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Relating ethical climate, organizational justice perceptions, and leader-member exchange (LMX) in Romanian organizations

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ABSTRACT

The purpose of this study was to investigate the relationship of ethical climate factors, organizational justice dimensions, and LMX. The research was conducted drawing upon the responses of 716 employees in Romania to survey questionnaires. As expected, the three types of organizational justice were highly inter-related. Furthermore, all types of ethical climate were interconnected. In addition, we found that egoistic ethical climate was negatively related significantly to the three types of organizational justice; the principle and benevolent ethical climate was found to relate to the three dimensions of organizational justice and LMX. Unexpectedly, we revealed that a division of the egoistic ethical climate into two separate sub-factors provided further insights into the relationships with organizational justice and LMX.

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La relación entre el clima ético, la percepción de la justicia organizacional y el intercambio líder-subordinado en organizaciones rumanas

RESUMEN

El objetivo de este trabajo es investigar la relación de los factores de clima ético, las dimensiones de justicia organizacional y el intercambio líder-subordinado (LMX). La investigación se llevó a cabo a partir de las respuestas a cuestionarios de encuesta de 716 empleados rumanos. Como se esperaba, los tres tipos de justicia organizacional estaban muy relacionados entre sí. Además estaban interconectados todos los tipos de clima ético. Por otra parte se vio que el clima ético egoísta se relacionaba negativamente de un modo significativo con los tres tipos de justicia organizacional; se observó que el clima ético benevolente y de principios se relacionaba con las tres dimensiones de la justicia organizacional y el LMX. Contra pronóstico, descubrimos que dividir el clima ético egoísta en dos sub-factores distintos permitía desentrañar mejor las relaciones con la justicia organizacional y el LMX.

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Palabras clave:

Clima ético

Justicia organizacional

LMX

The perception of trust is at the center of the organization-employee relationship, and to attract and retain employees in the 21st century organizations must provide a climate of trust. In an employment climate saturated with unrelenting news of unethical business behaviors, creating a positive image of a company is crucial to enhancing applicant evaluations and positive judgments of employment opportunities (Allen, Mahto, & Otondo, 2007). In addition, more and more people are insisting on a positive quality of life at work, which has become an essential component of employment branding (Sturges & Guest, 2004). Thus, as organizations seek to become employers of choice, it is imperative that they develop a

brand known for quality of work life. Although the notion of quality of work life encompasses many variables, having a healthy emotional and ethically sound climate is a key aspect of what people desire in an employer (Guest & Conway, 2002). Furthermore, there is a strong argument that positive ethical climate may promote employee engagement and enhance motivation.

Ethical Climate

Ethical climate reflects shared perceptions about what is allowed and what is prohibited in respect to moral issues in the organization. Victor and Cullen (1988a) suggest that ethical organizational climate may also be considered an element of organizational culture. In particular, they claim that ethical climate relates specifically to organizational norms that have a direct influence on organizational

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practices with strong ethical implications (Victor & Cullen, 1988b). Ethical climate does not deal with basic assumptions of the organization, which can be considered core elements of organizational culture (Schein, 2007), but rather relates to aggregate beliefs and values defined by the multiple perceptions of employees. Thus, in comparison with ethical climate, organizational culture is broader and comprises broad patterns of behavior, symbols, and both moral and non-moral elements. In addition, because organizational ethical climate affects the individual's emotional-psychological state, it has an influence on the atmosphere of trust in the organization, perceptions of autonomy, organizational support, and assistance (Victor & Cullen, 1988b).

Earlier research has reported on various types of ethical climate as a general characteristic extant in all organizations that affect a wide range of ethical decisions (Victor & Cullen, 1988a). Specifically, Victor and Cullen (1988b) propose a three-dimensional conceptual structure of ethical climates: egoism, benevolence, and principle. *Egoism* comprises behaviors aimed primarily to promote self-interest. *Benevolence* refers to decisions and actions targeting the attainment of the greatest good possible for others. *Principle* relates to decisions reached and actions pursued in accordance with rules, regulations, codes, and procedures (Simha & Cullen, 2012).

