

# *Ethical Leadership and Leader-Follower Value Congruence: The Moderating Role of Collectivism*

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**Abstract**— *The aim of this research was to understand the relationship between Ethical Leadership and Leader Follower Value Congruence with Collective Culture as moderator. This research used the theory of Cable & Edwards (leader follower value congruence); Brown, Trevino & Harison (ethical leadership); Singelis, Tiandis, Bhawuk & Gerland (collectivism). The research in this study was employees in Yogyakarta with sample 157 employees. Sampling techniques used were used is quota sampling. Data collection instrument were used in this study is Likert Scale, consist of Ethical Leadership, Leader Follower Value Congruence, and Vertical - Horizontal Collectivism. Statistical analysis techniques used are Moderated Analysis Regression (MRA). Result of analyzed data obtained determination coefficient (adjust R Square) = 0,738 when vertical collectivism as moderator and 0,729 when horizontal collectivism. Result of analyzed data obtained correlation coefficient (R) = 0,830 with p = 0,00. As it showed that there was have significant correlation between Ethical Leadership and Leader Follower Value Congruence.*

**Keywords**— *Leader Follower Value Congruence, Ethical Leadership, Collectivism*

## I. INTRODUCTION

Value congruence is a situation where leader and employee have same value (Edwards & Cable, 2009; Kristof, 1996; Hoffman, 2011). Edwards & Cable (2009) explain that value of congruence suggested that an employee can have the effect of an attitude. Effects of value congruence is job satisfaction, organizational commitment and low turnover rates.

Kristoff-Brown, Zimmerman and Joinson (2005) divides value congruence into three types, individual – individual, individual - groups and individual - leaders. The follower value congruence leader is a situation where leaders with employees have shared values (Hoffman, 2011; Shamir, 1991; Glaman, Jones & Rozelle, 1996).

The leader follower value congruence has several aspects. Edwards and Cable explained that the aspects of leader follower value congruence consisted of altruism, pay, security, authority, prestige, variety and autonomy. Variety is where employees and leaders respect different value with each other. These differences can be in the form of race, ethnicity, religion, alumni or gender. In the workplace there are still many cases related to discrimination, one of which is the prohibition on using headscarves while working at PT PMIF Gresik and prohibiting worship at PT Tshing Shang. The research of leader follower value congruence conducted by Lee, etc (2015), shows that ethical leadership influences leader follower value congruence with a contribution of 0.22. Leader follower value congruence is large enough to be influenced by good leaders so that employees are easier to equalize values and show the same positive behavior. Leader follower value congruence will also increase when influenced by ethical leadership because of the two-way communication that leaders and employees make. Relationships to followers by conducting two-way communication, strengthening and decision making. Leader follower value congruence is large enough to be influenced by good leaders so that employees are easier to equalize values and show the same positive behavior. The leader follower value congruence will also increase when influenced by ethical leadership because of the two-way relationship that leaders and employees make.

## III. Ethical leadership influences leader follower value congruence

Interpersonal relationship between leaders and employees shows the involvement of culture. Hofstede (1980) explains that a value can affect many dimensions, one of which is culture.

Collectivism focuses more on values and morals, in contrast to individuals who focus on themselves. Sharing values and morals is a type of interpersonal

relationship. Tang, etc (2014) explains that the presence of good interpersonal relationships in one organization allows the formation of leader follower value congruence. Collectivism can be a moderator of ethical leadership relationships with leader follower value congruence. Collectivism can be a forum for sharing values and morals.

Triandis (1994) divides collective culture into two, horizontal collectivism and vertical collectivism. The difference between the two is that the aspect of horizontal collectivism is same as other, meaning that they have equality so that their identity merges into groups. Whereas vertical collectivism uses the terms different from other, even though having the same goal does not mean that one member with another has something in common.

