

# RELATIONSHIP BETWEEN ORGANIZATIONAL COMMITMENT AND ETHICAL CLIMATE: THE MEDIATING ROLE OF JOB SATISFACTION DIMENSIONS (A Study in A Group Of Companies in Turkey)

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## Abstract

*The purpose of this study is to examine mediating role of the facets of job satisfaction on the relationship between ethical climate and the dimensions of organizational commitment (affective and continuance). The sample data are derived from a questionnaire survey of 199 in a group of companies in Istanbul in Turkey. The results indicate that perception of positive ethical climate is positively associated with some facets of job satisfaction and affective and continuance dimensions of organizational commitment. The results also show that some facets of job satisfaction mediate the relationship between ethical climate and dimensions of affective commitment and continuance commitment.*

**Key Words:** Ethical climate, job satisfaction, affective commitment, continuance commitment, mediating effect

## 1. Introduction

Organizations are increasingly paying attention to issues related with ethics. Because a good work climate is evaluated as a critical factor for organizations and business problems involving ethics are increasing (Singhapakdi, 2010: 77-92). Ethical values may change one to another. So there may be a need for top management to make certain ethical codes and support employees for ethical behaviors to manage organizational outcomes (Koh and Boo: 2004: 677-693). Ethical climate makes an environment that enhances ethical values, clarifies role ambiguities, and provides a clear direction for ethical decision making in ethical situations enabling individuals to enjoy their works (Khan, (2012: 3977-3987). If employees perceive a favorable ethical climate they are also likely to have a higher level of job satisfaction (Koh and Boo: 2004: 677-693). Lack of ethical consistency between the organization and its employees can cause stress and dissatisfaction.

The relationship between job satisfaction (JS) and organizational commitment (OC) is widely researched, but mediating role of JS on the relationship between ethical climate (EC) and OC is relatively less studied. The present study focuses on mediating role of some facets of JS on the relationship between EC and AC, and on the relationship between EC and CC. The findings of this study can contribute to understand the relationship between ethical climate and organizational outcomes.

The study begins with conceptual background, literature review and hypotheses development. In the second part research methods are presented. Third section presents methodology of the study. Forth part expresses the findings. The fifth part is conclusion.

## 2. Literature review and hypotheses development

### 2.1. Organizational commitment

Porter (1974) conceptualized organizational commitment (OC) as “strength of an individual’s identification with and involvement in an organization” (Mowday, 1998: 387-401; Mayer and Schoorman, 1992: 671-684; Steer, 1977: 46-56). Porter stated that a highly committed individual strongly believes in and accept the organization's goals and

values, willingly exerts considerable effort on behalf of the organization and strongly desire to remain a member of the organization (Dubin et al., 1975: 411-421; Steer, 1977: 46-56).

Allen and Mayer defined OC as a “psychological state that binds the employees to organization” and proposed a model that is consisting of three components; affective, continuance and normative. As defined by these authors, affective commitment refers to employees’ emotional attachment to, identification with, enjoying membership in and involvement in the organization. Continuance commitment refers to employees’ perception of costs that employees have when they leave the organization. Normative commitment refers to employees’ feelings of obligation to remain with the organization. These are distinguishable psychological states that employees can experience to varying degrees (Allen and Mayer, 1990: 1-18).

Mayer et al. argued that affective commitment and continuance commitment are quite different construct although both dimensions reflect a link between the employee and the organization. Employees with strong affective commitment remain with the organization because they want to, but those with strong continuance commitment remain with the organization because they need to (Mayer et al., 1990: 710-720). Normative commitment is determined by employees’ cultural, social and familial background and experiences, attitudes and values generally before joining the organizations (Newman et al., 2011: 1765-1787).

According to Newstorm and Davis (2006), OC looks like a “strong magnetic force attracting one metallic object to another” and indicates the degree to which an employee identifies with the organization and want to remain within the organization in future (Awad and Alhashemi, 2012: 134-156). High level of OC represents a positive manner that could add meaning to life for employees and increased performance and reduced turnover and absenteeism for organization (Mowday, 1998: 387-401). Moreover, low levels of commitment are largely dysfunctional for both the individual and the organization. For example, individual career advancement may be severely hampered or an unstable, disloyal work force may suffer the organization (Randall, 1987: 460-471).

On the other hand, there may be some risks for both individuals and organizations at extreme levels of commitment (Mowday, 1998: 387-401). Hunt et al argued that high organizational commitment may blind some employees to the ethical problems in their organization (Hunt et al., 1989: 79-90). Randal stated that the costs of commitment outweigh the advantages at high levels of commitment. So commitment may be at moderate level where both individual and organizational needs may be balanced (Randall, 1987: 460-471).