Within this framework, Victor and Cullen (1988b) assume that ethical work climates have organizational foundations that are not entirely dependent on the perceptions and evaluations of individuals, and they also assume that organizations and groups develop different normative systems because the existence of a normative system is a necessary condition for the existence of any ethical climate. These systems are not homogeneous, but are well known to the members of the group/organization, where they may be considered a kind of work climate. Accordingly, several antecedents to ethical climate in organizations have been identified within this body of work. In this regard, socio-cultural sources or norms are also supposed to be critical antecedents to an ethical work climate. This is reasonable because to some degree climate reflects social norms that have become well established. Finally, the broad social-cultural environment in which the organization operates and from which its employees originate also has an impact on the organization's ethical climate. The organization's structure may also indirectly influence norms and beliefs, and can therefore be considered another antecedent to ethical climate. This notion is in accord with several studies in organizational theory that predict a connection between normative characteristics and the organization's structural characteristics (Morgan, 1987). Finally, there are specific factors that drive organizational socialization processes. These are often unique characteristics relating to the history of the organization and its members. Thus, ethical climate is reinforced by the homogeneity created through organizational socialization, the classification of employees, their attraction to the organization, and the redundancy of some organizational employees.

The dominant measure of ethical climate has been the Ethical Climate Questionnaire (ECQ), which has been extensively developed and refined by Victor and Cullen (1988a) and has been widely used in previous studies (Dickson, Smith, Grojean, & Ehrhart, 2001; Peterson, 2002). In addition, recent cross-cultural work has emphasized the robustness of the ECQ via translation and back-translation into other cultures such as Korea (Kim & Miller, 2007) and Turkey (Elci & Alpkın, 2008). However, we have been unable to find evidence of the ECQ used for any research in Romanian organizations.

Organizational Justice

The construct of 'organizational justice' is generally related to three specific components, which are distributive justice, procedural justice, and interactional justice (Colquitt, Noe, & Jackson, 2002). Traditionally, the notion of *distributive justice* is based on a general theory of fairness, which offers a broad explanation of the motives

underlying the actions of individuals. In particular, Adams (1963) argues that individuals determine a value for the ratio between the outcomes of their work and the inputs they invest. The results are material compensation manifested in wages and benefits and non-material compensation, such as social recognition, interest in work, and the ability to fulfill oneself. In a similar fashion, *procedural justice* relates to perceived fairness, the way of perceiving the processes through which decisions are reached (Folger & Cropanzano, 1998; Leventhal, 1976). For example, Thibaut and Walker (1975) developed an innovative theory of *voice*, according to which employees will perceive decision-making processes as fair when they are given the opportunity to express their interests to decision-makers prior to final decisions. The final component of justice perception is *interactional justice*, which is divided into two main components: the interpersonal, which defines the degree to which employees are given proper and respectful treatment in the organization, and the informational, which defines the extent to which explanations given are compatible with the decisions reached. These two components reflect the extent of respect that employees feel they are given by the organization and its managers (Tyler & Bies, 1990). In addition to understanding the theoretical underpinnings of each of these dimensions, it is critical for scholars to understand how individuals may process judgments within each of these categories. In considering each justice dimension in relation to ethical climate, we consider perceptual processes that result in distributive justice, procedural justice, and interactional justice perceptions.

Employees tend to examine the actions taking place within the organization constantly in an attempt to determine whether actions are fair. To this end, they judge according to three types of criteria that relate to different elements of justice. The first criterion relates to practical implications, such as personal gains or losses, which derive from the employee's feeling that the decisions reached were just and right. Here fairness is examined within the framework of distributive justice theory (Adams, 1963). The second criterion relates to the way in which the decisions were made and whether the processes that led to the decisions were fair (Leventhal, 1976; Thibaut & Walker, 1975). Here judgments are made within the perspective of procedural justice theory. The third criterion relates to the approach adopted during planning and application (Sheppard, Lewicki, & Milton, 1992), such as the treatment employees receive during implementation and the feeling that the organization imparted new information and treated them sensitively and fairly. This fairness is examined within the framework of interactional justice theory (Tyler & Bies, 1990).

