The Impact of Ethics Environment, Organizational Commitment, and Job Satisfaction on Organizational Performance

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Abstract

Purpose - This research aims to identify the direct and indirect effects on organizational performance from the ethics environment, organizational commitment, and job satisfaction.

Method - Research findings are based on the analysis of 250 participants within numerous organizations using partial-least-squares structural equation modeling (PLS/SEM).

Findings - The ethics environment, organizational commitment, and job satisfaction are positively linked to organizational performance. In addition, the ethics environment positively impacts organizational commitment and job satisfaction, which both lead to increased organizational performance. The combined impact of the ethics environment, organizational commitment, and job satisfaction on organizational performance is assessed for the first time.

Limitation - This study’s generalizability is limited because the sample consists only of full-time workers in the United States.

Implications - This study recommends that managers take the necessary actions to improve organizational performance by building the foundation for implementing an ethics environment. The ethics environment can improve employees’
organizational commitment and job satisfaction, which positively affects organizational performance.

Originality - This empirical research is the first to connect the ethics environment to organizational performance through organizational commitment and job satisfaction.

Keywords: ethics environment, organizational commitment, job satisfaction, organizational performance


Introduction

Technological and social advancements are causing managers to look for ways to improve their organization’s business strategy (Porter, 2000). Because ethics environment, organizational commitment, and job satisfaction can impact organizational performance, managers are revamping their business strategies by implementing these constructs. Many scholars have studied the impact of organizational commitment and job satisfaction in the workplace, but few have looked into the antecedents to those variables. The purpose of this paper is to analyze the impact of ethics environment (EE), organizational commitment (OC), and job satisfaction (JS) on organizational performance (OP). The work environment affects the quality of work performance in any organization. For example, employees with organizational support experience increased commitment, linking to employee satisfaction (Claudia, 2018; Colakoglu et al., 2010; Vitell & Singhapakdi, 2008).

Through a literature review, we theorize a structural model outlining the exact relationship between the presented constructs. This study bridges the gap between previous literature and current literary findings regarding EE and OP. In particular, this research aims to clarify the direct and indirect effects EE, OC, and JS have on OP. In addition, the research seeks to provide sound recommendations for managers to encourage the implementation of appropriate changes to their organizations for improving their overall performance. This empirical study advances the quality and quantity of prior research regarding the effects of EE, OC, and JS on OP. We found
sufficient need for further research surrounding the direct and indirect effects of EE, OC, and JS on OP.

Literature Review

Theoretical Foundation

The two theoretical foundations that form the basis of this study are social cognitive theory (SCT) and organizational behavior modification theory (OBMT). The SCT allows managers to set rules that employees can identify, enhancing the level to which an organization can function (Bandura, 1986, 1991; Wood & Bandura 1989a; Wood & Bandura, 1989b). The OBMT supports the belief that employees who receive positive reinforcements are more likely to exhibit desired behaviors and be committed to the organization. The two theories are based upon the idea that the employee’s perceptions of the organizational environment can dictate the employee’s behaviors within that environment.

The OBMT, spearheaded by Skinner (1938, 1953), suggests that employees’ character and performance directly correlate with the type of outcome they want to see. According to Kini and Hobson (2002), behaviors related to a positive stimulus lead to positive outcomes and are more likely to be repeated versus behaviors that lead to negative outcomes. The incentive and stimulus used to promote the intended behavior vary depending on the implementer’s choice, but the goal remains the same, to motivate employees and increase performance. For instance, Wei and Yazdanifard (2014) analyzed the effects of intrinsic rewards such as praise as a positive reinforcement tool and identified a positive relationship between positive feedback/reinforcement and performance. As demonstrated in Stajkovic and Luthans (2001), feedback encourages employees to evaluate themselves and their actions, leading them to a certain consequence. This self-checking causes them to want to change their actions in order to solve the discrepancy. According to Medlin et al. (2016), by implementing appropriate managerial processes and organizational behavior modification, the organization can see an increase in commitment, satisfaction, workplace engagement, optimism, and overall OP.

