable and behave as it is supposed to. Servant leadership is not about self-interest, but about the interest of its followers.

It can be concluded that there is a statistically, significant and positive relationship between the overall perception of servant leadership and the measure of ethical work climate in the organisation.

4.7 Effect sizes

Effect size is a name given to a family of indices that measure the magnitude of a treatment effect. Unlike significance tests, these indices are independent of sample size. Effect sizes measurements are the common currency of meta-analysis studies that summarise the findings from a specific area of research (Lipsey & Wilson, 1993).

P-values were calculated from independent T-tests. P-values are reported for completeness sake, but won't be interpreted since convenience sampling instead of random sampling was used.

Cohen's guidelines for interpreting small, medium, and large effect sizes are given as points:

$d \approx 0.2$ - small effect; practically no significant difference,

$d \approx 0.5$ - medium effect; practically visible difference

$d \approx 0.8$ - large effect; practically difference

4.7.1 Gender comparison

From the 151 participants, 57 were females and 94 were males. Table 4.5 below summarises the main findings.

Table 4.5 Effect size gender comparison

Dimension	Gender	Mean	Std. Deviation	Effect size	p-value
Interpersonal support	Female	3.566	0.744	0.26	0.105
	Male	3.777	0.808		
Building community	Female	3.480	0.707	0.15	0.365
	Male	3.590	0.745		
Altruism	Female	3.633	0.774	0.23	0.161
	Male	3.817	0.783		
Egalitarianism	Female	3.515	0.712	0.15	0.354
	Male	3.631	0.795		
Moral integrity	Female	3.649	0.767	0.21	0.213
	Male	3.806	0.719		
Self-interest	Female	3.134	0.934	0.01	0.945
	Male	3.124	0.835		
Company profit efficiency	Female	3.760	0.633	0.07	0.658
	Male	3.806	0.608		
Friendship and team-interest	Female	3.290	0.799	0.34	0.039
	Male	3.574	0.830		
Social responsibility	Female	3.706	0.764	0.16	0.349
	Male	3.827	0.769		
Personal morality	Female	2.900	0.694	0.14	0.386
	Male	3.000	0.720		
Rules and standard operating	Female	3.901	0.546	0.13	0.387

procedures	Male	3.987	0.647		
Laws and professional codes	Female	3.789	0.684	0.07	0.659
	Male	3.738	0.694		

From Table 4.7 none of the constructs were statistically and significantly different with respect to gender. The highest d-value of 0.34 is for friendship and team-interest where men with a mean of 3.574 see that in the company there are more friendship and team-interest than what women with a mean of 3.290 see. It can be concluded that no real practical significance was observed for females and males towards their leader for all of the dimensions or constructs.

4.7.2 Ethnic group comparisons

Due to a small sample from the coloured ethnic group and none from the Indian group, the data from these groups were left out. The comparison was done just between the black and white ethnic groups. Table 4.6 below summarises the main findings.

Table 4.6 Effect size ethnic groups

Dimension	Gender	Mean	Std. Deviation	Effect size	p-value
Interpersonal support	White	3.789	0.700	0.2	0.199
	Black	3.614	0.873		
Building community	White	3.700	0.695	0.44	0.008
	Black	3.375	0.737		
Altruism	White	3.797	0.703	0.09	0.559
	Black	3.718	0.865		
Egalitarianism	White	3.745	0.671	0.36	0.024
	Black	3.454	0.812		
Moral integrity	White	3.855	0.690	0.28	0.078
	Black	3.630	0.790		
Self-interest	White	3.303	0.782	0.37	0.022
	Black	2.968	0.911		
Company profit efficiency	White	3.784	0.577	0.01	0.954
	Black	3.791	0.677		
Friendship and team-interest	White	3.291	0.849	0.46	0.005
	Black	3.682	0.789		
Social responsibility	White	3.737	0.739	0.18	0.285
	Black	3.877	0.794		
Personal morality	White	2.974	0.727	0.01	0.955

	Black	2.981	0.706		
Rules and standard operating procedures	White	3.926	0.596	0.06	0.694
	Black	3.968	0.647		
Laws and professional codes	White	3.784	0.644	0.07	0.660
	Black	3.733	0.727		

From Table 4.8 the friendship and team-interest and building community revealed the highest difference, where the white participants perceived their leader more on building community with a mean of 3.700 as blacks with a mean of 3.375. In the company black participants perceived that there is more of friendship and team-interest with a mean of 3.682 than in the case of whites with a mean of 3.291.