Perceived Distributive Justice

Leventhal (1976) maintains that the central rule of distribution is based in individual beliefs that fairness exists when examining reward allocation procedures. Reward distribution will be considered fair if it is based on rules that are acknowledged as just. The distributive justice theory is based on the assumption that the method of exchange is fundamentally based on the perceived fairness of rewards which people receive in exchange for their efforts (Adams, 1963). Thus, distributive justice perceptions relate to the perceived fairness of resource allocation in the organization in respect to the balance between one's contributions and rewards (Lee, 2001). In addition, it is important to note that fairness is perceived by employees vis-à-vis the comparison of management's distribution of resources in the organization to comparative others (or peers) and oneself (Cropanzano, Prehar, & Chen, 2002).

Within this framework, the outputs of an organization that are perceived by employees as rewards are the resources which the organization gives them, and often include power, prestige, authority, responsibility, and wages (Adams, 1963). The inputs that employees bring into the exchange may be education, intelligence, experience,

training, seniority, and investment in work (Adams, 1963). Thus, judgments based on the theory of distributive justice focus on the level of rewards, which the organization grants employees, versus the input, which they invest in the organization (Folger & Cropanzano, 1998; Rohel, 1997). Specifically, the basis upon which people develop their perception of the justice, or injustice, of a given action is grounded in a comparison between their input and output, and the perceived ratio of input and output of others, who are perceived as similar or comparable to them. This comparison indicates the expectation of resource allocation according to the equity principle – the input-output ratio of people perceived as comparable should be equal and the measure of rewards should be compatible with the measure of input. In other words, the reward given to employees should be compatible with their investment (Ritzman & Tomaskovic-Devey, 1992). Hence, individuals who share similar characteristics should expect equal rewards. However, the concept of equity is extremely abstract and does not define relevant investments or relevant comparisons. As a result, the concept has numerous meanings in different theoretical and social contexts (Bell & Schokkaert, 1992).

Perceived Procedural Justice

The idea of procedural justice originates in the sphere of law, where for the results of a trial to be fair, the procedures adopted must be fair. This principle is common in the workplace as well. It relates to perceived fairness in the process of organizational decision-making and generally considers the degree of importance that individuals attribute to the way in which decisions are reached. It is important to note that procedural justice comprises subjective aspects, such as the way in which a specific procedure is perceived, and objective aspects, such as the way in which a specific procedure is carried out *de facto*. In certain situations, a contradiction, or a partial or full overlap, may transpire between these subjective and objective aspects. Hence, implications regarding the way in which procedural justice perceptions can be changed will be different. Consequently, procedural justice relates to the perception of fairness, the way in which decisions were reached *vis-à-vis* the distribution of resources (Folger & Cropanzano, 1998; Leventhal, 1976), and is related to both objective and subjective factors.

Leventhal (1976) proposed a set of criteria for determining procedural justice. These criteria are consistency, bias suppression, accuracy, reversibility, representativeness, and ethicality. Specifically, *consistency* demands that decision-making procedures should be uniform and applied in the same way to all employees in the organization and consistent over time; in other words, procedures are considered fair if a similar procedure, involving other people and occurring several times, brings about similar results (Leventhal, 1976). *Bias suppression* demands that procedures should not be affected by the personal interests of decision-makers or by blind loyalty; so, in other words, organizational procedures are considered fair if bias and favoritism are avoided (Leventhal, 1976). The *accuracy* criterion is satisfied when procedures are based on reliable and accurate information regarding the relative contribution of all group members. In other words, procedures are considered fair if they are based on trustworthy, true, and complete information (Leventhal, 1976). *Reversibility* refers to creating opportunities for change or reversal of procedures in the various stages of application, and *representativeness* ensures that every stage of the decision-making procedure reflects the needs and values of all employees affected by the decisions. In other words, fairness during the procedure is affected by the capability of those who will be affected by the decision to intervene in the process. Finally, *ethicality* demands that decision-making procedures are compatible with the basic values of morality and ethics held by those who are affected by the decisions. In other words, the fairness of the procedure is also affected by meeting accepted standards of morality and fairness (Tyler & Bies, 1990).

By honoring these criteria, the creation of procedural justice becomes essential to the processes of change, both on the level of the individual employee and that of the organization in its entirety. It is important to bear in mind that the impairment of procedural justice can have a direct, but also indirect impact (for someone who was not directly affected, but observed or was exposed to procedural injustice). This may have implications to the degree of organizational commitment, motivation, satisfaction, and performance.

