

Examining the Moderating Role of Ethical Leadership on the Relationship between Responsibility and Social Accountability and Internal Green Performance of Companies

Mehdi Eftekharian, Kimia Parang

^{1,2}Ms. of Executive Management, Islamic Azad University, Shiraz, Iran

Abstract— As managers and experts of successful organizations today acknowledge, the successful implementation of social responsibility in the organization and realization of its positive consequences in the performance and fulfilling social roles, requires considering the leadership factor in the organization. Given the existing research gap, especially in the field of insurance industry, researchers in the present study seek to investigate the impact of social responsibility on green internal performance and social accountability in insurance companies. Managers and employees of Karafarin and Iran insurance companies in Shiraz metropolitan constitute the research statistical population that according to the size of the statistical population, the sample size (209 people) was determined based on the Cochran formula. The research tool is a standard questionnaires whose reliability has been calculated using Cronbach's alpha coefficient and its validity has been calculated using confirmatory factor analysis. Also, data analysis was performed using structural equation method and LISREL software. According to the obtained results, all the research hypotheses were confirmed, and it can be said that ethical leadership, as a moderating variable, affects the relationship between social responsibility, green internal performance and social accountability.

Keywords— Social responsibility, Green internal performance, Ethical leadership.

I. INTRODUCTION

In order to maintain their legitimacy and survival in the environment, today's organizations must accept that they also have a public and social role and duty, which is based on this accepted principle that everyone is responsible and accountable for their behavior, and organizations are no exception. By formulating and clarifying ethical codes at the individual, organizational, and public levels, organizations can affect organizational commitment and, consequently, the organization's social responsibility (Chanshang et al., 2015).

If organizations are unable to formulate and implement ethical policies and guidelines, or are unsure whether employees know what they are and understand these guidelines, they will not be able to hold employees accountable for unethical behavior and responsibility. Be socially accountable. In this regard, launching an accountability system for ambiguities and questionable cases in order to clarify the principles and standards of professional ethics and social responsibility; Continuous training in order to recognize, the necessity of existence and observance of ethics in the organization for managers and employees;

Considering special rewards or privileges for employees who actively participate in the implementation and observance of ethical codes, were suggested by the statistical sample as strategies to increase the social responsibility of the organization (Weiser et al., 2017).

The European Union considers corporate social responsibility as a concept in which organizations pay attention to environmental and social concerns in their activities and in their interactions with stakeholders, voluntarily and voluntarily, environmental and social issues. Are considered (Sanchez et al., 2016). Although various studies support the relationship between ethical leadership and variables such as job independence, job security, interactive justice, managerial effectiveness, job satisfaction, and organizational citizenship behaviors, despite such productive outputs, little attention has been paid to the role of ethical leadership. Social responsibility and internal green performance are organized. Therefore, considering the research vacuum in this field in the present article, we seek to answer the main question whether there is a relationship between social responsibility with green internal performance and social accountability with the adjustment of the variable of ethical leadership?

II. SOCIAL RESPONSIBILITY OF THE ORGANIZATION

Social responsibility is not a new issue, but it seems to have come to the attention of managers and organizational policymakers in recent years because of its benefits to the economy, society, and the environment. Social responsibility is known by the names such as organizational conscience, social performance, responsible and sustainable business, citizenship rights and social responsibility of the organization. Social responsibility is also a strategy to respond to social, environmental and sustainable development concerns in countries (Shah Hassani et al., 2016) The term social responsibility first appeared in the management of organizations in the late 19th century and developed around the world in the early 1970s. The elements of social responsibility reflect any change in organizations in order to understand and make society aware of the responsibility of these organizations (Khabiri, 2015).

Social responsibility is a voluntary commitment of organizations to play a transparent and non-transparent role to

which the expectations of society are contractually assigned. Therefore, social responsibility is the commitment of the management of organizations to do things that promote the welfare and system of society.

In addition, the role of responsibility of organizations to grow and develop customer service, encourage employees to cooperate and participate more and establish higher trust in the management of the organization and thus lower costs and effective control mechanisms, expand the level of community satisfaction and The result helps the survival and growth of the organization (Ahmadi et al., 2015).

