Jurnal Pengurusan 42(2014) 43 - 50

## Creating Good Citizen through Company Ethical Values

(Mencipta Warga Yang Baik Menerusi Nilai Etika Syarikat)

Ade Irma Anggraeni (Faculty of Economics and Business, Jenderal Soedirman University)

## ABSTRACT

Creating high employee engagement is becoming more important in achieving sustainability in small and medium enterprises (SMEs). It helps organisations to motivate their employees to go beyond expectation. The main characteristic of organisation that pursues sustainability includes creating ethical values through organisational climate. This paper analyses the impact of ethical work climate on employee engagement and organisational citizenship behavior (OCB). Study was conducted on SMEs in Central Java, Indonesia. This research utilised quantitative approach and data collection was based on survey questionnaire. The result highlighted the significant impact of ethical work climate on employee engagement and OCB. This study's findings contribute to the business ethics and SME literature by providing relevant empirical evidence based on primary data. The results provide guidance to SMEs in achieving sustainability.

Keywords: Ethical work climate; employee engagement; OCB; SMEs; sustainability

#### ABSTRAK

Mewujudkan tahap penglibatan pekerja yang tinggi telah menjadi amat penting kepada perusahaan kecil dan sederhana (PKS) dalam mencapai kemampanan. Ia boleh membantu organisasi dalam memberi motivasi kepada pekerja untuk pencapaian di luar jangkaan. Ciri utama organisasi dalam meneruskan kemampanan termasuk mewujudkan nilai-nilai etika melalui iklim organisasi. Kajian ini menganalisa kesan iklim etika kerja terhadap penglibatan pekerja dan tingkah laku kewarganegaraan organisasi (OCB). Kajian ini telah dijalankan ke atas SME di Jawa Tengah, Indonesia. Kajian ini menggunapakai pendekatan kuantitatif dan pengumpulan data adalah berdasarkan kajian soal selidik. Hasil kajian menekankan kesan yang besar oleh iklim etika kerja ke atas penglibatan pekerja dan OCB. Hasil kajian ini menyumbang kepada etika perniagaan dan kesusasteraan PKS dengan menyediakan bukti empirikal yang berkaitan berdasarkan data primer. Hasilnya memberi panduan kepada PKS untuk mencapai kemapanan.

Kata kunci: Iklim etika kerja; penglibatan pekerja; OCB; PKS; kemampanan

## INTRODUCTION

In the study of human resources, organisations need to understand the factors that can motivate employees to behave positively so they are able to contribute to the achievement of organisational goals. Creating high work engagement can help organisation on pursuing competitive advantage. Model of entrepreneurial enterprise sustainability developed by Hamel (1996) shows a comprehensive framework of entrepreneurial cycle for sustainability through the creation of mission, values and strategy. The components of the strategy are then translated into the practice of human capital through the HR process chain that will enhance employee engagement and organisational citizenship behaviour of employees. In order to achieve long-term organisational performance, organisations need to have attractions such as the reputation for being a trusted organisation (Viswesvaran, Deshpande & Milman 1998). Social identity theory explains that the sustainability of an organisation has unique values that can be used as a signal for the employees to improve their work engagement. Various studies concluded that organisational climate influences innovative behavior, organisational citizenship

behavior, counterproductive behavior and even negative behavior (Bellou & Andronikidis 2009; Scheuer 2010; Wolf et al. 2012).

Every organisation has a unique climate that forms the specific characteristics of the organisation. Work climate influences the appropriate behavior of employees and the expectations of the organisation (Zohar & Luria 2005). Ethics in work climate becomes important as moral foundation for employees to be and behave (Victor & Cullen 1988). Ethics become important in the study of work climate as collective moral responsibility (Kohlberg 1984). Ethical work climate shows care and attention to its employees. In this case, the organisation fosters cooperation and fair treatment. These characteristics create a positive impact and increase employee dedication. Ethical work climate creates the sense of trust and energy for the employee to perform the job. Relationships that are built on trust motivate the employees to work in autonomy so that employees have full involvement in work (Martin & Cullen 2006).

Ethics in the work climate is also a symbol and norms that guide the behaviour of employees. In exchange social theory, Blau (1970) explained that employees' behaviors are reciprocal. That is, when the employee perceives that the organisations show that they care and pay attention to the employees, the employee will in turn show their support through voluntary behaviour leading to organisational success (Paine & Organ 2000). The results of the study by Lester, Turnley, Bloodgood and Bolino (2002) indicated that ethical climate of an organisation is very important in employment relationship, particularly in the context of relational contracts. The type of contract involves the internalisation of the organisation in accordance to the expectations of employees (Van Dyne et al. 1994). Employees who have personal bond with the organisation will respond by displaying citizenship behavior (Organ 1998).

