Theory of Reasoned Action: Reassessing the Relationships of Moral and Ethical Climates in Organizations

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Although not specifically designed for organizations, the Fishbein and Ajzen model (1975) suggests that a confluence of social and personal beliefs regarding a particular behavior determines one's intention to perform, or not perform, a given behavior. The study begins with the Fishbein and Ajzen (1975) and Pickett's (2005) models and adapts them to an organization to isolate and define the factors that predict behavior. Extending previous research, I tested my organizational model of intentioned behavior using structural equation modeling to better understand the relationships between latent and measured constructs and to test causal links between beliefs, intentions and subsequent behaviors.

INTRODUCTION

The impetus for this study comes largely from the accumulated and varied personal organizational experiences that somehow always can be traced back to that elusive "gray" area of organizational ethics. A thorough review of ethics in and of itself is a fascinating and intriguing thought, but well beyond the scope of this study. Therefore, this paper will explore a small, yet dynamic, component of ethical theory in organizations.

Our own limited inherent human component, the English language, has resulted in limited synthesis in the abundant organizational research. As McWhinney and Hutchison (1994) posit,

> There are no systems out there. We project onto the world our own schemes for organizing our experience, though as members of cultures we use common models. If we examine any of these models thoughtfully we can see that, like any language, they are formed of parts and processes, rules and limits. The science of these relations is system theory. (p. 3)

In addition, Kohlberg's (1983) ethical dilemma scenarios, which determine an individual's cognitive moral development (CMD), help to explain one's espoused theory versus theory-in-use. In other words, Kohlberg's theory helps to clarify the "why" behind observed behavior. Thus, understanding the "why" behind one's espoused theory explains more closely what we observe during an individual's theory-in-use. This study is based upon this basic understanding of human behavior.

BACKGROUND

Cohen (1998) maintains that there is a trend affecting American business that assumes "...broader constituent responsibilities and develop[es] greater accountability for social consequences of managerial decisions" (p. 1211). The context from which these decisions are made, according to Treviño, Butterfield and McCabe (1998) is left to the responsibility of the organization, as "...organizations should take the responsibility for creating a context in which ethical conduct is supported and encouraged..." (p. 474).

Far from all inclusive, given the voluminous literature on corporate ethics practices and codes (Weaver, Treviño & Cochran, 1999a), why do many employees perceive a dilemma when faced with the question, "What should I do?", when research finds that there is a high degree of ethics policy adoption? (Weaver, Treviño & Cochran, 1999). Intuitively, as well as empirically, the answer lies in the "...extent to which these policies are implemented..." (Weaver, Treviño & Cochran, 1999b, p. 283).

Theoretical Perspective of Action and Behavior

Although not specifically designed for organizations, the Fishbein and Ajzen model (1975) suggests that a confluence of social and personal beliefs regarding a particular behavior determines one's intention to perform, or not perform, a given behavior. This model could be adapted to the study of organizational ethics wherein the actions that employees take in certain situations, with the addition of organizational and personal factors, may influence an employee's decision-making process concerning their propensity to demonstrate a predetermined behavior as expected by the organization.

Fishbein and Ajzen: Theory of Reasoned Action

According to the theory of reasoned action (TORA), an individual's attitude toward any object is a function of their beliefs about the object (Fishbein, 1963; Ajzen and Fishbein, 1969). Additionally, Ajzen and Fishbein (1969) argue that behavioral intentions to perform specific behavioral acts can best be predicted by attitudes and normative beliefs about those acts. Several researchers have tested Ajzen and Fishbein's model and have found its predictive ability to remain consistent (Sheppard, Hartwick & Warsaw, 1988).