## 2.2. Ethical Climate

Ethics are moral principles, values, rules or beliefs about what is right or wrong (Gareth, 2007: 42). Thousands of elements such as everyday policies, practices, procedures, and routines which make a worker’s job environment define organizational climate (Schneider et al., 1996: 6-19; Churchill et al., 1976: 323-332). Ethical climate is a type of an organization’s work climate (Kelly and Cullen, 2006: 175-194). Victor and Cullen defined the ethical climate of an organization as “the prevailing perceptions of typical organizational practices and procedures that have ethical content constitute the ethical work climate” (Victor and Cullen, 1988: 101-125). According to Deshpande, an organization’s ethical climate is “shared perception of personnel about how ethical issues should be addressed and what ethically correct behavior is” (Deshpande, 1996: 655-660). Ethical climate refers to “the prevailing attitudes about the firm’s standards concerning appropriate conduct” in the organization (Kelley and Dorsch, 1991: 55-66). An organization’s ethical climate contributes employees at all level to makes ethical decisions. This is not only related with the content of decision-“what should I do?” but also process of decision “how should I do?” (Cullen et al., 1989: 50-62).

Each organization may have a set of ethical rules that may be unique to the organization (Gareth, 2007: 47). Employees in an organization first perceive ethics (code of ethic) before their behaviors are likely to become more ethical. If an organization is committed to being ethical, this can have a direct impact on employees’ behaviors (Vitell and Hidalgo, 2006: 31-43). So organization can design an ethical structure and create an ethical climate that supports and encourages people to act ethically in the organization by both implementing and enforcing rules and policies on ethical behaviors, rewarding ethical behaviors and punishing unethical behaviors (Schwepker, 2001: 39-52; Schwepker et al., 1997: 99-108; Gareth, 2007: 42, 47). Briefly, codes, corporate policy and reward and punishment on ethical behaviors are dimensions of ethical climate (Schwepker et al., 1997: 99-108)

### *Ethical climate and organizational commitment*

Researches indicate that there is a positive relationship between organization’s ethical climate and organizational commitment. Organizations that exhibit strong ethical values may benefit from having more committed employees to the organization (Vitell and Hidalgo, 2006: 31-43). Schwepker found a positive relationship between salespeople’s

perception of organization's ethical climate and their OC (Schwepker, 2001: 39-52). A research on 1246 marketing professionals indicates that perceptions of organizational ethical values are significant and substantive predictors of OC (Hunt et al., 1989: 79-90).

Kelley and Dorsch's study of 159 purchasing executives examined the relationship between EC and OC. Findings suggest that the caring and rules dimensions of EC are positively related to their OC. The instrumental dimension of EC (egoistic thinking at the individual) has a strong inverse relationship with OC (Kelley and Dorsch, 1991: 55-66). Valentine et al. assessed the relationship among the ethical context, OC and person-organization fit using 304 young working adult in four institution of higher education located in the southern and south-western United States. The results show that ethical values are positively related to OC (Valentine et al., 2002: 349-360).

A study of 352 nurses in Taiwan shows that JS and OC can be improved by influencing organization's EC (Tsui and Huang, 2008: 565-581). Shafer's study in Chinese certified public accounting indicates that the organizational EC has highly significant direct effects on OC. The benevolent/cosmopolitan and principle/cosmopolitan climates both have highly significant positive effects on OC. The egoistic/individual climate has a highly significant negative effect on OC (Shafer, 2009: 1087-1110). A study on banking sector in Turkey shows that distributive justice and procedural justice have not direct or indirect effect on OC. But interactional justice has an effect on OC (Erkuş et al., 2011: 245-270). Finally, a study on national and multinational companies supports that employees' perceptions of positive EC have a significant and positive effect on both AC and CC (Zehir, et al., 2011:49-59).

As a consequence it can be stated that employees perceive their organizations as more ethical are likely to be more committed to their organization. Based on these findings the null hypotheses proposed are as follows:

H1a: Employees' perception of ethical climate in the organization has no significant effect on affective commitment.

H1b: Employees' perception of ethical climate in the organization has no significant effect on continuance commitment.

### 2.3. Job Satisfaction

According to Locke (1976), job satisfaction or dissatisfaction is "an emotional response to a value judgment". If one perceives that the job meets or allows the meeting of one's important values one will experience a "pleasurable emotion of satisfaction" (Henne and Locke, 1985: 221-240; Nebeker et al., 2001, 29-45). JS refers to an employee's general attitude toward his or her job. An individual who is satisfied with his or her job holds positive attitude toward the job (Robbins, 2000: 20).

There is a high level of agreement among the social scientist that JS is a positive emotional reaction to a particular job (Oshagbemi, 2003: 1210-1232; 2000: 331-343; 1999: 388-403; Scarpello, 1992, 125-140). JS is not a unitary concept. An employee can be relatively satisfied with one aspect of his or her job and dissatisfied with one or more other aspects (Kreitner and Kinicki, 2004, 202). Chirchill and his colleagues defined the construct of job satisfaction as consisting of seven components (Chirchill et al., 1974: 254-260): the job itself, fellow workers, supervision, company policy and support, pay, promotion and advancement and customers.