Creating an ethical climate in an organisation is not only important for large-scale organisation. In the context of small and medium enterprises, the issue of ethics is becoming more important. Generally, small scale organisations do not have a human resources department specifically designed to manage the staff and they do not have a standard or code of conduct for formal written work. The study of the ethical climate of the organisation is important in the context of small and medium enterprises and particularly in Indonesia in order to achieve sustainability. The creation of sustainability requires employees with high engagement (Hamel 1996). Having employees with high engagement can drive the organisation to achieve productivity, profitability, and consumer satisfaction (Coffman & Gonzalez - Molina 2002). Organizational culture that has the characteristics of sustainability can also improve OCB of the employee (Hamel 1996). Employees with high OCB can help organisations to achieve effectiveness, innovation and competitive advantage (Bolino, Turnley & Bloodgood 2000; Koys 2001; Podsakoff et al. 2000). However, researches on ethical work climate influencing work engagement are still very few (Parboteeah et al. 2010). For that matter, further research needs to the conducted as to provide the support for entrepreneurial enterprise sustainability model, with a focus on ethical work climate and the influence toward employee outcome. This study aims to analyse the influence of ethical work climate on employee engagement and organizational citizenship behavior.

## LITERATURE REVIEW

Social exchange theory explains that relationship develops through trust, loyalty and commitment. The interactions are interdependent and encourage the parties that interact to perform actions as to improve the quality of a relationship (Blau 1970). Therefore, the related parties need to have normative rules and guide in the process of exchange (Emerson 1976). Social exchange theory also describes the exchanged resource that is in a relationship. Foa and Foa (1980) explained that resources are tangible and monetary relationships tend to be exchanged in the short term while special and symbolic resources exchanged are long-term oriented.

In management studies, social exchange theory is described as a model of social exchange relationships that appreciate the efforts of employees by providing fair and valuable rewards that influence positive attitudes and effective work behavior of employees (Cropanzano et al. 2001). Social exchange theory provides an important contribution in the study of contemporary management; where it acts as a guide for organisations in encouraging positive attitudes and behaviour of their employees. Social exchange relationships can be optimised when the organisation can appreciate the contribution of the employee in the manner and the form of appropriate remuneration (Cropanzano et al. 2001). The treatment of the organisation will be reciprocated by the employees in the form of employee engagement (Saks 2006). Employee engagement is a form of employee's responsibility to be more actively engaged in carrying out his role; where this is a form of return over the treatment he receives from the organisation (Kahn 1990).

#### ETHICAL WORK CLIMATE

Organisational ethical climate and ethical work climate are two concepts that are often interchangeably used. Organisational climate is defined as the perception of employees regarding their work environment which includes policies, procedures and practices (James et al. 2008). Organisational climate that involves ethical aspects encompasses the perception of employees regarding policies, procedures and ethical practices that exist within a unit or the entire organisation (Mayer, Kuenzi & Greenbaum 2010). Thus, organisational ethical climate reflects on employees' perceptions about the ethical work climate within an organisation. The concept of ethical work climate was first introduced by Victor and Cullen (1988) to explain work climate that includes values and ethical norms of an organisation. This concept is an extension to the studies of morality, psychology and sociology. From the moral perspective, ethical theories are divided into three categories, namely egoism, benevolence and principles; forming the 3 levels in organisational climate. Denison (1996) argued that ethical climate in the organisation's system shows that leadership plays an important role in regard to ethical values of the organisation. The results of various researches have supported this fact (Deal & Kennedy 1982; Schein 1985). The value system and code of ethics influence the employee in decision making (Hegarty & Sims 1979). When the code of ethics is effectively discussed and understood by all the members in the organisation, it can be imposed on the ethical behavior of employees (Weeks & Nantel 1992).

