



# The Relationship between Components of Ethical Governance and Social Capital

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## Abstract

**Introduction:** Ethical governance means the exercise of power and sovereignty along with moral values and adherence to divine and human virtues. The purpose of this research is to evaluate the model of ethical governance components based on social capital.

**Material & Methods:** The current research is one of the quantitative researches that was conducted by descriptive and correlation method. The statistical population of this research included employees and personnel and internal managers of gas industries in South Pars region, 384 people were selected as a sample. The research tool was a standard questionnaire. Data analysis was done using Pearson correlation.

**Results:** Based on correlation coefficients, it was determined that the components of ethical governance include efficiency and effectiveness, impartiality and fairness, public satisfaction, accountability, rule of law, strategic perspective, accountability, role promotion, justice, distributive policy, capacity building, professional ethics, economic management, social development, government-centeredness, citizens' participation, legal reforms, anti-corruption, transparency, participation, predictability, accountability have a positive and significant relationship with social capital.

**Conclusion:** The main core of governance, especially in the Islamic perspective, is to observe the strong role of ethics in the governance of society. It is through ethical governance that the social capital of the organization becomes efficient and plays its constructive role in the welfare of the society.

**Keywords:** *Ethics, Ethical governance, Social capital.*

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## INTRODUCTION

Ethical governance is all about leadership and management, supervisors and subordinates, candidates and voters, public employees and public services, inclusiveness and exclusivity, association and division, among other things that are based on the Qur'an and the tradition. Rulership is one of the new topics that has attracted the attention of scientific and international circles in the last two decades.

Researchers have defined governance with different approaches (process, liberal and socialist), dimensions (political, economic and human) and goals (economic development, political development and sustainable human development). Governance in the word means administration and regulation of affairs and relationship between citizens and rulers. Governance refers to being accountable in both policy making and implementation [1]. Based on

this, governance requires the interaction between structure, process and tradition, which implies the exercise and relationship of power in institutional and social groups, and the concepts of directing, controlling and regulating activities for the benefit of the people or all citizens, voters and employees are hidden [2]. It can be said that the essence of governance refers to the relations between the components within the government and non-government sectors [3]. Various definitions have been provided for ethical governance. Of course, the ruling spirit of all of them is not much different from each other and undoubtedly represents the importance of moral dimensions in moral governance. In other words, each of the definitions of this concept have focused on the ethical dimensions of governance and defined this concept based on it. In the following, we will refer to some of the definitions provided about ethical governance:

A) A system of values, policies and institutions by which the society manages its economy, politics and social issues through the three sectors of government, private and civil [4].

B) Ethical governance is an effort towards rule of law, transparency, accountability, participation, equality, efficiency, effectiveness, accountability and strategic perspective in the exercise of political, economic and administrative authority [5].

C) Solutions and processes and institutions through which citizens, groups and civil institutions pursue their interests, fulfill their legal rights, fulfill their obligations and adjust their differences [6].

D) The World Bank defines ethical governance based on six characteristics: "Voice and accountability, quality of regulations, government effectiveness, political stability, rule of law and corruption control" [7].

There is a need to look at this category with a big view and instead of presenting various lists of good governance characteristics, try to design

models that explain the various aspects of this multidimensional phenomenon [8].

One of the aspects that draws attention to ethical governance and reveals the importance of ethics in governance is social capital. Social capital can be divided into cognitive (mental) and objective (structural) categories. 1- The mental or cognitive dimension oversees values, beliefs, attitudes and social ideas. And it emphasizes the trust of individuals, groups, networks or organizations at both micro and middle levels, and at the macro level, it can be pointed out the existence of political, social and economic trust in institutions and macro structures. 2- In the objective or structural dimension, social capital refers to structures and processes, such as the accountability of government officials for their performance. In this dimension, components such as colleagues and participation are emphasized and can be studied at two levels, micro and macro. However, in both theoretical and practical areas, governance emphasizes concepts such as accountability, transparency, equality, justice, efficiency, reforming the legal and judicial system, public participation, market development, and participation of civil institutions. Hamkaran system is a form of government in which the human, natural and service barriers are used in a fair way and distributed in a fair way in the direction of the development and excellence of the society [5].

Today, in human societies, achieving development, especially humane and sustainable development, is considered an important goal. Every day, plans are presented in the form of new and coherent discourses for the progress and development of countries by governments and international development forums. Governance, as one of the mentioned patterns, is a new topic in the development literature that has been introduced in various sciences in the last two decades and has received the attention and

scrutiny of experts, researchers, and planners at various levels [6].

Based on the material presented and the importance of ethical governance, the present thesis was formed with the aim of investigating the relationship between the components of ethical governance and social capital. Based on this, the research hypotheses are:

Main hypothesis: There is a relationship between ethical governance and social capital.

