

Matching Ethical Work Climate to In-role and Extra-role Behaviors in a Collectivist Work Setting

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ABSTRACT. This paper studies the relationship between organizational ethical climate and the forms of organizational citizenship behavior (OCB), including in-role and extra-role behaviors, and examines the mediating effect of employee loyalty. A sample of employees from a traditional Hong Kong-based company was used as a study group. The purpose of this study was to examine the causes and implications of how various ethical work climates affect employee performance. Based on a model proposed by Victor and Cullen, ethical climate is arranged from lower levels to higher levels. The results suggest that lower levels of ethical climate (instrumentality and independence), characterizing a weak relational contract between employee and employer, are associated with negative extra-role behavior. In contrast, higher levels of ethical climate (caring and law-and-code), symbolic of a strong relational contract at work, are associated with positive extra-role behavior. Moreover, normative commitment mediated a positive relationship between caring and identification with the company, whereas attitudinal loyalty mediated the negative relationship between independence and altruism. Implications for future research and practice are discussed.

KEY WORDS: ethical climate, employee loyalty in-role behaviors, extra-role behaviors

Introduction

Organizational citizenship behavior (OCB) represents behaviors carried out by individuals at work that are discretionary in nature, and are not formally rewarded or sanctioned by the organization (Organ, 1988). Employees are expected not only to be individually productive, but they must also increase productivity by helping those around them, and/or exhibiting civic virtue. The practical importance of OCB is that it promotes organizational efficiency, innovativeness, and competitive advantage (Bolino et al., 2002; Koys, 2001; Organ, 1988; Podsakoff et al., 2000). Early research on OCB identified two primary behaviors that would benefit an organization as a whole (Smith et al., 1983): altruism, which is helping a specific individual, indirectly through this contributes to the organization; and conscientiousness, doing things “right and proper” for their own sake rather than for any specific person, is behavior that benefits the organization as a whole. Recent empirical and conceptual work in this area suggests that employees are more inclined to perform OCB when they view it as a role obligation rather than as discretionary behavior (Coyle-Shapiro et al., 2004).

Evidence indicates that the creation of a strong corporate ethical climate is essential to prevent unethical acts (Ahmed and Machold, 2004; Douglas et al., 2001). This may be due to the fact that the ethical climate within an organization is an important factor affecting employees’ perceptions about the nature of the relational contract between themselves and their employer (Barnett and Schubert, 2002). Such a relationship is a “psychological contract” between the employer and employee (Lester et al., 2002) and a “mutual covenant” to the

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welfare of both parties; it is a shared set of values (Van Dyne et al., 1994). Members who feel bound to the organization and perceive that they personally benefit from the organization are more likely to reciprocate their goodwill in the form of OCB (Organ, 1988). Social exchange theory (Blau, 1964) is most commonly used to explain why employees perform OCB. Social exchange theory suggests that citizenship behavior can be expected when an employee experiences positive effects from an organization and is motivated to reciprocate these positive feelings towards the organization. With respect to the link between ethical work climate and OCB, it is believed that a morality-based employee loyalty is an ideal factor to address the motivational force underlying social exchange theory.

The purpose of this study was twofold. First, a new measure of loyalty adapted from Coughlan (2005) was tested. The measure focuses on loyalty's moral basis, which helps to distinguish it from the concept of organizational commitment. As explained by the author, exploring the important distinction between loyalty and commitment brings potential benefits for scholars and practitioners, especially as it relates to our understanding of employees' work behavior. The second purpose was to test whether the perception of organizational ethical climate would shape the behaviors and/or actions of employees; in particular, the extent to which individuals engage in OCB was examined. Behaviors such as taking initiative and giving extra effort are increasingly critical to organizational survival and success (Waldman, 1994). They are especially important when organizations place a strong emphasis on teams and total quality management (Waldman, 1994). Therefore, the current study presents the proposed link between organizational ethical climate and OCB, and the mediating effect of employee loyalty. If significant relationships between ethical climate and these work-related outcomes exist, managers may move in the direction toward development of ethical climates in order to illicit greater levels of citizenship behaviors.