*Job itself:* Most employees want an interesting and significant job which allows success, progress and growth for them. Moreover, they want responsibility, autonomy, role clarity, feedback from managers and lack of role conflict (Henne and Locke, 1985: 221-240).

*Fellow workers:* Employees like their colleagues who have similar values with them and facilitate work accomplishment (Henne and Locke, 1985: 221-240). Robbins stated that friendly and supportive co-workers lead to increase in job satisfaction (Robbins, 2000: 20).

*Supervision:* Employees enjoy considerate, honest, fair and competent supervisors. They also want to be recognized and rewarded for good performance, and participate in decision making (Henne and Locke, 1985: 221-240). Although there may be same exceptions such as individual difference participative decision making leads to increased job satisfaction (Robbins, 2000: 200).

*Company policy:* Employees want to their organization that respects for them and their values, and is managed effectively (Henne and Locke, 1985: 221-240).

*Pay:* Pay affects the overall level of a worker's job satisfaction or dissatisfaction (Oshagbemi and Hickson, 2003: 357-367). Employees want fair and enough payment to meet their needs (Henne and Locke, 1985: 221-240). Pay

fairness refers a comparison between what people believe they deserve to be paid and what others deserve to be paid (Jackson and Schuler, 2000: 401).

*Promotion:* A promotion refers to advancement to a position that is recognized as having higher status, increased responsibility and/or higher pay (Jackson and Schuler, 2000: 265; Dessler, 2008: 387). Employees want just and unambiguous promotion system. When people perceive that promotion decisions are made in fair, just manner and in line with their expectation they are like to be more satisfied in their job (Robbins, 2000: 20).

#### *Ethical climate and job satisfaction*

Managements of organizations can create an ethical climate by implementing and enforcing code of ethics and policies, rewarding ethical behaviors and punishing unethical behaviors. Ethical climate positively influence ethical behaviors and may result in job satisfaction by eliminating ambiguities on job related to handling ethical situations in the organizations (Schwepker, 2001: 39-52).

Although there are relatively limited studies, recent studies from variety of sectors suggest that different dimensions of ethical climate have different impact on different facets of job satisfaction. Examining the relationship between EC and JS and OC, Schwepker's study suggests that perception of a positive ethical climate is positively associated with job satisfaction and organizational commitment (Schwepker, 2001: 39-52). A study on manager in Singapore indicates significant and positive link between ethical culture construct and JS (Koh and Boo: 2004: 677-693). A study on banking sector shows that distributive justice and interactional justice have positive and significant effect on extrinsic job satisfaction. But interactional justice has positive and significant effect on intrinsic job satisfaction (Erkuş et al., 2011: 245-270). A study in banking and insurance sector in Turkey indicate that distributive justice and interactional justice positively affect the three dimensions of JS (job characteristics, management and compensation) (Demircan Çakar and Yıldız, S., 2009: 68-90). Finally, the study on national and multinational companies in Turkey supports that employees' perception of positive EC have a significant and positive effect on JS (Zehir, et al., 2011:49-59). So based on these previous findings a positive relationship between organizational ethics and job satisfaction are expected. The null hypotheses proposed are as follows:

H2a: Employees' perception of ethical climate in the organization has no significant effect on satisfaction with CSP (company policy+supervisors+promotion).

H2b: Employees' perception of ethical climate in the organization has no significant effect on satisfaction with job itself.

H2c: Employees' perception of ethical climate in the organization has no significant effect on satisfaction with fellow workers

H2d: Employees' perception of ethical climate in the organization has no significant effect on satisfaction with pay

#### *Job satisfaction and organizational commitment*

OC is an individual's response to an organization but JS is an individual's response to a specific job (Feinstein and Vondrasek, 2001; Namasivayam and Zhao, 2007:1212-1223). The core difference between job satisfaction and organizational commitment can be stated as; "I like my job" and "I like the organization I work for". (Wasti, 2000, 401-410). Organizational commitment should be more consistent than job satisfaction over time (Feinstein and Vondrasek, 2001).

The researches show that employees' JS is significantly associated with their commitment to the firm and JS is the most important determinant of employees' commitment to their organization (Jun et al., 2006: 791-812; Koh and Boo, 2001: 309-324, Koh and Boo: 2004: 677-693).