Sub-hypotheses

1. There is a relationship between efficiency and effectiveness and social capital.
2. There is a relationship between impartiality and fairness and social capital.
3. There is a relationship between responsibility and social capital.
4. There is a connection between the rule of law and social capital.
5. There is a relationship between strategic vision and social capital.
6. There is a relationship between computability and social capital.
7. There is a relationship between role promotion and social capital.
8. There is a relationship between capacity building and social capital.
9. There is a relationship between professional ethics and social capital.
10. There is a relationship between economic management and social capital.
11. There is a relationship between social development and social capital.
12. There is a connection between the fight against corruption and social capital.
13. There is a relationship between accountability and social capital.

## **MATERIAL AND METHODS**

The current research is one of the quantitative researches that was conducted by descriptive and correlation method. The statistical population of this research included employees and personnel

and internal managers of gas industries in South Pars region, 384 people were selected as a sample. The research tool was a standard questionnaire.

### ***Social Capital Questionnaire*** [7]

It is a social capital questionnaire and has 61 questions in three dimensions: communication, structure, and cognition. Questionnaire questions are designed based on a five-point Likert scale (very little to very much). Putnam (1999) reported the validity of the questionnaire for the four dimensions of trust in the organization, participation, benevolence and mutual relations as 0.58, 0.60, 0.70, 0.66 respectively. Reliability for four dimensions has been reported as 0.80, 0.88, 0.90, 0.84 respectively. In a research [8] to measure the overall reliability of the questionnaire, after conducting a preliminary study and determining the variance of the questions, it was calculated through Cronbach's alpha coefficient, which was 0.88. Cronbach's alpha was obtained for the four dimensions of trust in the organization, participation, benevolence, and mutual relations, respectively, 0.87, 0.86, 0.82, and 0.80.

### ***Ethical Governance Assessment Questionnaire*** [9]

OPM and CIPFA ethical governance standard questionnaire was designed in 2004 and has 36 questions in 6 dimensions. The results of the data show the favorable convergent and divergent validity of this questionnaire [10].

Also, the reliability of the questionnaire was calculated using Cronbach's alpha measurement method. Usually, the range of Cronbach's alpha reliability coefficient is from zero (0) which means no stability, to positive one (+1) which means complete reliability, and the closer the value is to a positive number of one, the more reliable the questionnaire is. Cronbach's alpha for the ethical governance questionnaire is 0.75.

Data analysis was done using Pearson correlation.

## RESULTS

Inferential statistics methods are used to estimate community parameters (community average) through scientific sampling of the target community. The statistical tests used to analyze the information obtained from a small group (sample) and generalize it to the target population are divided into a parametric group according to the measurement scale of the variables. The test used in this research includes Kolmogorov-Smirnov test, calculation of sampling adequacy index, correlation coefficient. *Calculation of sampling adequacy index and Kaiser Meyer Olkin (KMO)*

Before starting the analysis, we must make sure that the number of samples is suitable for data analysis. The Kaiser-Meyer index is an index of sampling adequacy that examines the smallness of partial correlation between variables and thus determines whether the variance of the research variables is influenced by the common variance of some hidden factors or not. This index is in the range of zero to 1. And the closer the number is to 1, it indicates the adequacy of sampling for analysis. In this research, the value of Kaiser-Meyer index is equal to 0.912, which is a good number and shows that we can do a proper analysis with 384 sample people.

**Table 1:** Bartlett KMO sphericity statistic value

KMO value		0.912
Bartlett's Test of Sphericity	X2	6.425
	d.f	1021
	Sig.	0.001

### *Kolmogorov-Smirnov test*

In order to use parametric tests, there are preconditions, which are: the condition of data being normal, and the condition of data being random. The first condition should be used for all

data, but the second condition is only used for historical data (data obtained over time - such as time regression analysis). Therefore, we will use this test to check the desired condition. To check the normality of the factors, the one-sample Kolmogorov-Smirnov test is used as follows.

**Table 2:** Kolmogorov and Smirnov test to determine the normality of research variables

Research factors	Number	Kolmogorov-Smirnov	Sig. (2tailed).
Efficiency and effectiveness	384	0.809	0.083
Impartiality	384	1.74	0.06
Responsibility	384	2.56	0.145
Rule of law	384	2.59	0.271
Strategic vision	384	2.62	0.163
Computability	384	2.01	0.180
Role promotion	384	2.14	0.121
Capacity building	384	1.89	0.096
Professional ethics	384	2.17	0.083
Economic management	384	2.29	0.076
Social development	384	1.99	0.08
Fight against corruption	384	1.92	0.06

According to table 2, it can be concluded that because the values of the significance level of all research variables are more than 0.05. Therefore, it can be said that the rest of the variables achieve

the normality of the data distribution, and parametric tests can be used in the analysis of research hypotheses.

### Testing hypotheses

Testing the main hypothesis: There is a relationship between ethical governance and social capital.