## EMPLOYEE ENGAGEMENT

The concept of engagement is built on the theory of social exchange. This theory explains that employment relationship, trust, loyalty and mutual commitment can be established if both parties, employees and organisations, adhere to the norm of reciprocity. When employees receive certain treatments such as salary, recognition and opportunities for the growth of the organisation, then employees will feel they have a responsibility to provide returns over the treatment received from the organisation. Saks (2006) argued that the form of return provided by the employee to the organisation is through engagement. This is in line with the opinion of Kahn (1990) who described the concept of engagement as a sense of responsibility to further engage employees in the work as a form of returns over the treatment received from the organisation. Employee engagement refers to the positive attitude of the employees towards the organisation and the values that exist in the organisation (Robinson, Perryman & Hayday 2005). Work engagement is a voluntary effort of employees in giving their time, energy and ideas to complete their tasks (Frank et al. 2004). This attitude is not temporary but affective and cognitive are long lasting. Schaufeli et al. (2002) explained that this concept has three dimensions namely vigor, absorption and dedication. Vigor refers to being energised and eager to perform in spite of the difficulties. Dedication refers to the feelings of significance, enthusiasm, inspiration, pride and challenged; thus motivating the employees to be fully involved in their jobs. Absorption refers to the state of full concentration in performing the job.

## ORGANIZATIONAL CITIZENSHIP BEHAVIOR

The effectiveness of an organisation is determined by the behaviour of the individuals in it. Such behaviour does not only include in-role behavior, but it is expected to further extend to the extra-role behavior of the individual. Extrarole behavior is also often referred to as organisational citizenship behavior. The researchers use different terms to refer to this concept. Some researchers refer to organisational citizenship behavior as extra-role behavior (Pearce & Gregersen 1991; Wright, George, Farnsworth & MacMahan 1993), and some researchers emphasise citizenship behaviors as extra-role (e.g., Bateman & Organ 1983; Smith, Organ & Near 1983; Van Dyne, Graham & Dienesch 1994). However, all lead to a common understanding that the behaviors of employees are not only on their jobs (in-role). Organizational citizenship behavior is the behaviour of employees that is beyond formal duties and contributes to the effectiveness of the organisation (Smith et al. 1983). Meanwhile, Organ (1997) defined organisational citizenship behaviour as behaviour that benefits the organisation and is neither based on normal role obligations nor the form of the contract or compensation. For example, providing assistance to coworkers to lighten the workload and resolve the problem. Organisations that are not able to facilitate extra-role behaviour of their employees will remain in the social system, however it is fragile and will slowly decline (Katz & Kahn 1978). To build citizenship behaviour of employees, organisations are required to treat employees fairly (Bateman & Organ 1983) in a reciprocal relationship and uphold equality (Moorman 1991).

Organisational citizenship behavior is the behaviour of employees where it is a personal choice or voluntary with no consequences in the formal reward system (Organ 1998). Organisational citizenship behavior plays a role in enhancing the effectiveness of the organisations' functions that may lead to the increase in organisational performance. The earlier researches on OCB built this concept into two categories, namely altruism and conscientiousness (Smith et al. 1993). Altruism is the helping behaviour of the employees and indirectly influences the organisation's success. Meanwhile, conscientiousness refers to the act of the true professionals, i.e. behaving according to the necessary and appropriate manner as expected by the organisation. Even though this behaviour is initially voluntary, research results showed that the organisational citizenship behavior is a form of responsibility to the employee (Coyle – Shapiro & Conway 2005).

Van Dyne and Lépine (1998) also contributed to the development of the concept of developing a twodimensional OCB namely, helping and voice. The helping dimension has a similar meaning as altruism, while voice is individual initiative to challenge constructively through communication with the members of the organisation to raise the performance of groups and organisation. Both dimensions are the behaviors of the employees to help the organisation to improve its performance. Organ (1998) categorised organisational citizenship behaviour into five dimensions, namely altruism, conscientiousness, civic virtue, sportsmanship and courtesy. Altruism refers to helpful behaviour such as helping co-workers who are having difficulty in completing the work. Conscientiousness is the seriousness of employees in working optimally to complete the task. Furthermore, civic virtue refers to behaviours that are for the interests of the organisation; for example, contribute towards maintaining the good name of the organisation and willing to support activities that benefit the organisation. Sportsmanship, the fourth dimension is related to maintaining the behaviour of actions that could potentially harm the working groups and organisations, and the willingness to share the result of a joint decision decided in the working group. The fifth dimension is courtesy. This refers to behaviour aimed at providing innovative solutions to fellow co-workers and the organisation. The researches of Farh et al. (1997) and Paine and Organ (2000) contributed to the expansion of the OCB concept where they conducted studies on culture. In the context of Chinese culture, the perception of fairness is important in the construction of OCB. However, in the context of western culture, sportsmanship is an element that is used to clarify the concept of OCB.