Many organizations have formally defined ethical principles, and educational systems have been established to implement them. In these programs, organizations seek to improve the level of ethical understanding and insight of their employees based on making ethical decisions (Aghaei et al., 2016). Carol (2004), in a study entitled "Corporate Social Responsibility Pyramid" assigns four categories of social responsibility to each firm. In other words, he considers the social responsibility of each firm to be the result of the following four components:

TABLE 1. Dimensions of the corporate social responsibility pyramid

Summary description	Dimensions	
Organizations are responsible for meeting the economic needs of society and providing the goods and services they need	Economic needs	1
Organizations are responsible for implementing the ethics (honesty, fairness and respect) of their business.	Adhere to business ethics	2
Organizations are obliged to be diligent in protecting the environment while paying attention to the health and safety of their employees and consumers, and to avoid monopolies and discrimination within the organization.	Observance of general rules and regulations	3
Organizations are required to participate in a variety of activities that reduce society's problems and improve its quality of life.	Humanitarian responsibilities	4

Accordingly, the social responsibility of organizations is a voluntary matter and a kind of duty and commitment of organizations and their employees to society. A review of previous studies also shows that the institutionalization of law, social responsibility has a significant effect on increasing attention to commitment, identity and organizational ethics (Dopatif 2018).

2-1. Organizational Social Responsibility

Organizations as intermediate links between the individual and society are one of the fundamental components of the human social body today. They come who need society in order to survive and continue their activities, in this regard, leading organizations pay attention to providing They have placed modern social services at the top of their research and development activities (Sheikh et al., 2016). Therefore, they should pay attention to the sense of responsibility, accountability and attention to the rights of community members in the form of their strategic plans, and at the same time, they feed on the biological, social and scientific capital of their environment in strategic plans.

Pay special attention to the issue of organizational social responsibility and respect for citizens' rights (Ali Ahmadi et al., 2011). Therefore, today's managers must know the social and general dimensions of their profession and be aware of the effects of their organization on the social environment. Managers must give up their mere partiality and fascination with their organizational goals (Shafei, 2013).

Observance of business ethics and social responsibilities by the organization increases the legitimacy of organizational actions, improves competitive advantage and brings success to the organization (Alvani et al., 2013).

2-2. Internal Green Performance of Organizations

Organizations are considered as the middle layers and intermediate links between the individual and society, so that organizations are considered as one of the most important and fundamental components of the human social body today. Obviously, organizations will have multifaceted roles and tasks in proportion to human will and need in the evolution of this social body until reaching a balanced and proportionate global body.

In order to carry out their organizational affairs, in addition to organizational and legal criteria, organizations need a set of ethical and value guidelines that help them in administrative behavior and actions and enable a kind of coordination and unity of procedure in achieving the goal (Young Et al., 2015).

Internal green performance is one of the most important determinants in improving the company's competitiveness and performance. Internal green performance recognizes that the various departments and subdivisions of the firm must act as part of an integrated process that is expected to be performance-related (Wancho et al., 2008). Green performance can be estimated from a variety of indicators that assess the reduction of the firm's environmental impact in categories, each of which is measured by individual commodity variables. These variables include reduction in water use, energy, non-renewable resources, toxic substances, material loss, soil pollution and its release into the air, odor, noise, soil damage and the risk of severe accidents (Hosseini et al., 2017)

2-3. Ethical Leadership

The main requirement for successful responsible establishment in the organization is to address the issue of the leader as a factor of change in the system. Therefore, it can be acknowledged that having the right leadership style and creating relationships along with playing the right role for employees, leads to improved organizational performance. The importance of leadership is such that some experts in management science believe that the success of any manager depends on his ability to lead human resources. Leadership practices are strongly influenced in any civilization, a manifestation of the "leadership and management practices" of the cultural environment of societies; It can be said that the cultural construction of that civilization (leadership is one of the main necessities for carrying out the activities of many organizations today. According to Hershey and Blanchard,

successful organizations have a major characteristic by which organizations They fail to be distinguished; this characteristic is dynamic and effective leadership (Khairgoo et al., 2014).