Pearson's correlation coefficient is used to test this hypothesis. The findings are as described in Table 3.

**Table 3:** Correlation coefficient of ethical governance and social capital

Variable	Social capital
Ethical governance	0.36
Sig.	0.000
Number	384

According to the significance value calculated between the two domains, which is equal to 0.000 and because this number is smaller than 0.05, therefore, there is a significant relationship between the two variables of ethical governance and social capital among the gas industry experts of South Pars region. Also, according to the intensity of our obtained correlation, which is equal to 0.36, therefore, there is a positive correlation with moderate intensity and with a

direct direction between the two variables of ethical governance and social capital; Thus, the higher the level of ethical governance among gas industry experts in South Pars region, the higher their social capital. Based on this, the main hypothesis of the research is confirmed.

### Test of sub-hypotheses

The results of the sub-hypothesis tests are shown in Table 4.

**Table 4:** The results of the research sub-hypotheses test

Variable	Social capital	Result
Efficiency and effectiveness	Intensity	0.35
	Sig.	0.000
Impartiality and fair	Intensity	0.44
	Sig.	0.000
Accountability	Intensity	0.40
	Sig.	0.000
Rule of law	Intensity	0.16
	Sig.	0.072
Strategic vision	Intensity	0.25
	Sig.	0.002
Computability	Intensity	0.28
	Sig.	0.001
Role promotion	Intensity	0.33
	Sig.	0.000
Capacity building	Intensity	0.36
	Sig.	0.000
Professional ethics	Intensity	0.41
	Sig.	0.000
Economic management	Intensity	0.30
	Sig.	0.001
Social development	Intensity	0.32
	Sig.	0.001
Fight against corruption	Intensity	0.35
	Sig.	0.000
Responsibility	Intensity	0.46
	Sig.	0.000

## DISCUSSION

The results of various researches have also shown that with the increase in the level of social capital in the South Pars region, ethical governance also increases and related matters are facilitated. This finding is in line with the research results of some researchers [11, 12], which states that the high level of contact and cooperation between management and social capital has had a significant impact on managerial function. There has been participation in both dimensions, i.e. social capital and ethical governance; But in the aspect of social capital, there is the supply of participation, and in the aspect of good governance, there is a demand for participation and benefiting from it. In other words, good governance tries to take advantage of the participation formed in the social capital system and be the basis for attracting and organizing social participation in the affairs of South Pars region. Therefore, when the administration of South Pars region tries to attract the participation of the people of the region for planning and managing affairs and their implementation, while directing and strengthening social participation and as a result improving social capital, regional affairs will be more transparent and effective. In other words, the management of South Pars region leads to ethical governance.

Between governance indicators (efficiency and effectiveness, impartiality and fairness, public satisfaction, accountability, rule of law, strategic perspective, accountability, role promotion, justice, distributive policy, capacity building, professional ethics, economic management, social development, government-centered, citizen participation, legal reforms, anti-corruption, transparency, participation, predictability, accountability) and significant positive relationship capital has been obtained. This finding is consistent with the research results of some researchers [13, 14]. This finding

indicates that more participation in such social institutions can lead to the improvement of moral governance in South Pars region. In addition, a positive and significant relationship has been obtained between the satisfaction of living conditions among the people of the region and the moral governance index. Therefore, it can be concluded that by improving the management performance of the South Pars region through the application of ethical governance, the satisfaction of the people of the region with their living conditions in the region will also increase.

Based on the findings of the research, it is suggested that the governing institutions pay attention to the components of ethical governance and consider the following in order to have ethical governance and increase social capital accordingly.

- Use efficient and effective management systems.
- Neutrality and fairness should be considered as a basic principle in management.
- Encourage responsibility
- The rule of law and norms that increase the motivation of employees to serve public interests should be taken into consideration
- The existence of an independent judiciary that creates a suitable judicial capacity to monitor the implementation of the law.
- Hiring and promotion of increasing workers' salaries based on meritocratic logic.
- To contract activities in a way that reduces costs and increases the quality of work.
- Decentralization and increasing the level of public participation in the implementation of plans and programs.
- Fighting corruption and arbitrary behavior
- Compliance with professional ethics and its training at the level of organizations
- Encouraging accountability for assigned responsibilities

## CONCLUSION

Governance in the framework of ethics is an active and constructive cooperation between the government and citizens, and the key to its success lies in the ethical behavior of the participating powers in political management. The main core of governance, especially in the Islamic perspective, is the strong role of ethics in the governance of society. It is through ethical governance that the social capital of the organization becomes efficient and plays its constructive role in the welfare of the society.

## ETHICAL CONSIDERATIONS

Ethical issues (such as plagiarism, conscious satisfaction, misleading, making and or forging data, publishing or sending to two places, redundancy and etc.) have been fully considered by the writers.

## CONFLICT OF INTEREST

The authors declare that there is no conflict of interests.

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