# THE IMPACT OF ETHICAL WORK CLIMATE ON EMPLOYEE ENGAGEMENT

The ethical climate of the enterprise focuses on the enterprise's attention through social responsibility. Social environment of an enterprise includes employees, consumers and society at large. Companies pay attention to social responsibility of caring where moral values are implemented in the rules and procedures. The research conducted by Parboteeah and Kapp (2008) proved that there is a relationship between ethical work climate and work engagement. The employees who perceive that the company cares about the ethics will feel more motivated because the value is in line with their personal moral value. Working in an ethical climate make employees feel that what they do is right and proper to moral values; to such extent that the tasks are done with full dedication. Procedures and rules that subscribe to work ethic will also result in employees to feel that they are involved in the job that they will fully concentrate on their jobs (Martin & Cullen 2006). Based on the description above, it can be summarised as the following hypothesis:

H<sub>1</sub> There is a significant and positive impact of ethical work climate on employee engagement.

## THE IMPACT OF ETHICAL WORK CLIMATE ON ORGANIZATIONAL CITIZENSHIP BEHAVIOR

Good working relationship between companies and employees encourages employees to contribute greater than what is required in the job description. Ethical work climate can lead a healthy working relationship between the company and its employees. Ethic is an employee's expectations and when the firm internalises the values in the work environment, employees feel that the company guarantees fairness and openness in the enterprise. Internalisation of ethical values as a form of social responsibility of enterprises increases employee organisational citizenship (Van Dyne & Ang 1995). Ethical values in organisational culture include supports in developing company and collaboration between employees (Podsakoff et al. 2000). This can motivate the employees to help their co-workers and share their knowledge in completing the job. Based on the above, the descriptions can be summarised as per the following hypotheses:

- H<sub>2a</sub> There is a significant and positive impact of ethical work climate on altruism
- H<sub>2b</sub> There is a significant and positive impact of ethical work climate on conscientiousness
- H<sub>2c</sub> There is a significant and positive impact of ethical work climate on civic virtue
- H<sub>2d</sub> There is a significant and positive impact of ethical work climate on sportsmanship
- H<sub>2e</sub> There is a significant and positive impact of ethical work climate on courtesy

The conceptual framework in this study is presented as follows:

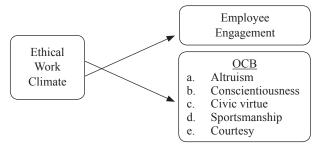


FIGURE 1. Research framework

## RESEARCH METHODS

This study uses a quantitative approach. The sampling method used was purposive sampling with different criteria so as to obtain a sample that is able to achieve the purpose of the study. The sampling used was quota sampling with proportional stratification. This is because the samples are able to represent the three groups of business scale, which are-periodic micro- enterprise, small, and medium-scale enterprises. Respondents of this study consisted of 173 employees spreading over 10 small and medium enterprises in Purwokerto, Central Java, Indonesia. The enterprises had been operating for more than 5 years. Questionnaire was employed in obtaining data on employee perception on ethical organisational climate, employee engagement and organisational citizenship behaviour. The questionnaire's items consisted of closed questions accompanied by several open questions. The scale of measurement for the variables is a scale of 5 (1 =strongly disagree, 2 = disagree, 3 = neutral, 4 = disagree, 5 = strongly agree). The ethical work climate is measured using a scale developed by Victor and Cullen (1988); while employee engagement is measured using a scale developed by Schaufeli et al. (2002). The organisational citizenship behaviour is measured using the Organ's scale (1998). As for the study data, it was obtained through interviews; a support was used in analysing the answers to the questionnaire so as to obtain accurate answers regarding the influence of organisational ethical climate influence on employee engagement and organisational citizenship behaviour. The test on the validity of the method is done through Pearson correlation, that is correlating between the score of each item with the total score. For the reliability testing, the Cronbach Alpha method was used. Meanwhile for the hypothesis testing, this study used the multiple regression analysis with SPSS.

### RESULT AND DISCUSSION

## COLLECTION OF DATA

In this study, the questionnaires were distributed to 200 respondents and only 191 questionnaires were returned. However, we discovered that eight questionnaires were not completed. Thus, the total number of questionnaires that could be included in the data analysis was 173.

### BACKGROUND OF RESPONDENTS

The background of the respondents in this study include gender, age, level of education and years of working. The majority of respondents were women (49 %), aged between 21-30 years (36 %), education level equivalent to high school education (45%) and job tenure 4-6 years (39%). Table 1 below summarises the background of the respondents.

