Linking perceived ethical climate to organizational deviance: The cognitive, affective, and attitudinal mechanisms

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ABSTRACT

In this study, we extend previous research by proposing and testing three psychological mechanisms explaining the relationship between perceived ethical climate and organizational deviance. We collected data from a sample of 212 pairs of employees and their coworkers from seven electronics companies in Taiwan and used structural equation modeling to test our hypotheses on the matched employee–coworker data. The results of this study confirmed our hypothesis concerning the mediation of employees' job satisfaction on the relationship between their perceived ethical climate and organizational deviance. According to the results, we also found that employees' perceived organizational support and positive affect mediated the above relationship through job satisfaction. After the above mediation effects were accounted for, we found that there remained an almost-nil association between perceived ethical climate and organizational deviance. Implications for management and future research are discussed.

1. Introduction

Over the past decade, workplace deviance, defined as a "voluntary behavior of organizational members that violates significant organizational norms, and in so doing, threatens the well-being of the organization and/or its members" (Robinson & Bennett, 1995, p. 556), has become a significant topic of research in the organizational behavior literature because of its detrimental effects on organizational performance and the well-being of employees (Appelbaum, Iaconi, & Matousek, 2007; Bennett & Robinson, 2003; Dimotakis, Ilies, & Mount, 2008). Investigating the factors that can contribute to preventing or reducing workplace deviance in organizations is an important concern to management research and to organizations. Because organizational ethical context bears a significant influence on employees work attitudes and behaviors (Treviño, Butterfield, & McCabe, 1998), it has been related to the prevention of deviant work behaviors (Biron, 2010; Valentine, Greller, & Richtermeyer, 2006). Organizational ethical context refers to the institutional principles or guidelines and values upheld by organizations to establish a collective understanding of business in organization (Valentine et al., 2006). If organizations can actively communicate and uphold the values in their business practices and set clear ethical standards or codes to guide their employees, then the consistency in their words and deeds will shape an organizational culture or climate that is characterized by ethicality (Valentine et al.,

2006). Because ethical climate is a value- and/or action-based organizational atmosphere that works to guide employees' behaviors, it is considered as an organizational contextual factor that bears significant implications for preventing workplace deviance.

Ethical climate is defined as "a type of work climate that is best understood as a group of prescriptive climates reflecting the procedures, policies, and practices with moral consequences" (Martin & Cullen, 2006, p. 177). Empirical studies in the literature showed that individual employees' perceived ethical climate (PEC) can prevent their general and specific workplace deviant behaviors (Andreoli & Lefkowitz, 2009; Bulutlar & Öz, 2009; Treviño et al., 1998). To explain this effect, Treviño et al. (1998) and Valentine et al. (2006) suggest that the institutionalized principles and values in PEC work as a norm to guide employees' decision making and to improve their ethics. This norm of proper decision-making and behavior contained in PEC serves as a constraining force to discourage employees from acting in deviant manners. Some other researchers (e.g. Biron, 2010; Liu & Ding, 2012) point out that in addition to the normative constraining force from PEC, other psychological processes can also explain the influence of PEC on employee deviance.

Weiss and Cropanzano's (1996) affective events theory (AET) argues that the daily events encountered by employees at their job (e.g., a criticism of one's performance by a supervisor) can arouse their emotion responses (e.g., negative affect), which can then affect their job attitudes (e.g., reduced job satisfaction). Weiss and Brief (2001) further point out that not only the emotional responses to job events but also the cognitions about the events (e.g., a benign interpretation of supervisor's criticism on one's own performance) can affect job

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attitudes (e.g., undiminished job satisfaction). Based on AET, Judge, Scott, and Ilies (2006) posit that the interpersonally unfair treatments encountered by employees can lead to their perception of interpersonal injustice (negative cognition) and feeling of state hostility (negative affect), which will then work to reduce their job satisfaction (negative attitudinal response) and, finally, the reduced job satisfaction will result in workplace deviance (negative work behavior). In other words, the injustice events encountered by employees work through the cognitive, affective, and attitudinal processes to stimulate their workplace deviance.

In a similar vein, based on the AET theory, we propose in this study that as employees' PEC often shapes their positive cognitions about their organizations, job satisfaction, and affective well-being (Martin & Cullen, 2006), the aforementioned three psychological processes should be able to account for why PEC may affect workplace deviance. In the literature, there is lack of research conducted to examine if the three processes can explain the influence of PEC on employees' organizational deviance (OD). The present study aims to make a contribution to the literature by filling in this gap. It focuses on perceived organizational support (POS) as the cognitive consequence of PEC to specify its effects on OD. PEC can make employees feel they are fairly treated and supported by their organizations (Moorman, Blakely, & Niehoff, 1998), and POS serves as an important psychological mechanism to deter their intentions of deviant behavior (Ferris, Brown, & Heller, 2009). Using POS to explain the effects of PEC on OD is resorting to employees' cognitive process to account for the effects of PEC on workplace deviance.