Perceived Interactional Justice

Interactional justice is generally regarded as the dimension that complements procedural justice (Tyler & Bies, 1990). Tyler and Bies (1990) argue that this process has multiple aspects. The interactional aspect, or the attitude of decision-makers to subordinates, is one of the parameters used when people make decisions about the degree of justice within organizational procedures. A similar argument relates to the fact that decision-makers may enjoy various degrees of freedom of action when they interpret formal procedures when managing processes (Bies, 1987). For example, if we observe two judges conducting legal proceedings, we notice differences between the ways in which they perform (Tyler & Bies, 1990).

In a similar fashion to the procedural justice criteria proposed by Leventhal (1976), Tyler and Bies (1990) identify five criteria that relate to the interactional justice. The first criterion relates to considering or recognizing the viewpoints of subordinates. Subordinates who are asked to voice their opinion expect it to serve as an important element in decision-making. In contrast, subordinates who are asked to express their opinion but ultimately feel that they have been ignored will feel manipulated and may regard the entire process as corrupt and unfair. The second criterion relates to the bias of decision-makers. Here subordinates believe that decision-makers should be neutral and free of any personal interest, focusing only on the fairness of the procedure. For this reason, anything regarded as prejudicing the procedure will immediately arouse subordinates' suspicion *vis-à-vis* the procedure's fairness (Tyler & Bies, 1990). The third criterion relates to the consistency of the implementation of the decisions regarding subordinates, where employees expect that the approach to all (or nearly all) cases is equal, or at least similar. In this case, decision-makers' behavior that is interpreted as arbitrary and inconsistent will impair perceived interactional justice. The fourth criterion relates to the timing of the report on the decision – people tend to suspect problems with delayed reports if there is no significant reason for the postponement, and this may impair the sense of justice. Finally, the fifth criterion relates to the report on a decision taken, by which a report should contain the explanation for the decision and the reason for its acceptance. Since numerous decisions in the world of business are made discreetly, the report can serve as the starting point for subordinates' evaluation of the correctness of the process, and consequently its fairness. Thus, this criterion deals with information given to subordinates about the process for assessment, through which they evaluate the intention of decision-makers, and hence their evaluation of the fairness of the process (Tyler & Bies, 1990).

Therefore, Tyler and Bies (1990), in addition to the formal and cognitive aspect of procedural justice proposed by Thibaut and Walker (1975), note a human aspect, which adds feelings such as anger, frustration, fear, and bitterness that may develop as the result of the attitude demonstrated by decision-makers toward their subordinates. The five criteria mentioned above relate to two main dimensions of interactional justice: interpersonal justice, which deals with the nature of the employee-organization relationship, and informational justice, which deals with the nature of the information conveyed to employees. These two dimensions reflect, each in its own way, the degree of respect that employees feel they command from the organization and its managers.

Leader-Member Exchange Theory (LMX)

The LMX theory focuses on the exchange between leaders and followers (Bandura, 1999; Liden, Wayne, & Stilwell, 1993). According to this approach, the managerial pattern is different across subordinates and changes in keeping with the quality of the manager-employee relationship. The nature of this relationship determines the distribution of resources and time between managers and employees (Yammarino & Naughton, 1992; Yukl & Fu, 1999). Within LMX theory, the quality of the relationship is assessed by managers and subordinates alike. A high quality relationship is characterized by a high level of information exchange, high level of trust, respect, fondness, extensive support, high level of interaction, mutual influence, and numerous rewards. A low quality relationship is characterized by a low level of trust, formal relations, one-directional influence (from manager to employee), limited support, a low level of interaction, and few rewards (Bauer & Green, 1996). Hence, the essential core of LMX theory is an understanding of the different types of exchange between leaders and followers. Accordingly, as patterns of exchange constitute an important basis of relationship development, types of exchange relationships can cause followers to behave in certain ways. In other words, in a high-level exchange, managers develop a kind of trusted in-group with their employees, and in a low-level exchange, the manager-employee relationship is basically supervisory and less personal in nature. Leaders functioning within a trusted in-group also delegate responsibility, which may take place prior to the development of the relationship as a method of assessing trust and capabilities, and later as a way of rewarding employees and expressing approval of their work.

