

**Ethical Climate's Relationship to Job Satisfaction,
Organisational Commitment and Turnover Intention
among Employees**

Ridwan Olajuwon Olayiwola

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Approval of the Institute of Graduate Studies and Research

Prof. Dr. Cem Tanova
Acting Director

I certify that this thesis satisfies the requirements as a thesis for the degree of Master of Business Administration.

Prof. Dr. Mustafa Tümer
Chair, Department of Business Administration

We certify that we have read this thesis and that in our opinion it is fully adequate in scope and quality as a thesis for the degree of Master of Business Administration.

Asst. Prof. Dr. Gökhan Adalier
Supervisor

Examining Committee

1. Prof. Dr. Cem Tanova

2. Assoc. Prof. Dr. İlhan Dalcı

3. Asst. Prof. Dr. Gökhan Adalier

ABSTRACT

Ethical climate is fast becoming an area of importance in the business ethics field; there is a growing need to understand its relationship with job outcomes such as turnover. Given the potential cost attributed to employee turnover that might be incurred by organisations, it is important to have an understanding of this relationship.

The objective of this thesis is to perform a detailed analysis into the existing relationship among the ethical climate, organisational commitment, job satisfaction and turnover intentions using employees of different organisations. 150 responses were collected from the participants, who were all from the Famagusta province of North Cyprus. Evidence of an existing strong and positive relationship between how employees perceive a positive ethical climate with job outcomes such as organisational commitment and job satisfaction was displayed in the analysis of results, while an adverse relationship with turnover intentions. The results from the regression demonstrate that ethical climate is an important factor in determining the variation in organisational commitment and job satisfaction, and that ethical climate has minimal influence on the variations in turnover intentions, although organisational commitment shows a much stronger albeit negative relationship with turnover intentions. Findings suggest that top management's dictate on the ethical climate is significant as employees' perception of an ethical climate depends on the rules and policies guiding the organisations' ethical environment, and also how they view the top management as being ethical. The implications, discussions and suggestions for further research were also discussed.

Keywords: Ethical climate, Organisational commitment, Job satisfaction, Turnover intentions.

ÖZ

Etik kuralları hızlı gelişen iş ortamında ahlaki alanında önemli bir haline gelmektedir. Çalışma ortamlarında ki ihtiyaçlar ile iş sonuçları örneğin çalışanların devir hızı arasındaki ilişkisini anlamak için etik kurallarına olan ihtiyaç artmaktadır. Kuruluşların çalışanların devir hızından dolayı uğrayabileceği potansiyel maliyetini göz önüne alındığında, bu ilişkinin öneminin anlaşılması için önemlidir.

Bu tezin amacı, farklı kuruluşların çalışanları ile etik kuralların ve işletmenin etik ortamının, örgütsel bağlılık, iş tatmini ve çalışan devir hızı arasında mevcut ilişki içinde detaylı bir analiz yapmaktır. Bu analiz Kuzey Kıbrıs' ın Gazimağusa bölgesinde bulunan 150 katılımcı yanıtlarından toplanmıştır. Örgütsel bağlılık ve iş tatmini olarak çalışanların iş sonuçları ile olumlu bir etik iklimi nasıl algıladıkları arasında varolan güçlü ve pozitif bir ilişkinin var olduğunun kanıtı, sonuçların analizinde görülmektedir. Regresyon sonuçları etik iklim yani etik kuralların uygulanmasında önemli bir faktördür. Örgütsel bağlılık ve iş memnuniyeti varyasyonunu belirlemede olduğunu göstermek ve örgütsel bağlılık ciro ile negatif ilişki olması durumunda çok daha güçlü gösteriyor olsa da etik iklim, ciro niyetleri değişimlere üzerinde minimal etkiye sahiptir. Bulgular gösteriyor ki, çalışanların etik bir ortam 'etik iklimin algı kurallarının ve kuruluşlarının rehberlik politikalara bağlıdır' etik iklim üzerinde üst yönetimin dikte önemli olduğunu göstermektedir. Aynı zamanda üst yönetimin etik olarak davranış ve tutumlarının gözlenmesi bu konu da araştırma yapıp daha fazla sonuçlar elde edilebilmesi için gelecek çalışmalar için önerilmektedir.

Anahtar Kelimeler: Etik iklim, Örgütsel bağlılık, iş tatmini, Ciro niyetleri.

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LIST OF ABBREVIATIONS

EC	Ethical Climate
OC	Organisational Commitment
JS	Job Satisfaction
TI	Turnover Intention
SPSS	Statistical Package for the Social Sciences

Chapter 1

INTRODUCTION

1.1 Background of Study

Given the additional cost organisations are bound to incur as a result of their employees engagement in unethical activities, and the increasing levels of turnover of such employees, studying the effect of ethical climate on an organisation is becoming a topic that researchers and managers need to increase their focus on. Forging an ethical climate in an organisation may provide a medium in which ethical values can be strengthened in an organisation (Robin & Reidenbach, 1987).

There have been various researches done on ethics, but just a few researches have been done to inquire into the relationship between ethics and job-related outcomes, therefore this remains relatively unknown. Sims & Kroeck (1994) theorised that an essential component of person-organisation fit is ethical climate; he suggested that an individual would favour an environment that matches their ethical preference. However, related research have been conducted linking ethics to different job outcomes, a notable relationship has been discovered to exist between job satisfaction and ethics (Vitell & Davies, 1990; Koh & El'Fred, 2001), Turnover (Mulki, Jaramillo & Locander, 2006), Commitment (Cullen, Parboteeah & Victor, 2003). Taking a closer look at these studies, it is worth noting that they were mostly carried out within an industry, with employees at the same level (e.g. managers), or employees in the same line of work (e.g. sales representatives).

However, this study explores the relationship that exists between the ethical climate in an organisation and these selected job outcomes i.e. job satisfaction, organisational commitment and turnover intentions among employees across different professions. Most studies in the business ethics field relating to this discussion have been performed in developed countries, because of this, the conclusions might not be generalizable to other countries.

Little research has been done to investigate the relationship existing among ethical climate in an organisation, satisfaction, organisation commitment and turnover intentions (i.e. Schwepker, 1997, but this inquiry was done in a sales setting.).

Ethical climate is one of the major components forming the relationships within the organisation and employees attitudes, by that having a noticeable effect on the organisations' performance. Strict obedience to ethical principles not only produce higher organisational output but also increase workers satisfaction. If the employees perceive their organisation as being ethical, there would be an inclination to perceive their organisations as also being fair to them. It will likely improve their satisfaction with their job (Koh & Boo, 2001). Mulki et al. (2006), in his study demonstrated that employees have the tendency to trust their supervisors, greater satisfaction with their jobs, and have little intention to leave if they operate in an ethical climate. In addition, Schneider (1987) proves that if an employee discovers that organisation they chose does not fit, leaving the organisation would be their next option.

The increase in business ethics literature and research over the years can be attributable to the increasing complexity of business ethics in establishments, which

is due to factors such as societal expectations, what is deemed as fair competition, legal protection and social responsibilities and ethics increasing dynamics in the international sphere. Globalisation has also attributed to the need to handle ethical questions in diverse spheres.

1.2 Statement of Problem

As stated earlier, a limited number of studies have been carried out to analyse the connection between organisations' ethical values, organisational commitment and turnover. This study aims to determine if there is a substantial positive link between ethical climate, job satisfaction as well as commitment, and if there is a negative effect on turnover intentions. A better understanding of this aforementioned relationship would further assist in the incorporation of ethics in the organisation and managing the workforce effectively.

1.3 Research Questions

Below are some of the questions raised during this research and efforts will be made to find solutions to them:

- a. Does a positive perception of ethical climate in an organisation affect the employees' job satisfaction?
- b. Is there a positive link between the way employees' perceive their organisations' ethical climate and their organisational commitment?
- c. Does greater job satisfaction translate to greater organisational commitment?
- d. Does greater Organisational commitment lead to reduction in turnover intention?
- e. Is intention to turnover related to employees' perception of their organisations' ethical climate in a negative way?

1.4 Research Objectives

This study aims to achieve the following:

- a. To inquire if a positive perception of ethical climate in an organisation affects the employees' job satisfaction
- b. To examine if there is a relationship between employee's positive perception of ethics in the organisation and their organisational commitment.
- c. To find out if job satisfaction would actually translate to higher organisational commitment.
- d. To discover if organisational commitment also leads to reduction in turnover intentions.
- e. To investigate if a negative relationship occurs between an employee's intentions to turnover and how they perceive the organisation's ethical climate.

1.5 Research Hypotheses

H1: Organisational ethical climate has a positive impact on employees job satisfaction.

H2: Organisational ethical climate has a positive impact on employees level of organisational commitment.

H3: Organisations' ethical climate has a negative effect on their turnover intention.

H4: Employees job satisfaction has a positive impact on their organisational commitment.

H5: Employees commitment to the organisation has a negative influence on expected turnover intention.

1.6 Significance of Study

This present study would be of utmost benefit to the management of different companies and businesses, individuals who are involved in hiring and firing of employees. It would give an improved understanding of ways in which the present ethical climate in the organisation would affect employees' happiness with their jobs and job retention rate.

Understanding the relationship that exists among these job outcomes and ethical climate would equip organisations with further understanding for integrating ethics into the workplace and handling the workforce more effectively.

With the reality of high costs related to negative labour turnover, (e.g., hiring, training, and the opportunity cost involved). A greater understanding of constituents influencing it may create a distinction in ways of handling a workforce effectively.

1.7 Scope of Study

This research will centre on employees and workers in various establishments in North Cyprus. North Cyprus is a relatively small economy, with the majority of the island's workforce engaged in the tourism sector, while a large number also working in the public sector.