Literature review

Ethical climate is defined as "the prevailing perceptions of typical organizational practices and

procedures that have ethical content" (Victor and Cullen, 1988: 101). It may vary within a company due to differences in individuals, work groups, employment histories, and individuals' positions. Hence, a firm, work group, or subunit may comprise many different types of climates (Schnieder, 1975). Victor and Cullen (1988) indicate that the ethical dimension of organizational climate is a multi-dimensional construct, which they term the "ethical work climate." They develop, operate, and test their framework of ethical climate types within two dimensions. The "ethical criterion" dimension refers to three major classes of ethical theory that can be found in Kohlberg's theory of moral development: egoism, benevolence, and principle. The "locus of analysis" dimension encompasses the impact of referent groups on individual decisions and/or behaviors. The individual locus of analysis identifies sources of ethical reasoning within the individual. The locus of analysis identifies sources of ethical reasoning at the group/company level. The cosmopolitan locus concerns the larger economic or social system as a whole. The intersection of these two dimensions - ethical criterion and locus of analysis - results in a nine-cell typology of ethical climates (see Table I).

Based on this conceptual framework, Victor and Cullen (1987) developed the Ethical Climate Questionnaire to investigate how organizational members view the ethical climate of their organization. The analysis of the present questionnaire data suggested five primary ethical types, designated as the following: "caring" (a concern for the well-being of others), "law-and-code" (whether any laws are broken), "rule" (whether the company's policies and procedures are being followed), "instrumentality" (a focus on self-interest), and "independence" (the adherence to one's personal ethical beliefs). This classification of ethical climates has been validated against various measures of organizational effectiveness.

For the purposes of this research, these climates have been arranged hierarchically from one with concern for universal rights and humanity to a self-interest standard. When considering the types of ethical criterion and levels of analysis, an ordering of these dimensions would be from a cosmopolitan climate to individual interest climate (see Table II).

TABLE I
Theoretical ethical climate types

Ethical criterion	Locus of analysis		
Egoism	Individual Self-interest	Local Company profit	Cosmopolitan Efficiency
Benevolence	Friendship	Team interest	Social responsibility
Principle	Personal morality	Company rules and procedures	Laws and professional codes

TABLE II
Ordering of ethical climates

Higher level of ethical climate	Principled cosmopolitan climate (Law-and-code)
↑	Principled local climate (Rule)
	Benevolent local climate (Caring)
	Principled individual climate (Independence)
	Lower level of ethical climate
Lower level of ethical climate	Egoistic individual climate (Instrumentality)

Organizational citizenship behavior (OCB) is believed to promote organizational goals and effectiveness. Interpersonal OCB helps employees work together (Koys, 2001) and helps coordinate information and team activities (Podsakoff et al., 2000). OCB enhances organizational functioning, which leads to subsequent improved organizational performance (Somech and Drach-Zahavy, 2004). However, it is unlikely that all OCB directly benefits the organizational goals. According to Ryan and Deci (2000), employee behavior can be chosen freely or can be chosen because of internal or external constraints. Thus, individuals may act on a continuum, ranging from complete control by reward or punishment (e.g., “I often arrive early and start work immediately”) to discretionary behaviors (e.g., “I am willing to help colleagues solve work-related problems because I believe that the work we do is important”). Because citizenship behavior is not formally mandated by the organization, such behavior is often influenced by informal forces within and around the organization, such as ethical work climate.

An important issue in OCB is the boundary between in-role and extra-role behaviors and the extent to which it is measured as OCB; the frontiers between in-role and extra-role behaviors are frequently and increasingly diluted, and different observers (e.g., directors and supervisors) can have different interpretations of which are mandatory or voluntary. Organ (1997) viewed these criticisms as fair, and pressed the need to rethink the defining character of OCB. He asserts that it no longer seems fruitful to regard OCB as extra-role, beyond the job, or unrewarded by the formal system. The continuing debate on whether OCB is in-role or extra-role suggests that employee role perceptions may distinguish between personal and organization factors and OCB. A more tenable definition is that in-role performance encapsulates work behavior that is clearly expected, evaluated, and rewarded (Van Dyne et al., 1994); the behavior is directed towards formal tasks, duties, and responsibilities such as those included in a job description (Williams and Anderson, 1991). Extra-role behavior refers to activities that are discretionary in nature (such as helping others), which is not directly or explicitly required by the formal reward system, but does promote overall organizational efficiency (Becker and Kernan, 2003). Employees who define OCB as extra-role behavior see fewer situational constraints on their OCB (Zellars et al., 2002).