Creating Good Citizen through Company Ethical Values

TABLE 1. Sample characteristics						
Demographics Characteristics		Number of Responses	Percent			
Age (years)	<20	41	24			
	21-30	63	36			
	31-40	34	20			
	40-50	35	20			
Gender	Male	89	51			
	Female	84	49			
Education	Junior High School	45	26			
	High School	78	45			
	Diploma	37	21			
	Bachelor	13	8			
Job tenure (years)	1-3	32	18			
	3-6	67	39			
	6-9	40	23			
	<9	34	20			

TABLE 1. Sample characteristics

## ANALYSIS OF RELIABILITY AND CORRELATION

We had conducted the testing on reliability of the questions by using Cronbach alpha. The testing of correlation of ethical work climate, employee engagement and organisational citizenship behavior were done through the Pearson correlation method, that is to correlate between the score of each item with the total score. It was found that the correlation between the total score of all items is significant at 0.05 significance, at as high as 0.159. As such, it can be concluded that the indicators that measure the constructs of ethical work climate, employee engagement and organisational citizenship behaviour are significantly correlated. On the results of reliability testing, the Cronbach Alpha values for the constructs of ethical work climate was at 0.679, employee engagement at 0.643 and organisational citizenship behavior at 0.634. Reliability test is used to test the consistency of the research instrument. For the tests, the internal consistency test utilising the Cronbach Alpha coefficient, the acceptable value is at 0.6 (please refer to Nunally 1978). As such, all items had passed the validity test phase and the reliability test using Cronbach Alpha reliability test showed figures above 0.6, thus indicating that the items on each of the variables are considered reliable. However, there is reduction in some of the items; which are 3 items on employee engagement and 5 items on organisational citizenship behavior variables. Statistical test results also show that the correlation variables do not suffer multicollinearity, where the correlation values are below 0.8.

TABLE 2. Reliability	test
----------------------	------

Construct	Cronbach Alpha	Result
Ethical Work Climate	0,679	Reliable
Employee Engagement	0,643	Reliable
Organisational Citizenship Behavior	0,634	Reliable

## HYPOTHESIS TESTING

Hypothesis 1 states that there is significant and positive impact of ethical work climate on employee engagement. Test conducted on the impact using multiple regression showed that the ethical work climate has significant and positive impact on employee engagement. Based on these results we can conclude that  $H_1$  is accepted. That is, there is significant impact of ethical work climate on employee engagement ( $\beta = 0.361$ ; p < 0.05). Hypothesis 2 consists of hypotheses 2a , 2b , 2c , 2d and 2e, and we

have surmised that ethical work climate has significant and positive impact on altruism, conscientiousness, civic virtue, sportsmanship and courtesy. Table 3 shows the results of hypothesis testing using multiple regression that ethical work climate has significant and positive impact on altruism ( $\beta = 0.353$ , p < 0.05), conscientiousness ( $\beta = 0.342$ , P <0.05), civic virtue ( $\beta = 0.256$ , P < 0.05), sportsmanship ( $\beta = 0.241$ , p < 0.05) and courtesy ( $\beta =$ 0.237, p <0.05). Thus, it can be said that hypotheses 2a, 2b, 2c, 2d and 2e are accepted.

Jurnal Pengurusan 42

TABLE 3. Hypothesis test

51			
Construct	β	Sig	Result
Ethical Work Climate > Employee Engagement	0.361	0.00	Accepted
Ethical Work Climate > Altruism	0.353	0.00	Accepted
Ethical Work Climate > Conscientiousness	0.342	0.00	Accepted
Ethical Work Climate > Civic Virtue	0.256	0.00	Accepted
Ethical Work Climate > Sportsmanship	0.241	0.00	Accepted
Ethical Work Climate > Courtesy	0.237	0.00	Accepted

## DISCUSSION OF RESULTS ANALYSIS

The results from SPSS showed that there is significant and positive impact of ethical work climate on employee engagement. The ethical climate of concern highlighted is not only limited to the external, but also internal aspects of the company. Business decisions of companies consider the interests of consumers and employees. In solving the problem, business owners provide the opportunity to employees to express their opinions on what is best for the company and consumers at large. When employees are given the opportunity to review and be involved in achieving effective work processes, employees will gain the sense of autonomy, and this aroused a sense of trust to the company. Employees are also given the opportunity to express opinions related to consumer so that the companies can evaluate on the delivery of product or service to better serve the consumer. The company should be concerned on aspects that are important to employees and consumers so that the employees are driven to perform their job with dedication. This is in line with the analysis conducted by Martin and Cullen (2006) who concluded that companies are concerned about aspects that are important for employees so as to improve work engagement. Ethical work climate reflects the concern on the welfare of employees so that organisations improve their employees' confidence in the organisation and encourage them to be more cooperative. It is also in line with the opinion of Kahn (1990) who concluded that when basic needs can be met by the organisation's employees, the employees will feel that they have a good relation with the organisation. Employee engagement is displayed in the form of enthusiasm and dedication in work.