After identifying competition as a strong motivating force, Romero and Kleiner (2000) conclude that, as employees are motivated, they are less likely to practice risky behavior and more likely to show up to work, decreasing absenteeism. The SCT urges for the implementation of a moral code in order to regulate moral conduct. Establishing a strong moral code of conduct within an organization is vital for enforcing an EE. According to Valentine and Barnett (2002), the awareness and promotion of an organization’s ethical code are positively linked to ethical behavior manifestation. Promoting a code of conduct is essential because an employee’s actions could be
advantageous personally but detrimental to others (Bandura, 1991). The SCT supports the reasoning that employees who demonstrate morality and commitment can impact JS and, in turn, improve their overall OP. Guan and Frenkel (2019) imply that employees whose personal psychological orientation aligns with the social system are more likely to be productive.

Vandenberg and Scarpello (1994) measure how an employee’s occupational commitment impacts his/her OC. They identify OC as an influencer of employees’ perceived congruence with the organization, ultimately proving that turnover intention strongly predicts employees’ job attitudes and behavior. By implementing OBMT, organizations can better utilize positive reinforcements that motivate employees to demonstrate ethical behaviors. Both SCT and OBMT are well-established theories that provide reasoning for employees’ behavioral changes. The theoretical model utilized in this research is supported by the related literature. It depicts the proposition that when an EE is ready within an organization, the EE implementation can positively impact OC and JS and ultimately influence the overall OP.

Theoretical Model

The theoretical model in this research incorporates the constructs of EE, OC, JS, and OP. Based on the underlying theories and literature, we propose an EE as a foundational antecedent to OP and that OC and JS mediate the EE to OP link. Additionally, we propose that JS mediates the OC to OP link.

Figure 1 depicts the theoretical model. It incorporates six hypotheses, all of which are hypothesized as positive (+). The hypotheses include H1: EE → OP, H2: EE → OC, H3: EE → JS, H4: OC → JS, H5: OC → OP, and H6: JS → OC.
Construct Definitions

Ethics Environment

The EE is defined as an understood social system in which its members are encouraged to behave appropriately and go beyond what is required in order to promote ethical practices, which contributes to the overall establishment of a standard of practice and a safeguard against erroneous behavior within an organization (Ardichvili, Mitchell & Jondle, 2009; Hijal-Moghrabi, Ardichvili & Mitchell, 2017; Jondle, Ardichvili, & Mitchell, 2014; Treviño, Butterfield, & McCabe, 1998). Jondle et al. (2014) describe EE as “based on an alignment between formal structures, processes, policies, training and development programs, consistent value-based ethical behavior of top leadership, informal recognition of heroes, stories, and the use of rituals, metaphors, and language that inspire organizational members to behave in a manner consistent with high ethical standards” (p.30). Research demonstrates that while ethical standards are important to implement, education through increasing ethical code awareness is a key factor in increasing accountability and compliance among organizational members (Fritz, Arnett, & Conkel, 1999; Valentine & Barnett, 2003). When managers comply with ethical standards and illustrate what an upright, model member of the organization looks like, managers increase the likelihood that lower-level associates will mirror their behaviors, thus promoting compliance with ethical standards. Hough, Green, & Plumlee (2015) cited numerous authors who showed the importance of an EE yet found few empirically measured outcomes of EE. This study furthers research into the EE outcomes.

Organizational Commitment

The OC can be defined as “the relative strength of an individual’s identification and involvement in a particular organization” (Cullen et al., 2003, p. 128). According to Cesário and Chambel (2017), OC is a multidimensional construct that indicates the strength of an individual’s psychological attachment to an organization. When measuring its effects on different organizational outcomes, commitment can be categorized into affective commitment, continuance commitment, or normative commitment. Affective commitment has been demonstrated as the typical response by individuals who are a part of a positive EE congruent with their personal beliefs (Lau et al., 2017). Continued commitment occurs when employees stay with an organization solely because it would be too costly to leave the organization. Normative commitment, also known as the obligation dimension, is the state of psychological attachment to an individual’s employer (González & Guillen, 2008). Employees who feel a strong sense of
support experience an equivalent degree of commitment that is translated into embodiment and fulfillment of organizational goals (Beheshtifar & Herat, 2013). The various facets of OC promote the productivity and longevity of employees (Cohen, 2003). Bennett and Hylton (2019) cited Reichers (1985) “stat[ing] that studies have found that organizational commitment leads to favorable and appropriate organizational outcomes” (p. 345).