Aspects of same as other on horizontal collectivism will affect the process of leader relations with employees. This will happen to the group goals owned by leaders and employees, so that they go through a joint process to achieve goals. Aspects of different from other on vertical collectivism, which each member has a different purpose and process. These two aspects show that horizontal collectivism will be higher in strengthening ethical leadership relationships with leader follower value congruence than vertical collectivism.

H II. horizontal collectivism is higher in influencing the relationship of ethical leadership with leader follower value congruence than vertical collectivism

## II. METHOD

### A. Partisipants and procedure

We surveyed 157 employees of private company in Yogyakarta. the sampling technique used is quota sampling. Participants received questionnaires from researchers which contained 4 scales namely ethical leadership, leader follower value congruence, vertical collectivism and horizontal collectivism.

### B. Measure

Ethical leadership was measured using theory of Brown, Trevino and Harison (2005). Ethical leadership scale (32 items) using a 4-point Likert-type scale. 1 = strongly disagree and 4 = strongly agree for favorable items. 1 = strongly agree and 4 = strongly disagree for unfavorable items. ( $\alpha = 0,93$ )

Leader follower value congruence was measured using theory of Cable & Edwards (2004). Leader follower value congruence scale (33 items) using a 4-point Likert-type scale. 1 = strongly disagree and 4 = strongly agree for favorable items. 1 = strongly agree and 4 = strongly disagree for unfavorable items. ( $\alpha = 0,93$ )

Collectivism was measured using theory of Triandis, Bhawuk & Gerald (1995). Collectivism scale (5 items for horizontal collectivism and 9 items for vertical collectivism) using a 4-point Likert-type scale.

1 = strongly disagree and 4 = strongly agree for favorable items. 1 = strongly agree and 4 = strongly disagree for unfavorable items. ( $\alpha$  horizontal collectivism = 0,778 &  $\alpha$  vertical collectivism = 0,859

## III. RESULT

### A. Validation of Measurement Model

The validity of the measurement is an accuracy and accuracy of the instrument in carrying out the measuring function, validity to see the extent to which the scale can reveal accurately and carefully the data regarding the variables to be measured. The validity in this study used the Statistical Package for Windows (SPSS) program and used professional judgement.

### B. Descriptive Statistics

Descriptive statistics are used to map subjects in a separate group. In this study researchers used three categorizations namely high, medium and low. There are 45 correspondents who have a high level of leader follower value congruence, 112 correspondents (71.3%) with moderate categories and 0% presentations with low categories. There are 49 correspondents (31.21%) who are in the high category for ethical leadership, 108 correspondents (108%) are in the moderate category and 0% are in the low category. There were 37 correspondents (23.56%) in the high category of Vertical collectivism, 120 correspondents (76%) who were in the moderate category and 0% in the low category. There are 51 correspondents (32.48%) who are in the high category on the scale of horizontal collectivism, 99 correspondents (63.05%) which are in the medium category and 0% are in the low category.

### C. Normality Testing

Ghozali (2016) explains that normalization tests are used to test whether the regression model, the residual confounding variable has normal distribution. The normality test was carried out using SPSS with Kolmogorv Smirnov analysis technique. The results of the residual test show that the K-Z value is 1.105 with a significance of 0.174 ( $p > 0.05$ ) with the effect that the data is normally distributed.

### D. Hypothesis Testing

To test HI "ethical leadership influences leader follower value congruence". This hypothesis tested by a simple regression analysis technique, simple regression is used to measure the independent variable against the dependent variable (Azwar, 2009). The results of the regression analysis show that the significance level is 0.00 ( $p < 0.005$ , significant). Based on the Model Summary table shows that the determinant coefficient is 0.689, with the contribution of all predictors to the criterion of 68.9%.

TABLE I SIMPLE REGRESSION

No.	Uji Regresi	Hasil Nilai
1.	Significant level	0,000

2.	R Square	0,689
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The moderator variable is an independent variable that will strengthen or weaken the relationship between other independent variables on the dependent variable (Ghozali, 2016). The analysis used to test H11 is the Moderated Regression Analysis (MRA). In this study, the interaction test was conducted twice, namely testing the interaction between ethical leadership and vertical collectivism and testing the interaction of ethical leadership with a horizontal collectivism.