Fishbein (1963) argued that behavioral intentions to perform specific behavioral acts can best be predicted by attitudes and normative beliefs about those acts:

$$\sum_{i=1}^{N} B_i a_i$$

Where B_i = belief 'i' about the object, a_i = the evaluative aspect of B_i, and N = the number of beliefs. Taken further, Ajzen and Fishbien (1969) developed an adapted model arguing that behavioral intentions are a joint function of the attitude toward performing a particular behavior in a given situation and of the norms perceived to govern that behavior: So, we may visualize the behavioral antecedents as the intentions and attitudes as the relationship of behavior to behavioral intentions is the sum of one's attitude toward the behavior, personal normative beliefs, social normative beliefs, and motivation to comply.

$$B \sim BI = \left[(A - act)\right]w_0 + \left[(NB_p)\right]w_1 + \left[(NB_s)(Mc_s)\right]w_2$$

Where B = overt behavior, BI = behavioral intentions, A-act = attitude toward the behavior in a given situation, NB_p = personal normative beliefs, NB_s = social normative beliefs, Mc_s = motivation to comply with social normative beliefs, w_0, w_1. and w_2 = empirically determined weights. Figure 1 graphically represents Fishbein and Ajzen's (1975) model.

FIGURE 1
**SCHEMATIC PRESENTATION OF FISHBEIN AND AJZEN'S (1975) CONCEPTUAL
FRAMEWORK FOR PREDICTION OF BEHAVIORS**
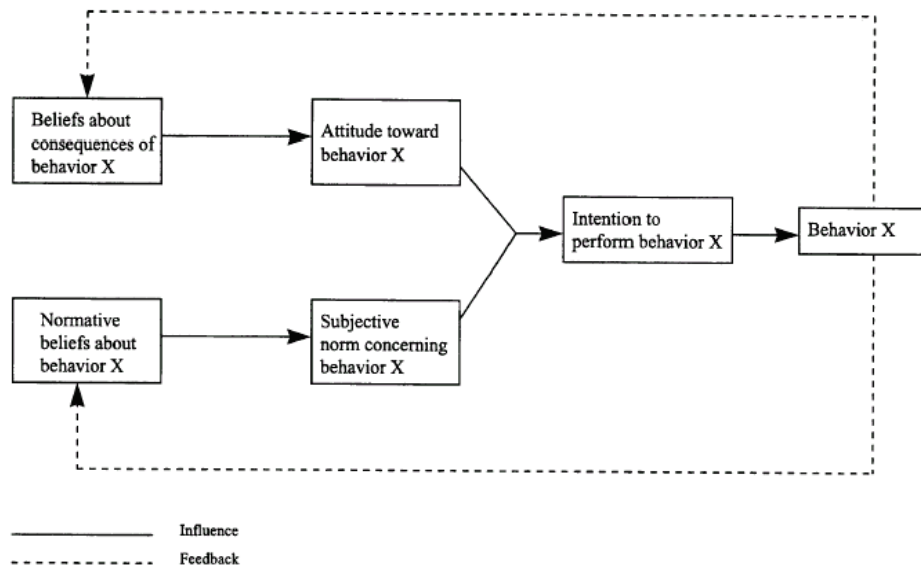
Influenced by Fishbein and Ajzen's (1975) model of intentioned behavior (See Figure 1) I propose a modified model incorporating the construct of moral and ethical climates:

$$B \sim BI = [(A-act)]w_0 + [(NB_p)]w_1 + [((NB_s)(Mc_s))(EC)]w_2$$

Where B = overt behavior, BI = behavioral intentions, $A\text{-}act$ = attitude toward the behavior in a given situation, NB_p = personal normative beliefs, EC = ethical climate, NB_s = social normative beliefs, Mc_s = motivation to comply with social normative beliefs, w_0, w_1, and w_2 = empirically determined weights. Represented graphically in Figure 2, the construct ethical climate is included in the modified path model representation.

In other words, I argue that ethical climate affects an individual's behavioral outcomes to the degree to which a person has a favorable or unfavorable evaluation of the behavior in question (Ajzen & Madden, 1986), more specifically, attitudes toward specific behaviors.