To understand the determinants of OCB, Vey and Campbell (2004) examined the in-role and extra-role nature of behavioral items from a popular measure of OCB. They found that conscientiousness and courtesy dimensions were more frequently considered in-role behaviors, while altruism and civic virtue items were more frequently considered extra-role. Furthermore, Van Dyne and Lepine (1998) validated two types of extra-role behavior:

helping and voice. Helping was similar to altruism, providing aid to specific persons. Voice, which is defined as individual initiative, represents communicating with others in the organization to improve individual and group performances, which is a type of civic virtue. Helping and voice are likely motivated by a desire to help the organization because the focus of the behavior is the organization.

It has also been argued that the boundary between in-role and extra-role behaviors varies with regard to time, employees, organizations, and situations (Moorman and Blakely, 1995; Van Dyne et al., 1994) and across cultures (Farh et al., 1997; Paine and Organ, 2000). For example, Farh et al. (1997) explored the relationship between OCB and justice perceptions in the Chinese context and found that the Western dimensions of sportsmanship and courtesy did not emerge in the Chinese OCB scale. They explained that in Chinese organizational settings, OCB might take a different form due to different rules of reciprocation and role obligations.

In this study, an OCB categorization developed by Farh et al. (1997) was adopted. For comparison purposes, items capturing in-role and extra-role behaviors were selected. The first two dimensions, altruism and identification with the company, are considered extra-role behaviors, and focus on the organization itself, as well as behaviors intended to benefit the organization as a whole. Altruism involves voluntarily helping others with, or preventing the occurrence of, work-related problems. Identification with the company involves voluntary creativity and innovative behaviors, aimed at the improvement of individual and/or organizational performance. It also encompasses responsible and constructive involvement in the governance of the organization (Organ and Ryan, 1995), such as defending the company's reputation and making suggestions to solve problems. The third dimension is conscientiousness, which is similar to self-development (examples include employees who spontaneously work overtime on a task, or engage in self-study to increase work quality). The fourth dimension is protecting company resources, which involves avoiding negative behaviors, such as those that abuse company policies; this also involves the elimination of the use of company resources for personal gain. The last two dimensions fit within the in-role behaviors category because efforts are

directed toward a specific target, such as the supervisor who most directly observes, appraises, and rewards employees' formal job-related activities (Becker and Kernan, 2003).

Evidenced by previous research, a given type of ethical climate may have a negative or positive effect on OCB. Among the five climates, lower levels of ethical climate, such as those that emphasize self-interest or personal morality, are the least likely to foster OCB because people rationalize their own unethical behaviors. Higher levels of ethical climate that emphasize principles, such as company rules and professional codes, are more likely to lead to the development of a relational contract and foster strong OCB. The most productive relationship consists of a caring climate, where the management fulfills employees' needs, promotes employees' best interests, and values employees' contributions; in this type of environment, employees are likely to reciprocate with good behavior. Deshpande (1996) found that managers who believed that their organization had a caring climate perceived a strong positive link between success and ethical behavior. This is consistent with the relational contract emphasizing a mutual commitment to the welfare of both parties (Barnett and Schubert, 2002). Based on the above literature review, several hypotheses are formulated. The first set of hypotheses is as follows:

- H1:* An individual ethical climate characterized by instrumentality and independence will be negatively associated with OCB.
- H2:* A benevolent ethical climate characterized by care will be positively associated with OCB.
- H3:* A principled ethical climate characterized by rule and law-and-code will be positively associated with OCB.

Employee loyalty as a mediator

Allport and Meyer (1933) were among the earliest to address the issue of loyalty in an organization. Loyalty connotes a selection of values and is an adherence to some cause or principle of conduct that is considered "good" (Allport and Meyer, 1933). However, loyalty and commitment have often been used synonymously in the literature,

creating unnecessary confusion about these two distinct concepts (Atwater et al., 2000; Chen et al., 2002). For instance, in Chinese society, psychological attachment to a person is best described as “personal loyalty” rather than an impersonal form of “commitment” (Chen et al., 2002). Recent research has heightened the need to understand how ethical work climate affects various degrees of employee loyalty, which in turn affects OCB.