The first interaction test is to examine the interaction between ethical leadership and vertical collectivism. Based on the results of the interpretation can be seen in the Anova table it is known that the difference index in the data is indicated by F of 143,468 with a significance value of 0,000 or significant. In the Coefficients table, it can be seen that the significant value of the interaction between ethical leadership and leader follower value congruence of 0.220 means that there is no significant interaction between ethical leadership and leader follower value congruence. Means vertical collectivism variables are moderator variables. In the Model Summary table, we can see the values of determination coefficients (Adjusted R. Square) of 0.733, which means that 73.3% of the variation in leader follower value congruence can be explained by variable ethical leadership and vertical collectivism.

TABLE II INTERACTION TEST I

No.	Interaction Test I	Analisis Result
1	R	0,859
2.	R Square	0,738
3.	F	143,468
4.	Significant (Sig)	0,000

TABLE III INTERACTIONS I BETWEEN VARIABLES

No.	Coefficient	Sig
1	Ethical Leadership	0,220
2	Vertical Collectivism	0,026
3	Moderate	0,008

The second interaction test is to examine the interaction between ethical leadership and horizontal collectivism. Based on the results of the interpretation can be seen in the Anova table it is known that the difference index in the data is indicated by F of 137.405 with a significance value of 0.000 or significant. In the Coefficients table it can be seen that the significant value of the interaction between ethical leadership and leader follower value congruence of

0,000 means that there is a significant interaction between ethical leadership and leader follower value congruence. Means that horizontal collectivism variables are moderator variables. In the Model Summary table, we can see the values of determination coefficients (Adjusted R. Square) of 0.724, which means that 72.4% of the variation in leader follower value congruence can be explained by leadership ethical variables and horizontal collectivism.

TABLE IV INTERACTION TEST II

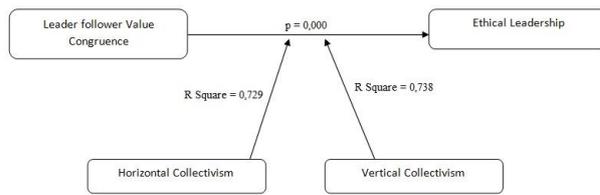
No	Interaction Test I	Analisis Result
1	R	0,854
2.	R Square	0,729
3.	F	137,405
4.	Significant (Sig)	0,000

TABLE V INTERACTIONS II BETWEEN VARIABLES

No.	Coefficient	Sig
1	Ethical Leadership	0,000
2	Vertical Collectivism	0,700
3	Moderate	0,000

The first Moderated Regression Analysis shows that the significance of the interaction between ethical leadership and leader follower value congruence of 0.220 means that there is no significant interaction between ethical leadership and leader follower value congruence. These results explain that the vertical collectivism variable is a moderator variable. Judging from the influence of the coefficient of determination value of 0.733, which means 73.3% of the variation in leader follower value congruence which can be explained by the variables of ethical leadership and vertical collectivism.

The second Moderated Regression Analysis shows that the significance of the interaction between ethical leadership and leader follower value congruence of 0,000 means that there is a significant interaction between ethical leadership and leader follower value congruence. These results explain that horizontal collectivism variables are moderator variables. Judging from the influence of coefficient determination value of 0.724, which means 72.4% of the variation in leader follower value congruence can be explained by the ethical leadership and horizontal collectivism. After two interaction tests, it can be seen that the influence of vertical collectivism (amounting to 73.3%) is greater than the influence of horizontal collectivism (by 72.4%) on the relationship of ethical leadership regression with leader follower value congruence.



#### IV. DISCUSSION

The aim of this research was to understand the relationship between Ethical Leadership and leader follower value congruence with collectivism as moderator. The results of research on private employees in Yogyakarta City showed that the influence of ethical leadership on leader follower value congruence was more likely moderated by vertical collectivism instead of horizontal collectivism, which means the hypothesis in this study was rejected. But there is a significant influence between ethical leadership towards leader follower value congruence.