For example Harrison and Hubbard conducted a study among 83 Mexican workers within a large division of a U.S. equipment manufacturing firm located in Mexico. The study shows that JS is positively correlated with organizational commitment among employees (Harrison and Hubbard, 1998: 609-623). Feinstein and Vondrasek analyzed the relationship between JS and OC among the restaurant employees of a national restaurant chain in Southern Nevada. The findings indicate that policies, compensation and work conditions components of JS significantly predict organizational commitment (Feinstein and Vondrasek, 2001). Cetin revealed that there is a strong positive relationship between JS of academicians and their normative commitment and AC (Cetin, 2006: 78-88). The results of study in a hotel setting in India suggest that the AC has a stronger direct effect on JS than normative commitment but CC has no impact on JS (Namasivayam and Zhao, 2007:1212-1223). Brown and Peterson's meta analysis indicates that OC is primarily consequence, rather than an antecedent, of JS (Brown and Peterson, 1993: 63-77).

There is a considerable debate about whether JS leads to OC or vice versa (Feinstein and Vondrasek, 2001). Although the majority of the literature provides the evidence that JS leads to OC, there is compelling evidence to the alternative (Bateman and Strasser, 1984: 95-112; Namasivayam and Zhao, 2007:1212-1223). Bateman, and Strasser found that OC was antecedent to JS rather than an outcome of it. So improving commitment level may make positive behavioral changes directly and increases employee satisfaction indirectly (Bateman, and Strasser, 1984: 95-112).

Recent studies in Turkey also indicate that JS has positive effect on OC. A research on managers of large scale hotels indicates that JS and its extrinsic and intrinsic dimensions have a significant effect on normative commitment and AC. But the dimensions of JS do not have a significant effect on CC (Gunlu et al., 2010: 693-717). A study in baking sector indicates that both intrinsic and extrinsic JS have significant effect on OC (Erkuş et al., 2011: 245-270). A study in chemical industry shows that JS significantly affects AC (Çekmecelioglu, 2011: 3047). Finally, Zehir, et al. supports that employees' JS has a significant and positive effect on OC in national and multinational companies (Zehir et al., 2011:49-59). Although there are lots of studies about relationship between JC and OC, there are very limited number of studies examining the relations between all dimensions of JS and the dimension of OC (Zehir et al., 2012: 734-743). More recent study by Zehir et al. (2012: 734-743) indicates that satisfaction with job itself, supervision, company policy have significant and positive effect on AC. But satisfaction with fellow workers does not have significant effect on AC. Only satisfaction with job itself has significant and positive effect on CC. None of other dimensions of JS have a significant effect on CC.

Based on these findings the following null hypotheses are proposed:

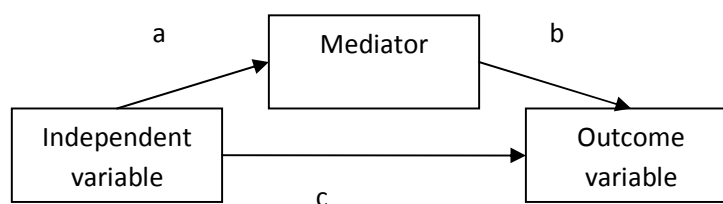
H3a: Dimensions of employees' job satisfaction have no significant effect on affective commitment.

H3b: Dimensions of employees' job satisfaction have no significant effect on continuance commitment.

#### *Mediating role of job satisfaction*

According to Baron and Kenny a mediator accounts for the relation between the dependent variable and independent variable. The mediator explains how and why such relations occur (Baron and Kenny, 1986: 1173-1182). The relation between mediator and independent, and dependent variables is diagrammed in Figure 1. To speak about mediating function following conditions have to be met (Baron and Kenny, 1986: 1173-1182):

- a) variations in levels of the independent variable significantly account for variations in the presumed mediator (path a),
- b) variations in the mediator significantly account for variations in the dependent variable (path b), and
- c) when path a and b are controlled, a previously significant relation between the independent and dependent variable is no longer significant, with the strongest demonstration of mediation occurring when path c is zero. When path c is reduced to zero, we have strong evidence for a single, dominant mediator. If the residual path c is not zero, this indicates the operation of multiple mediating factors. A significant reduction demonstrates that a given mediator is indeed potent.



Source: Baron, M. R. and Kenny D. A. (1986), "The Moderator-Mediator Variable Distinction in Social Psychological Research: Conceptual, Strategic, and Statistical Considerations", *Journal of Personality and Social Psychology*, 51(6), 1173-1182.

There are very limited studies about mediating role of JS on the relationship between EC and OC. Here some examples are presented:

Although Schwepker (2001: 39-52) does not speak about mediating role of JS, in his study JS has a partial mediating role between EC and OC. The study on banking sector in Turkey indicates that intrinsic and extrinsic job satisfaction perfectly mediates the relationship between interactional justice dimension of organizational justice and OC (Erkuş et al., 2011: 245-270). The study on national and multinational companies in Turkey shows that JS has a partial mediator role on the relationship between EC and AC. But JS has not any significant impact on the relationship between EC and CC (Zehir et al., 2011:49-59). Based on these findings the following hypotheses are offered:



H4a: Dimensions of job satisfaction have mediating role on the relationship between employee's perception of ethical climate and affective commitment.