1.8 Organisational Structure

This research work will be divided into sections, which will be in the form of chapters; the work will be structured as follows

- Chapter one will introduce the research topic, giving the framework of the study, a statement of issues to be discussed, the importance of this research, the research questions, and the scope and the limitations of the research.
- Chapter two will entail the analysis of literature and theoretical background of the study. In this section, a theoretical evidence giving support to the hypothesis will be established; and the logic behind the hypothesis would be explained using past studies carried out by other researchers.
- Chapter three involves giving a further insight into how the hypotheses were developed and the general theoretical framework of the study.
- Chapter four contains the methods utilized in carrying out the research, the sample shall be described, the number of questionnaires distributed, and the number returned. This chapter would also be identifying the instruments utilized i.e. items of the questionnaire and their sources.
- Chapter five will examine the outcomes of the data analysis, selecting the hypothesis one by one and analysing the outcomes.
- Finally, chapter six gives a rundown of the findings of the research, discussions on what they mean and recommendations, which concludes the study. The outcome of the study shall be discussed here and the managers will be provided with recommendations.

Chapter 2

LITERATURE REVIEW

2.1 Ethical Climate

The organisational ethical climate could be described as the stable, psychologically essential understanding individuals in an organisation maintain regarding ethical procedures and policies present in their organisations (Schneider et al, 1975; Victor & Cullen 1988). An organisational ethical climate forms a part of a general set of work climates. Ethical climates concerns normative values and beliefs having to do with issues that are moral and also common amongst the individuals in such organisation (Treviño et al, 1998). Climate also refers to the implementation and enforcement of ethical policies and rules to stimulate ethical behaviours and to correct unethical behaviour (Schwepker, 2001). In an ethical climate, individuals adhere to the organisational rules and regulations related to fairness and responsibility (Luria & Yagil 2008).

Ethical climates serve several functions within an organisation. They assist the employees with solutions to ethical issues by providing them with answers to “what should I do?” when confronted with an ethical dilemma. Furthermore, ethical climates also assist employees to recognize ethical issues within an organisation. Put differently, the ethical climate functions as being the continuous medium enabling employees identify and assess situations.

Victor and Cullen's ethical climate theory highlighted nine ethical climates that can be obtained on the premise of three primary categories of ethical theory (egoism, benevolence, principle) and three areas of organisation analysis (individual, cosmopolitan, and local). In egoistic climate, the norms of the company encourage achievement of self-interest. Climate of benevolence propose that individuals make ethical decision by contemplating whether actions would have positive or adverse consequences on referent others. While by standard, individuals decide after considering actions regarding the overall principle of right and wrong.

2.2 Types of Ethical Climates

After several exploratory studies, which involved diverse fields with health care being part of them, five ethical climates were identified: caring, rules, law and codes, independence, and instrumental (Martin & Cullen, 2006). They also contributed a brief depiction of each climate.

- Caring climate focuses on benevolence; it signifies a priority for joint welfare for individuals or the entire organisation. Here, there is a genuine concern in the well-being of each individual and also in individuals extrinsic to the organisation who ethical decision might have an effect on.
- The rule oriented climate is linked to the principle ethical criterion; it proposes that the decisions in an organisation are directed using a number of rules or standards.
- The independence climate shows the importance of dependence on individuals' moral belief, ethics and values when deciding on ethical matters.
- Law and codes climate is also associated with the principle criterion; it is premised on the perception element and suggestive of conformity with the law or professional codes of conduct.

- The instrumental climate is associated with the egoistic criterion. Its foundation is basically on the maximization of self-interest; it emboldens people to advance the organisations' objectives or to attain individual gains irrespective of the effects.

Table 1: Theoretical types of Ethical Climate

Ethical theory	Locus of analysis			
		Individual	Local	Cosmopolitan
Egoism	Self-Interest	Company's profit	Efficiency	
Benevolence	Friendship	Team interest	Social responsibility	
Principle	Personal Morality	Company rules and procedures	Laws and professional codes	

Table 2: Five common empirical types of ethical climate

Ethical theory	Locus of analysis			
		Individual	Local	Cosmopolitan
Egoism	Instrumental			
Benevolence	Caring			
Principle	Independence	Rules	Laws and codes	

Studies conducted in the past have shown that the ethical climate of an organisation is capable of having an effect on the ethical behaviour of its employees (Victor & Cullen. 1988; Treviño et al 1998; Schwepker 2001; Deshpande & Joseph 2009;

Valentine et al, 2010). Deshpande & Joseph (2009) showed how ethical behaviour of employees in an organisation is significantly influenced by the ethical climate present in such organisation.

Tsai & Huang (2008) argued that hospital administrators should be able to foster within an organisation the climates types of caring, rules, and independence that boost satisfaction, whereas prohibiting organisations from strengthening those kind of instrumental climate that reduces it; he also found that climate of care had an important positive effect on normative commitment. Filipova (2011) discovered that a climate of care had a substantial healthy influence on commitment shown by nurses in Midwestern United States.

A study by Wang & Hsieh (2012) found positive relationship between caring and rules climate and job satisfaction, while satisfaction had an adverse relationship with instrumental climates. Elci & Alpkın (2009) discovered egoistic climates as being negatively related to job satisfaction, while benevolence and principle climates had a good relationship with job satisfaction.

2.3 Organisational Commitment

Organisational commitment can be described in various ways; it can be explained as employees' concern for, and attachment to an organisation (Hunt, 1989; Meyer & Allen; Mowday et al, 1979). Steers (1977) described organisational commitment to be the respective level of an employees' recognition with and engrossment in a certain organisation. A prevailing idea amongst several definition of Organisational commitment is that it involves committed individuals who trust and accept

organisational objectives and values, are ready to remain in the organisation, also feeling inclined to apply substantial effort in its favour (Mowday et al, 1979).

According to Porter et al. (1974), commitment in an organisation may be portrayed by:

- (1) A belief in, and compliance with the organisation's goals and objectives;
- (2) Readiness towards expending reasonable effort in favour of the organisation;
- (3) An intense devotion to continue being a part of an organisation.

Hence, organisational commitment serves as a “psychological bond” which induces people to behave in certain ways which are in tune with those interests the company also shares. (Porter et al., 1974; Mowday et al, 1979). Commitment and motivation both have similar characteristics in the sense that they are both related to effort. However, motivation is interested in the means an employee engages to give effort, while commitment presumes that an individual is willing to put in effort.

According to theorists, there are two general forms of organisational commitment. The more favoured definition states that commitment is an attitude that takes the form of an attachment existing between an organisation and an individual (Morris & Sherman 1981). Loyalty, propensity to stay and involvement are among the proofs of an attitude-based commitment (Crampon, & Smith 1976). The second definition explains organisational commitment as investment made by an individual when such a person decides to join an organisation. In this approach, the entirety of the actions taken by an individual after becoming a member is aimed at justifying the decision to join (Becker, 1960; Salancik 1977). However, a larger body of research has opted for

the attitudinal approach to commitment instead of the investment approach. This can be attributed to two main reasons: (1) the existence of an established scale, the Organisational Commitment Questionnaire (OCQ), which has been developed and certified to measure attitude based commitment (Mowday et al. 1979) and (2) a larger bunch of studies have utilized the scale.

Knowledge of the constituent elements of organisational commitment is essential, Meyer & Allen (1991) recommended three concepts, Meyer & Allen (1984) previously suggested that there is a distinction between affective commitment (emotional connection to, recognition with, engagement in the organisation) and Continuance commitment (stands for the anticipated cost related with exiting the organisation). Allen & Meyer (1990) further proposed another distinct component, termed normative commitment (this denotes a duty to stay in the organisation).

Employees exhibiting strong affective commitment remain in the employment of the organisation just for the reason that they *want* to, while employees whose main link to the organisation is established on continuous commitment continue in employment because they *need* to; and employees with deep normative commitment characteristics stay in the organisation because they believe they *ought* to. Allen & Meyer (1990) also state that these three dimensions contribute a very important perception into the employee-organisation connection, and a greater extensive comprehension of this connection is attained when the entirety are considered at the same time.

Looking at organisational commitment, Cullen (1993) purported that organisational commitment should be at a higher level in organisations having a climate based on principle and benevolence compared to organisations with egoism based climate. It has been long suggested by researchers that individuals may have a sense of more attachment and are prone to identify to a greater extent with the values of organisations that are more caring towards their workers and the society (Cullen et al., 1993; Mowday et al., 1979). It is generally suggested by previous research that low degrees of organisational commitment can prove to be useless to either the employees or the organisation, while higher levels of organisational commitment could impact positively in ways such as better/efficient output, higher level of pleasure derived, reduced turnover (Mathieu & Zajac, 1990). For this reason, leaders who intend to influence organisational commitment positively should first recognize its predecessors (Morris & Sherman, 1981).

2.3.1 Organisational Commitment and Job Outcomes

There is an increasing inquiry into organisational commitment, this can be said to come from its relationship with some other essential organisational outcomes, like absenteeism and tardiness (Bateman & Strasser, 1984), organisational citizenship behaviours (William & Anderson, 1991), turnover intentions (Lum, 1998), likewise, in some cases, performance & productivity (Morris & Sherman, 1981). According to Jamal (2011), organisational commitment has a critical effect on performance and it controls the overall performance on job relationship with and job stress in Malaysia and Pakistan. The significance and usefulness of organisational commitment explains the increase in studies to explore the causal factor (e.g., job characteristics, personal attributes, work experience, and the three general classifications of what decides organisational commitment as suggested by Steers' (1977) model). Job satisfaction

and socialization tactics and practices (Ashforth & Saks, 1996) are other determinants that have been found to also affect organisational behaviour.