The results from SPSS showed that there is significant and positive influence of ethical work climate on organisational citizenship behavior. Creating ethical work climate will result in the employees to perceive that the company cares about the interests of employees. The form of care for the employee does not only in terms of financial, but also in terms of facilitating the aspirations of employees and disseminating the moral values of how a job is done. Moreover, it also includes upholding the integrity and demonstrating good conduct that is problem solving oriented in the work process. It gives the impression that the company focuses on the elements of goodness and work effectiveness. The company is actively encouraging employees to respond to the concern of enterprises in the form of behaviour that supports moral values that built the company and assists company to achieve business objectives. This is in line with the analyses conducted by Van Dyne et al. (1994), Paine and Organ (2002) and Lester et al. (2002).

Social exchange theory explains the reasons why one internalises OCB (Cardona, Lawrence & Bentler 2004). The existence of shared responsibility between the employee and the organisation in an employment relationship (that is reciprocal to establish social norms) is adhered to by both parties. Working relationships are not only built to facilitate financial aspects but also the socio - emotional aspects. Work climate can appreciate the contributions of employees and provide equitable support to employees, reflecting the ethical values adopted by the organisation. Ethical work climate will encourage employees to undertake various actions that can benefit the organisation. Giving full support to organizations such as helping co-workers in solving work problems, willing to work overtime for the sake of completion of the work, suggesting innovative solutions and willing to engage in activities that benefit the organisation are forms of increased employee productivity. It also keeps behaviour in check so as not to be trapped in activities that are detrimental to the organisation and respond positively to the various criticisms in order to achieve organisational effectiveness. This can only be developed through ethical work climate.

## CONCLUSION

Sustainable effort is determined by employees who have high work engagement. Energy and commitment of employees who are dedicated in the attainment of business's goals is a source of competitive advantage for companies. The care and interests on these employees become important aspects to small and medium enterprises for these businesses to progress. Upholding moral values such as being responsible to the employees resulted in the employees to perceive that the company seeing them as valuable to the organisation. Work process provides opportunities for the employees to work more efficiently. It delivers the aspect of customer importance whereby the employees are engaged in bringing the customers' confidence to the business. This provides an impetus for

## Creating Good Citizen through Company Ethical Values

employees as well as energy and desire to do the job with full dedication.

Sustainability of a business is determined by employee citizenship behavior. Internalisation of ethical values is an effort that provides moral guidance for employees to carry out their work well. Ethical work environment directs employees to be prepared to comply with the procedures provided. That is the value which is in line with personal morality. Ethical values also guarantee that companies conduct their businesses in good ways as to inspire confidence that the company appreciates and supports the efforts of employees. Moral guidance also encourages employees to adhere to the existing rules in the company. In addition, the fulfillment of responsibilities by the company to employees and consumers are also the inspiration for employees to actively and willingly help coworkers and consumers. Employees feel confident that the behaviour is in accordance with the company's expectations. Work climate develops ethical work through improvement in employee engagement and organisational citizenship in accordance to the entrepreneurial enterprise sustainability model developed by Hamel (1996).

The results of this study contribute to the provision of support for model of enterprise sustainability, particularly through ethical work climate that can improve employee attitudes and outcomes, particularly with extra performance by employees. Future researches should use a qualitative approach in identifying ethical values in a setting that can promote the establishment of employee engagement and citizenship behaviour in the context of small and medium enterprises. This research also contributes to the development of the concept of employee engagement and organisational citizenship behaviour, especially in the context of small and medium enterprises. This study is limited to small and medium enterprises in the region with the Javanese cultural background (which is very closely related to the Javanese cultural values that uphold social norms). Additionally, the study only uses a small sample size. Future research needs to involve more respondents from different cultural backgrounds.