H4b Dimensions of job satisfaction have mediating role on the relationship between employee's perception of ethical climate and continuance commitment.

### 3. Research methodology

#### 3.1. Sample and data acquisition

Participants for this research were obtained from 8 firms in a group of companies in Istanbul. These firms employ 800 people and operate in different fields such as information technology, publishing, logistic and distribution, printing, stationary marketing and catering. Data were gathered by a structured questionnaire. Link to the questionnaire was mailed to HR managers of firms and distributed by HR managers to the personnel of related organizations randomly taking number of employees and positions into consideration. The employees were encouraged by the HR managers to participate voluntarily. They were promised by the authors that their individual responses would not be participated. Questionnaires were completed on <http://docs.google.com>. A total 330 questionnaire were sent to the respondents and 199 of them completed giving a response rate 60.3. The data were processed using SPSS.

The profile of the participants is represented in Table 1. The sample is dominantly male (86%) and married (70.3%). 62.31% of subjects work in employee position. Most of subjects (65.8%) are less than 36 years old. Most of them (80,4%) have less than 6 years experience in current position. 63.8% percent of them have less than 11 years total experience. The predominant education level is bachelor and graduate (70.8%).

**Table 1. Demographic variables**

		Frequency	Percent
Position	Employee	124	62,31
	Middle level manager	65	32,66
	Top level manager	10	5,03
Age (year)	18-25	26	13,07
	26-35	105	52,76
	36-45	59	29,65
	46- and over	9	4,52
Gender	Male	171	85,93
	Female	28	14,07
Marital status	Single	59	29,65
	Married	140	70,35
Education profile	Primary school	1	0,50
	High school	37	18,59
	Vocational school	21	10,55
	Bachelor	98	49,25
	Graduate	43	21,61
Experience in the current job (year)	1-5	160	80,40
	6-10	29	14,57
	11-15	6	3,02
	16 and over	4	2,01
Total experience (year)	1-5	69	34,67
	6-10	58	29,15
	11-15	37	18,59
	16 and over	35	17,59

#### 3.2. Measurement of variables

Measurement scales used in this study were taken from previous studies. Ethical climate scale, based on work by Quails and Puto (1989) was taken from Schwepker (2001: 39-52). The scale frequently had been used by Schwepker (i.e. Schwepker and Good 2004: 167-179; 2009: 8-24; Schwepker et al., 1997: 99-108) to assess perceptions of the

presence and enforcement of codes of ethics, corporate policies on ethics, and top management actions related to ethics. EC is measured with 6 items. JS was developed by Churchill and his colleagues (Churchill et al., 1974) and used by Schwepker (2001: 39-52). JS was measured with 17 items consisting of work itself, promotion, pay, supervision, company policy and fellow workers dimensions. Turkish version of EC and JS scales are used by Zehir et al. (2003; 2011; 2012). OC was evaluated by using affective and continuance scales developed by Allen and Mayer (Allen and Mayer, 1990: 1-18). OC (AC and CC) were measured with 12 items. Turkish version of OC is widely used by academicians (i.e. Dilek, H., 2005; Ünüvar, T. G., 2006). All scales were assessed with a five point Likert scale, ranging from (1) strongly disagree to (5) strongly agree.

### 3.3. Data analysis

The analyses include reliability testing and factor analysis. Single and multiple regression analyses are conducted to test hypotheses. Factors scores for each dimension which is accepted as normally distributed were used for the regression analyses. Variance inflation factors (VIF) were less than 10 and tolerance values more than 0.1. Durbin Watson values were between 1.5 and 2.5. That is, pre-condition for regression analysis are provided.

### 3.4. Reliability and factor analysis

All scales were first subjected to reliability analysis. Cronbach's alpha was used to test the reliability of the scales. There was no need to remove any items to increase reliability. In the present study, the Cronbach's alpha values for EC (0.75), JS (0.92) and OC (0.88) were satisfactory. The data were found feasible to conduct the factor analysis. Kaiser-Meyer-Olkin (KMO) signified that each factor had adequate number of items. In the present study, KMO values for EC (0.63), JS (0.89) and OC (0.88) were satisfactory. In addition, the values of Bartlett test of sphericity indicated significant values ( $p=0.00$ ). Exploratory factor analysis was carried out. Commonalities were inspected to extract factor loading smaller than 0.50. Rotated component matrix was inspected in order to identify which items were loaded on which factor. After removing some items participating under two factors, the processes were iterated for each scale.

Following tables indicate the factor loadings, KMO and Chi-Square values, variance explained, Cronbach's alpha values of each component and show which items are included in each of the subscales.

The two components identified after removing three items from the OC are as follows: (1) AC and (2) CC (Table 2.).