Job Satisfaction

Lee et al. (2010) define JS as “a pleasurable emotional state resulting from individuals’ job experiences” (p. 132). Employee satisfaction is a multi-factorial construct, including basic and excitement factors (Latif et al., 2013). Employee attitude is composed of three components: extrinsic JS (i.e., recognition, compensation, advancements, and company policies), intrinsic JS (i.e., independence, responsibility, and security), and general JS (i.e., working conditions) (Gunlu et al., 2010). In addition, JS can be associated with promoting a caring climate (Fu & Deshpande, 2014).

Organizational Performance

Jaramillo et al. (2005) described job performance as an assessment tool that allows managers to gauge the companies training and performance effectiveness. Contrary to popular belief, OP is not solely based on an organization’s bottom-line; instead, it is a multifaceted appraisal of the sum of the whole as it relates to an organization’s efficiency, effectiveness, equity, interactions, and behaviors practiced by the organization (Hijal-Moghrabi et al., 2017). The OP is the ability to cope with all systematic processes relative to its goal-seeking behavior and carry out its organization-adapting and organization maintaining functions effectively (Damanpour et al., 2009).

Hypotheses Development

Ethics Environment and Organizational Performance

An EE has not been empirically linked to OP. We argue that establishing an environment within which ethical behavior is expected and reinforced can improve OP. Furthermore, an EE can positively impact individual employee performance (Ahn et al., 2018; Jin & Drozdenko, 2010; Shapira-Lishchinsky & Rosenblatt, 2009), and individual performance has been positively linked to OP (Sutharshini et al., 2019). These linkages imply that an EE should enhance OP. Thus, we posit:
H1: *Ethics environment is positively related to organizational performance.*

**Ethics Environment and Organizational Commitment**

As evidenced by research, the EE sets the tone for what is expected and upheld in an organization and contributes to the OC. According to Herndon *et al.* (2001), “when employees are committed to an organization, they tend to reinforce the existing value structure around them” (p. 74). Establishing an EE is usually fulfilled by using a top-down approach, i.e., ensuring top management adheres to the organization’s ethical standards. Managers are held in high esteem and are expected to be a “visible message” when it comes to modeling ethical behavior (Fritz *et al.*, 2012; Peng & Kim, 2020). Ethical leadership promotes a sense of trust and credibility in the organization, improves ethical compliance, restoration, employee retention, and nearly eliminates grievances filed by unsatisfied employees (Kar, 2014).

On the other hand, actions deeply rooted in self-interest, which strictly contradict ethical behavioral standards (Ciulla *et al.*, 2018), cause organizational members to become less enthusiastic about their job and lose concern for others and interest in the organization’s well-being (Neubert *et al.*, 2009). Overall, this decreases employees’ level of commitment toward the organization (Demirtas & Akdogan, 2015). In addition, a member’s perceived fairness also impacts the OC (Sharma *et al.*, 2009). Another factor that can deter members from becoming organizationally committed is the absence of alignment between what is taught versus what is practiced by top management. When an employee perceives that top administration practices what is expected, employees are more likely to be committed to their organization (Fritz, Arnett, & Conkel, 1999; Neubert *et al.*, 2009; Weaver *et al.*, 2005).

H2: *Ethics environment is positively related to OC.*

**Ethics Environment and Job Satisfaction**

In addition to company policies, rules, and regulations, an organization’s EE sets the tone for the organization. When examining prospective organizations, individuals need to understand themselves and what they expect from a company. Just as a company measures a prospective employee against its organizational structure, the employee should ensure the organization fits his/her specifications. Research demonstrates that employees who feel a sense of congruency to their employer are more likely to feel valued as individuals, satisfied with their jobs, and display an affective commitment to the organization (Amos & Weathington, 2008). Within an EE, there are always employees who disregard ethical standards. To minimize defiance, organizations emphasize the importance of managers showing appreciation for employees who perform ethically.
Research indicates that those who are satisfied with their job behave more ethically (Vitell & Davis, 1990).

Hypothesis 3: Ethics environment is positively related to job satisfaction.