Liden, Wayne, and Sparrow's (2000) findings show that the quality of interpersonal relationships between managers and employees has an impact on the employees' sense of empowerment. Gomez and Rosen (2001) also found a significant relationship between LMX and employees' empowerment. Members of the in-group feel more empowered than members of the out-group, since the manager, by delegating more authority and responsibilities to members of the in-group, grants them support that is more emotional and includes them in the decision-making process. Moreover, employees who maintain high level LMX demonstrate greater responsibility toward the organization, and therefore contribute more. In addition, a high level of exchange mandates mutual trust, support, and loyalty between leader and employees (Asgart, Silong, Ahmad, & Abu Sama, 2008). However, even within the context of in-group and out-group distinctions, Graen and Uhl-Bien (1995) claim that managers should afford all their subordinates access to LMX processes by at least attempting to create two-way LMX with them. As such, when dealing with a high level of exchange, managers aim at the highest social needs of their employees, thus encouraging them to place the collective interest above and beyond short-lived gratitude (Uhl-Bien, 2003). Studies also show that the manager's fairness can create positive social exchanges (Wayne, Shore, Bommer, & Tetrick, 2002). Furthermore, the findings of Sweetland and Hoy (2000) suggest that employees who were given knowledge and granted freedom of action by their managers, and were involved in decision-making, felt more empowered than employees who were not granted these privileges by their managers.

The LMX theory is fundamentally sociological and is based on the Social Exchange Theory (Blau, 1965), which establishes human relationships on diverse exchanges. These exchanges may be economic, social, political, or emotional. Reciprocal relationships based on these types of exchange build a relationship between two parties on diverse levels of intensity, depending on the type of exchange. In addition, recent studies indicate a link between LMX and the efficacy of reducing resistance to change. Thus, for example, Furst and Cable (2008) show that high LMX mitigates the link between the use of ingratiation tactics and resistance to change among employees.

According to this study, the relationship is not unequivocal and is not always exposed. For change tactics such as sanctions and legitimization, no significant relationship was found between LMX and reducing resistance to change. In a similar fashion, leader-follower exchange creates a relationship of mutual influence, while negotiating the role of the follower within the organization. The more the relationship develops, the more the freedom of action granted to the follower can expand. This freedom of action empowers employees. This notion is reinforced by Liden, Wayne, and Sparrow (2000), who found a significant relationship between leader-follower exchange and employees' perception of their level of empowerment. Therefore, it seems that the leader-follower exchange is positively related to positive attitudes toward work, such as job satisfaction.

Hypotheses

Based on the literature review presented above, we expected the following relationships to emerge in our study. Namely, we expected to see positive relationships between principle-based and benevolence-based ethical climates, organizational justice, and LMX. In contrast, we expected to see negative relationships between egoistic ethical climates, organizational justice, and LMX. Accordingly, we formed the following hypotheses.

First, we were interested in the potential antecedent role of *principle-based* ethical climates in affecting both justice perceptions and LMX, which led to:

Hypothesis 1: *Principle-based* ethical climates will exhibit a positive relationship with *interactional justice*, *procedural justice*, and *distributive justice* perceptions as well as with LMX.

Second, we were interested in the potential antecedent role of *benevolence-based* ethical climates in affecting both justice perceptions and LMX, which led to:

Hypothesis 2: *Benevolence-based* ethical climates will exhibit a positive relationship with *interactional justice*, *procedural justice*, and *distributive justice* perceptions as well as with LMX.

Third, we were interested in the potential antecedent role of *egoistic* ethical climates in affecting both justice perceptions and LMX, which led to:

Hypothesis 3: *Egoistic* ethical climates will exhibit a negative relationship with *interactional justice*, *procedural justice*, and *distributive justice* perceptions as well as with LMX.

Method

Participants

Our sample was comprised of 716 participants in Romania, employees of the public sector (11.7%), nonprofit organizations (3.1%), private sector companies (61.7%), and self-employed (23.5%). Gender was distributed evenly across the sample with 54.6% of the sample composed of women and 45.4% composed of men. The mean of age was 30.7 ($SD = 9.1$). We also measured seniority as years of tenure, with a mean of 5.00 years ($SD = 5.6$). Most of them were full-time employees (84%) with only 16% part-time employees. Finally, 6.6% staffed top management positions, 25.8% middle management positions, 25.5% were professionals, 21.7% occupied administrative jobs, 14.9% pursued technical jobs, and the remaining 5.5% were not specified.