On the basis of these studies, Coughlan (2005) proposed the idea that the moral basis of loyalty has distinct components: normative commitment and attitudinal loyalty. Normative commitment entails a sense of commitment based on obligations to remain with the organization (Allen and Meyer, 1990), which is commonly labeled as loyalty, duty, or obligation. Normative commitment is stronger in a collective culture, where the climate of employee relations is relatively harmonious (Chen and Francesco, 2003). This is most consistent with the idea of loyalty in a relation-oriented society like China (Chen et al., 2002). Attitudinal loyalty focuses on the role of moral values in guiding the behavior of employees, reflecting the moral standards and the extent of trust among coworkers. One might ask how employee loyalty relates to the earlier studies describing OCB. According to O’Reilly and Chatman (1986), an individual with an internalized commitment to his or her organization exhibits an increase in extra-role behaviors. Linked to the social exchange theory, it is hypothesized that when high levels of ethical climate are endorsed by the employees, they will adhere to a principle of conduct that they consider “good,” and thus will exhibit greater levels of citizenship behavior. Therefore, we formulate the following hypotheses:

- H4:* Employee loyalty will partially mediate the negative relationship between an individual ethical climate (i.e., instrumentality and independence) and OCB.
- H5:* Employee loyalty will partially mediate the positive relationship between a principled ethical climate (i.e., rule and law-and-code) and OCB.

Specifically, a caring climate emphasizing benevolence requires employers to look beyond self-interest when making decisions. Conceptual work on the role of an “ethic of care” in organizations makes

an explicit connection between core organizational values and members’ social-psychological development (Liedtka, 1996, 1999; McAllister and Bigley, 2002). Due to the relation-oriented nature of Chinese society, a caring climate would particularly play an important role in promoting normative commitment, because of socially constructed norms rather than individually constructed attitudes (Chen and Francesco, 2003). Those who perceive such caring would actively internalize normative pressures and behave in a way that helps develop a long-term relationship with the company. When individuals perceive that the organization fulfills employees’ needs and cares about their well-being, and then they are inclined to reciprocate by putting forth an effort beyond what is expected of them in order to shape organizational practices, programs, and behaviors (McAllister and Bigley, 2002). Becker et al. (1996) found that commitment to supervisors was positively related to in-role behavior. It is therefore hypothesized that normative commitment, with its direct emphasis on obligations between the organization and its employees, may be the key element in understanding the relationship between the relational contract and extra-role behaviors. Thus:

- H6:* Normative commitment will partially mediate the positive relationship between a caring ethical climate and OCB. In particular, normative commitment will be more strongly associated with extra-role behaviors.

Methods

Sample and procedures

The participants in this study were employed by a Hong Kong-based trading company with 250 employees. By definition, any company with over 100 employees in Hong Kong is considered large. One hundred and fifty questionnaires were distributed and 109 were returned (response rate of 72.7%). After gaining approval from the human resources director, questionnaires were sent to potential participants through the company’s internal mail system. A cover letter was attached to the questionnaire to explain the purpose of the study. Employees were

permitted to complete the survey while at work and were assured confidentiality and anonymity by both the researcher and the organization's management. Surveys were returned directly to the researcher in an enclosed envelope, and dropped through a letter box placed in the HR office. The questionnaire consisted of both English and Chinese versions. The conventional method of back-translation (Brislin et al., 1973) was adopted to translate the survey from English to Chinese. The translators were professors from the university's language translation department. Any items that looked ambiguous or difficult to understand were rectified before the distribution.

Among the participants, 42.4% were male and 57.6% were female. In terms of the three largest age groups, 27.6% of the participants were between 26 and 30 years of age, 20.4% were between 31 and 35, and 13.3% were between 41 and 45. More than half of the participants (54.6%) held a diploma or a university-level degree. With regard to tenure, 38.5% had been employed with this company for less than three years, 20.8% had been employed between three and six years, and 31.3% had been employed for more than five years.