Organizational Commitment and Job Satisfaction

Because of a growing belief that OC affects employees’ satisfaction, managers are seeking ideas to improve their employees’ intensity of commitment (Lok & Crawford, 2001). Some researchers have labeled JS as an independent variable and perceived it as a response to a specific job, whereas OC has been labeled as a dependent variable and is viewed as an encompassing response toward the organization (Eslami & Gharakhani, 2012). Gunlu et al. (2010) analyze how different hotel managers’ commitment levels are tied to their JS. For example, the level of satisfaction of a multinational organization’s manager with his workplace and coworkers could vary significantly from that of a manager who independently owns a hotel. The manager who owns the hotel has more freedom and flexibility in conducting daily business operations. Because the manager is not bound by any constraints and compartmentalization, he/she becomes more confident and shows accountability by achieving the organization’s goals. Yousef (2000) found that managers who exemplified consultative or participative leadership had employees who exhibited high commitment, high satisfaction, and high performance. Based on the above discourse, we postulate:

H4: Organizational commitment is positively related to job satisfaction.

Job Satisfaction and Organizational Performance

Because human capital is the most valuable asset in a successful organization (Varma, 2017), factors such as JS and OP and their relationship have long intrigued business enthusiasts and industrial psychologists. According to Judge et al. (2001), as originally cited in Landy (1989), this area of research is proclaimed as the “Holy Grail.” The JS can be impacted by an employee’s concern about their placement on the promotional ladder. Research shows that job insecurity or lack of benefits offered by their current employer increases stress and fear and decreases JS. The fear of job insecurity also affects employees’ degree of effort in their assigned jobs (Taufail et al., 2018). Latif et al. (2013) reported that senior members of an organization tend to be more satisfied than junior staff. The research indicates that increased productivity, reduced absenteeism, and improved quality are attributed to increased JS (Tett & Meyer, 1993; Wood et al., 2012). Determinants of satisfaction such as autonomy and collaboration amongst employees can directly impact overall OP (Ouedraogo & Leclerc, 2013). Prior studies such as Koys (2003) conclude that employee JS helps organizations reach their
financial goals and relates directly with OP. When an employee’s satisfaction increases, organizational productivity and profitability also increase, demonstrating a significant relationship between JS and OP: “a satisfied worker is a productive worker” (Latif et al., 2013, p. 166).

**H5: Job satisfaction is positively related to organizational performance.**

### Organizational Commitment and Organizational Performance

Individuals motivated to stay in an organization with educational and promotional opportunities are strongly committed to their organization because it makes increasing their skills a priority (Eslami & Gharakhani, 2012; Lee et al., 2010; Salleh et al., 2016). The organization’s members need to believe that they have some control over what takes place within the organization. Individuals who feel as if they have the autonomy, control over time, and ability to set their own pace will have a positive level of commitment, which will lead to increased productivity (Eaton, 2003). Also, individuals who deeply pride themselves in the work they do for the company are characterized as having affective commitment. This commitment level correlates significantly with superior performance, decreased burnout, and decreased turnover (Chen et al., 2006). Leaders who exemplify referent power are found to have a greater impact on their employee’s level of commitment (Biong et al., 2010). OC was found to vary depending on the nature of commitment. Studies have shown that as a manager’s affective commitment increased, his/her performance assessment ratings also increased (Meyer et al., 1989). Hence, we posit:

**H6: Organizational commitment is positively related to organizational performance.**

### Methodology

#### Sampling Process

The multi-item survey developed included demographic questions and the study’s constructs (i.e., EE, OC, JS, and OP). Previous studies such as (Green & Inman, 2005; McDaniel, 1997; Mowday et al., 1979; Smith et al., 1969; Hough et al., 2020) assessed the constructs for reliability and validity. An Institutional Review Board (IRB) committee reviewed the survey contents to ensure that the participants would not experience any form of harm and approved the study to proceed. SurveyMonkey, a third-party data collection service, was contracted as a third-party data collection service to collect data from 250 full-time employees in the United States. A diverse sample was utilized to ensure that the results would have a greater possibility of being generalizable. This data collection process was similar to Green et al. (2019) and Hough et al. (2020), in which a
third-party data collection agency contracted to collect data. Following Hair et al. (2017), we recognized that PLS/SEM is a plausible tool for a small sample size of more than 100. Based on their responses, the employees demonstrate a vast amount of work experience and diversity.