Accordingly, a moral leader is one who strives to identify the potential and initiatives of each individual and at the same time to protect the health of society and help protect their rights to freedom (Da et al., 2015). Therefore, according to stakeholder theory, business and organizational leaders in order to satisfy the interests of all stakeholders to establish constructive relationships with all stakeholders and vital to the success of the organization (Hassani et al., 2020).

III. RESEARCH METHODOLOGY

In terms of purpose, the present study is a type of applied research and in terms of how to collect information in the category of descriptive-correlational research. The statistical population of this study is 457 employees of Karafarin and Iran Insurance Company in Shiraz. The sample size was determined to be 209 according to Cochran's formula for known communities. Data collection tools in this study are library studies. The standard questionnaire is based on a 5-point Likert scale and options (strongly disagree (1) to strongly agree (5)). In this study, to measure the ethical leadership variable from Kim's standard six-component questionnaire (2015), to measure the social responsibility variable from the 20-component standard Carol questionnaire (1991) and to measure the green internal performance variable from Zhao standard 10-item questionnaire and Et al. (2004), has been used. It is worth mentioning that Cronbach's alpha coefficient was used to measure reliability. Based on this, the obtained reliability for the ethics-oriented leadership variables equal to (0.79), social responsibility (0.81), social accountability (0.76) and green internal performance (0.83) was calculated. The value of all is higher than 0.7, they have good reliability.

Questionnaires were also used to determine the validity of the questionnaires through confirmatory factor analysis. Accordingly, considering that the value of T coefficient for all obvious variables of the research is more than (+ 1.96 and - 1.96), the validity of the research variables is confirmed. In addition, considering that the value of KMO coefficient and chi-square of Bartlett spherical test at a significant level of 0.01 equal to 261.79, the sample and sample variables have the desired adequacy for confirmatory factor analysis. It is worth mentioning that the data analysis in the present study was performed using the method of confirmatory factor analysis and structural equations (path analysis).

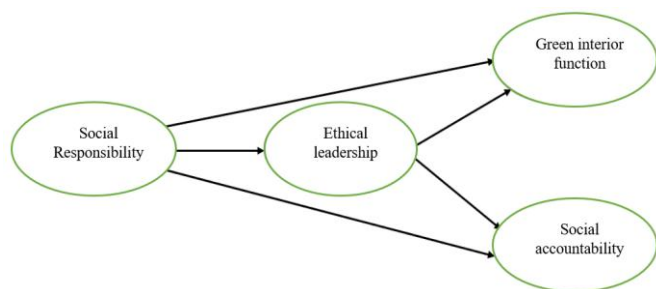


Figure 1. Conceptual model of research

IV. RESEARCH FINDINGS

In the following, we present the descriptive and inferential findings of the research. Table (2) shows the demographic variables of the present study:

TABLE 2. Frequency of demographic variables of the research

Frequency	Abundance	Variable	
41/63	78	Female	Gender
58/37	122	Man	
10/05	21	Less than 25 years	Age
37/8	79	Between 26- 40 years	
31/1	65	Between 41 and 55 years	
21/05	44	More than 55 years	Education
16/27	34	Less than a bachelor	
50/23	105	bachelor	
27/75	58	Masters	
5/74	12	PhD	Work Experience
18/16	38	Less than 5 years	
45/44	95	Between 6 and 15 years	
25/186	61	Between 16 and 25 years	
9/81	15	More than 25 years	Total
100	209		

In the following table (3), descriptive indicators of variables are presented:

TABLE 3. Descriptive indicators of research variables

Social accountability	Green interior function	Ethical leadership	Social Responsibility	
2/78	2/81	2/76	2/65	Average
92/0	81/0	95/0	97/0	The standard deviation
0/11	0/03	0/26	0/43	Elongation
0/16	0/07	0/18	0/15	cholrghi

According to the results in the table, it can be acknowledged that the values of standard deviation and average have a good dispersion of data. Also, the values of elongation and skewness indicate the normality of the data.