Hence, the first hypothesis:

> *H₁: An organization's ethical climate will be positively related to successful behavioral congruence in expected employee behavior.*

Additionally, an employee's subjective norm, defined as the perceived social pressure to perform or not to perform a behavior (Ajzen & Madden, 1986) will be moderated by ethical climate as opposed to being an aggregate, or internal component of the construct 'intention' as originally postulated by Ajzen and Madden (1986). Therefore, my second hypothesis:

> *H₂: Employee behavior will be positively related to their subjective norms.*

Subjective norms are described as "...perceived social pressure[s] to perform or not to perform the behavior" (Ajzen & Madden, 1986, p. 454). As such, I argue that an employee's ethical behavior will be

affected by their 'perceived' pressures to coalesce that include items such as speaking with respected mentors, participating in groups with other employees, and encouragement by managers.

FIGURE 2
SCHEMATIC PRESENTATION OF ORGANIZATIONAL MODEL OF INTENTIONED BEHAVIOR: A MODIFIED PATH MODEL INCLUDING ETHICAL CLIMATE AS AN ENDOGENOUS VARIABLE
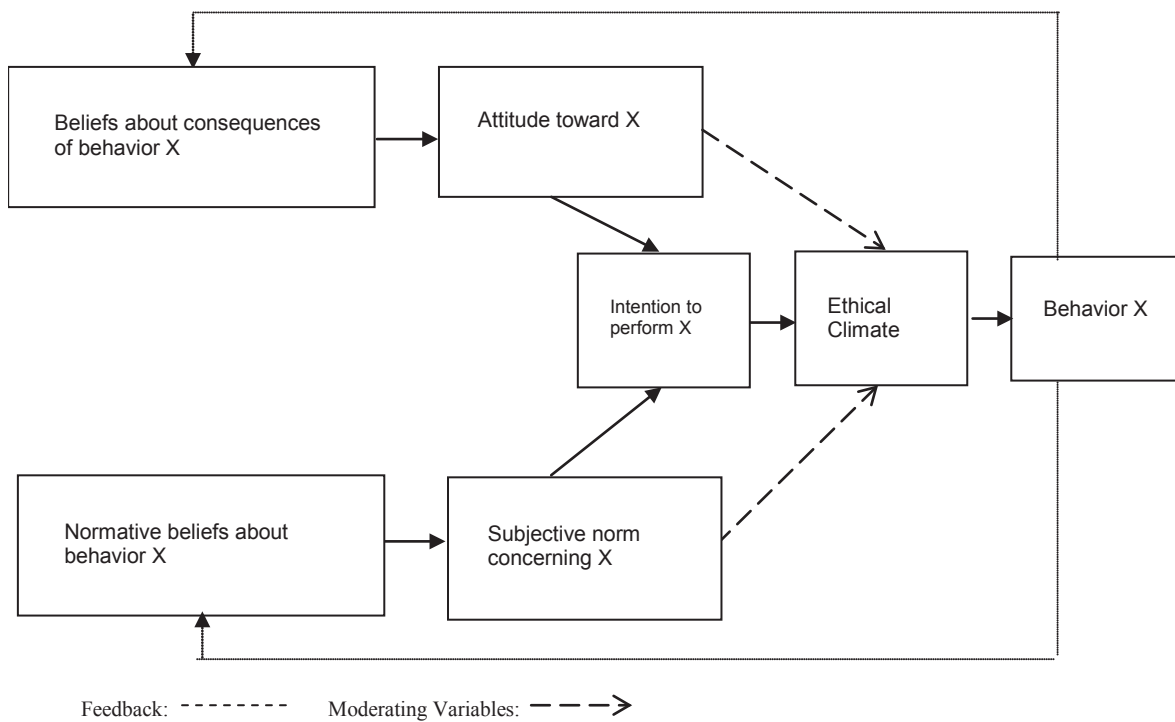

Moral Climate

Cohen (1998), however, states that, "...to identify the normative systems that guide organizational decision-making and the systemic responses to ethical dilemmas..." (p.1212). Additionally, according to Cohen, while providing broad-based classification schemes, prior research "...did not specify what the practices and procedures might be", (p. 1212) that would truly operationalize the models.