#### REFERENCES

- Bagozzi, R.P. 1993. Assessing construct validity in personality research: Applications to measures of self esteem. *Journal* of Research in Personality 27: 49-87.
- Bateman, T.S. & Organ, D.W. 1983. Job satisfaction and the good soldier: The relationship between affect and employee citizenship. *Academy of Management Journal* 26(4): 587-595.
- Bellou, V. & Andronikidis, A.I. 2009. Examining organizational climate in Greek hotels from a service quality perspective. *International Journal of Contemporary Hospitality Management* 21(3): 294-307.
- Blau, P.M. 1970. A formal theory of differentiation in organizations. *American Sociological Review* 35: 201-218.

- Bolino, M.C., Turnley, W.H. & Bloodgood, J.M. 2002. Citizenship behavior and the creation of social capital in organizations. *Academy of Management Review* 27: 505-522.
- Cardona, P., Lawrence, B.S. & Bentler, P.M. 2004. The influence of social and work exchange relationships on organizational citizenship behavior. *Group and Organization Management* 29: 219-247.
- Coffman, C. & Gonzalez-Molin, G. 2002. Follow This Path: How the World's Greatest Organizations Drive Growth by Unleashing Human Potential. New York: Warner Books Inc.
- Coyle-Shapiro, J.A-M. & Conway, N. 2005. Exchange relationships: An examination of psychological contracts and perceived organizational support. *Journal of Applied Psychology* 90(4): 774-781.
- Cropanzano, R., Byrne, Z.S., Bobocel, D.R. & Rupp, D.E. 2001. Moral virtues, fairness heuristics, social entities, and other denizens of organizational justice. *Journal of Vocational Behavior* 58: 164-209.
- Deal, T.E. & Kennedy, A.A. 1982. Corporate Cultures: The Rites and Rituals of Corporate Life. Reading, MA: Addison-Wesley.
- Denison, D.R. 1996. What is the difference between organizational culture and organizational climate? A native point of view on a decade of paradigm wars. *Academy of Management Review* 21(3): 519-654.
- Emerson, R.M. 1976. Social exchange theory. *Annual Review* of Sociology 2: 335-362.
- Farh, J.L., Earley, P.C. & Lin, S.C. 1997. Impetus for action: A cultural analysis of justice and organizational citizenship behavior in Chinese Society. *Administrative Science Quarterly* 42: 421-444.
- Foa, U.G. & Foa, E.B. 1980. Resource theory: Interpersonal behavior as exchange. In *Social Exchange: Advances in Theory and Research*, edited by K.J. Gergen, M.S. Greenberg & R.H. Willis, 77-94. New York: Plenum Press.
- Frank, F.D., Finnegan, R.P. & Taylor, C.R., 2004. The race for talent: Retaining and engaging workers in the 21st century. *Human Resource Planning* 27(3): 12-25
- Hamel, G. 1996. Strategy as revolution. *Harvard Business Review* 74(4): 69-82.
- Hegarty, W.H. & Sims, H.P.Jr. 1979. Organizational philosophy, policies and objectives related to unethical decision behavior a laboratory experiment. *Journal of Applied Psychology* 64(3): 331-338.
- James, L.R., Choi, C.C., Ko, C.H.E., McNeil, P.K., Minton, M.K. & Wright, M.A. 2008. Organizational and psychological climate: A review of theory and research. *Journal of Work* and Organizational Psychology 17: 5-32.
- Kahn, W.A. 1990. Psychological conditions of personal engagement and disengagement at work. Academy of Management Journal 33: 692-724.
- Katz, D. & Kahn, R.L. 1978. The Social Psychology of Organizations. New York: Wiley
- Kohlberg, L. 1984. *The Psychology of Moral Development*. San Francisco, CA: Harper and Row.
- Koys, D.J. 2001. The effects of employee satisfaction, organizational citizenship behavior, and turnover on organizational effectiveness: A unit-level, longitudinal study. *Personnel Psychology* 54: 101-114.