Instruments and Measures

We created a composite questionnaire for our study that was completed and returned by the participants. The questionnaire was composed of three separate sections and was structured according to the following division, with all items measured on a 6-point scale, ranging from 1 (*agree very little*) to 6 (*agree very much*).

Organizational justice. We used 20 items from the Organizational Justice Questionnaire (Colquitt et al., 2002), the objective of which was to provide perceptions of the different types of justice (distributive, procedural, and interpersonal). Within this cluster of items, seven statements related to procedural justice, four statements related to distributive justice, and nine statements related to interpersonal justice. Cronbach's alphas were .92 for distributive justice ($M = 3.32$, $SD = 1.07$), .82 for procedural justice ($M = 3.31$, $SD = 0.80$), and .91 for interpersonal justice ($M = 3.64$, $SD = 0.81$).

LMX. The quality of the leader-member exchange relationship was measured by items taken from the Liden and Maslyn LMX questionnaire (1998), which includes 33 different statements designed to measure the quality of the relationship between managers and their subordinates. The questionnaire contains statements that describe the extent to which subordinates are satisfied with the manager's functioning as well as an overall evaluation of the manager. Cronbach's alpha for the reliability of this measure was .97 ($M = 3.52$, $SD = 0.74$).

Ethical climate. The third part of our questionnaire measured ethical climate using 27 items. We measured this construct using the Ethical Climate Questionnaire (ECQ), which has been extensively developed and refined by Victor and Cullen (1988a). Three measures were derived: Principle-based ethical climate ($\alpha = .70$, $M = 3.44$, $SD = 0.47$), Benevolent-based ethical climate ($\alpha = .85$, $M = 3.22$, $SD = 0.72$) and Egoistic ethical climate ($\alpha = .51$, $M = 3.18$, $SD = 0.46$).

Finally, we also measured the previously mentioned demographic variables using the final section of our questionnaire.

Results

Analysis of Common Method Bias

Harman's one-factor test (Podsakoff, McKenzie, Lee, & Podsakoff, 2003) was used to assess the degree to which intercorrelations among the variables might be an artifact of common method variance. The first general factor that emerged from the analysis accounted only for 30 percent of the explained variance. While this result does not rule out completely the possibility of same-source bias (CMV), according to Podsakoff et al. (2003) less than 50% of the explained variance accounted for by the first emerging factor indicates that CMB is an unlikely explanation of our investigation findings.

First, we explored descriptive statistics and associations between key variables. These results are presented in Table 1.

The results indicate expected levels of intercorrelation between the three types of justice components, which range from .54 to .57 (all significant at $p < .01$). In addition, the intercorrelations between

the three types of ethical climate dimensions ranged between .13 and .57 (all significant at $p < .01$), also as could be anticipated. Egoism-based ethical climate turned out weakly negatively related to the three factors of organizational justice ($r = -.08 - .13$). Despite being low, all these correlations proved to be statistically significant ($p < .05$), thereby upholding Hypothesis 3. Moreover, principle-based and benevolence-based ethical climate emerged strongly positively associated with the three aspects of organizational justice ($r = .18 - .55$, $p < .01$); thus, Hypotheses 1 and 2 were firmly corroborated. Finally, we observed that LMX was significantly strongly related to principle-based and benevolence-based ethical climates, as well as to procedural, distributive and interpersonal justice ($r = .37 - .72$, $p < .01$). These findings provided support for Hypotheses 1 and 2 with respect to LMX. Contrary to expectations, Hypothesis 3, concerning LMX, was disconfirmed. To further investigate what could possibly account for the weak connections unearthed with respect to the ethical climate factors as well as to the disconfirmation of Hypothesis 3 concerning LMX, we examined the composition of the egoism-based ethical climate factor. A factor analysis using the Varimax rotation produced two sub-factors as depicted in Table 2.