Cohen (1998) identified a moral climate typology that classifies the types of organizational decisions that include a moral component:

1. Deontological – organizational decisions with a moral component that concern intentions to fulfill constituent obligations or meet other social responsibilities.
2. Utilitarian/consequentialist – focus on the potentially harmful consequences that might result.
3. Contractarian – consider the existence of any implicit or explicit social contract to constitute a moral concern.
4. Distributive justice – emphasize the importance of fairly distributing benefits and burdens within the firm.
5. Procedural justice – concerned with the fairness of procedures for determining duties, rewards and punishments. (p. 1213)

Thus, Cohen (1998, p. 1213) defines moral climate as, prevailing employee perceptions of organizational signals about norms for establishing intentions, considering consequences, observing contracts, determining distribution and implementing procedures. Cohen (1998) also includes a multi-dimensionality component to her framework that includes five dimensions, goal emphasis, means emphasis, socio-emotional, task support and reward orientation. Lastly, one caveat that Cohen (1998) expresses is that "...climate for a certain behavior does not cause individuals to perform that behavior" (p. 1214). Figure 3 integrates the previously discussed five moral constructs as a revised model of intentioned behavior.

FIGURE 3
SCHEMATIC PRESENTATION OF ORGANIZATIONAL MODEL OF INTENTIONED BEHAVIOR: A MODIFIED PATH MODEL INCLUDING MORAL CLIMATES AS MEDIATING VARIABLES
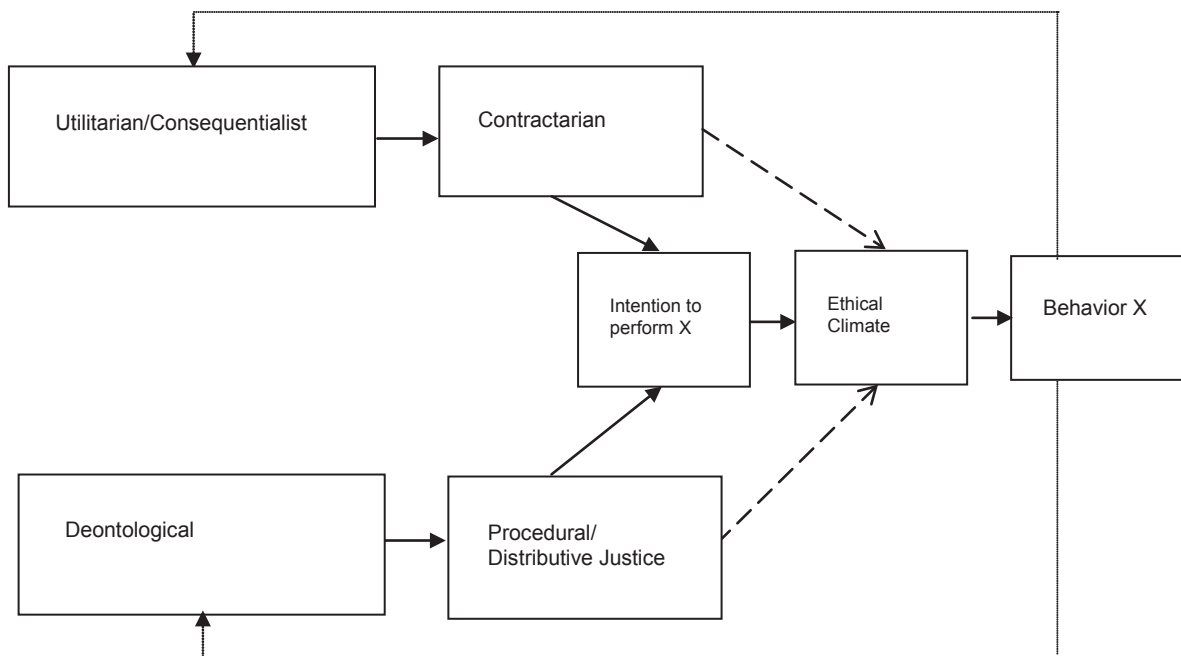
Independent Variables