The population sample of 250 consisted of 37.5 percent men and 62.5 percent women. The makeup of compensation type for the individuals studied in this specific sample consisted of 51.6 percent hourly, 39.2 percent salaried, and 9.2 percent commission. The specific industry category percent make up consisted of 8 percent being agriculture, forestry, and fishing, 0.4 percent mining, 5.6 percent retail trade, 5.2 percent construction, 8.4 percent finance, insurance, and retail, 9.6 percent manufacturing, 6.4 percent government, 4.4 percent transportation service, 3.2 percent lodging, personal, and business, 2.8 percent wholesale trade, 22.0 percent healthcare, 5.6 percent education, 5.6 percent technology, and 19.6 percent classified as other. The average years and standard deviation for the employees in the current position were 9.39 (8.86).

Measurement Scale Assessment

All measurement scales are taken from previous research. The EE scale is a modified version of the scale developed by McDaniel (1997). The JS scale is derived from Smith et al. (1969), and the OC scale is taken from Mowday et al. (1979). Finally, the OP is taken from Green & Inman (2005).

All measurement scales come from previous research (Green & Inman, 2005; McDaniel, 1997; Mowday et al., 1979; Smith et al., 1969) and are assumed to exhibit sufficient content validity. It was necessary to remove items that did not have standardized factor loading >= .70 to achieve sufficient convergent (Chiang et al., 2012). Table 1 displays the measurement scales’ psychometric properties, including the items that exhibit factor loadings greater than or equal to .70. Wetzels et al. (2009) recommend comparing construct correlations with average variance extracted (AVE) values to assess discriminant validity. The AVE values greater than correlations indicate sufficient discriminant validity, which is the case in Table 2. Therefore, the measurement scales are sufficiently valid. Multicollinearity was assessed for the model through the variance inflation factors (VIFs). All of the VIFs were below the cutoff of 10, which is a good indicator that the model does not exhibit excessive multicollinearity (Hair et al., 2009; Green et al., 2015; Babin & Zikmund, 2015). Table 1 also contains reliability statistics (Cronbach’s alpha, composite reliability, and AVE) for the measurement scales. Cronbach’s alpha and composite reliability values greater than or equal to .70 and AVE values greater than .50 represent sufficient reliability (Garver & Mentzer, 1999). All reliability statistics exceed the recommended thresholds. Hence, the measurement scales are sufficiently reliable.
Table 1: Psychometric properties of first-order constructs

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(CA-Cronbach’s alpha, CR-Composite reliability, AVE-Average variance extracted)
Table 2: Correlations among First-Order Latent Constructs

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(Square root of AVE in bold on diagonal)

Statistical Analysis

Partial-least-squares structural equation modeling (PLS/SEM) is used to assess support for the individual hypotheses embedded in the structural model and maximize the percentage of the variation explained in the dependent variables in the structural model (Hair et al., 2017; Wetzels et al., 2009). Specifically, WarpPLS (version 6.0) PLS/SEM software is used.

Results

Figure 2 displays the PLS/SEM results. The model’s global fit measure (Tenenhaus et al., 2005) is .631, which exceeds the cutoff value for large effect sizes of .36 (Wetzels et al., 2009). EE, OC, and JS together explain 46% of the variation in OP. EE and OC combine to explain 53% of the variation in JS. EE explains 56% of the variation in OC.

Five of the six study hypotheses are supported by the standardized coefficients. The standardized coefficient values are: .23 for H1: EE→OP; .75 for H2: EE→OC; .20 for H3: EE→JS; .57 for H4: OC→JS; and .42 for H6: JS→OP. All of these are supported and significant at the .01 level. Surprisingly, H5: OC→OP is non-significant and not supported, with a standardized coefficient value of .10. The results show that EE directly and indirectly (through JS) affects OP. The standardized coefficients of .20 and .42 along the path (EE → JS → OP) are significant at the .01 level. Furthermore, OC indirectly affects OP through JS with significant standardized coefficients of .57 and .42 along the indirect path (OC → JS → OP).