No divergence could be identified in any of the other dimensions between white and black participants.

4.8 Summary

The results of the research performed, with reference to the set research objectives and the methodology followed in obtaining the data, including the interpretation thereof, were presented in this chapter. For this study 240 questionnaires were distributed and within the allowed time 151 questionnaires were returned.

The measuring instruments were divided into biographical and empirical sections. The analysis of the biographical and background data instruments covered five variables, namely gender, age group, race, years' work experience and years of service in this organisation. The results indicated that the participants to the study consisted mostly of males (62.3%) and the majority of the participants' ages were between 26 and 35 (37%).

Cronbach's α (alpha) is a coefficient of reliability. It is commonly used as a measurement of the internal consistency or reliability of a psychometric test score for a sample of examinees. Due to the limitations of the usable data size, the Cronbach's α as a coefficient of reliability was used. The Cronbach alphas ranged from 0.553 to 0.942. It was found that the Cronbach alphas were within the acceptable limits and therefore the instrument was deemed reliable.

The next and final chapter contains the conclusions and recommendations.

CHAPTER 5:

CONCLUSION AND RECOMMENDATIONS

5.1 Background to research

Unethical behaviour is a rapidly escalating trend in the current work situation where, within organisations, there appears to be a decrease in ethical behaviour. The increasing scandals in businesses have given rise to a growing interest in and need for business ethics. Questions arise regarding the quality of organisational leadership.

How to improve employee loyalty is one of the most difficult problems that troubles business leaders today. Several proposals to solve this problem have been considered, where changing the style of leadership is a key perspective. For ages the debate on the right leadership style has continued and will probably go on till consensus on how to lead and who should lead is reached (Boyle *et al.*, 2001).

5.2 Introduction

The broad objective of this research was to examine the relationship between servant leadership and the ethical climate in an agricultural business.

The agricultural industry, as in the case of any other business, has been under enormous pressure over the past few years, particularly with issues concerning ethical behaviour of employees.

Managing ethics in the workplace involves identifying and putting priority to values that guide behaviours in the organisation and establishing associated policies and procedures that ensure that expected behaviours are achieved. According to McNamara (1999), there are six basic ethical values (codes):

- Trustworthiness, honesty, integrity, promise-keeping and loyalty.
- Respect, autonomy, privacy, dignity, courtesy, tolerance and acceptance.
- Responsibility, accountability, and pursuit of excellence.

- Caring, compassion, consideration, sharing, kindness and lovingness.
- Fairness, procedural fairness, impartiality and consistency.
- Justice, equity, equality and due process.

Does an engaging servant leadership style positively relate to the ethical working climate in an organisation?

To address the aim of this study, servant leadership style and ethical work climate in an agricultural company were studied in order to examine the research problem in the literature part of the study.

5.3 Conclusion made from findings

The primary objective was reached by means of the successful completion of the secondary objectives. This came from establishing a theoretical base on the constructs of ethics, servant leadership and ethical work climate, obtaining documented and authenticated measuring instruments to measure both servant leadership and ethical working climate.

Spearman's correlations were conducted to determine the relationship between servant leadership and ethical working climate. As the result indicated in Chapter 4, all the dimensions of servant leadership correlate with the right dimensions in ethical work climate. By this it can be said that servant leadership had a positive effect on the ethical working climate.

Ha1 There is a significant positive linear relationship between the ethical climate and the performance of a servant leader.

From the results it is clear that there is a positive linear relationship between the ethical climate and the performance of the servant leader, therefore the null hypothesis can be rejected.

Ha2 There is a significant positive linear relationship between employee ethical behaviour and servant leadership.

From the results it is clear that there is a positive linear relationship between employee ethical behaviour and servant leadership, therefore the null hypothesis can be rejected.

Ha3 There is a significant positive linear relationship between ethics and servant leadership.