Inspection of the findings in Table 2 leads to the conclusion that one sub-factor comprises person-oriented items (e.g., "In this organization people are concerned about themselves"; "In this organization people protect their own interests"), while the second consists of organization-oriented items (e.g., "In this organization people further the company's interests"; "In this organization people are primarily concerned about the organization"). The former, to be designated 'People-oriented egoistic ethical climate' accounts for 27.1% of the explained variance, while the latter 'Organization-oriented egoistic ethical climate' accounts for 21.9% of the explained variance. Thus, we generated two measures: 'People-oriented egoistic ethical climate', incorporating all five highly loaded items and 'Organization-oriented egoistic ethical climate', drawing on only three highly loaded items ("Try to hurt the organization", displaying a very low loading, was excluded). Their psychometric characteristics follow: $\alpha = .73$ ($M = 3.20$, $SD = 0.74$) and $\alpha = 0.68$ ($M = 3.47$, $SD = 0.74$), respectively. Subsequently, we recalculated the correlations of these two measures with the organization justice factors and LMX. The results are described in Table 3.

We notice that the person-oriented measure correlates negatively moderately significantly with other study variables ($-.24$ to $-.34$), as predicted, whereas the organization-oriented measure noticeably correlates positively significantly with the study's variables (.34 to .39), contrary to the hypothesized relationship. However, the correlations for both measures are much stronger than those revealed with the initial single measure of egoistic ethical climate.

Table 1

Intercorrelations of the Study's Variables (egoism-based ethical climate as a unitary construct)

	1	2	3	4	5	6
Egoism-based ethical climate						
Principle-based ethical climate	.44**					
Benevolence-based ethical climate	.13**	.57**				
Procedural organizational justice	-.08**	.18**	.39**			
Distributive organizational justice	-.13**	.24**	.40**	.54**		
Interactional organizational justice	-.11**	.37**	.46**	.55**	.57**	
LMX	-.06	.37**	.48**	.49**	.54**	.72**

* $p < .05$, ** $p < .01$

Table 2

Factorial Structure of the Two Measures of Egoistic Ethical Climate

	Factor loading ¹	Percentage of variance
Factor 1a: Personal-oriented egoism		30.23
In this organization, people are concerned about themselves	.75	
... have no room for personal morals	.57	
... protect their own interests	.70	
... view decisions in terms of profit	.61	
... are primarily concerned about what is best for themselves	.80	
Factor 1b: Organization-oriented egoism		23.65
In this organization, people further the company's interests	.75	
... are concerned with the company's interests	.78	
... are primarily concerned about the organization	.78	

¹Varimax rotation

Table 3

Intercorrelations of the Study's Variables (with the egoistic ethical climate split into two constructs)

	1	2
1. Egoistic-based ethical climate (P-I) ¹	(.73)	
2. Egoistic-based ethical climate (O-I) ²	-.21**	(.68)
3. Principle-based ethical climate	.24**	.47**
4. Benevolence-based ethical climate	-.16**	.56**
5. Procedural organizational justice	-.27**	.38**
6. Distributive organizational justice	-.31**	.34**
7. Interactional organizational justice	-.27**	.36**
8. LMX	-.24**	.39**

Notes. ¹Person-oriented, ²Organization-oriented.* $p < .05$, ** $p < .01$.

Discussion

As expected, the three individual types of justice were interrelated at levels between .54 and .57, which suggests that these are separate but related constructs. Furthermore, all types of ethical climate were intercorrelated at levels ranging from .13 to .57, suggesting that despite being interconnected, they are still distinct constructs. In addition, we found that egoistic ethical climate was negatively related significantly to each of the three types of justice, although at a noticeably low level (.08 – .13). Principle and benevolent ethical climates were positively and much stronger correlated to the measures of organizational justice (.18 – .55). The low internal homogeneity (reliability) of the egoistic ethical climate measure along with its weak relationships with the three factors of organizational justice, as well as its non-significant association with LMX, motivated us to examine the internal structure of the measure. Unexpectedly, a very intriguing finding emerged, namely that two separate measures could be extracted: person-oriented and organization-oriented egoistic ethical climate. Each of them shows a better alpha coefficient, as compared to the initial single measure and their connections with the three types of organizational justice were considerably higher: -.24 to .39. Moreover, it was fascinating to observe that only the person-oriented egoistic ethical climate was negatively associated with the three factors of organizational justice, as hypothesized, whereas the organization-oriented egoistic ethical climate related positively to organizational justice components. Apparently, the implication is that seeking to promote one's own interests may link negatively to organizational justice perceptions because occasionally, for instance, procedural or distributional justice hampers furthering personal (self) goals. Conversely, seeking to promote organizational benefits (organization-oriented egoistic ethical climate) coheres with pursuit of fair, equitable, and just allocation of rewards (i.e., procedural and distributive components of organizational justice). Clearly, there is further need to examine the implications of this conceptual differentiation.