**Table 2. Factor analysis for organizational commitment**

The two components of organizational commitment	Components	
	1	2
AOC6. I feel emotionally attached to this organization.	0,896	
AOC8. I feel a strong sense of belonging to my organization.	0,889	
AOC7. This organization has a great deal of personal meaning for me.	0,851	
AOC1 It would make me happy to spend the rest of my career in this company.	0,759	
AOC3. I really feel as if this organization's problems are my own problems.	0,728	
COC7. One of the few serious consequences of leaving this organization would be the scarcity of the available alternatives.		0,827
COC6. I feel that I have too few options to consider leaving this organization.		0,769
COC8. Another organization may not include the advantages presented to me in here.		0,759
COC3. Too much in my life would be disrupted if I decided I wanted to leave my organization now.		0,622
<i>Cronbach's Alpha</i>	0,90	0,76
<i>KMO</i>	0,840	
<i>Bartlett's Test of Sphericity (Chi-Square)</i>	964,0***	
<i>Variance Explained</i>	40,9	27,0

\*\*\* Significant at 0.001

A single dimension of EC was extracted after removing two items (Table 3). The cumulative percentage of variance is 58.

**Table 3. Factor analysis for ethical climate**

EC4. My company strictly enforces policies regarding ethical behavior.	0,848
EC2. My company strictly enforces a code of ethics.	0,823
EC3. My company has policies with regards to ethical behavior.	0,687
EC5. Top management in my company has let it be known in no uncertain terms that unethical behavior will not be tolerated.	0,669
<i>Cronbach's Alpha</i>	0,75
<i>KMO</i>	0,607
<i>Bartlett's Test of Sphericity (Chi-Square)</i>	292,67***
<i>Variance Explained %</i>	57,97

\*\*\* Significant at 0.001

Finally, four components were obtained from the JS (Table 4): (1) satisfaction with supervisors, promotions and corporate policies (CSP), (2) satisfaction with the job itself, (3) satisfaction with coworkers, and (4) satisfaction with pay. The cumulative percentage of variance is 71.8.

**Table 4. Factor analysis for job satisfaction**

The four components of job satisfaction	Components			
	1	2	3	4
JS 7. Top management really knows its job.	0,828			
JS 3. Management is progressive.	0,820			
JS 6. My manager has always been fair in dealings with me.	0,742			
JS 8. My opportunities for advancement are not limited.	0,725			
JS 12. My manager gives us credit and praise for work well done.	0,719			
JS 14. This company operates efficiently and smoothly.	0,710			
JS 19. Persons in this company receive good support from the home office.	0,704			
JS 15. There are plenty of good jobs here for those who want to get ahead.	0,702			
JS 4. The company has an fair promotion policy.	0,674			
JS 1. My manager really tries to get our ideas about things.	0,645			
JS 13. My work is satisfying.		0,831		
JS 2 My work gives me sense of accomplishment		0,825		
JS 18. I am really doing something worthwhile in my job		0,686		
JS 10. My fellow workers are pleasant.			0,896	
JS 16. The people I work with are very friendly.			0,886	
JS 5. My pay is high in comparison with what others get for similar work in other companies.				0,868
JS 9. In my opinion, the pay here is higher than in other companies.				0,856
<i>Cronbach's Alpha</i>	0,93	0,81	0,88	0,81
<i>KMO</i>	0,89			
<i>Bartlett's Test of Sphericity (Chi-Square)</i>	2200,7***			
<i>Variance Explained %</i>	33,44	14,33	11,76	11,64

\*\*\* Significant at 0.001

#### 4. Findings

To test H1a “employees’ perception of ethical climate in the organization has no significant effect on affective commitment” and H1b “Employees’ perception of ethical climate in the organization has no significant effect on continuance commitment” regression analysis is conducted. The results of regression equations are reflected in Table 5. Both models are significant ( $F=11.663^{**}$ , adjusted  $R^2=0.05$ ;  $F=8.588^{**}$ , adjusted  $R^2=0.036$ ). The results of the



regression analysis show that there is a significant and positive relationship between employees' perception of organization's EC and their AC ( $B=0.236$ ,  $t=3.415^{**}$ ). So null hypothesis (H1a) is rejected and alternative hypothesis is accepted. The results also indicates that there is a significant and positive relationship between employees' perception of organization's EC and their CC ( $B=0.204$ ,  $t=2.931^{**}$ ). Null hypothesis (H1b) is rejected and alternative hypothesis is supported. It can be concluded that the more perception of organization's climate as ethical, the higher levels of both AC and CC.