Vandenberg & Lance (1992) investigated the causal order of organisational commitment and job satisfaction and discovered organisational commitment actually determines job satisfaction. Likewise, Russ & McNeilly (1995) examined connections between organisational commitment and job satisfaction making use of sex, experience and work output as moderators. Experience and performance were discovered to arbitrate the relationship between dimensions of organisational commitment and job satisfaction. Both organisational commitment and job satisfaction are behaviours related to work; job satisfaction is also an essential element of organisational commitment.

2.4 Job Satisfaction

Job satisfaction can be described as a delightful emotional condition that develops as a result of the assessment of an individuals' job, and an affective reaction and attitude concerning the job performed by an individual. (Leung et al, 2007). It also concerns an individual's emotional orientation in relation to work. This signifies the physical or psychological contentment an individual has with in relation to work environment and the entirety of work itself. This description can be traced back to a book by Hoppock called *job satisfaction*. Price (2001) suggested that job satisfaction could be described as the emotional attitude an individual displays towards his or her job. Having knowledge of this, job satisfaction measures the level to which an employee is either satisfied or dissatisfied with both the internal or external component of the job (Bhuan & Mengue, 2002).

Job satisfaction is perhaps a significant predictor of the ways employees actually feel about their job, likewise a predictor of work behaviours. It reduces absenteeism, enhances work climate and productivity, and improves performance. Dissatisfaction on the other hand would result in lower work commitment, physical withdrawal, or pulling back from the organisation both emotionally and mentally, likewise high turnovers in organisation (Meyers, 2010).

To have a further comprehension of the ethics relationship with job satisfaction, we should look at organisational justice theory and cognitive dissonance theory.

2.4.1 Organisational Justice Theory

As stated by Hartman et al (1999), organisational justice theory is fundamental to having a comprehension of a variety of human mind-set and behaviours in an organisation. The elementary basis for this assumption is that justice perceptions of workers have an influence on the way they approach their jobs and organisational outcome. Dailey & Kirk (1992) particularly asserted that the perception of this theory could influence attitudes including job satisfaction and turnover intention.

Organisational justice is usually divided into two parts;

- a. Distributive justice focuses on the fairness of decisions of management relating to the dispersion of rewards such as pay and promotion; and
- b. Procedural justice focuses on steps involved in the making of such managerial decisions.

Dailey & Kirk (1992) discovered that workers notion of the pair of distributive and procedural justice plays a vital part relative to job satisfaction. However, Sweeny & McFarlin (1993) and Hartman et al. (1999) discovered distributive justice to be a

better predictor of job satisfaction when compared to procedural justice. Ployhart & Ryan (1997) asserted that unbiased policies accounted for greater favourable perceptions, and this had higher distinction when people also perceived fair outcomes. Tansky et al. (1997) in a study of part-time workers discovered that perception of fairness or equity influences employee's attitude about the organisation. Lind et al. (1993) maintained that justice perspectives of effect on attitudes, behaviour and decisions across numerous social contexts and also has an important role to play in the way employees react to organisational outcomes, procedures and methods . Given this, if employees discern that the management has a powerful backing for the display of ethical behaviour, a positive climate, and a robust relationship between ethical behaviour and having a successful career in an organisation, therefore, employees are likely to have a higher level of job satisfaction.

2.4.2 Cognitive Dissonance

This theory was initially propounded by Festinger in 1942. According to him, individuals aim to reduce disparities in their environment. Identical concepts have also been developed over the years, but they all conclude that the outcome of continued dissonance is distress and dissatisfaction with a given situation. Basically, the desire of employees is to have coherence between the organisations' ethical climate and their ethical value system (Schwepker, 1999). Take for instance; should employees in entirety attempt to be individually moral, there would be disparity if there is a perception of little support from the higher echelon of management towards ethical behaviour, presence of a negative ethical climate in the organisation, and little or no relation between career success and ethical behaviour. Reduced job satisfaction would be a result of this dissonance.

Ideally, top management determines the climate in the organisation, and also function as a means of comparison to employees. Therefore, whatever disparity that might exist between an employee' ethics standards set internally and their perception of upper management results into a moral conflict and also cognitive dissonance (Festinger, 1942). Viswesvaran & Deshpande (1996), and Schwepker (1999) discovered there is an absence of an ethical match between employees and their organisation can end up in distress and job dissatisfaction. In summary, a greater state of job satisfaction is expected to be brought about. by superior level of ethics.

Even though scholars do not appear to come to an agreement on the classification of job satisfaction, Smith et al, (1969) conceptualised five facets of job satisfaction, they are:

- a. Satisfaction with supervisors
- b. Satisfaction with co-workers
- c. Satisfaction with pay
- d. Satisfaction with promotions
- e. Satisfaction with the work itself.

2.5 Turnover Intention

Simon (1998) described turnover to be the process of rotating people all over the labour market; across firms, jobs, and occupations; and also between the state of being employed and unemployed. This organisational phenomenon has been described in different ways such as in-house engineering, revolving door policy, and management by turnover, these are just a few of the vivid and polite terms used to describe turnover. Irrespective of the term used to describe it, labour turnover is one

of the primary causes of the gradual reduction in productivity and slump in morale in both the private and public sector.

An enormous scale of turnover of employees is tremendously disadvantageous to both organisation and as the workers themselves. Intention to leave and turnover have an effect on the organisation's expenditure when it relates to recruiting and selecting, workforce process and inauguration, training cost of additional employees, and most importantly, the skills and know-how acquired by the worker while carrying out the job would be lost. Furthermore, turnover causes understaffing which also results in reduced effectiveness and productivity of the remaining personnel. In most situations, intention to turnover is substantial to genuine quitting behaviour. However, it is important to comprehend what determines intentions to turnover in order to curb the efflux of vital employees while also maintaining the organisation's competitive edge Lavoie-Tremblay et al, (2011).

However, it is critical to note that the concept of turnover is distinct from intention to turnover. Turnover comprises the act of individuals actually leaving the organisation, while turnover intention refers to an individuals' perception towards leaving. In spite of this, intention to turnover is connected with and also an actual forecaster of turnover behaviour (Price & Mueller 1981, Randall 1990, Somers 1995). Turnover intention is referred to as the thoughts inhabited by the employees about leaving the organisations voluntarily or quitting their jobs (Watrous et al., 2006). According to Hellman (1997), those behavioural intentions elucidating an individual's intention to quit an organisation is referred to as turnover intentions. Hom & Griffeth (1995)

described intentions to turnover as a deliberate and intentional wilfulness of an individual in favour of a voluntary perpetual withdrawal from the organisation.

Findings from the research conducted on hospital employees showed modest to high linkage among the measures for thinking of quitting, turnover intention and actual turnover (Mobley et al, 1978, Cavanagh 1990). This is also consistent with Fishbein's (1967) attitudes model, behaviour, and intentions; it is widely adopted and accepted in the literature as a factor that can predict turnover.

2.5.1 Causes of Turnover

According to Abassi & Hollman (2000) there are five forces that would instigate an employee towards leaving an organisation. The reasons are;

1. Hiring practices: one of the most important tasks an organisation encounters is putting square pegs in square holes i.e. right person correct position and also training them adequately. The U.S. Department of Labour estimated the costs related with bad hiring decisions to be as high as 30% of the first years potential earnings, Carol (1998 p.s-13). Excessive turnover is inevitably a result of poor management.
2. Managerial style: studies have showed that the background of leaders greatly affects the mobility of the individuals who work for them. If the employees do not fit into the personality and the philosophies of the manager/ leadership, he/she would likely desire to want to leave. Take for instance, a manager with a production background would concentrate more on efficiencies in production and distribution. These types of manager seem to possess a short sighted vision by directing available resources to those functional areas they possess adequate knowledge of, which may not be personnel activities. Leaders with myopic vision are frequently confronted

with excessive turnover (labour reduction) and might find themselves having insufficient number of qualified people.

3. Lack of recognition: irrespective of the organisational level, employees desire to feel satisfied about their work and about themselves, have a sense of purpose, and be recognised for a job well done. To employees, the absence of individual and group recognition for good performances translates to a lack of success. Employees want more than the traditional retention plan of standard pay and benefit packages, they also consider recognition as a form of reinforcement and feedback for their accomplishments. According to Sigel (1999), not recognising good performances is the major reason behind people leaving their jobs.

4. A deficient and uncompetitive compensation system: turnover can arise from a poorly designed compensation system in which salaries and other benefits are not competitive. Employees always anticipate receiving financial rewards that are commensurate with their worth to the organisation.

5. Toxic workplace environment: Employees' decision regarding whether to stay or leave a workplace may rely on existing conditions of working, the attributes the employer displays and the "toxicity" of the work place. If the work place is perceived as being rewarding and enriching to employees, enabling them to have rapport with those around them, they are more likely to remain and to fervently partake in the organisation's activities, but if reverse was the case they are likely to want to leave. The toxic workplace indicators are:

- a. Situations where organisation oblige individuals to make a choice between having a life and a career.
- b. Organisation treating employees as if they are means to an end.

- c. When an organisation doesn't regard people as assets, rather it sees people as costs, salaries, benefits etc.

2.5.2 Predictors of Intention to Turnover

Three factors have been continually shown by existing studies to be important predictors of Turnover intentions; Emotional exhaustion (Babkus et al., 1999), trust in supervisor (Mulki et al., 2006), and job satisfaction (Jaramillo et al., 2006a). Emotional exhaustion exists when employees conclude that the resources available are insufficient for satisfying job demands (Singh et al., 1994). Employees who are emotionally exhausted become unhappy with their jobs, this result in them withdrawing from them. Research has also shown that in situations where employees have trust in their superiors, they assume safety and tend to be devoted to the organisation, and as a result are less inclined to leave (Mulki et al., 2006). An adverse relationship between both turnover intention and trust in supervisor is backed by studies such as (Brashear et al., 2003; Dirks & ferrin, 2002).