The hypothesis that shows the influence of ethical leadership on leader follower value congruence has proved significant. This is indicated by the results of a simple regression analysis between ethical leadership and leader follower value congruence that has a sig value amounting to 0,000. This means that ethical leadership has a significant influence on leader follower value congruence. This means that the higher an employee has a perception of ethical leadership towards their leader will influence employees towards leader follower value congruence. Thus, the results of this study show that the high perception of ethical leadership in private employee in Yogyakarta City has an effect on the leader follower value congruence with their leader.

High ethical leadership will affect the leader follower value congruence of employees with their leader. The essence of ethical leadership is the behavior of a leader where in behaving based on existing norms with the aim of being a good example for his employees (Brown et al, 2005). Bass and Steidmeier (1999) also add that ethical leadership is not only fixed on ethics, but also makes the work environment work to develop, it can be seen by the existence of a two-way relationship between a leader and his employees (in Brown etc, 2005).

The influence of ethical leadership on leader follower value congruence that significantly involves several indicators. One of the indicators of ethical leadership, behaves in accordance with the rules. A leader who shows behavior in accordance with the rules will make employees easier to understand the values adopted by their leaders. In addition to being a role model, a leader with an ethical leadership style has a two-way communication pattern. With the existence of two-way communication allows a reciprocal relationship between leaders and

employees. This can affect the formation of leader follower value congruence.

The second hypothesis in this study is the existence of the role of collectivism in moderating ethical leadership with leader follower value congruence, where influencing horizontal collectivism is higher than vertical collectivism in influencing ethical leadership relationships with leader following value congruence.

The results of this study show that vertical collectivism is higher than horizontal collectivism, so the hypothesis was rejected. This can be seen from the adjusted R square value, where the adjusted R square value results from the interaction of ethical leadership with a horizontal collectivism of 0.724 and vertical collectivism of 0.733. This shows that the adjusted R square value of vertical collectivism is higher than horizontal collectivism.

Collectivism is a moderator of ethical leadership relationships with leader follower value congruence, because collectivism can be function as a place for employees and leaders to share their beliefs and values. Collectivism can strengthen the relationship of ethical leadership with leader follower value congruence with the collectivism nature of sharing, thus facilitating an intensive communication process between leaders and employees. In the results of this study indicate that collectivism is able to be a moderator between ethical leadership and leader follower value congruence. This shows that private employees who have a tendency towards collectivism have more influence on perceptions of ethical leadership and leader follower value congruence with their leader.

The results of this study show that vertical collectivism is higher in influencing ethical leadership relationships with leader follower value congruence. The thing that caused the vertical collectivism influence was higher than horizontal collectivism was a measuring instrument. Singelis, etc (1995) explained that in designing cultural measuring devices is a difficult thing, this happens because when measuring at the cultural and individual levels the only thing represented by the measuring instrument. Similarly, when measuring an employee who has a tendency to vertical or horizontal collectivism. With Indonesian culture that has a collectivism tendency, this affects the measurement process, because each employee has two tendencies towards vertical and horizontal collectivism.

#### V. CONCLUSION

The conclusion of this study is that there is an influence of ethical leadership with leader follower value congruence, vertical collectivism higher in strengthening the relationship between ethical leadership and leader follower value congruence compared to horizontal collectivism. This research still has many shortcomings, researchers hope that these weaknesses can be used as material for further

evaluation of researchers. In this study there are differences in data between pre-eliminary research leader data follower value congruence and research data. Pre-eliminary research data shows that private companies have low leader value follower value congruence, while the results of the study show that the leader level of follower value congruence in private companies is in the high category. Suggestions for future researchers are to ensure problems in an organization and make more cultural-related items, so that they can entrepreneurise a person's tendency towards a culture.

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