In previous research Pickett (2001; 2005a; 2005b) suggests independent variables such as social relations, organizational status and belongingness contribute to an employee's self-esteem and contribute to their overall organizational satisfaction. Additionally, Pickett (2001; 2005a) found that organizations that espouse ethical standards and subsequently normalize them create an environment that nurtures and matures ethical behaviors in their employees, which thereby provides an all inclusive environment in which employees as well as the organization thrives. As illustrated in Figure 3, the independent variables are reflected as a moral component of the organization's environment noted in Fishbein and Ajzen's constructs of A-act, NB_p, NB_s, and Mc_s respectively.

Mediating Variables

Self-efficacy, one's beliefs of personal capabilities to initiate and successfully produce results (Bandura, 1977; 1997), is a relatively new construct in academic research (Pajares, 1996). Self-efficacy, as a construct, is linked to academic and career performance (Mauer & Andrews, 2000) as well as motivation and relates to one's choice of activities, one's effort and persistence, thought processes and

choice of activities (Pajares, 1996). Bandura (1997) argues that self-efficacy explains why people's behavior differs widely even when they have similar knowledge and skills. Again, according to the theory of reasoned action (TORA), an individual's attitude toward any object is a function of their beliefs about the object (Fishbein, 1963; Ajzen and Fishbein, 1969) and employee observed behaviors have been shown in past research to be mitigated by ethical climates (Pickett, 2001; 2005a; 2005c).

Ethical Environment. Ethical Environment provides an overall "ethical feel" for the organization. Included are several general items that make up an organization's ethical norms, such as "...the degree to which unethical behavior is punished...," and "...ethical behavior is rewarded" (Treviño, Butterfield and McCabe, 1998, p. 457).

Ethical Climate. Ethical climate "...characterizes the organization in broad normative characteristics and qualities that identifies...what the organization values" (Treviño, Butterfield and McCabe, 1998, p. 453). The remaining nine sub-categories from Treviño, Butterfield and McCabe's study are measured by the following ethical climates,

1. Employee-focused
2. Community-focused
3. Obedience to authority
4. Code implementation
5. Self-interest
6. Efficiency
7. Rules and procedures
8. Personal ethics
9. Law and professional codes

METHODOLOGY

Using a revised form of the Ethical Climate Questionnaire (ECQ) that had been validated across a "...series of survey studies" (Victor & Cullen, 1988; Treviño et al., 1998, p. 449; Pickett, 2001; 2005a; 2005c) that introduced Cohen's five dimensions of moral climates two companies were surveyed to investigate relationships between overarching moral and ethical climates within the organizations. Table 1 illustrates the instrument coefficient reliability measures. Based upon accepted Cronbach's alpha lower limits (Robinson and Shaver (1998) cited in Hair, Anderson, Tatham & Black, 1998), the Cronbach's alpha coefficients of the 10 constructs contained within the survey instrument meet the reliability inclusion criterion of alpha ≥0.60.

PROCEDURE

I tested the organizational model of intentioned behavior (Figure 3) using structural equation modeling to better understand the relationships between latent and measured constructs and to test causal links between beliefs, intentions and observed behaviors. Structural modeling, using latent variables, minimizes biased estimates of structural coefficients better than procedures that are based on measured variables (Joreskog & Sorbom, 1984).