2.5.3 Turnover Intention and Job Satisfaction

Rahman et al., (2008) in a study of IT professionals discovered that job satisfaction has a negative effect on turnover intentions. Korunka et al., (2005) also found a significantly adverse relationship between job satisfaction and turnover intentions. Other studies conducted also discovered a strong negative correlation between job satisfaction and turnover intentions (Shore & Martin, 1989; Mathieu &Zajac, 1990; Mannheim et al., 1997; Abraham, 1999; Griffeth, Hom, and Gaertner 2000). Longitudinal studies have also revealed that job dissatisfaction culminate in more job search and results in turnover. (Bretz, Boudreau, & Judge 1994; Fiels et al., 2005).

Significant correlations were also reported in the study of facet of satisfaction and turnover intentions; with the job itself (Hom et al., 1979; Kraut, 1975; Waters, Roach, & waters, 1976) and pay and promotion (Hom et el., 1979; Waters et al., 1976). Job satisfaction incidental effect on turnover intention is explained by organisational commitment (Brown & Peterson 1993; Tett & Meyer 1993). Harter, Schmidt & Haynes (2002) meta- analysis demonstrated that employees that are satisfied feel effective, imparting towards the organisational goals, and mostly have lower turnover intentions.

Chapter 3

THEORETICAL FRAMEWORK, AND HYPOTHESIS DEVELOPMENT

3.1 Theoretical model

A detailed analysis of the literature providing better explanations to the main variables discussed in the present study i.e. ethical climate, job satisfaction, organisational commitment and turnover intentions was carried out in the preceding chapter. Figure 2 below shows a theorized framework of this research.

The aim of the theoretical framework utilised in this research is to examine any given relationship that might exist between how employees perceive their organisations' ethical climates in relation to job satisfaction, organisational commitment, and turnover intention. Elci & Alpkın's (2008) illustration of the impact the types of ethical climate have on work satisfaction is used as a theoretical framework to assist in the building of this framework.

Elci & Alpkın (2008) model linked the different aspects of ethical climate: egoistic, principled and benevolent climates to work satisfaction. Employees were inquired the extent to which the respective statements affected their general work climate in their organisation. Respondents were also required to rank their satisfaction level with their job (work satisfaction).

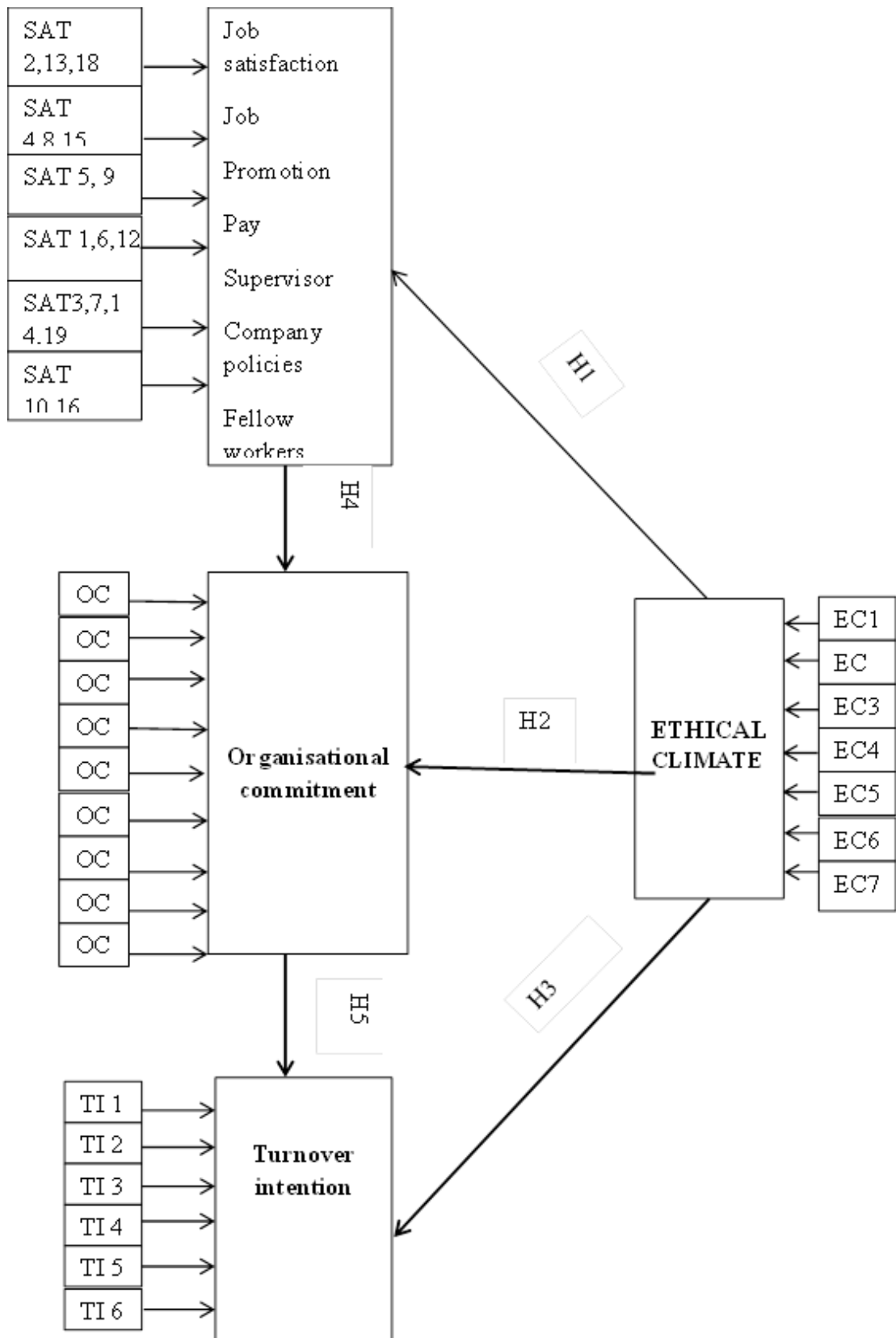


Figure 1: A conceptual overview

3.2 Hypotheses Development

This section explores the theoretical hypothesis in relation to the connection between ethical climate, job satisfaction, organisational commitment, and turnover intention.

3.2.1 Job Satisfaction and Ethical Climate

When it comes to the study of ethical climates, job satisfaction is a popular outcome variable studied by various scholars (e.g., Deshpande, 1996b; Elci & Alpan, 2009; Goldman & Tabak, 2010; Tsai & Heung, 2008; Wang & Hsieh, 2012). Job satisfaction has been analysed in different circumstances, including employees, industries and different countries. Several studies signify that both ethics and satisfaction in the work place are related positively (e.g. Babin et al, 2000; Koh & Boo, 2001; Woodbine, 2006).

Joseph & Deshpande (1997), in a study of nurses in a non-profit hospital found egoistic climates to negatively influence nurses' satisfaction with their supervisor. Elci & Alpan (2009) also reported that egoistic climates were adversely associated with job satisfaction; meanwhile, benevolent and principled climates showed positive relations to job satisfaction. Woodbine (2006) shows that instrumentalism (i.e. egoism at either individual or organisational level) in the work place is an adequate predictor of job satisfaction. Tsai & Huang (2008) examined the connections between types of ethical climate, different facet of job satisfaction, and the three elements of organisational commitment examining nurses in Taiwan. The outcome showed that ethical climate has an important effect on the nurses' satisfaction with their jobs and commitment.

According to Mowday et al, (1979) commitment differs from the idea of job satisfaction, commitment shows a common affective response to the company as a whole, while, job satisfaction shows an individuals' reaction to either the entire job or to a particular facet of the job. Therefore, an individual might have positive feelings about a job just because of the current experience of the job, but may have a negative feeling towards the organisation, which might be as a result of policies regarding benefits and promotion. Tett & Meyer (1993) proposed that both job satisfaction and organisational commitment might contribute in a unique way to turnover intentions. Supported by all these findings the following hypothesis was developed:

H1: Organisational ethical climate has a positive impact on employees job satisfaction.

3.2.2 Organisational Commitment and Ethical Climate

There are various theoretical logics for probable connections between ethical climate and organisational commitment. Organisational commitment emanates from work experiences (Buchanan, 1974), organisational influences (Angle & Perry, 1986), and value congruence with those dominating in the organisation (Wiener, 1982). Cullen et al. (2003) evaluated how ethical climate influences organisational commitment, the result showed a good relation between ethical climate of benevolence and organisational commitment. A study of purchasing executives established that there is a beneficial relationship between organisational commitment and element of ethical climate premised on rules (Kelley & Dorsch, 1991). Oz (2001), examined the relationship existing between the organisational commitment and ethical behaviours of 71 information system professionals and 250 other professionals, he discovered that information system professionals displayed higher commitment to their

employers compared to other professionals, signifying that ethical climate has an effect on organisational commitment.

In a more recent study by Okafor & Wynn, (2008) which examined a group of 409 managers in Nigeria, the results showed there was a substantial positive relationship between ethical climate and organisational commitment. Similarly, Kang (2011) showed that ethical climate is a vital correlate of organisational commitment in South Korea.

It is worth indicating that organisational commitment can prevent some workers from seeing the ethical issues existing in organisations. In situations like this, an employee would be highly dedicated and therefore shall assume the organisation has high ethical standard. Although Hunt et al (1989) indicated that it is not likely for an employees' level of commitment to an organisation be so extreme that it blinds such individual to the existence of ethical issues in the organisation. Therefore, there is likelihood that individuals who view their organisations as being more ethical will show greater commitment.

Thus, it is expected that organisational commitment would have an influence on both ethical climate and job satisfaction, the following hypothesis were proposed:

H2: Organisational ethical climate has a positive impact on employees level of organisational commitment.