Jurnal Pengurusan 42

- Lester, S.W., Turnley, W.H., Bloodgood, J.M. & Bolino, M.C. 2002. Not seeing eye to eye: Differences in supervisor and subordinate perceptions of an attributions for psychological contract breach. *Journal of Organizational Behavior* 23: 39-56.
- Martin, K.D. & Cullen, J.B. 2006. Continuities and extensions of ethical climate theory: A Meta-analytic review. *Journal* of Business Ethics 69: 175-194.
- Mayer, D.M., Kuenzi, M. & Greenbaum, R. 2010. *Laying an ethical foundation: Ethical practices, ethical climate, and unethical behavior*. Paper presented at the annual meeting of the Academy of Management, Montreal, Canada.
- Moorman, R.H. 1991. Relationship between organizational justice and organizational citizenship behaviors: Do fairness perceptions influence employee citizenship? *Journal of Applied Psychology* 76: 845-855.
- Nunnally, J.C. 1978. *Psychometric Theory*. New York, NY: McGraw Hill Book Co.
- Organ, D.W. 1997. Organizational citizenship behavior: It's construct clean-up time. *Human Performance* 10: 85-97.
- Organ, D.W. 1998. Organizational Citizenship Behavior: The Good Soldier Syndrome. Lexington, MA: Lexington Book.
- Paine, J.B. & Organ, D.W. 2000. The cultural matrix of organizational citizenship behavior: Some preliminary conceptual and empirical observations. *Human Resource Management Review* 10: 45-59.
- Parboteeah, K.P. & Kapp, E. 2008. Ethical climates and safetyenhancing behaviors: An empirical test. *Journal of Business Ethics* 80: 515-529.
- Parboteeah, K.P., Chen, H.C., Lin, Y.T., Chen, I.H., Lee, A.Y. & Chung, A. 2010. Establishing organizational ethical climates: How do managerial practices work? *Journal of Business Ethics* 97: 599-611
- Pearce, J.L. & Gregersen, H.B. 1991. Task interdependence and extrarole behavior: A test of the mediating effects of felt responsibility. *Journal of Applied Psychology* 76(6): 838-844.
- Podsakoff, P.M., MacKenzie, S.B., Paine, J.B. & Bachrach, D.G. 2000. Organizational citizenship behaviors: A critical review of the theoretical and empirical literature and suggestions for future research. *Journal of Management* 26(3): 513-563
- Robinson D., Perryman, S. & Hayday, S. 2004. *The Drivers* of *Employee Engagement Report 408*. UK: Institute for Employment Studies.
- Saks, A.M. 2006, Antecedents and consequences of employee engagement. *Journal of Managerial Psychology* 21: 600-19.
- Schaufeli, W.B., Salanova, M., Gonzalez-Roma, V. & Bakker, A.B. 2002. The measurement of engagement and burnout: A two sample confirmatory factor analytic approach. *Journal* of Happiness Studies 3(1): 71-92.

- Schein, E.H. 1985. Organisational Culture and Leadership. San Francisco: Jossey Bass.
- Scheuer, M.L. 2010. Climate for workplace aggression: The influence of abusive supervision, organizational factors, and subordinate predispositions. Unpublished Master Thesis, Northern Illinois University.
- Smith, C.A., Organ, D.W. & Near, J.P. 1983. Organizational citizenship behavior: Its nature and antecedents. *Journal* of Applied Psychology 68: 653-663.
- Van Dyne, L. & Ang, S. 1995. Organizational citizenship behavior of contingent workers in Singapore. Academy of Management 41: 692-703.
- Van Dyne, L., Graham, J.W. & Dienesch, R.M. 1994. Organizational citizenship behavior: Construct redefinition, measurement and validation. *Academy of Management Journal* 37: 765-802.
- Van Dyne, L., Graham, J.W. & Dienesch, R.M. 1998. Organizational citizenship behavior: Construct redefinition, measurement, and validation. *The Academy of Management Journal* 37(4): 765-802.
- Victor, B. & Cullen, J.B. 1988. The organizational bases of ethical work climates. *Administrative Science Quarterly* 3: 101-125.
- Viswesvaran, C., Deshpande S.P. & Milman C. 1998. The effect of corporate social responsibility on employee counterproductive behavior. *Cross Cultural Management* 5(4): 5-12.
- Weeks, W.A. & Nantel, J. 1992. Corporate codes of ethics and sales force behavior: A case study. *Journal of Business Ethics* 11: 753-761.
- Wolf, D.A.P., Dulmus, C.N. & Maguin, E. 2012. Empirically supported treatment's impact on organizational culture and climate. *Res Soc Work Pract* 22(6): 665-671.
- Wright, P.M., George, J.M., Farnsworth, S.R. & McMahan, G.C. 1993. Productivity and extra-role behavior: The effects of goals and incentives on spontaneous helping. *Journal of Applied Psychology* 78: 374-381.
- Zohar, D. & Luria, G. 2005. A multilevel model of safety climate: Cross-level relationships between organization and group-level climates. *Journal of Applied Psychology* 4: 616-628.

Ade Irma Anggraeni

Faculty of Economics and Business

Jenderal Soedirman University

- 53122 Jl. HR Boenyamin 708 Purwokerto, INDONESIA.
- E-Mail: ade\_jointheclub@yahoo.com