Measures

Ethical climate

The ethical climate was assessed using the 26-item Ethical Climate Questionnaire (ECQ) developed by Victor and Cullen (1988), the most widely used instrument for examining organizational ethical climate. The respondents were asked to rate their perceptions of the organization on a 7-point Likert scale ranging from (1) "Completely False" to (7) "Completely True." The ECQ consists of five ethical climate types: Instrumentality (7 items), Caring (7 items), Independence (4 items), Rule (4 items), and Law-and-code (4 items). A factor analysis was carried out (principal components, varimax rotation), yielding five factors. Instrumentality focuses on self-interest (e.g., "In this company, people are mostly out for themselves") ($\alpha = .71$), Independence emphasizes personal ethics (e.g., "Each person in this company decides for themselves what is right and wrong") ($\alpha = .60$), Caring refers to the welfare of others (e.g., "The most important concern is the good of all the people in the company

as a whole") ($\alpha = .80$), Rule asks if all members are expected to follow the company rules and policies (e.g., "Everyone is expected to stick by company rules and procedures"), and lastly, Law-and-code concerns adherence to universal ethical principles (e.g., "People in this company strictly obey the company policies") ($\alpha = .79$).

Employee loyalty

Employee loyalty included both normative commitment and attitudinal loyalty (adapted from Coughlan, 2005). Normative commitment is defined as one's sense of obligation to remain with a firm. It comprised six items from Meyer and Allen's commitment measure (e.g., "I feel an obligation to remain with my current employer"). Attitudinal loyalty focuses on the role of moral values in guiding the behavior of employees, and comprised three items ("My behavior at work reflects the moral principles supported by my coworkers," "In resolving ethical dilemmas on the job, I use the standards of my work group as guidelines," and "I feel a sense of loyalty to my co-workers"). These items are meant to demonstrate loyalty's three unique components - whether or not it is performed on a voluntary basis, adherence, and its moral basis. Items were rated on a 7-point Likert scale ranging from (1) "Strongly Disagree" to (7) "Strongly Agree." The alphas for these two scales were .92 and .80, respectively.

OCB

A Chinese scale developed by Farh et al. (1997) was used to measure in-role and extra-role behaviors. The scale included the dimensions of altruism ($\alpha = .87$), identification with the company (similar to civic virtue) ($\alpha = .87$), conscientiousness ($\alpha = .82$), and protecting company resources ($\alpha = .81$).

Extra-role behaviors

This section included both altruism and identification with the company dimensions. Altruism is assisting other members of the organization with their tasks. It contained four items (e.g., "I am willing to assist new colleagues to adjust to the work environment"). Identification with the company is very similar to civic virtue in definition. Items here emphasize the willingness on the

part of the employees to spread positive company news to outsiders, defend the company’s reputation, and make suggestions for improvement. It contained four items (e.g., “I am eager to tell outsiders good news about the company and clarify their misunderstandings”). Items were rated on a 7-point Likert scale ranging from (1) “Strongly Disagree” to (7) “Strongly Agree.” The alphas for these two scales were .87 and .82, respectively.

In-role behaviors

This included the dimensions conscientiousness and protecting company resources. The conscientiousness scale is identical to the Western definition, with very similar item contents. Conscientiousness refers to an employee’s going well beyond the minimum requirements of the organization in aspects such as punctuality, obeying the organization’s rules, voluntarily doing things besides assigned duties, and working long hours. It contained five items (e.g., “I take my job seriously and rarely make mistakes”). Protecting company resources is defined as the avoidance of negative behaviors, including those that abuse company policies or that involves employees using company resources for personal gain. It contained three items (e.g., “I view sick leave as benefit and makes excuse for taking sick leave. Reverse

coded). Items were rated on a 7-point Likert scale ranging from (1) “Strongly Disagree” to (7) “Strongly Agree.” The alphas for these two scales were .87 and .81, respectively.

Control variables

A review of the literature and a consideration of the research context suggested the need to control for several variables in this study. These control variables were gender, age, education, salary, and tenure because each of these can influence the perception of organizational ethical climate, loyalty, and work-related performance.

Results

Table III presents the means, standard deviations, and correlations for the key variables in the study. The respondents indicated that the climate in their organization was strongly characterized by an emphasis on the following principles: rule ($M = 5.68$), law-and-code ($M = 5.03$), and caring ($M = 4.39$). To a lesser extent, the respondents perceived that their organization’s climate emphasized independence ($M = 4.19$) and instrumentality ($M = 3.59$).