3.2.3. Turnover Intention and Ethical Climate

Hart (2005) examined the impact ethical climates in hospital on the intention to leave of 463 resident nurses in the state of Missouri. Results showed that both positional and professional turnover intentions were best described by an important factor; which was an unfavourable ethical climate in the hospital. It also showed that nurses that encountered ethical dilemmas had minimal ethics education expressed greater turnover intention. In summary, ethical climates of caring, rules, law and codes, and independence are predicted to be unfavourably related with intention to quit the organisation because these climates would promote a caring, professional, fair and just working environment. Meanwhile, an instrumental climate would have a positive relationship with intention to leave due to its insistence on the quest of an egoistic individual or organisational goal.

Studies linking ethical climate to turnover intentions also have similar findings with commitment, egoistic climates have been touted to have tendency to encourage turnover intentions. Apasu (1986) showed that the higher the agreement between the values of the individual and the organisation, the lower the turnover intentions. Studies in this area point to the development of the hypothesis:

H3: Organisational ethical climate has a negative effect on their turnover intention.

H4: Employees job satisfaction has a positive impact on their organisational commitment.

3.2.4 Turnover Intention and Organisational Commitment

Previous researches have revealed that turnover intention can be significantly indicated by organisational commitment; this is attributable to employees having good attitudes are less likely to quit a job (e.g., Jex 2002). Meyer et al., (2002) meta-

analysis demonstrates a negative relationship between organisational commitment and intention to turnover. Employees tend to show a favourable attitude towards their organisation when they accept a feeling of satisfaction from their jobs and would reciprocate with increased commitment to their workplace. These employees would have lower intention to quit (Raabe & Beehr 2003; Ramaswami & Singh 2003).

Peter, Bhagat, & O'Connor (1981) showed that organisational commitment has a more distinct relationship with turnover intentions than job satisfaction; nevertheless, satisfaction has an autonomous addition towards the anticipation of turnover intentions. It should also be noted that an employee may have positive feelings towards the job as a result of the current experience of the job, but may also have adverse feelings towards the organisation due to reasons such as policies concerning promotion or pay scales. Tett & Meyer (1993) indicated that these variables may contribute exceptionally to turnover intentions.

According to organisational justice theory, instrumental climate is expected to boost intent to leave via perception of the absence of commitment and satisfaction. Organisational commitment does not only have a significant correlation with intention to leave, but also predicts it (e.g., Fang 2001). Homan's (1958) social exchange theory also explains organisation commitment as a predictor of turnover intention. Meanwhile, Stiffler (2007) indicated that organisational commitment is a better predictor of turnover intentions when likened to job satisfaction. Hence the hypothesis was proposed:

H5: Employees commitment to the organisation has a negative influence on expected turnover intention.

Chapter 4

RESEARCH METHODS

4.1 Introduction

This aspect of the chapter contains the methods and procedures that were utilised in conducting this research work, It illustrates the layout of this research, sample size, instruments, research procedure validity and reliability of the instrument, and the methods of data analysis used in this study will be depicted here.

4.2 Research design

A descriptive correlational research design is used to carry out this research. This design was chosen to demonstrate the relationship between ethical climate, organisational commitment, job satisfaction, and turnover intentions. Data were collected with the help of self administered questionnaires thereby requiring a onetime interaction with the respondents.

4.3 Participants/sample

In order to collect data for this study, questionnaires were administered to employees of organisations in Northern Cyprus; both private and public sectors. While conducting this research the employees in larger organisations were targeted, organisations such as banks, hospitals, government establishments, and telecommunication companies. In some cases the cooperation of department heads and managers were required before the questionnaires were distributed.

4.4 Research Instruments

As previously indicated, a self-administered questionnaire was chosen as the research instrument for this study, having instruments which were individually used as a criterion for measuring the variables i.e. Ethical climate, Job satisfaction, Organisational commitment, and Turnover intentions. All constructs included in this research were operationalized with published scales.

Ethical climate (EC) scale was evaluated by using Schwepker's (2001) seven-item scale which was originally developed by Qualls & Puto (1989), also made use of by Schwepker et al., (1997), a five-point Likert scale ranging from (1) strongly disagree to (5) strongly agree was utilised. The instrument was designed to measure how individuals understand these practices, methods, norms, and values that influence ethical decisions in organisations; it was also meant to describe those factors that contributed to the reduced opportunity for unethical behaviour. This instrument has been widely used (e.g., Johnston et al., 1990; Mulki, Jaramillo, & Locander 2006; Weeks et al. 2004). The contents of this instrument were items that measure;

1. The presence of a written code of ethics
2. If expectations of ethics were communicated to employees
3. Managements' show of commitment towards ethical values
4. The perception of the level of ethical codes enforcement.

An employee responding to the questionnaire would perceive a higher level of ethical climate when the managers of the organisation communicate and exhibit commitment to enforce ethical leadership clearly and forcefully.

Job satisfaction (JS) was evaluated using a scaled down version (17 items) instrument which previously has been used by other researchers in the field of business ethics area (e.g., Churchill et al., 1974;). The instrument evaluates employees' contentment with their job, promotion, pay, co-workers, supervision, and company policies. A five- point likert scale ranging from (1) strongly disagree to (5) strongly agree was used. A higher level of job satisfaction is expressed by a higher mean score.

Organisational commitment (OC) was measured through a version of organisational commitment questionnaire which had nine-item (Mowday et al., 1979). A five-point Likert scale ranging from (1) strongly disagree to (5) strongly agree was utilised.

Lastly Turnover Intention (TI) is adapted using Bluesom, 1982 four items staying/leaving index, along with two additional items aimed at tapping withdrawal cognitions (Lucas, 1985). This instruments has been used by numerous studies (e.g. Johnston et al., 1990; Ingram & Lee, 1990).

Information regarding the demographics of the employees has been analysed with the use of a specially designed questionnaire. It includes questions about; Sex (1=Male, 2=Female), Age (1= 18-27, 2= 28-37,3= 38-47, 4= 58-67, 5= 68+), Level of study (1= Bachelor degree, 2= Postgraduate degree), Marital Status (1= Single, 2= Married), Income (1= less than 600, 2= 600-1199, 3= 1200-1799, 4= 1800- 2399, 5= 2400 and above), Work experience, occupation and Nationality.

4.5 Validity of Instruments

For the purpose of this research, the instruments validity can be upheld by the reality that all instruments that were made use of in the measurement of the variables were obtained using instruments which were previously tested and confirmed. Other researchers had already used the items contained in this instrument as can be seen in the literature analysed above, which were established on existing theories and as such are regarded as being valid (Mowday et al., 1979; Schwepker, 2001; Koh & Boo, 2001).

4.6 Data Analyses

The means, standard deviations, Cronbach's alpha (to determine how reliable the data is), correlation analysis and the regression of results is carried out to test the hypothesis stated in earlier chapters of this study. A correlational analysis was carried out to examine the existing relationship between the variables. In testing the hypotheses a hierarchical regression analysis is carried out, this would enable control variables to be added to the regression analysis

Chapter 5

RESULTS

5.1 Introduction

This chapter in its entirety centres on the analysis and interpretation of results derived from the Statistical Package for Social Sciences (SPSS), this package was made use of in analysing the data retrieved from the questionnaires. During the course of this research, job satisfaction, organisational commitment and turnover intention would be selected to be the independent variables, while dependent variable would be the Ethical climate.

5.2 Descriptive Statistics

A total of 150 feedbacks were collected from the questionnaires, the number of participants as shown (Table 1) included 56% female, and 44% male .

Table 3: Gender of respondents

	Frequency	%	Valid %	Cumulative %
Valid Male	66	44.0	44.0	44.0
Female	84	56.0	56.0	100.0
Total	150	100.0	100.0	

The ages of the participants is shown in (Table 2.) ranged from 18-57 years in which the highest group was 38-47 with 43.3% of the entire population.

Table 4: Age of Respondents

		Frequency	%	Valid %	Cumulative %
Valid	18-27	19	12.7	12.7	12.7
	28-37	55	36.7	36.7	49.3
	38-47	65	43.3	43.3	92.7
	48-57	11	7.3	7.3	100.0
	Total	150	100.0	100.0	

The level of education criterion (Table 3) shows that;75.3% of the participants had an education higher than a bachelor's degree.

Table 5: Education of the participants

		Frequency	%	Valid %	Cumulative %
Valid	Bachelor degree	37	24.7	24.7	24.7
	Graduate degree	113	75.3	75.3	100.0
	Total	150	100.0	100.0	

The highest number of work experience was 15 with 12.7% of the respondents, and finally, 46.7% of the respondents earned an income of 2400TL or above. The occupation and place of work of the respondents are shown in the table below:

Table 6: Occupation of Respondents

Occupation	Number	Establishments
Banker	34	Koop Bank, Ziraat Bankası, Türkiye İş Bankası, Türk Ekonomi Bankası, Near East Bank,
Nurse, Doctor	8	Gazi Magosa Devlet Hastanesi, Yaşam Hospital
Accountant	11	Doğu Akdeniz Üniversitesi
Customer/ representative	Sales 19	Turkcell, Telsim
Engineer	2	Kibtek
Biologist	2	Yaşam Laboratory
Lecturers/ Instructors	27	Doğu Akdeniz Üniversitesi
Civil Servants	30	Doğu Akdeniz Üniversitesi, Kibtek, Cypriot Government.
Chef	2	Doğu Akdeniz Üniversitesi
Others	15	

5.3 Instrument Reliability

The reliability of the measures was assessed. First, the check for reliability was performed using the Cronbach's alpha command on the SPSS. Cronbach's alpha is a measure of the internal consistency (i.e. general agreement between items) of the instruments used. The Cronbach's alpha value ranges between zero and one, and for the coefficient to be considered good it has to be 0.70 and above. Each variable had a coefficient alpha higher than 0.70 which is deemed sufficient.