**Table 5. Regression analysis with ethical climate and dimensions of organizational commitment**

Independent variable	Dependent variables			
	AC		CC	
	B	t	B	t
Ethical climate	0,236	3,415**	0,204	2,931**
F	11,663**		8,588**	
R <sup>2</sup>	0,056		0,042	
Adjusted R <sup>2</sup>	0,051		0,036	

\* $p<0,05$  \*\* $p<0,01$  \*\*\* $p<0,001$

In order to test H2a "employees' perception of ethical climate in the organization has no significant effect on satisfaction with CSP (company policy+supervisors+promotion)", H2b "employees' perception of ethical climate in the organization has no significant effect on satisfaction with job itself", H2c "employees' perception of ethical climate in the organization has no significant effect on satisfaction with fellow workers" and H2d "employees' perception of ethical climate in the organization has no significant effect on satisfaction with pay" regression analysis is performed.

The results of regression equations are indicated in Table 6. Only two of models are significant. Employees' perception of their organization's EC has a significantly positive effect on JS with CSP (adjusted  $R^2=0.05$ ,  $F=10.799^{**}$ ,  $B=0.227$ ,  $t=3.286^{**}$ ). So the null hypothesis (H2a) is rejected and alternative hypothesis is accepted. Employees' perception of their organization's EC has a significantly positive effect on job satisfaction with fellow workers (adjusted  $R^2=0.03$ ,  $F=7.720^{**}$ ,  $B=0.194$ ,  $t=2.779^{**}$ ). So the null hypothesis (H2c) is rejected and alternative hypothesis is accepted.

It can be concluded that more positive perception of employee' EC more satisfaction with CSP and satisfaction with work fellows. Ethical climate has no significant impact on JS with work itself and JS with pay. So, the null hypotheses H2b and H2d are accepted.

**Table 6. Regression analysis with ethical climate and facets of job satisfaction**

Independent variable	Dependent variables							
	CSP		Work itself		Fellows		Pay	
	B	t	B	t	B	t	B	t
Ethical Climate	0,227	3,286**	0,036	0,507	0,194	2,779**	0,061	0,867
F	10,799**		0,257		7,720**		0,752	
R <sup>2</sup>	0,228		0,001		0,037		0,003	
Adjusted R <sup>2</sup>	0,052		-0,003		0,032		-0,001	

\* $p<0,05$  \*\* $p<0,01$  \*\*\* $p<0,001$

In order to test H3a "dimensions of employees' job satisfaction have no significant effect on affective commitment" and H3b "dimensions of employees' job satisfaction have no significant effect on continuance commitment" regression analysis is carried out. The results of regression equations are shown in Table 7. Both models are significant ( $F= 36.482^{***}$ , adjusted  $R^2=0.41$ ;  $F=6.057^{***}$ , adjusted  $R^2=0.09$ ). The results of the regression analysis shows that employee' satisfaction with CSP, work itself, fellow workers and pay have a significant and positive effect on AC ( $B=0.394$ ,  $t=7,261^{***}$ ;  $B=0.348$ ,  $t=6,421^{***}$ ;  $B=0.375$ ,  $t=6.923^{***}$ ;  $B=0.109$ ,  $t=2.012^*$ ). So the null

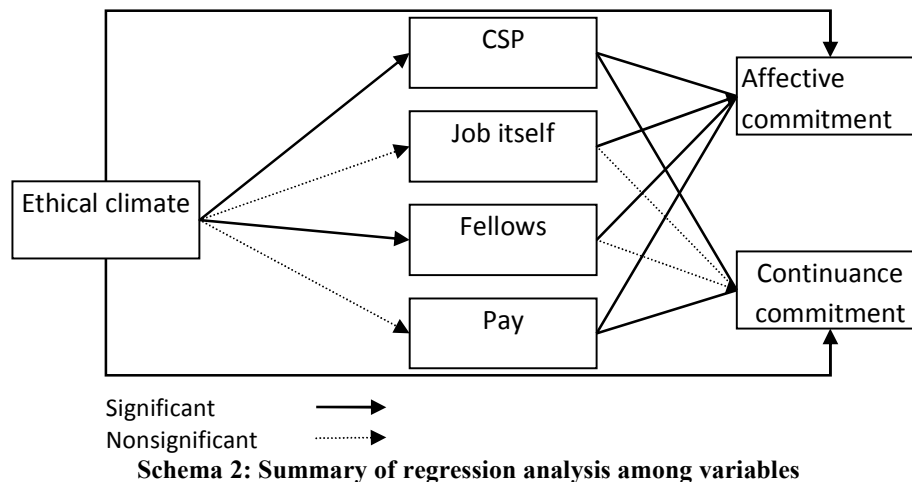
hypothesis (H3a) is rejected and alternative hypothesis is supported. The results also show that only employees' satisfaction with CSP and pay have a significant and positive effect on CC ( $B=0.302$ ,  $t=4.472^{***}$ ;  $B=0.137$ ,  $t=2,029^*$ ). So, the null hypothesis (H3b) is partially rejected.