From the results it is clear that there is a positive linear relationship between ethics and servant leadership, therefore the null hypothesis can be rejected.

“As we look ahead into the next century, leaders will be those who empower others.”

Bill Gates

5.4 Changing to servant leadership

How do some companies successfully change their standard practices? Heath and Heath (2010) noted: “For anything to change, someone has to start acting differently.” For someone to begin acting differently, such as by living out the principles of social responsibility, change and meaning must be tied together. Change is not easy to create and almost always encounters resistance, but if it is to take place, it must begin with leadership.

A tried-and-true way of understanding how a change in leadership philosophy can permeate an organisation and help it achieve its objectives, is to study examples of where it has occurred. One such an example seen within corporations in various industries is a shift towards servant-leadership principles (Heath & Heath, 2010).

What sets a servant leader apart according to Pretorius (2013:176):

- They have a strong sense of ethics and a level of self-awareness
- They listen intently to others and seek to understand
- They have empathy
- They are kind but not weak, strong but not rude

- They believe sincerely that leadership is not about rank, standing or authority
- They suppress their egos and need for power but rather earn their influence by serving their people
- They are humble but not timid, proud but not arrogant
- Servant leaders genuinely care about all their people and put needs of others before their own
- They do not only get, they also give
- Servant leaders understand their followers' needs and do their best for them
- By serving their people with sincerity they touch both their hearts and minds and by this way of doing earn their loyalty and commitment.

Figure 5.1 Characteristics of servant leadership



Spears et al. (2004)

Servant leadership is deceptively simple, yet it is probably the most profound and difficult type of leadership. The main reason for the difficulty is that it is not based on a set of skills – it requires a fundamental change of attitude and some kind of inner transformation (Spears & Lawrence, 2004).

The following basic skills represent a preliminary set of best practices that may help cultivate the five major characteristics of servant leadership. This is primarily a summary of what others have proposed (Spears & Lawrence, 2004).

Right identity – Seeing oneself as a servant

- Cultivating humility – willing to be the last and the least.
- Cultivating selflessness – not “I”, not “about me”, but about the organisation. Not “about my position and power”, but about “the people” (ego is often in the way of effective leadership).
- Cultivating stewardship – I am accountable to the people for what I do.
- Cultivating a sense of “calling” – I am defined not by my position or role.

Right motivation

- The practice of extending a helping hand (our habitual attitude is not what I can get from you, but how I can be of help to you).
- The practice of sacrificing self-interest for others.
- The practice of bringing out the best in others (one can either bring out the worst in others or bring out the best. To do the latter, we need to know other people’s needs and strengths).
- The practice of empowering others for their development.

Right method – Relating to others in a positive manner

- Listening to others with openness and empathy.
- Involving others in decision making.
- Engaging others in team-building and community building.
- Affirm others by expressing the confidence you have in them.

Right impact – Inspiring others to serve a higher purpose

- Modelling the core values on a daily basis.
- Demonstrating love in action.
- Challenging others to live for a higher purpose.
- Challenging others to strive for excellence.

Right character – Maintaining integrity and authenticity

- Walking the talk regardless of the costs.
- Daring to stand up for what one believes in.
- Having the courage to confront grim realities.
- Engage in honest examination and assessment of one's progress in life's journey.

According to Blanchard (2013) there are only two ways that hinder people from being servant leaders:

- False pride: when you think more of yourself than you should.
- Fear of self-doubt: when you think less of yourself than you should.

What inspires or re-inspires the servant leader? Burning out and giving up is all too real a possibility. So what are some things that the leader can do to remain inspired and excited about his or her work? There might not be a right answer; every individual differs from the next. Covey (1992) stated that servant leaders consider these possibilities, which have worked for many leaders:

- **Take time for you.** You may think you don't have time for a vacation or an afternoon off; but can you really afford not to? You need time to regroup, and to replenish your well.
- **Read** - and not simply news and your work. Read novels, biographies, or anything else you enjoy.
- **Have others to sustain you.** We've all heard the phrase: "It's lonely at the top." That can be true for servant leaders too. In fact, when you get right down to it, it can

be lonely wherever you are in the pile. All of us need people who can help us and who support us in our challenges and our joys.