TABLE 4. Values of correlation coefficients of research variables

Social accountability	Green interior function	Ethical leadership	Social Responsibility	
			1	Social Responsibility
		1	**0/61	Ethical leadership
	1	**0/53	**0/47	Green interior function
1	**0/45	**0/56	**0/51	

Significant correlation at the level of 0.01

As can be seen in Table (4), there is a 0.01 between the research variables at the significance level. In order to better understand the causal relationships and how social responsibility affects the internal performance of green and

social accountability with the moderating role of ethical leadership, was done using the method of structural equations. Accordingly, in order to select the most desirable degree of fit of the structural model, the following indicators were used (Table 5).

TABLE 5. Results of estimating model fit indices

Calculated values	Acceptable values	Abbreviation	Model fit index
0/92	More than 0.90	AGFI	Modified fit
2/7	Less than 3	$\chi^2 / d.f$	X2
0/94	More than 0.90	GFI	Goodness of fit
0/76	Less than 0.08	RMSEA	The square of the mean squares of the approximation error
0/93	More than 0.90	CFI	Approximate fit index

As can be seen, the values obtained confirm the fit of the research model.

TABLE 6. Test results of research hypotheses

Direct effect	Coefficient T	Path coefficient	Direction
has it	2/17	0/16	Social Responsibility → Green interior function
has it	2/15	0/14	Social Responsibility → Social accountability
has it	8/2	0/49	Social Responsibility → Ethical leadership
has it	4/71	0/35	Ethical leadership → Green interior function
has it	6/21	0/38	Ethical leadership → Social accountability
has it	4/23	0/19	Social Responsibility → Ethical leadership → Green interior function
has it	4/63	0/21	Social Responsibility → Ethical leadership → Social accountability

V. DISCUSSION AND CONCLUSION

Managers and employees of organizations in their decisions and actions, in addition to legal frameworks, must also be influenced by ethical principles; Because legal frameworks do not adequately cover the right decisions. Organizations need certain specialized knowledge in recognizing their ethical obligations to society, as well as identifying and resolving ethical issues in business, and this knowledge is professional ethics. The aim of this study was to investigate the relationship between responsibility and social accountability and the company's internal green performance by considering the moderating role of ethical leadership on them in the employees of Karafarin Insurance Company and Iran. In the following, we will review the test results of the hypotheses of this research:

The first hypothesis of this study is that social responsibility affects the internal performance of green, with a path coefficient of 0.16 and a significance coefficient of 2.17 was confirmed. This finding is consistent with the studies of Zhou and Liu (2019), Hesto (2017).

The second hypothesis of this study, social responsibility is effective on social accountability, was confirmed with a path coefficient of 0.14 and a significance coefficient of 2.15. This finding is consistent with the results of studies by Alwani (2013), Ahmadi et al. (2012), Young (2013). The third hypothesis of this study is that social responsibility has an

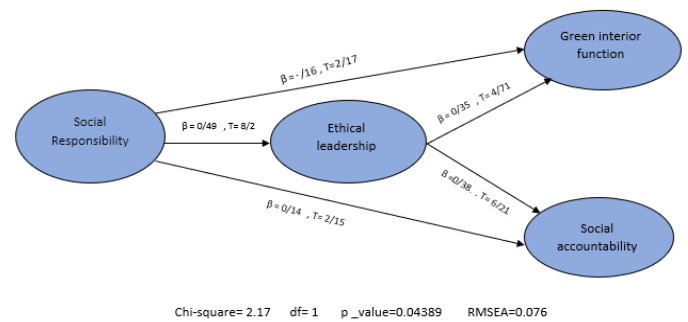


Figure 2. Research model in standard and significant estimation mode

As shown in the figure of Messi, the values of the goodness of fit index and the fitness test of the model indicate the optimal fit of the research model.

impact on ethical leadership with a path coefficient of 0.49 and a significance coefficient of 8.2 was confirmed. This finding is consistent with the results of Stanbor (2013) and carpentry (2020) studies.

The fourth hypothesis of this study is that ethics-oriented leadership has an effect on green internal performance, with a path coefficient of 0.35 and a significance coefficient of 4.71 was confirmed. This finding is consistent with the results of research by Walken et al. (2018), Dee Giwani et al. (2016), Hitches et al. (2015).