The test for the reliability for the scale of each variable in the study is shown in the table below, here each variable has an alpha that is greater than 0.70, with Ethical

Climate having (.922), Job satisfaction (.874), Organisational Commitment (.963), and Turnover Intentions (.914). The alpha derived here signifies that the items possess a strong internal consistency among them.

Table 7: Reliability Statistics

Variables	Cronbach's Alpha	No of Items
Ethical Climate	0.922	7
Job Satisfaction	0.874	17
Organisational Commitment	0.963	9
Turnover Intentions	0.914	6

5.4 Correlation results

In answering the research questions highlighted in the first chapter of this paper, which was to ascertain the relationship that exists between the chosen variables. The Pearsons' product moment correlation is selected to perform the correlation task; here the means of the variables (Table 8) were correlated with each other to give the results. Table 7 displays this result.

The correlation shows the presence of a strong positive relationship between ethical climate and job satisfaction (with coefficient of .758) this shows that there is an existing positive relationship between employees' perception of their ethical climate and their job satisfaction. The result also highlights a good relationship between

ethical climates and organisational commitment (having coefficient of .684) which shows that there exist a positive relationship between the employees perception of their organisation’s ethical climate and organisational commitment. Ethical climate however has a negative, but weak relationship with turnover intentions (with coefficient of -.053), which proposes that the perception of ethical climate is negatively related to turnover intentions. Job satisfaction and Organisational commitment both have a strong correlation (with coefficient of .715), this means that the higher the employees job satisfaction, the greater the employees commitment. Finally, organisational commitment also has an inverse relationship with turnover intention, which was expected, this shows that the more employees are committed to the organisation, the lower the turnover intentions.

Table 8: Correlations

		EC	SAT	OC	TI
Ethical climate	Pearson Correlation	1	.758**	.684**	-.053
	Sig. (2-tailed)		.000	.000	.521
	N	150	150	150	150
Job satisfaction	Pearson Correlation	.758**	1	.715**	-.039
	Sig. (2-tailed)	.000		.000	.635
	N	150	150	150	150
Orgainsational commitment	Pearson Correlation	.684**	.715**	1	-.315**
	Sig. (2-tailed)	.000	.000		.000
	N	150	150	150	150

Turnover Intention	Pearson Correlation	-.053	-.039	-.315**	1
	Sig. (2-tailed)	.521	.635	.000	
	N	150	150	150	150
<p>** . Correlation is significant at the 0.01 level (2-tailed).</p> <p>NOTE: EC = Ethical climate, SAT = Job satisfaction</p> <p>OC = Organisational commitment, TI = Turnover Intention</p>					

Table 9: Mean and Standard deviation

	Mean	Std. Deviation	N
Ethical climate	3.7038	.86780	150
Job satisfaction	3.3600	.65183	150
Organisational commitment	4.0593	.95821	150
Turnover Intentions	1.5578	.68759	150

5.5 Hypothesis Testing

In testing the hypothesis, a hierarchical regression analysis was performed on the data set using the Enter method, regression analysis is a highly regarded statistical tool that recognises and defines the relationship between multiple factors. This tool would help in the achievement of the objective of this research that is to examine any relationship existing between ethical climate, job satisfaction, organisational commitment and turnover intentions.

In testing Hypothesis 1, job satisfaction is selected as the dependent variable(the mean of all facet of job satisfaction was used), while the ethical climate was selected as the independent variable along with control variables such as level of study, marital status, gender, age and income level. This is shown in Table 10. The first model that consists of the control variables shows that the control variables can explain variations in job satisfaction up to 3.4%, this can be considered to be a very weak influence. This impact is also found to be statistically insignificant. In model 2, after adding the ethical climate, it showed that there is an increase to 59.7% of those factors that affect changes in job satisfaction. The regression for model 2 was statistically significant ($F = 119.51$, $R^2 = 0.597$, $P = .000$, change in adjusted $R^2 = .580$), while that of Model 1 was not which means the control variables do not have a direct impact in predicting employees satisfaction with their jobs. Satisfaction with the job has a strong and statistically significant influence on ethical climate; this means if employees perceive the company's policies as being ethical, there is a likelihood that they satisfied with their jobs. The result of model 2 supports the proposition of Hypothesis 1, which states that how employees perceive the existing ethical climate has a positive influence on and job satisfaction. Therefore, as the perception of ethical climate within an organisation becomes higher, the level of job satisfaction should also move in same direction.

Table 10: Job Satisfaction on Ethical Climate

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate	Change Statistics		
					R ² Change	F Change	Sig. F Change
1	.183 ^a	.034	.000	.65182	.034	1.001	.420
2	.772 ^b	.597	.580	.42265	.563	199.506	.000

a. Predictors: (Constant), Level of Income, Sex, Level of study, Marital status, Age

b. Predictors: (Constant), Level of Income, Sex, Level of study, Marital status, Age, EC

Table 11: Factors regressed on Job Satisfaction

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.648	.394		9.249	.000
	Sex	-.046	.108	-.035	-.429	.669
	Age	-.164	.079	-.203	-2.074	.040
	Level of study	-.013	.127	-.009	-.104	.917
	Marital status	-.031	.127	-.021	-.248	.805
	Level of Income	.066	.056	.113	1.170	.244
	2	(Constant)	1.556	.296		5.265
Sex		.018	.070	.014	.257	.798
Age		-.098	.052	-.121	-1.901	.059
Level of study		-.014	.083	-.009	-.169	.866
Marital status		-.115	.082	-.078	-1.390	.167
Level of Income		.034	.037	.057	.919	.360
EC		.568	.040	.756	14.125	.000
a. Dependent Variable: Job satisfaction						

To test Hypothesis 2, organisational commitment was regressed against ethical climate and the control variables. Table 12 shows result of this regression, the first model; where organisational commitment was regressed against the control variables, it shows that control variables explains up to 9% of the variations in organisational commitment. Adding the ethical climate in model 2 increased the figure to 47.8%, this show the control variables do not directly predict organisational commitment, as they are not statistically significant. This supports Hypothesis 2 which suggests that

the employees' perception of their ethical climate has a positive impact on their organisational commitment ($\beta = .691$, $P = .000$). The regression for model 2 was also statistically significant (change in $R^2 = 0.469$, $R^2 = 0.478$, $F = 128.615$, $P = .000$).

The more employees perceive their organisation as being ethical; their organisational commitment would be reported at higher levels.

Table 12: Organisational Commitment on Ethical Climate

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate	Change Statistics		
					R ² Change	F Change	Sig. F Change
1	.096 ^a	.009	-.025	.97017	.009	.270	.929
2	.692 ^b	.478	.457	.70640	.469	128.615	.000

a. Predictors: (Constant), Level of Income, Sex, Level of study, Marital status, Age

b. Predictors: (Constant), Level of Income, Sex, Level of study, Marital status, Age, EC

Table 13: Factors regressed against Organisational commitment

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.055	.587		6.907	.000
	Sex	-.103	.161	-.053	-.639	.524
	Age	-.024	.118	-.020	-.205	.838
	Level of study	.099	.190	.045	.520	.604
	Marital status	-.080	.189	-.037	-.422	.673
	Level of Income	.047	.084	.055	.562	.575
2	(Constant)	1.248	.494		2.526	.013
	Sex	-.016	.117	-.009	-.140	.889
	Age	.065	.086	.054	.751	.454
	Level of study	.098	.138	.044	.707	.481
	Marital status	-.191	.138	-.089	-1.389	.167

	Level of Income	.004	.061	.004	.063	.950
	EC	.762	.067	.691	11.341	.000
a. Dependent Variable: Organisational commitment						

Table 14 displays the results of the regression to test for Hypothesis 4; organisational commitment was run against job satisfaction and the control variables. In the first model, the result shows the control variables explains the variation in organisational commitment by 9% and was not statistically significant, the addition of the job satisfaction increased this to 52.7%, with R² change of 0.518. This indicates that the control variables do not have a substantial influence on the organisational commitment; this also indicates that organisational commitment is also explained 48.2% by other variables outside the model. This means employees would be committed to the organisation if they are satisfied with the job itself and get along well with their fellow workers. Given this result, this predicts a strong positive relationship between organisational commitment and job satisfaction; therefore, employees who are happier with their present job conditions are likely to show more commitment towards their organisation.

Table 14: Organisational commitment on Job Satisfaction

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate	Change Statistics		
					R ² Change	F Change	Sig. F Change
1	.096 ^a	.009	-.025	.97017	.009	.270	.929
2	.726 ^b	.527	.507	.67270	.518	156.509	.000

a. Predictors: (Constant), Level of Income, Sex, Level of study, Marital status, Age

b. Predictors: (Constant), Level of Income, Sex, Level of study, Marital status, Age, SAT

Table 15: Job satisfaction regressed against Organisational commitment

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.055	.587		6.907	.000
	Sex	-.103	.161	-.053	-.639	.524
	Age	-.024	.118	-.020	-.205	.838
	Level of study	.099	.190	.045	.520	.604
	Marital status	-.080	.189	-.037	-.422	.673
	Level of Income	.047	.084	.055	.562	.575
	2	(Constant)	.130	.514		.253
Sex		-.053	.112	-.028	-.475	.636
Age		.152	.083	.128	1.839	.068
Level of study		.113	.132	.051	.859	.392
Marital status		-.046	.131	-.021	-.351	.726
Level of Income		-.024	.058	-.028	-.407	.685
SAT		1.076	.086	.732	12.510	.000
a. Dependent Variable: Organisational commitment						

Finally, to test Hypothesis 3 and 5, turnover intentions were regressed on the ethical climate, organisational commitment, job satisfaction and the control variables. In the first model, the control variables were regressed against turnover intention the results shows that the control variables do not have a direct influence on the turnover intentions ($R^2 = 10.1\%$) and was not statistically significant. In model 2 ethical climate was added to the independent variables this resulted in a R^2 change of only 1%, this shows that ethical climate doesn't have a direct influence on the turnover intention, this model is also not statistically significant ($F = 0.162$, $P = 0.688$). To test hypothesis 3, organisational commitment and job satisfaction were added to the independent variables, the result of this is a $R^2 = 28\%$, this means organisational commitment along with other predictors can explain turnover intentions up to 28% while the remaining 72% can be explained by other predictors

outside the model. This model is also statistically significant (adjusted $R^2 = .24$, $F = 17.54$, $P = 0.00$), therefore, the higher the commitment shown by the employees to the organisation, the lesser their intentions to quit the company ($\beta = -0.646$, $p=.000$). In addition, looking at the control variables, level of income had a significant predictor of turnover intentions ($\beta = -0.345$, $p=.000$) as seen in Table 17.