We then assess the mediation level in the model with an EE as the single independent construct and OP as the dependent construct. The standardized coefficient for the EE→OP link is .57 (significant at the .01 level), and the $R^2$ value is .32. Introducing OC into the model reduces the standardized coefficient for the EE→OP link from .57 (significant at the .01 level) to .23 (significant at the .01 level), signifying that JS is a partial
mediator. To clarify, OC is not a mediator due to the non-significant standardized coefficient for the OC→OP link.

**significant at the p<.01 level;
Sympson’s paradox ratio (SPR)=1.000, acceptable if >=0.7, ideally = 1;
R-squared contribution ratio (RSCR)=1.000, acceptable if >=0.9, ideally = 1.

Figure 2: PLS/SEM Results

**Conclusion**

**Discussion of Findings**

We believe that our study provides theoretical and empirical significance to the extant literature. While the subject matter has been discussed previously, we aim to examine the influence of EE on OP. Recognized as a necessary expansion of the discussion by Sutharshini et al. (2019), we focus on factors that lead to OP by analyzing value congruence and its impact on employee attitudes and satisfaction. Employees’ attitudes towards their employer are related to their sense of autonomy and collaboration within the organization (Ouedraogo & Leclerc, 2013), which translated into satisfaction and reflected through their degree of commitment to the organization (Lok & Crawford, 2001). Based on our literature review, we recognize that employees who perceive congruency between themselves and their employer share a sense of attachment and ethical match to the organization (Amos & Weathington, 2008), which is manifested through satisfactory attitudes and the quality and quantity of the employee’s work (Koys, 2003). In agreement with the literature and solidified by our study’s findings, we demonstrate that EE directly and indirectly (through JS) affects OP. OC does not directly affect OP; however, it
indirectly affects OP through JS. Prior research analyzing the significance of ethics in relation to performance has demonstrated that organizational core values positively relate to their effects on OP (Jin and Drozdenko, 2010). As indicated by researchers, the relationship between managerial ethics and its code enforcement should be studied more in-depth. Our literature review reveals that ethical compliant behavior is more likely to be attained through the visibility of moral, ethical managerial behavior (Neubert et al., 2009) and ethical code awareness. Previous studies (Shapira-Lishchinsky & Rosenblatt, 2009) used a somewhat narrow lens to analyze the prominence of ethics in relation to indicators of commitment, such as absenteeism in the business sector. Our research broadens the lens to explore ethics and its relationship to commitment and performance. In conjunction with our literature review, we highlight the very definite influence of ethics and its relationship to overall OP in business segments. While OC is not found to impact OP directly, it indirectly affects OP through JS. As described in our review of the literature, managers should be aware that their ability to demonstrate credibility, accountability, and confidence provides their employees with a sense of security (Yousef, 2000), which produces a high degree of commitment (Chen et al., 2006) and satisfaction with their employer (Taufail et al., 2018). It has a domino effect on their level of productivity, efficiency, and overall performance (Latif et al., 2013; Wood et al., 2012). Implementing an EE helps managers build the necessary infrastructure that supports the development of OC and JS. Therefore, these results support the proposition that enhancing an EE leads to improved OP.

Limitations and Future Research

This study is based on an analysis of data collected from full-time employees working in the United States. Therefore, it is important to replicate the study using data collected from additional samples from the United States and different countries as well as various levels of economic development to support a broad generalization of the results. As with most survey-based research, the data collected reflects the opinions of the respondents. For example, this study asks employees to give their informed opinions about the organizations’ overall performance for which they work. While this is a conventional approach, it would be valuable in future research to collect data from alternate sources such as financial statements. In addition, this study ties ethics environment, organizational commitment, and job satisfaction to organizational performance. Other human-resource outcome constructs such as workplace optimism and employee engagement should be incorporated into a more comprehensive model to determine if an additional significant portion of organizational performance variation can be explained. Hough et al. (2015) and Medlin et al. (2016) have assessed the impact of these additional outcome variables on individual performance but not on organizational performance.
Implications for Practitioners