TABLE III
Mean, Standard Deviations, and Correlations of Key Variables

Variable	Mean	S.D.	1	2	3	4	5	6	7	8	9	10
1. Instrumental	3.59	0.87										
2. Independence	4.19	0.91	.21*									
3. Caring	4.39	0.97	.01	-.04								
4. Rule	5.68	0.93	.07	-.06	.19*							
5. Law-and-code	5.03	0.80	-.04	-.03	.31**	.38**						
6. Normative Commitment	3.81	1.10	-.11	-.09	.42**	.16	.23*					
7. Attitudinal Loyalty	4.47	0.93	-.10	-.26**	.14	.15	.05	.27**				
8. Altruism	6.01	0.66	-.12	-.22*	.16	.27**	.37**	.28**	.29**			
9. Identification with the company	5.01	0.97	-.22*	-.05	.32**	.11	.21*	.51**	.22*	.49**		
10. Conscientiousness	5.51	0.72	-.05	-.08	.18	.19*	.18	.35**	.14	.50**	.49**	
11. Protecting company resources	5.62	1.07	-.04	-.06	.22*	.18	.23*	.22*	-.07	.14	.19	.24*

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

Interrelationships existed among the five ethical climate types. Instrumentality and independence were significantly and positively correlated with each other ($r = .21$; $p < .05$). The caring climate was significantly and positively correlated with rule ($r = .19$; $p < .05$) and law-and-code ($r = .31$; $p < .01$).

In regard to the two mediating variables - normative commitment and attitudinal loyalty - normative commitment was relatively low (mean = 3.81) and attitudinal loyalty was slightly higher (mean = 4.47), with a significant relationship existing between them ($r = .27$; $p < .01$). Independence was negatively associated with attitudinal loyalty ($r = -.26$; $p < .01$), and caring was positively associated with normative commitment ($r = .42$; $p < .01$). Attitudinal loyalty was positively associated with altruism ($r = .29$; $p < .01$) and identification with the company ($r = .22$; $p < .05$). Normative commitment was positively associated with all forms of OCB, altruism ($r = .28$; $p < .01$), identification with the company ($r = .51$; $p < .01$), conscientiousness ($r = .35$; $p < .01$), and protecting company resources ($r = .22$; $p < .05$).

The hierarchical regression analysis was used to test these hypotheses. Control variables were entered first, followed by the five work climate variables.

Table IV summarizes the key results of this analysis. The first hypothesis stated that perception of an individual ethical climate would be negatively associated with OCB. Instrumentality was negatively associated with identification with the company ($B = -.20$; $p < .05$), whereas independence was negatively associated with altruism ($B = -.25$; $p < .01$). This finding supports H1 only in regard to one form of extra-role behavior. The second and third hypotheses stated that a perception of a caring or principled work climate would be positively associated with OCB. Caring was positively related to identification with the company ($B = .23$; $p < .05$), whereas law-and-code was positively related to altruism ($B = .29$; $p < .01$). This finding supports H2 and H3 only in regard to one form of extra-role behavior. Again, the higher levels of ethical climate did not lead to in-role behavior. No relationship was found between rule and OCB. Overall, the levels of organizational ethical climate, high or low, could predict only extra-role behavior.

Hypotheses 4, 5, and 6 test the mediating effect. When attitudinal loyalty was entered in the regression model, there was no evidence of a mediating effect for instrumentality, rule, and law-and-code, but there was a mediating effect for independence. Independence negatively predicts attitudinal loyalty,

TABLE IV
Regression Analysis

Variable	Normative commitment	Attitudinal loyalty	Altruism		Identification with the company		Conscientiousness	Protecting company resources
			Step 1	Step 2	Step 1	Step 2		
Organizational Climate								
Instrumentality	-.06	-.08	-.05	-.03	-.20*	-.18*	-.01	-.04
Independence	-.09	-.27**	-.25**	-.18*	-.05	-.02	-.07	-.03
Caring	.34***	.14	.02	-.01	.23*	.12	.07	.16
Rule	.04	.14	.12	.09	-.00	-.01	.10	.07
Law-and-code	.09	-.03	.29**	.23**	.08	.05	.05	.11
Employee Loyalty								
Normative Commitment						.33**		
Attitudinal Loyalty				.23*				
Change in R ²	.15	.12	.19	.04	.11	.08	.03	.06
R ²	.32	.15	.30	.34	.36	.44	.20	.14
F	4.07***	1.52	3.76***	4.18***	5.04***	6.23***	2.20*	1.40