Table 16: Model Summary of Turnover Intentions on Predictors

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	Change Statistics		
					R^2 Change	F Change	Sig. F Change
1	.318 ^a	.101	.070	.66316	.101	3.236	.008
2	.319 ^b	.102	.064	.66510	.001	.162	.688
3	.530 ^c	.281	.240	.59936	.179	17.544	.000

a. Predictors: (Constant), Level of Income, Sex, Level of study, Marital status, Age

b. Predictors: (Constant), Level of Income, Sex, Level of study, Marital status, Age, EC

c. Predictors: (Constant), Level of Income, Sex, Level of study, Marital status, Age, EC, OC, SAT

Table 17: Factors regressed against Turnover intention

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.372	.401		5.910	.000
	Sex	.014	.110	.010	.128	.898
	Age	.071	.080	.084	.887	.377
	Level of study	-.025	.130	-.016	-.192	.848
	Marital status	-.082	.129	-.053	-.635	.526
	Level of Income	-.205	.057	-.333	-3.585	.000
2	(Constant)	2.465	.465		5.301	.000
	Sex	.011	.110	.008	.101	.919
	Age	.068	.081	.080	.844	.400
	Level of study	-.025	.130	-.016	-.192	.848
	Marital status	-.078	.130	-.051	-.603	.548
	Level of Income	-.204	.058	-.330	-3.542	.001
	EC	-.025	.063	-.032	-.402	.688
3	(Constant)	2.542	.458		5.549	.000
	Sex	-.002	.100	-.002	-.023	.982
	Age	.130	.075	.153	1.740	.084
	Level of study	.025	.117	.016	.212	.833
	Marital status	-.130	.118	-.084	-1.101	.273
	Level of Income	-.213	.052	-.345	-4.092	.000
	EC	.145	.093	.183	1.561	.121
	OC	-.464	.078	-.646	-5.923	.000
	SAT	.323	.131	.306	2.466	.015

a. Dependent Variable: Turnover intention

Chapter 6

DISCUSSION AND CONCLUSION

6.1 Discussion

This study has been able to analyse existing relationships between ethical climates and selected job outcomes. Koo & Boo (2004) found that it is likely for employees to exhibit a higher degree of job satisfaction when they feel a strong support from the top management in favour of ethical behaviour, a positive ethical climate, together with a sound relationship between ethical behaviour and a successful career in a company. This study gives supports to this as, as shown in the analysis where there is a positive association between satisfaction with company policies and ethical climates.

Various mediums have been recommended over the years as ways of suppressing unethical behaviours and fostering ethical climate, they involve; establishing and enforcing a code of ethics, policies and guidelines enabling controlling, dissuasion and punishment for unethical behaviours. This research discovers that developing this kind of climate can also hold added advantages including stronger organisational commitment, higher job satisfaction and lastly reduced turnover intentions. In addition, awareness of ethical matters could assist in building training programs affirming the practice of ethics, this could be of help to employees in clarifying an ethical framework and serve as a guidance to employees when dealing with ethical dilemmas.

The present study discovered job satisfaction to be positively correlated to ethical climate but negatively related to intentions to turnover. This is in accordance with studies conducted in the past examining nurses, managers and MIS professionals who discovered a definite connection between ethical climate and this job outcome (Vitell & Davis, 1990; Deshpande, 1996; Joseph & Deshpande, 1997). This study shows this relationship also exists in employees across different fields of work. In the study conducted on MIS professionals, it was also shown that those employees become less interested with their jobs because unethical behaviour was rampant within either their industry or their organisation. This means managers are capable of influencing job satisfaction in a positive manner, by doing this, they curtail any chances for unethical behaviours in the company while also encouraging ethical behaviour.

Concerning Hypothesis 2 and 4, which concerns the relationship between organisational commitment, ethical climate and job satisfaction, this study, provides extra support to studies investigating the connection between ethical climate and organisational commitment. Prior researches conducted investigated this link for employees who work within an organisation, e.g. hospital staffs, managers, salespeople etc. This study goes beyond these boundary spanners, and tests employees' commitment across different organisations. This study reveals that organisational commitment has a positive influence on job satisfaction and also a positive correlation with ethical climate. It is worth noting that an ethical work climate is capable of serving as a vital determinant in influencing and advancing employees' satisfaction and commitment. This is backed by Ahmed et al'(2012) study which showed that an organisation exhibiting support from upper management

for ethical behaviours has a better chance of generating a better favourable work related and organisational outcomes. Sims & Kroeck (1994) indicated that the existence of a match between an employees' favoured ethical climate as well as their actual work climate, those employees would probably be more committed and satisfied with work in that organisation. However, if employees feel that the values of their organisations do not encourage a climate that supports their type of reasoning, there are chances that their devotion to the organisation reduces. Cullen et al (2003) showed that there is a positive association between nurses' commitment and their perception of caring climate. This is because caring climate promotes greater level of attachment, cooperation, and internalisation of professional values and also principled reasoning. These findings back the notion that managers can influence job satisfaction by influencing the Ethical climate in their organisation.

On the other hand, this study indicates that ethical climate has no significant influence on turnover intentions (Adjusted $R^2 = 6.4\%$), although the correlation analysis shows the presence of a negative correlation between ethical climate and turnover intentions. This suggests that employees might choose to stay in an organisation despite not being satisfied with the ethical climate, this can be attributed to availability of substitute jobs in the market. Although a relationship exist between ethical climate and turnover intentions via organisational commitment and job satisfaction(with both having a positive relationship) which is useful for managers because they strive to avoid losing productive employees which can prove to be expensive for an organisation when examining the cost of recruiting, training, staffing etc. . By fostering an ethical climate, management might be capable of

curtailing unwanted turnover through a higher organisational commitment, and remove unproductive employees.

There is a negative but significant correlation between employees' turnover intention and organisational commitment. The higher the employees perceive their work climate as being ethical, the greater their commitment and satisfaction with their jobs, and ultimately lower turnover intentions. It is important for a strong Ethical climate to exist within an organisation, as this would make employees endear themselves to the organisation leading to higher commitment, and research has shown that there exists a significant relationship between organisational commitment and turnover intentions (Mulki et al., 2006; Schminke et al., 2005; Wasti 2003).

The ethical climate in an organisation might clash with the unethical employees' attitudes and behaviours. Person- organisation fit theory asserts that employees oblivious of a match between their organisation and themselves tend to quit (Apasu, 1986; DeGeorge, 1990). As a result of this, unethical employees working in a highly ethical organisation would encounter a "misfit" and as a result would be more inclined to quit the organisation. Managers' knowledge of this fit enables them make decisions on whether to attempt training these set of employees on ethical standards or to do away with such employees. In any case, managers have a vital role to play in influencing employees' ethical behaviour (Ferrell & Gresham, 1985).

In summary, ethical climate can encourage ethical employees to remain in the organisation and unethical employees to leave since they can't find a fit between themselves and the organisation. This study also suggests that income levels also affect employees' commitment level and their decision to stay in the organisation.

This study also gives additional support to the connection between commitment, job satisfaction and turnover intentions, and indicates that ethical climate is yet another variable that influences these vital job outcomes either directly or indirectly. It is critical for managers to know the nature of the relationship between ethical climate, organisational commitment and job satisfaction because these three constructs have a negative relation to turnover. Creating an ethical climate in an organisation can therefore assist in reducing turnover.

6.2 Limitations to Study

The following limitations should be taken into cognisance when analysing the findings of this study. First, the sample consists of employees of different establishments in the Gazimağusa area of Northern Cyprus; they might not be a sufficient representation of the whole population of employees in Northern Cyprus. Therefore these findings may not be generalizable.

The second limitation is that which is usually attached to self-report research questionnaire. There can be a response bias when a respondent gives a response that is partial given the background characteristics of the respondent or study. This has however been moderated by making the respondents anonymous and a promise of confidentiality of information given by the researcher.

6.3 Recommendation for Further Studies

For the purpose of research that will be done in the future, it is imperative to highlight the need to examine other variables that might influence the relationship among these variables such as leadership style, organisational citizenship behaviour, and organisational performance, although this might not be easily achievable because it would make the questionnaire quite cumbersome and tedious for the respondents.

Future studies may also aim to ascertain the degree of responsibility training and socialisation tactics have on the ethical climate's influence on employee.

Finally, this study argues that top management is a vital factor in influencing the perception of ethical climate. What is the significance of the role of top management in communicating and reinforcing an ethical climate? Does the upper echelon formulate and emphasise ethical climate perception in the organisation? Providing answers to these questions would give a better understanding of ethical climate's task in a workplace.