PEC can reduce employees' negative emotions experienced on their job (Mulki, Jaramillo, & Locander, 2008), a negative affective response that makes them become deviant (Appelbaum et al., 2007; Dalal, 2005; Judge et al., 2006; Yang & Diefendorff, 2009). Scholars have argued that organizational virtuousness can bring a feeling of happiness or well-being—an experience of positive affect to employees (Martin & Cullen, 2006; Rego, Ribeiro, & Cunha, 2010; Schwepker, 2001) and positive affect can reduce workplace deviance (Lyons & Scott, 2012). In the literature, there is a lack of research using positive affect to account for the effects of PEC on workplace deviance; the present study will examine how PEC may exert its influence on OD through a positive affective process.

Research has shown that PEC can induce job satisfaction in employees (Martin & Cullen, 2006), and job satisfaction can prevent employees from becoming deviant on their job (Judge et al., 2006). On the other hand, studies have also shown that the lack of satisfaction in employees can stimulate their OD (Crede, Chernyshenko, Stark, Dalal, & Bashshur, 2007; Mount, Ilies, & Johnson, 2006). Job satisfaction as an attitudinal consequence of PEC can explain why PEC can work through attitudinal process to affect employees' OD.

Job satisfaction as an attitudinal response toward one's job refers to employees' overall evaluations of their job (Ajzen, 2001; Weiss, 2002). The evaluation is formed based on employees' cognitions (beliefs) about their job and their feelings (affect) toward their job. For example, when employees think that their company pays better than other companies (a positive belief), they will feel happy with their job (positive affect) and as a result will judge that their job is worth doing (a positive evaluation) in an overall sense. As an evaluative response to one's own situation, attitude works as a motivator for behaviors (Ajzen, 2001). For example, as employees feel satisfied with their job, their positive evaluation toward their job can make them want to stay at their job forever (a commitment for continuance). Because job satisfaction, as a job-related attitude, embodies such a motivational force, it carries an effect on employee behaviors that is more salient than its antecedents: the employees' cognitions and the affect experienced on their job.

Based on Weiss and Cropanzano's (1996) AET, Judge et al. (2006) showed that employees' job satisfaction mediated the effects of their justice cognition and negative affect on their workplace deviance. Cognitive and affective experiences exert their effects on workplace deviance through the mediation of job satisfaction, the attitudinal antecedent of workplace deviance. This finding showed that the attitudinal factor is more salient than cognitive or affective factors as an antecedent of workplace deviance. Following the argument of AET concerning the influence of cognitive, affective, and attitudinal mechanisms on employee job behavior and the above findings regarding employee workplace deviance from Judge et al. (2006), we argue that POS and positive affect as a cognitive or affective consequence of PEC will work through job satisfaction, an attitudinal consequence of PEC, to affect employees' OD. The validation of this argument may contribute to the literature by furthering our understanding of how the three psychological processes work in sequence to generate the influence of PEC on OD.

Employees' workplace deviance can be directed at either individuals (e.g., coworkers) or their organizations (Bennett & Robinson, 2000). Deviance targeted at individuals, such as spreading rumors about colleagues or committing physical violence against coworkers (Bennett & Robinson, 2000), often originates from the interpersonal exchanges between employees and their coworkers (Liao, Joshi, & Chuang, 2004). One the other hand, deviance targeted at organizations, such as stealing from the organization, sabotaging organizational equipment, and wasting organizational resources (Bennett & Robinson, 2000; Robinson & Bennett, 1995), often originates from employees' interactions with their organizations (Liao et al., 2004). Because the causal antecedent of workplace deviance in the present study is the organizational ethical climate, an organizational context which guides employees' job-related decisions and behaviors (Valentine et al., 2006; Victor & Cullen, 1988), not their personal relationships with their coworkers, we choose to study the effects of PEC on OD rather than on interpersonal deviance.

1.1. Theoretical background and hypotheses

1.1.1. Ethical climate: an organizational ethical context

Victor and Cullen (1988) pointed out that organizational members' shared perceptions of ethical climates can be classified along two dimensions. One dimension is related to three ethical criteria used for decision-making, including egoism, benevolence, and principles. The other dimension concerns the three loci of analysis used as a reference in ethical decisions, including individual, local, and cosmopolitan. By crossing the three ethical criteria with the three loci of analysis, they generated the nine theoretical ethical climate types. However, Victor and Cullen's (1988) empirical findings showed that there existed only five types of ethical climate in organizations. These five different types were designated as instrumental climate (an individual or local-based egoism which focuses on the maximization of self-interest), caring climate (an individual or local-based benevolence characterized by concern for the well-being of others), independence climate (an individual-based principle characterized by adherence to one's personal ethical beliefs), rules climate (a local-based principle characterized by the expectation of adherence to the company's policies and procedures), and law and code climate (a cosmopolitan-based principle characterized by the expectation of compliance with the law and with professional standards).

Organizations are often judged on whether they are ethical according to the extent to which they possess each of the five types of ethical climates (Martin & Cullen, 2006). If organizational members show greater concern toward the interests of their colleagues in their decision making and work behavior than toward their own interests, the organization is considered to be more ethical because it has manifested a non-instrumental climate. Similarly, an organization is considered to be more ethical if its members show concern for the well-being of others and display a rules-and-procedures-following or law-and-code abiding attitude and behavior. The organization is also regarded as ethical if its members believe in making decisions according to their own internalized personal moral principles (a sense of right or wrong) rather