* $p < .05$ ** $p < .01$ *** $p < .001$.

and in turn, attitudinal loyalty negatively predicts altruism. These results suggest that independence contributed negatively to altruism through the mediation of attitudinal loyalty ($B = .23; p < .05$). For H4, a partially mediated relationship was supported; however, H5 was not supported. Though a positive path from law-and-code to altruism was found, there was no association between normative commitment and altruism. H6 predicts partially mediated relationships rather than perfectly mediated relationships. The results indicate that normative commitment was a strong predictor for one form of extra-role behavior. It was found that caring climate predicts normative commitment, and in turn, normative commitment predicts identification with the company. In other words, a caring climate contributed positively to identification with the company through the mediation of normative commitment ($B = .33; p < .01$).

Discussion

This study explored the relationships between organizational ethical climate and organizational citizenship behaviors, and the mediating effect of a morality-based employee loyalty. It confirmed that two or more types of ethical climate may co-exist within one organization and that perceptions of ethical climate type influenced the extent to which employees engaged in OCB. Moreover, the study confirmed the foci of employee loyalty and its connections with employee behavior in organizations.

The results revealed that lower levels of ethical climate were negatively related to different forms of extra-role behavior. Instrumentality was negatively related to identification with the company, whereas independence was negatively related to altruism. This is expected because both types of climate are based on either individual interests or personal morality criteria, where people most likely act in ways to promote their self-interest, regardless of laws, rules, or the impact their actions may have on the organization (Appelbaum et al., 2005). This finding is consistent with the literature, which suggests that a climate with a low level of consensus may produce detrimental group outcomes because of interpersonal friction and process loss (Lindell and Brandt, 2000). Specifically, it was shown that atti-

tudinal loyalty fully mediates the negative relationship between independence and altruism. This result supports the argument that if one believes that an organization has an independence climate, then they can act without referring to an organization's moral values in order to guide their behaviors; in addition, they are unlikely to render assistance out of altruism. It should be noted that performing OCB for self-directed reasons has been associated with reduced organizational functioning (Bolino et al., 2004).

In contrast, there is a positive relationship between a law-and-code climate and altruism. Law-and-code is at the cosmopolitan locus; the source of the principles is outside the organization (i.e., professional organizations). A climate emphasizing law-and-code requires individuals to consider the interests of the larger social or economic systems when justifying an ethically sensitive decision. For example, if society has codified its commitment to fairness and respect using laws and regulations, then managers codify how they will satisfy those rules using company policies. Such policies detail employment practices and take stands against discrimination, harassment, and other unfair or disrespectful treatment. These formal systems have proved useful to foster altruistic behavior. Altruism is a prosocial motive that involves the need to have smooth social interactions (Rioux and Penner, 2001). Altruistic intentions benefit the collective good of the group/organization, and develop a sense of cooperation and mutual responsibility among team members. More importantly, they comprise an element of trust and collaboration. Trust is a sense of assurance that others will help when needed. Collaboration minimizes distinctions among group members, and emphasizes equality and group accomplishments (Beersma et al., 2003). This finding is consistent with expectation. As Bass and Steidlmeier (1999) suggested, altruism recognizes an ethical foundation and moral qualities. Employees have an affirmative duty to work toward the collective goals when professional ethical standards are enforced. Nevertheless, there was no support for employee loyalty as the mediator of this relationship. Further research is needed to determine whether similar findings occur in other samples.

Caring climate, based on benevolence, is linked with the ethical theory of utilitarianism (Victor and Cullen, 1988). It was found that normative commit-

ment fully mediates the relationships between caring climate and identification with the company. Cullen et al. (2003) found that ethical work climate is positively associated with organizational commitment. Perhaps more importantly, normative commitment entails a sense of morals based on obligations (Allen and Meyer, 1990) and a norm of reciprocity. An individual exhibits normative commitment because he or she believes it is “right” and “moral” to reciprocate this behavior to organizations that exhibit concern for employees as a central organizational value (Osterman, 2000). When employees see that they are being cared for, they will internalize their commitment to the organization. This may be related to a specific investment that the organization makes in the employee or a perceived psychological contract (Meyer and Allen, 1997). Hence, they are motivated by reciprocation; subsequent actions by the employee are aimed at developing a behavior that shows concern for the organization in order to promote the interests of the organization (i.e., serving on committees and/or protecting the reputation of the company). This result supports the finding of Paine and Organ (2000) that organizational values place the collective interest ahead of the individual may generate more extra-role behaviors.