The fifth hypothesis of this study, ethical leadership is effective on social accountability, was confirmed with a path coefficient of 0.38 and a significance coefficient of 6.21. This finding is consistent with the results of studies by Agan et al. (2016), Houshang et al. (2016) and Madhushi et al. (2015).

The sixth hypothesis of this study is that social responsibility has an effect on green internal performance by modifying ethical leadership, with a path coefficient of 0.19 and a significance coefficient of 4.23 was confirmed. This finding is consistent with the results of research by Shine et al. (2017), Palmer et al. (2015), Karimi et al. (1396).

The seventh hypothesis of this study is that social responsibility has an effect on social accountability by modifying ethical leadership, with a path coefficient of 0.21 and a significance coefficient of 4.61 was confirmed. This finding is consistent with the studies of Lopez et al. (2019), Augustes et al. (2015), and Lee et al. (2011).

According to the research results, it can be acknowledged that ethical leadership as a moderating variable has an effect on the relationship between social responsibility, green internal performance and social accountability and plays a role.

REFERENCES

- [1] Ahmadi, Kiomars; Alwani, Seyed Mehdi and Amiri, Maghsoud (2012); "From organizational social ethics to organizational social accountability"; Quarterly Journal of Ethics in Science and Technology, Year 7 Issue
- [2] Alwani, Seyed Mehdi and Ahmadi, Kiomars (2013). The concept of organizational social accountability and the need to explain its components in Iranian government organizations. Quarterly Journal of Management of Government Organizations; First Year, No. 3, Summer 92
- [3] Hosseini, Mirza Hassan and Azizi, Iman (1396). The Impact of Green Supply Chain Management on Green Performance and Company Competitiveness (Case Study: Shiraz Sham Food Industries Company). Monthly of Management and Accounting Research. No. 41, 82-60.
- [4] Ali Ahmadi, Ali Reza (1392). "Pre-design of the Iranian Islamic Model of Progress"; Knowledge Production Publications.
- [5] Aghaei, M, A. and Kazempour, M. (2016). "The effect of corporate social responsibility and product diversification on performance evaluation". *Iranian Journal of Value and behavioral accounting*, Vol, 1, No. 1, pp 99-122.
- [6] Ahmadi Kohanali, R. Abasnezhad, T. and Zendebody, M. (2015). Omparative Evaluation of Models of Corporate Social Responsibility (CSR). First nternational conference and second national conference
- [7] Chuansheng Lio and Xudong zhu. (2015). Three Approaches to Cultivating College Students Sense of Social Responsibility. University council. Beijing Normal University, No.19. XinJiekou Wait st. Haidian District, Beijing. China.
- [8] Kabiri, H. and Mohammadzade salteh, H. (2015). "The relationship between social responsibility and financial reporting quality of listed companies in Tehran Stock Exchange from the perspective of financial experts Woman", *Woman and Family Studies*, No. 24, pp 67-83.
- [9] Sanchez-Hernandez, M.I., & Mainardes, E.W. (2016). University social responsibility: A student base analysis in Brazil. *International Review on Public and Nonprofit Marketing*, 13(2), 151-169.,
- [10] Shahhoseini, M, A. And Arablooye Moghaddam, A. (2016). "Corporate social responsibility: A comprehensive approach". Vol. 1, *University of Tehran press*.
- [11] Sheikh, S R & Beise, R (2011), "*Corporate Social Responsibility or Cause-Related Marketing? The Role of Cause Specificity of CSR*", *Journal of Consumer Marketing*, Volume 28, Number 1, pp: 27-39
- [12] Vachon, S., Klassen, R.D., 2008. Environmental management and manufacturing performance: the role of collaboration in the supply chain. *International Journal of Production Economics* 111 (2), 299-315.
- [13] Visser, W. (2017). *Corporate sustainability and responsibility. An introductory text on CSR Theory and practice past, present and future*, Kindle edition published in 2017 by Kaleidoscope Futures,
- [14] Yang, Ch.Sh., Lu, Ch.Sh., Haider, J.J., Marlow, P. B., 2013. The effect of green supply chain management on green performance and firm competitiveness in the context of container shipping in Taiwan. *Transportation Research Part E* 55 (2013) 55-73.