For our outcome variable, LMX, we expected a positive relationship with organizational justice. First, an impressively high connection unfolded with interactional (interpersonal) organizational justice ($r = .72$). This is because the nature of LMX implies a psychological state of trust that can enhance the intention of both supervisors and employees to exchange effort towards organizational goals. In fact, this is what we observed in Table 1, which suggests that there is an important connection between interpersonal relationship quality and LMX. This is consistent with abundant research on LMX (Tziner, Fein, Sharoni, Bar-Hen, & Nord, 2010). Furthermore, LMX also proved to be highly related to procedural and distributive justice ($r = .49$, $r = .54$, respectively), indicating that a general atmosphere of organizational justice links to favorable supervisor-employee relationships. As a second phenomenon, we expected to see a complex

of relationships between the three constructs of ethical climate and LMX. This convergence was indeed found in the present research and produced significant and meaningful correlations in the range of -.24 to .48 with four constructs of ethical climate (i.e., person-oriented egoistic, organization-oriented egoistic, benevolent, and principle). Because all four constructs can have especially important effects on various organizational outcomes (e.g., job satisfaction, organizational commitment) (Martin & Cullen, 2006), this confluence also bears further investigation.

Limitations and Directions for Future Research

We recognize that only one type of data, self-report measures, were used in this research, which could have produced common method variance. However, the large size (i.e., 716) and diverse composition of the respondents' basis can mitigate this possible effect.

It is of primary importance that future studies examine why person-oriented ethical climate relates negatively to organizational justice components and LMX, while organization-oriented ethical justice can be positively related to them. Theories of justice (Rawls, 2000) suggest that perceptions of justice may run counter to organizational norms. If employees believe that it is unethical to violate employee norms, but at the same time recognize norms or procedures as unjust, this frame of reference could explain the negative correlations between interactional (interpersonal), distributive and procedural justice, and person-oriented egoistic ethical climate. Yet, how could the positive relationships of organization-oriented egoistic ethical climate with the same outcome variables be reasoned out? Qualitative research could be used to address this possibility.

We consider that it would be good to use other methods to measure LMX, justice, and ethical climates. This also relates to the point concerning single source bias for our measures. In future research, the use of both direct and indirect measures may prove helpful in addressing potential single source measurement effects.

In addition, future studies should examine to what extent current findings hold with respondents from other European Union countries. Different effects may possibly be found across various categories of national cultures, age, tenure, and specific organizational cultures within companies. In the latter case, there may be organization-specific effects for variables such as justice perceptions, ethical climate, and LMX. It would be ideal, for example, to investigate if there are negative relationships between person-oriented egoistic ethical climate or positive connections between organization-oriented egoistic ethical climate and organizational justice factors in other samples from other industries. In addition, qualitative studies should be used to investigate reasons behind any positive or negative relationships between ethical climate and organizational justice and LMX. In this regard, it may be that there is a political dimension to organizational justice perceptions and differences in ethical climate perceptions across groups, but qualitative methods (such as interview protocols) could detect this. Furthermore, additional organizational outcomes (e.g., breach or respect of psychological contract) should be explored in the context of ethical climates and organizational justice within the context of the 12-type typology of ethical climates: person-oriented egoistic, organization-oriented egoistic, benevolent, principle ethical climates by individual, local, and cosmopolitan levels of analysis.

Finally, we feel that the entire issue of examining moral development at the individual level and its correspondence to ethical climate in groups and organizations is a critical area for empirical research using multi-level methods and measures of person-situation fit. Furthermore, as ethical climate is acquired in a social interactive process in the work group, a process in which colleagues and managers can have some bearing on the individual's ethical decisions, it is possible that the level of individual ethical development will be impaired by the broader organizational ethical climate. Again, this would be

an interesting hypothesis to test using modern multi-level methods such as latent class analysis or latent growth curve analysis (Vandenberg & Stanley, 2009). We suggest that the present study offers an important starting point for further studies of higher complexity. In this regard, this research adds value to the literature by suggesting other more complex avenues for investigation that will possibly yield improved insight into the several interesting findings of this study.

Conflict of Interest

The authors of this article declare no conflict of interest.

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