TABLE 1
BEHAVIOR AND BELIEF CONSTRUCT COEFFICIENT RELIABILITY MEASURES

Construct	Survey Item Code[1]	Reliability Coefficient
Moral Constructs	M1 – M5	.7798
Ethical behaviors	1a – 1n	.7310
Employee-focused beliefs	2a – 2f	.8261
Community-focused beliefs	3a – 3d	.8373
Obedience to authority beliefs	4a – 4c	.6612
Code implementation beliefs	5a – 5d	.8431
Self-interest beliefs	6a – 6b	.6892
Efficiency beliefs	7a – 7d	.8019
Rules and procedure beliefs	8a – 8b	.7655
Personal ethics beliefs	9a – 9c	.7667
Law and professional codes beliefs	10a – 10b	.8151

Note: 1 – Column entries represent relationship to originally assigned behaviors and/or beliefs categories

RESULTS

I employed the weighted least squares method (WLS) to derive the parameter estimates because our latent (unobservable) construct, Intent, will be measured by multiple indicators and/or represent a mixture of categorical, ordinal, and continuous variables. Structural modeling, using latent variables, minimizes biased estimates of structural coefficients better than procedures that are based on measured variables (Joreskog & Sorbom, 1984). Prior to testing the hypothesized structural model, I tested the model for overall goodness of fit via multiple measures including the chi-square test, the chi-square to degrees of freedom ratio (X2/dt), the goodness of fit index (GFI), the adjusted goodness of fit index (AGFI), and the root mean square residual (RMR), and modification indices.

The normed fit index (NFI) has been the utilized most frequently in fitting large samples (Bentler & Bonnet, 1980). Table 3 illustrates the NFI juxtaposed to the relative fit index (RFI), indexed fit index (IFI), and the Tucker-Lewis index all indicating moderate model fit.

TABLE 3
**ORGANIZATIONAL MODEL OF INTENTIONED BEHAVIOR: A MODIFIED PATH MODEL
INCLUDING ETHICAL CLIMATE AS AN ENDOGENOUS VARIABLE
OVERALL FIT INDICES**

| Overall Model Fit			
NFI	RFI	IFI	TLI
.631	.516	.522	.636

Additionally, Table 4 displays the parsimony ratio (PRATIO), parsimony normed fit index (PNFI), and the parsimony comparative fit index (PCFI) related results. As suggested by prior literature (James et al, 1982), these ratios address the assessment of the complexity of the model is taken into consideration regarding fit. As indicated, the results obtained from this study all are well within the expected ranges considered for well-fit models; in other words, PRATIO falls within the expected range.

TABLE 4
ORGANIZATIONAL MODEL OF INTENTIONED BEHAVIOR: A MODIFIED PATH MODEL INCLUDING MORAL CLIMATES AS MEDIATING VARIABLES PARSIMONY FIT INDICES

MODEL	PRATIO	PNFI	PCFI
Tested Model	0.762	0.481	0.484
Saturated	0.000	0.000	0.000
Independence	1.000	0.000	0.000

Figure 4 displays the results demonstrating the significant paths of the results demonstrating the tested model's standardized regression weights. All hypothesized paths resulted in significance (P<.001) and when a second model was tested without the moderating variable Ethical Climate, the path from Intent to Behavior X subsequently dropped to $\underline{r}^2$=.36 (P<.001) demonstrating that the presence of the mediating factor of ethical climates within organizations are a significant contributing factor in observed behaviors.