- **Challenge yourself.** When the “old routine” doesn't work for you any longer, find new mountains to climb. Challenge yourself with new directions and possibilities.
- **Celebrate the small wins.** World peace, for example, is a lofty goal. It's not one you or even your organisation will achieve alone. In fact, it may never be completely achieved, but many of us feel it's still worth striving for. So when you do accomplish a piece of that peace, celebrate your accomplishment.

5.5 Limitations of this research

As Blumer (1938) declared: “The identification of human experience or subjective factor seemingly is not made at present in ways which permit one to test the interpretation. Identification and interpretation remain a matter of (subjective) judgement.”

A limitation of this research is that the twenty workplaces resorted in one agricultural business only, which may limit the generalisation of the results.

Language can be a limitation of this study, for only one language, namely English, was used in the questionnaires. The possibility exists that the level of English language skills or respondents speaking English as their second, third, fourth or even lower language could have influenced the results.

Another limitation of this study was that there is a possibility that some employees who participated in this research did not totally trust the confidentiality statement set out in the covering letter accompanying the questionnaires. This could have influenced some of the results.

5.6 Future Research / Recommendations

Understanding the full impact of servant leadership on ethical work climate entails the development of studies to create a process with measuring instruments. A quantitative correlational study comprised of a larger population to include various agricultural businesses to measure servant leadership. Ethical work climate may provide data on common drivers and isolate those specific data to one business. Results may identify

similar servant-leadership characteristics that have a greater influence on ethical work climate.

Through expanding the scope of the study an understanding of any differences amongst agricultural businesses may arise and contribute to the knowledge of servant leadership.

It is also advisable for any future South African studies on the construct of servant leadership to make use of other measurement instruments that are specifically standardised for the South African context, as this may result in a more diversified measurement of servant leadership.

5.7 Conclusion

The study examines the impact servant leaders have on the ethical work environment of an agricultural business. Research suggests that organisational leaders are critical in establishing and creating ethical cultures that produce productive, loyal and engaged employees (Darcy, 2010).

All leaders strive to have a company that people are proud of and committed to, where all employees have an opportunity to contribute, serve, learn, grow and advance based on merit. To achieve this, leaders must become servant leaders as this would not only attract talent, but will also retain talent in the organisation.

The true benefits of practising servant leadership is evident to the success an organisation experiences in increasing competitive advantage, bottom-line profitability and increasing shareholder value.

The success of servant leaders develops through committed employees who actively contribute to the success of the organisation, thus becoming leaders themselves.

A recommendation to consider is for the organisation to invest in emotional intelligence training to strengthen the relationships between leaders and employees. Employee engagement is not only dependent on the lateral relationships employees hold, but also on the interaction employees have with their leaders. The challenge for leaders to become servant leaders, lies in the successful implementation and execution of it.

*"We must be silent before we can listen. We must listen before we can learn.
We must learn before we can prepare. We must prepare before we can serve.
We must serve before we can lead."*

William Arthur Ward

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Appendix A: The combined questionnaire used for this study

Dear Colleague

I am a final year MBA student with the Potchefstroom Business School (PBS) at the North-West University. The research is performed as partial fulfilment of the requirements for successfully completing an MBA degree. The aim of this study is to examine your perceptions of your leader's leadership style and the ethical climate in your workplace.

Your involvement and time set aside to contribute to this study is highly appreciated. It will take approximately (15) minutes of your time to complete the questionnaire. All responses will be treated as strictly confidential. Participation is completely voluntary and refusal to participate in this study will involve no penalty.

Please complete the anonymous questionnaire as honestly as possible. Kindly note that there are no right or wrong answers. One's first reaction is usually correct. Do not overanalyze your response.

Kind regards

Ludi van Heerden

Email: ludivh@suidwes.co.za

Tel: 018-5811130/0795196084

Background information

(Please mark the most appropriate box with (X):

1. Your Gender

Female ☐

Male ☐

2. How old are you? years.....months

3. Race

White

Black

Coloured

Indian

☐☐☐☐

4. Years of work experience

<1yr

1-5yrs

6-10yrs

11-15yrs

16-20yrs

>20yr

☐☐☐☐☐☐

5. Years of service in this organisation

<1yr

1-5yrs

6-10yrs

11-15yrs

16-20yrs

>20yr

☐☐☐☐☐☐

Questionnaire completion Instructions: Please respond to the following statements regarding your perception of your manager.