**Table 7. Regression analysis with dimensions of job satisfaction and dimensions of organizational commitment**

Independent variables	Dependent variables			
	AC		CC	
	B	t	B	t
CSP	0,394	7,261***	0,302	4,472***
Work itself	0,348	6,421***	-0,008	-0,12
Fellow workers	0,375	6,923***	0,02	0,304
Pay	0,109	2,012*	0,137	2,029*
F	36,482***		6,057***	
R <sup>2</sup>	0,42		0,111	
Adjusted R <sup>2</sup>	0,417		0,092	

\* $p<0,05$  \*\* $p<0,01$  \*\*\* $p<0,001$

All the relations based on hypotheses are depicted in schema 2.



The regression analysis is performed to investigate H4a “dimensions of job satisfaction have mediating role on the relationship between employee’s perception of ethical climate and affective commitment” and H4b “dimensions of job satisfaction have mediating role on the relationship between employee’s perception of ethical climate and continuance commitment”. The results of regression equations are represented in Table 8. Both models are significant ( $F= 28.132^{***}$ , adjusted  $R^2=0.29$ ;  $F=12.236^{***}$ , adjusted  $R^2=0.102$ ). Regarding the hypothesis H4a, JS with CSP and fellow workers mediate the relationship between EC and AC. Dimensions of JS have a perfect mediating role. As it is shown in Table 8, when satisfaction with CSP and fellow workers are added as mediating variables (as second independent variables), the direct relationship between EC and AC becomes insignificant (reduced to zero) ( $B=0.08$ ,  $t=1,291$ ,  $p>0.05$ ). Thus, as Baron and Kenny stated, we have strong evidence for a single, dominant mediator. The hypothesis (H4a) is supported.

Regarding the hypothesis H4b, JS with CSP mediates the relationship between EC and CC. Satisfaction with CSP has a partial mediating role. As it is reflected in Table 8, when satisfaction with CSP is added as mediating variables,

the direct relationship between EC and AC becomes significant (not reduced to zero) ( $B=0.143$ ,  $t=2.064^*$ ). But coefficient of EC decreases from 0.204 (see Table 5) to 0.143. As Baron and Kenny stated, this indicates the operation of multiple mediating factors. So, hypothesis (H4b) is supported.

**Table 8 Mediating role of dimensions of job satisfaction**

Independent variables	Dependent variables			
	AC		CC	
	B	t	B	t
CSP	0,375	6,102***	0,270	3,907***
Fellow workers	0,359	5,892***	-	-
Ethical Climate	0,08	1,291	0,143	2,064*
F	28,132***		12,236***	
R <sup>2</sup>	0,302		0,111	
Adjusted R <sup>2</sup>	0,291		0,102	

\* $p<0,05$  \*\* $p<0,01$  \*\*\* $p<0,001$

## 5. Conclusion and implications

The aim of this paper is to identify the effects of ethical climate and job satisfaction on organizational commitment and understand mediating role of job satisfaction. Ethical climate formulated by management is an important factor driving not only ethical behavior but also job related outcomes. The study finds that the enforcement of ethical climate yields positive outcome such as JS and OC:

- Ethical climate has significant and positive impact on both affective commitment and continuance commitment.
- Ethical climate has different impact on different facet of job satisfaction: Ethical climate has a significant and positive effect on job satisfaction with CSP (company policies, supervision and promotion) and job satisfaction with fellow workers.
- Different facets of job satisfaction have different impact on affective commitment and continuance commitment: employee' satisfaction with CSP, work itself, fellow workers and pay have a significant and positive effect on affective commitment. Employees' satisfaction with CSP and pay has a significant and positive effect on continuance commitment.
- Job satisfaction with CSP and fellow workers perfectly mediate the relationship between the ethical climate and affective commitment. That is, ethical climate affects affective commitment via job satisfaction with CSP and fellow worker. Job satisfaction with CSP also partially mediates the relationship between the ethical climate and continuance commitment. That is, ethical climate affects continuance commitment both independently and via job satisfaction with CSP. So. ethical climate affects organizational commitment via some facets of job satisfaction, not all dimensions.

Top management can enhance job satisfaction, affective commitment and continuance in workplace by developing and encouraging ethical climate among the employees. These are important to reduce absenteeism and turnover as well as other organizational outcomes such as productivity and profitability. Thus, an increase in job satisfaction and organizational commitment can lead to a reduction in absenteeism and turnover rate.

This study has the limits of case study. Participants are limited to a single large-scale organization. Because of this the results can not be generalized. Future researches can be extended to more organizational outcomes, add normative commitment, or evaluate the other dimensions of ethical climate.

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Ömer Faruk Ünal was graduated from Middle East Technical University Public Administration Department in 1993. He completed MBA in Azerbaijan State Oil Academy and Georgia State University Joint Program in 2002 and accomplished doctoral education in Süleyman Demirel University Institute of Social Sciences in 20011. He worked as member of education in private universities and director of human resource management in private sector until 2011. Currently he has been working as a member of education in Süleyman Demirel University at the Department of Social Service

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