FIGURE 4
ORGANIZATIONAL MODEL OF INTENTIONED BEHAVIOR: A MODIFIED PATH MODEL INCLUDING MORAL CLIMATES AS MEDIATING VARIABLES CRITICAL RATIOS FOR SIGNIFICANT PATHS
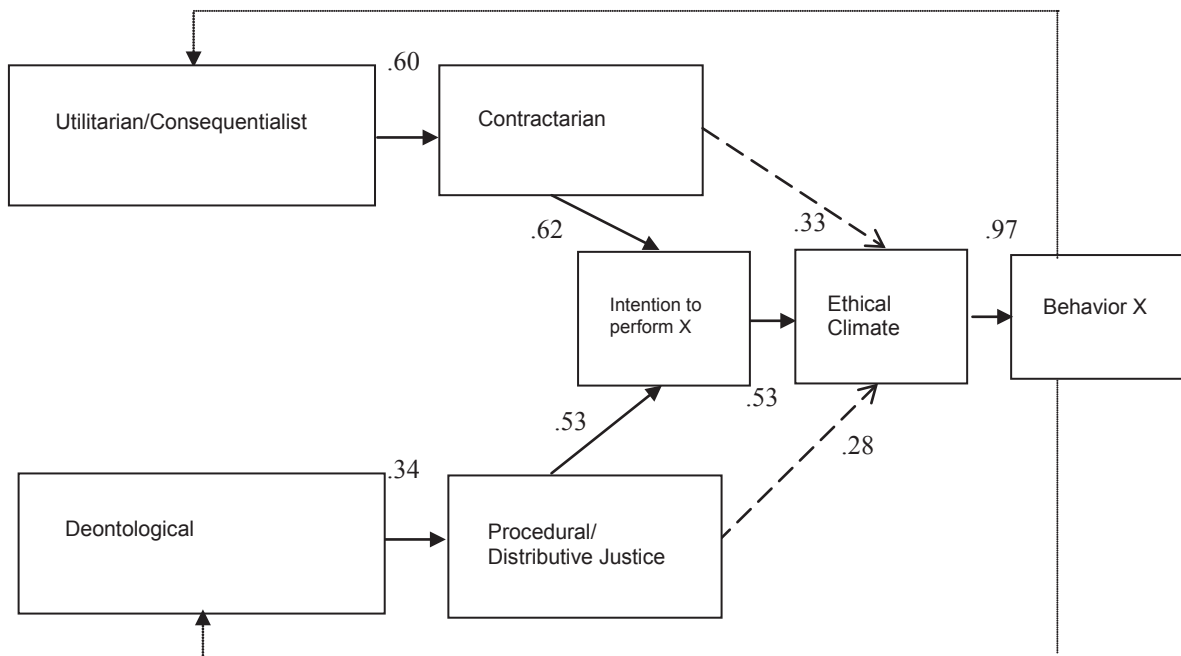
RESTATEMENT OF HYPOTHESES

> H_1: An organization's ethical climate will be positively related to successful behavioral congruence in expected employee behavior.

This study discovered that an employee's behavior is significantly related to an organization ethical climates ($\underline{r}^2$= .97, P<.001). I found also however that the constructs, Attitudes ($\underline{r}^2$=.33, P<.001) and

Subjective Norms (r^2=.28, P<.001) also had moderating effects on eventual behaviors outcomes to a lesser extent that one's intention (r^2=.53, P<.001).

For my second hypothesis:

H₂: Employee behavior will be positively related to their subjective norms.

The result of this hypothesis, while accepted, does introduce yet another parameter of the mediation of ethical climates within organizations. In the tested model (Figure 4) note that the influence that ethical climates have on attitudes (r^2=33, P<.001) as opposed to the relationship to one's intention (r^2=.62, P<001) and the relationship that ethical climates have on one's subjective norm (r^2=.28, P<.001) and intent (r^2=.53, P<.001) respectively, it is apparent that ethical climates mediate to a lesser effect than to original attitudes or subjective norms, however, contribute to a greater extent to an individual's final behavior (r^2=.97, P<001) as opposed to the path relationship without ethical climates (r^2=.36, P<.001).

CONCLUSION

Unfortunately, there are a myriad of forces impacting organizations today and to attempt a list would be timely and prohibitive undertaking. To find a small portion of today's organizations to gain a clearer understanding of the behaviors that we observe on a daily basis would add to our ability as practitioners and scholars to identify ways for which we can help our organizations grow into socially responsible entities in which employees can gain a sense of pride and ownership.

It was the goal of this research to identify the factors that mitigate behaviors within organizations and to develop awareness to our collective needs and behavioral understandings. This paper has provided an opportunity for us to take the time to look in our organizations at the types of climates that may be mediating our eventual decision processes and gain a clearer understanding of the systemic complexity of the realm of which we live.

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