Read each statement carefully. For each statement, which number best describes your manager?

Please indicate the degree to which you agree with each statement by using the following 5-point scale, where **1= totally disagree** and **5= totally agree**:

My Manager.....

(Please mark the most appropriate box with (X):

Disagree strongly	Disagree Somewhat	Neither agree nor disagree	Agree	Agree strongly /totally				
1	2	3	4	5				
1.	Invests time and energy developing others' potential			1	2	3	4	5
2.	Considers the effects of organisational decisions on the community			1	2	3	4	5
3.	Effectively thinks through complex problems			1	2	3	4	5
4.	Maintains high ethical standards			1	2	3	4	5
5.	Inspires others to lead through service			1	2	3	4	5
6.	Recognizes when employee morale is low without asking			1	2	3	4	5
7.	Looks for ways to make others successful			1	2	3	4	5
8.	Encourages open exchange of information throughout the organization			1	2	3	4	5
9.	Sacrifices personal benefit to meet employee needs			1	2	3	4	5
10.	Encourages debate of his/her ideas			1	2	3	4	5
11.	Serves others willingly with no expectation of reward			1	2	3	4	5
12.	Inspires employee trust			1	2	3	4	5
13.	Invites constructive criticism			1	2	3	4	5
14.	Shares power with others throughout the organization			1	2	3	4	5
15.	Nurtures employee leadership potential			1	2	3	4	5
16.	Encourages employees to volunteer in the community			1	2	3	4	5
17.	Seems able to tell if something is going wrong in the organisation			1	2	3	4	5

18.	Refuses to use manipulation or deceit to achieve his/her goals	1	2	3	4	5
19.	Promotes empathy and tolerance throughout the organisation	1	2	3	4	5
20.	Encourages a spirit of cooperation among employees	1	2	3	4	5
21.	Inspires organisational commitment	1	2	3	4	5
22.	Places the interests of others before self-interest	1	2	3	4	5
23.	Expresses genuine enjoyment in serving others	1	2	3	4	5
24.	Willingly shares credit for organisational accomplishments	1	2	3	4	5
25.	Treats all employees with dignity and respect	1	2	3	4	5
26.	Demonstrates clear understanding of how to attain organisational goals	1	2	3	4	5
27.	Displays interest in learning from employees, regardless of their level in the organisation	1	2	3	4	5
28.	Tries to build consensus among employees on important decisions	1	2	3	4	5
29.	Ensures greatest decision-making control given to employees most affected by decision	1	2	3	4	5
30.	Solves organisational problems with new and creative ideas	1	2	3	4	5
31.	Refuses to compromise ethical principles in order to achieve success	1	2	3	4	5
32.	Freely admits his/her mistakes	1	2	3	4	5
33.	Promotes transparency and honesty throughout the organisation	1	2	3	4	5
34.	Takes time to talk to employees on a personal level	1	2	3	4	5
35.	Follows through on what he/she promises to do	1	2	3	4	5
36.	Articulates a clear direction for the organisation's future	1	2	3	4	5
37.	Listens carefully to others	1	2	3	4	5
38.	Looks for new ways to make employees' jobs easier	1	2	3	4	5

39.	Believes our organisation should give back to the community	1	2	3	4	5
40.	Values integrity more than profit or personal gain	1	2	3	4	5
41.	Believes employees should be given freedom to handle difficult situations in the way they feel is best	1	2	3	4	5
42.	Prefers serving others to being served by others	1	2	3	4	5
43.	Demonstrates sensitivity to employees' personal obligations outside the workplace	1	2	3	4	5
44.	Enthusiastically celebrates others' accomplishments	1	2	3	4	5
45.	Believes our organisation has a duty to improve the community in which it operates	1	2	3	4	5
46.	Values diversity and individual differences in the organisation	1	2	3	4	5
47.	Consistently tries to bring out the best in others	1	2	3	4	5
48.	Believes employees should be provided with work experiences that enable them to develop new skills	1	2	3	4	5
49.	Demonstrates concern for employees' personal well-being	1	2	3	4	5
50.	Engages in community service and volunteer activities outside of work	1	2	3	4	5
51.	Makes employee career development an organisational priority	1	2	3	4	5
52.	Welcomes ideas and input from employees at all levels of the organisation	1	2	3	4	5
53.	Creates a feeling of belonging in our organisation	1	2	3	4	5
54.	Communicates candidly with others	1	2	3	4	5
55.	Models the behavior he/she expects from others in the organisation	1	2	3	4	5