Implications for practice and limitations

Social exchange theory proves useful in understanding the relationship between ethical work climate and the forms of OCB. Caring and law-and-code, two higher levels of ethical climate, lead to two important underlying motives for OCB: pro-social values, a desire to help others and to be accepted by them; and organization concern, pride in and positive effects on the organization. Conversely, instrumentality and independence, two lower levels of ethical climate, lead to negative extra-role behaviors. The results imply that organizations cannot rely completely on individual morality to guide behavior. As Weeks and Nantel (1992) argued, an environment with high ethical standards could lead to an employee’s increased job performance and satisfaction. To promote higher levels of ethical climate, perhaps the first step is to enforce a written code of ethics based on professional standards and communicate it to all employ-

ees, documenting beliefs about the extent to which the organization cares for employees in general.

Specifically, law-and-code has a positive impact on altruism. If the organization is facing a serious problem with altruism, then enhancing professional codes and conduct should likely be a part of the solution. In order to keep all employees knowledgeable and up-to-date concerning rules and guidelines set by their professional order or the laws set by the government, corporate education and training sessions should be provided. The strengths of formal training include setting clear standards of behavior consistent with professional needs, accountability, operationalization of these concepts in the workplace, increased transparency of government, and due process. As such, altruism benefits supervisors and team members (e.g., through satisfying relationships) and through this means, contributes to the organization (e.g., helping colleagues solve work-related problems) for the greater good.

This study also identifies an interesting relationship between caring and behavioral outcome. A caring climate promotes identification with the company, mediated by normative commitment. The essence of organizational care is linking the employer’s values to employee values, thus increasing the extent to which employees internalize work values, even in the absence of incentives or sanctions. Normative commitment arises both from interaction with the organization, and from an individual’s experiences as a result of cultural and familial socialization processes (Wiener, 1982). If the organization is facing a problem of employees’ lacking identification with the company, the organization should emphasize human development as an organizational imperative, independent of concern for profit or competitive advantage. When employees have been led to believe, via various organizational practices, that the organization cares for them, they are more likely to impose normative pressure on themselves in relation to their behaviors (Wasti, 2003).

This study suffers from several limitations; most notable is the sample size. However, discussions with management suggested that the sample was reasonably representative of the workforce. Moreover, the study utilized self-report questionnaires, and was therefore subject to inherent limitations. For example, the measures of ethical work climate were

perceptual in nature, and people may misinterpret the ethical work climate or have a lack of self-knowledge. If possible, future research should also involve the immediate supervisor who can provide a performance rating for each participating employee.

The findings also raise issues about the possible effects of constructs not included in this study. Employee behavior may be viewed as mixed-level, incorporating individual, group, and organizational-level phenomena (Redman and Snape, 2005). Becker and his colleagues (Becker and Kerman, 2003; Becker et al., 1996) have shown that employees can be attached to multiple foci at work and that distinguishing among these foci can make a difference in predicting OCB. Moreover, Chen et al. (2002) found that loyalty to a supervisor was more strongly associated with both in-role and extra-role performance than organizational commitment. They concluded that in Chinese society, employee loyalty is less likely to be based on personal identification with the organization, but more likely be based on gratitude toward individualized support by the supervisor and personal role obligations for the supervisor. Hence, gratitude and role obligations would be reflected in the new dimensions so that normative commitment to a supervisor could be measured, in addition to normative commitment to the organization.

Finally, OCB not only involves making positive contributions, but also includes the forbearance or the willingness to endure the occasional costs and inconveniences for the benefit of the collective good (Organ, 1990). Further research on employee role definitions in collectivist cultures may be needed to fully understand the effects of ethical climate on employee behavior in a more direct way. It is hoped that these findings will spur additional research that can further improve scholars' understanding of the complex issues surrounding the relationship between ethical work climate and in-role and extra-role behaviors.

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Disponível em: <http://www.ebscohost.com>. Acesso em 8/4/2008.