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APPENDICES

Appendix A: Ethical Climate Questionnaire

1. Sex: Male Female

2. Age: 18-27 28-37 38-47 48-57 58-67
68+

3. Level of study: Bachelor degree Graduate degree Post graduate
degree

4. Marital status: Single Married

5. Years of Working Experience :

6. Nationality:

7. Occupation:

8. Level of Income: Less than 600TL 600TL-1200TL 1200TL-1799TL
1800TL-2399TL 2400TL or more (please note all
incomes are on a monthly basis

II.) In the following statements, your responses are needed in order to measure the extent of the relationship between the ethical climate in an organisation, job satisfaction, commitment and the intention to turnover. For each statement, please use the scale:

1) Strongly Disagree 2) Disagree 3) Neutral 4) Agree 5) Strongly Agree

	ITEM					
		1	2	3	4	5
	ETHICAL CLIMATE					
EC1	My company has a formal, written code of ethics.					
EC2	My company strictly enforces a code of ethics					
EC3	My Company has policies with regards to ethical behavior					
EC4	My company strictly enforces policies regarding ethical behavior					
EC5	Top management in my company has let it be known in no uncertain terms that unethical behaviors will not be tolerated					
EC6	If an employee in my company is discovered to have engaged in unethical behavior that results primarily in <i>personal gain</i> (rather than corporate gain), she or he will be promptly reprimanded.					
EC7	If an employee in my company is discovered to have engaged in unethical behavior that results in primarily <i>corporate gain</i> (rather than personal gain), she or he will be promptly reprimanded					
	Job Satisfaction : job					
SAT2	My work gives me a sense of accomplishment.					
SAT13	My work is satisfying					
SAT18	I am really doing something worthwhile in my job .					
	Job satisfaction: Promotion					
SAT4	The company has an unfair promotion policy.					
SAT8	My opportunities for advancement are limited.					
SAT15	There are plenty of good jobs here for those who want to get ahead.					
	Job Satisfaction : Pay					
SAT 5	My pay is low in comparison with what others get for similar work in other companies.					
SAT 9	In my opinion, the pay here is lower than in other					

	companies.					
Job Satisfaction : Supervisor						
SAT 1	My manager really tries to get our ideas about things.					
SAT 6	My department head has always been fair in dealings with me.					
SAT 12	My manager gives us credit and praise for work well done,					
Job Satisfaction: Company Policy						
SAT 3	Management is progressive					
SAT 7	Top management really knows its job.					
SAT 14	This company operates efficiently and smoothly.					
SAT 19	Employees in this company receive good support From the head office.					
Job Satisfaction : Fellow Workers						
SAT 10	My fellow workers are pleasant.					
SAT 16	The people I work with are very friendly.					
Organisational Commitment						
OC 1	I am willing to put in a great deal of effort beyond that normally expected in order to help this organisation be successful.					
OC 2	I talk up this organisation to my friends as a great organisation to work for					
OC3	I would accept almost any type of job assignment in order to keep working for this organisation					
OC 4	I find that my values and the organisation's values are very similar.					
OC 5	I am proud to tell others that I am part of this organisation.					
OC 6	This organisation really inspires the very best in me					

	in the way of job performance					
OC7	I am extremely glad that I chose this organisation to work for over others I was considering at the time I joined.					
OC 8	I really care about the fate of this organisation.					
OC 9	For me, this is the best of all possible organisations for which to work.					

ii) Turnover Intention (underline the appropriate option)

a. How do you rate your chances of quitting your company in the next 3 months?

- i. Very low ii. Low iii. Moderate iv. High V. Very high

b. How do you rate your chances of quitting your company in the next 6 months?

- i. Very low ii. Low iii. Moderate iv. High V. Very high

c. How do you rate your chances of quitting your company within the next year?

- i. Very low ii. Low iii. Moderate iv. High V. Very high

e. How do you rate your chances of quitting your company within the next two years?

- i. Very low ii. Low iii. Moderate iv. High V. Very high.

f. How often do you contemplate quitting your job?

- i. Never ii. Seldom iii. Sometimes iv. Often V. Always.

f. To what extent are you presently seeking other employment?

- i. Not seeking ii. Rarely iii. Sometimes iv. Often V. Great exten

Appendix B: Ethical Climate Questionnaire (Turkish version)

I.) Katılımcı ile ilgili sorular (Lütfen doğru seçeneği işaretleyin veya cevabınızı yazın)

1. Cinsiyet : Erkek Kadın

2. YAŞ: 18-27 28-37 38-47 48-57

58-67 68+

3. Eğitim düzeyi: lise lisans Lisansüstü

4. Medeni durum: Bekar Evli

5. İş tecrübesi (yıl):

6. Uyruk:

8. Meslek:

9. Gelir düzeyi (aylık): 600TL veya altı 600TL-1200TL 1200TL-

1799TL 1800TL-2399TL 2400TL or more

II.) Soruları cevaplama aralığı 1-5 katılım dereceleri ile; (1) Kesinlikle katılmıyorum, (2) katılmıyorum, (3) Kararsızım, (4) katılıyorum, (5) Kesinlikle katılıyorum. şeklinde belirtilmiştir.

Lütfen doğru bulduğunuz aralığı işaretleyiniz

1) Kesinlikle katılmıyorum 2) katılmıyorum 3) Kararsızım 4) katılıyorum 5)

Kesinlikle katılıyorum

	ITEM					
		1	2	3	4	5
	ETHICAL CLIMATE					
EC1	Kurumumda yazılı ve resmi etik kuralları vardır					
EC2	Kurumumda bulunan etik kurallar kurum tarafından titizlikle uygulanmaktadır.					
EC3	Etik davranışlarla ilgili kurumumda uygulanan politikalar vardır.					
EC4	Kurumumda etik davranışlar ile ilgili politikalar tam uygulanmaktadır					
EC5	Kurumumdaki tepe yönetimi etik dışı davranışlara tahammül edilmeyeceğini açıkça ortaya koymuştur.					
EC6	Eğer kurumumda bir çalışanın etik dışı davranarak (kurumsal değil de) kişisel kazanç elde ettiği ortaya çıkarsa, bu kişi derhal cezalandırılır.					
EC7	Eğer kurumumda bir çalışanın etik dışı davranarak (kişisel değil de) kurumun kazanmasını sağladığı ortaya çıkarsa, bu kişi derhal cezalandırılır.					
	Job Satisfaction : job					
SAT2	İşim bana bir başarı duygusu verir.					
SAT13	İşim tatmin edicidir.					
SAT18	İşim gerçekten yapılmaya değerdir.					
	Job satisfaction: Promotion					
SAT4	Kurumumda adil olmayan bir terfi politikası vardır.					
SAT8	Yükselme fırsatları kısıtlıdır..					
SAT15	İş yerimde yükselmek isteyenler için imkan tanıyan pozisyonlar vardır					
	Job Satisfaction : Pay					
SAT 5	Benzer kurumlarda benzer işler yapanlarla karşılaştığımda maaşım daha düşüktür					
SAT 9	Bence, işyerimde maaşlar diğer işyerlerine göre daha düşüktür.					
	Job Satisfaction : Supervisor					

SAT 1	Yöneticim çeşitli konularda görüşümüzü gerçekten almaya gayret eder					
SAT 6	Birimimin yöneticisi benimle ilgili konularda her zaman adil olmuştur..					
SAT 12	Yöneticim iyi iş çıkardığımızda hakkımızı ortaya koyar ve takdir edildiğimizi gösterir,					
	Job Satisfaction: Company Policy					
SAT 3	Yönetim yeniliklere açıktır.					
SAT 7	Tepe yönetimi gerçekten işlerinin uzmanıdır.					
SAT 14	Kurumum verimli ve sorunsuz çalışır.					
SAT 19	Kurumda çalışanlar merkezden yönetiminden yeterli destek almaktadır.					
	Job Satisfaction : Fellow Workers					
SAT 10	İş arkadaşlarımdan memnunum					
SAT 16	Birlikte çalıştığım arkadaşlar arkadaş canlısıdır.					
	Organisational Commitment					
OC 1	Bu kurumun başarılı olabilmesi için normalde beklenin çok üzerinde gayret sarf etmeye istekliyim					
OC 2	Arkadaşlarıma bu kurumun çalışmak için çok iyi olduğunu söylerim					
OC3	Bu kurumda çalışmaya devam edebilmek için verilecek her görevi yapmaya hazırım.					
OC 4	Kişisel değerlerim ile bu kurumun değerleri benzerdir					
OC 5	Bu kurumun bir parçası olduğumu söylemekten gurur duyarım.					
OC 6	Bu kurum en iyi performansımı göstermem için bana ilham verir.					
OC7	Zamanında işe girerken başka bir kurum değil de bu kurumu seçtiğim için çok memnunum.					
OC 8	Bu kurumun geleceği benim için önemlidir					
OC 9	Mümkün olan tüm kurumlar arasında bu kurumun çalışmak için en iyi kurum olduğunu düşünüyorum.					

lii) İşten ayrılma niyeti:

a. Önümüzdeki 3 ay içinde işinizden ayrılma ihtimalini nasıl görürsünüz.?

i. Çok düşük ii. düşük iii. orta iv. yüksek V. çok

yüksek

b. Önümüzdeki 6 ay içinde işinizden ayrılma ihtimalini nasıl görürsünüz

i. Çok düşük ii. düşük iii. orta iv. yüksek V. çok

yüksek

c. Önümüzdeki 1 yıl içinde işinizden ayrılma ihtimalini nasıl görürsünüz?

i. Çok düşük ii. düşük iii. orta iv. yüksek V. çok

yüksek

e. Önümüzdeki 2 yıl içinde işinizden ayrılma ihtimalini nasıl görürsünüz.?

i. Çok düşük ii. düşük iii. orta iv. yüksek

V. çokyüksek

f. İşten ayrılmayı ne kadar sıklıkla düşünürsünüz?

i. Asla ii. Ender olarak iii. bazen iv. sıklıkla V.

her zaman

g. Şu anda ne ölçüde başka iş arayıyorsunuz?

i. Aramıyorum ii. ender olarak iii. bazen iv.

sıklıkla V. büyük ölçüde.