All managers are tasked with improving the overall performance of the organizations for which they work. While other myriad responsibilities consume managers’ workdays, the ultimate objective is the improvement in organizational performance. This study extends the studies of Medlin et al. (2016) and Hough et al. (2015). Medlin et al. (2016) empirically support the proposition that implementing the management basics (management principles, management process, and organizational behavior modification) will enhance human resource outcomes such as employee engagement, job satisfaction, workplace optimism, and organizational commitment and ultimately lead to improved individual performance. Hough et al. (2015) empirically support the proposition that an ethics environment positively impacts workplace optimism and, in turn, positively impacts individual performance. This study extends this previous work to include the positive impact of an ethics environment on both organizational commitment and job satisfaction and ultimately on organizational performance. Based on the results of this and previous studies, management practitioners who strive to improve both individual employee performance and organizational performance should implement the management basics and build a strong ethics environment. Specifically, from the results present in this study, managers could become aware of the positive association between ethics and organizational performance. In summary, these results support the proposition that ethical behavior on the part of an organization yields improved marketing and financial performance.

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References


Appendix

Measurement Scales
(* items removed during measurement scale assessment process)

**Job Satisfaction** (Revised based on Smith *et al.*, 1969)
*Please indicate the extent to which you agree or disagree with each statement as it relates to your workplace (1 = strongly disagree, 7 = strongly agree).*
1. I am satisfied with my work environment.
2. I am satisfied with the actual work that I perform.
3. I am satisfied with level and makeup of my compensation package that I receive.
4. I am satisfied with the level and makeup of the benefits package that I receive.
5. I am satisfied with my promotional opportunities.

**Organizational Commitment** (Mowday *et al.*, 1979)
*Please indicate the extent to which you agree or disagree with each statement as it relates to your workplace (1 = strongly disagree, 7 = strongly agree).*
1. I am willing to put in a great deal of effort beyond that normally expected in order to help this organization be successful.
2. I tell my friends that this organization is a great one to work for.
3. I would accept almost any type of job assignment in order to keep working for this organization.
4. I find that my values and the organization’s values are very similar.
5. I am proud to tell others that I am employed by this organization.
6. This organization inspires the very best in me in the way of job performance.
7. I am extremely glad that I chose this organization over other job options at the time I joined.
8. I really care about the fate of this organization.
9. For me, this is the best of all organizations to work for.
10. My boss inspires the very best in me in terms of performance.
11. I am proud to tell others who my boss is.
12. I am prepared to work harder if my boss wants me to.
13. I am privileged to work for my boss.

**Organizational Performance** (Green & Inman, 2005)
*Please rate your organization’s performance in each of the following areas as compared to the industry average. (1 = well below industry average, 5 = well above industry average).*
1. Average return on investment over the past three years.
2. Average profit over the past three years.
3. Profit growth over the past three years.
4. Average return on sales over the past three years.
5. Average market share growth over the past three years.
6. Average sales volume growth over the past three years.
7. Average sales (in dollars) growth over the past three years.

**Ethics Environment** (McDaniel, 1997)

*Please indicate the extent to which you agree or disagree with each statement as it relates to your workplace (1= strongly disagree, 7 = strongly agree).*

1. The administration of this organization is concerned with ethical practice.
2. Although I know that costs are a concern, most of the time I think the administration of this facility is more concerned with making money than with ethical care.
3. Administrators at all levels of this organization work to build shared ethical practices.
4. Personnel decisions in this organization reflect ethical considerations.
5. Administration provides their employees with ethics guidance as needed.
6. Ethics accountability is not rewarded in this organization.
7. When ethics violations occur, this organization has procedures to identify and to deal with them.
8. The organizational culture of this institution is ethical.
9. If I were to have an ethical concern, I know it would be supported in this organization.
10. Communication about ethical concerns in this organization is open between employees and administration.
11. Procedures and policies for employees in this organization do not support ethical practice.
12. Sometimes I think this organization has different goals than mine, especially regarding ethical practice.
13. Personnel policies in my work unit are consistent with what I would call ethical.
14. When I need it, there are opportunities for employees to engage in ethical deliberations in my unit.
15. If I reported one of my fellow unit employees for an ethics violation, my immediate supervisor would support me.
16. In my opinion, employees’ concerns about ethics issues are not “heard” in my work.
17. If I reported a colleague for an ethics violation, there would be retaliation against me.
18. Employees are unsure where we stand on ethics dilemmas that we encounter in our work.
19. There is an ethics committee in this organization available to me if I need it.
20. I am involved in deliberations addressing ethics concerns at my work.
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