Section B of this questionnaire asks some questions about the general climate in your company. Please answer the following in terms of how it really is in your company, not how you would prefer it to be.

Please indicate whether you agree with each of the following statements about your company. Please use the scale below and write the number which best represents your answer in the space next to each item.

To what extent are the following statements true about your company?

Please indicate the degree to which you agree with each statement by using the following 5-point scale, where 1= **Mostly False** and 5= **Completely True**:

My Company.....

(Please mark the most appropriate box with (X)):

Mostly False		Somewhat False		Somewhat True		Mostly true		Completely True	
1		2		3		4		5	
1.	In this company, people are mostly out for themselves	1	2	3	4	5			
2.	The major responsibility for people in this company is to consider efficiency first.	1	2	3	4	5			
3.	In this company, people are expected to follow their own personal and moral beliefs	1	2	3	4	5			
4.	People are expected to do anything to further the company's interests	1	2	3	4	5			
5.	In this company, people look out for each other's good.	1	2	3	4	5			
6.	There is no room for one's own personal morals or ethics in this company	1	2	3	4	5			
7.	It is very important to follow strictly the company's rules and procedures here.	1	2	3	4	5			
8.	Work is considered sub-standard only when it hurts the company's interests.	1	2	3	4	5			
9.	Each person in this company decides for himself what is right and wrong.	1	2	3	4	5			

10.	In this company, people protect their own interest above other considerations.	1	2	3	4	5
11.	The most important consideration in this company is each person's sense of right and wrong.	1	2	3	4	5
12.	The most important concern is the good of all the people in the company.	1	2	3	4	5
13.	The first consideration is whether a decision violates any law.	1	2	3	4	5
14.	People are expected to comply with the law and professional standards over and above other considerations	1	2	3	4	5
15.	Everyone is expected to stick by company rules and procedures.	1	2	3	4	5
16.	In this company, our major concern is always what is best for the other person	1	2	3	4	5
17.	People are concerned with the company's interests	1	2	3	4	5
18.	Successful people in this company go by the book.	1	2	3	4	5
19.	The most efficient way is always the right way, in this company.	1	2	3	4	5
20.	In this company, people are expected to strictly follow legal or professional standards.	1	2	3	4	5
21.	Our major consideration is what is best for everyone in the company.	1	2	3	4	5
22.	In this company, people are guided by their own personal ethics.	1	2	3	4	5
23.	Successful people in this company strictly obey the company policies.	1	2	3	4	5
24.	In this company, the law or ethical code of the profession is the major consideration	1	2	3	4	5
25.	In this company, each person is expected, above all, to work efficiently.	1	2	3	4	5
26.	It is expected that you will always do what is right for the customer and public.	1	2	3	4	5

27.	People in this company view team spirit as important.	1	2	3	4	5
28.	People in this company have a strong sense of responsibility to the outside community.	1	2	3	4	5
29.	Decisions here are primarily viewed in terms of contribution to profit	1	2	3	4	5
30.	People in this company are actively concerned about the customer's and the public's interest.	1	2	3	4	5
31.	People are very concerned about what is generally best for employees in the company	1	2	3	4	5
32.	What is best for each individual is a primary concern in this organisation.	1	2	3	4	5
33.	People in this company are very concerned about what is best for themselves.	1	2	3	4	5
34.	The effect of decisions on the customer and the public are a primary concern in this company.	1	2	3	4	5
35.	It is expected that each individual is cared for when making decisions here.	1	2	3	4	5
36.	Efficient solutions to problems are always sought here.	1	2	3	4	5

Thank you for your time and effort