

https://dspace.org/

Ethical climate fit, leader-member exchange and employee job outcomes

Mutsvunguma, Patricia S.

2012-02-15
http://hdl.handle.net/10539/11321

Downloaded from a DSpace repository. https://dspace.org/

Ethical climate fit, leader-member exchange and employee job outcomes.

PATRICIA S. MUTSVUNGUMA

A research project submitted in partial fulfilment of the requirements for the degree of MA by coursework and Research Report in the field of Industrial Psychology in the Faculty of Humanities, University of the Witwatersrand, Johannesburg.

February 201

DECLARATION

I declare that this research project is my own unaided work. It has not been submitted before for any other degree or examination at this or any other university.

_____

Patricia Shingai Mutsvunguma

_____

Date

ACKNOWLEDGEMENTS

I would like to express my sincere gratitude to my supervisor, Mr. Ian Siemers for his support, encouragement and guidance throughout the execution of the study. The research would not have been successful without his contributions.

My appreciation goes to all the organisations which granted me permission to carry out my study and to all employees who participated. This study would not have materialised without your assistance.

Lastly, I would like to thank my family for their unconditional love and support. You gave me the strength to soldier on in all difficult times.

ABSTRACT

The study sought to investigate whether the effects of an employee's fit or misfit with the ethical climate of an organisation is mitigated or exacerbated by the quality of the leader-member exchange experienced. The outcome variables looked at includes organisational commitment, job satisfaction and turnover intentions. Data was gathered from a total sample of 125 employees from three different non profit making organisations. Pearson Product Moment Correlations and moderated regressions were used to address the main research questions of the study. Despite, the implied theoretical link between ethical climate fit and leader member exchange, partly as a function of the constructs being centred on the notion of fit, and the role organisational leaders play in the formation of ethical climates, no significant moderation effects were found. Both variables were found to relate significantly to all job outcomes, but no combined effects of these variables on job outcomes were found. The findings of the study highlight a need for further empirical research on these concepts, and for the inquiring of existing theoretical propositions linking leaders to ethical climates.

Keywords: ethical climate fit, leader member exchange, organisational commitment, job satisfaction, turnover intentions.

TABLE OF CONTENTS

Declaration	ii
Acknowledgements	iii
Abstract	iv
Table of contents	v
List of Tables	viii
List of Figures	ix
1. Rationale	1
2. Literature Review	
2.1 Introduction	3
2.2 Person-Environment Fit	3
2.3 Ethical climate fit	5
2.3.1 Antecedents of ethical climate	8
2.3.1.1 Individual antecedents	9
2.3.1.2 Organisational antecedents	10
2.3.1.3 Environmental antecedents	11
2.3.2 Ethical climate fit and job outcomes	12
2.4 Leader member exchange theory	13
2.4.1The leader member exchange Models	14
2.4.2 Predictors of leader member exchange	17
2.4.2.1 Leader and member personal characteristics	18
2.4.2.2 Interactional/Interpersonal variables	19
2.4.2.3 Leader and follower behaviours	19
2.4.2.4 Contextual variables	20
2.4.3 Outcomes of leader member exchange	20
2.4.3.1 Leader member exchange and job satisfaction	21
2.4.3.2 Leader member exchange and organisational commitment	24
2.4.3.3 Leader member exchange and turnover intention	26
2.4.4 Leader member exchange and ethical climate fit	28
2.4.5 Aim of the study	30

2.4.6 Research questions 30

3. Methodology

3.1 Introduction 32

3.2 Research design 32

3.3 Sampling technique 33

3.4 Sample 34

3.5 Procedure 37

3.6 Measuring Instruments 38

3.6.1 Biographical questionnaire 38

3.6.2 Ethical climate fit 38

3.6.3 Leader member exchange 39

3.6.4 Organisational commitment 40

3.6.5 Job satisfaction 40

3.6.6 Turnover intention 40

3.7 Data analysis 41

3.8 Ethical considerations 42

4. Results

4.1 Introduction 43

4.2 Reliabilities of measuring instruments 43

4.3 Initial descriptive statistics 44

4.4 Distribution analyses of data before square root transformations 45

4.5 Square root transformations 48

4.6 Distribution analyses of data after square root transformations 49

4.7 Descriptive statistics of the variables after square root transformations 51

4.8 Correlations 52

4.9 Two Independent Sample t-tests 54

4.10 Analysis of Variance (ANOVA) 55

4.11 Moderated regressions 55

5. Discussion

5.1 Introduction 59

5.2 Research question 1 59
5.3 Research question 2 63
5.4 Research questions 3 and 4 65
5.5 Implications for practice 67
5.6 Theoretical implications 69
5.7 Limitations of the study 70
5.8 Directions for future research 72
5.9 Conclusion 72

References 74
Appendices

LIST OF TABLES

Table 1	Categories of ethical theory	7
Table 2	Ethical climate locus of analysis	7
Table 3	Number of participants from participating organisations	34
Table 4	Demographic details of the sample	35
Table 5	Demographic details of the sample per organisation	36
Table 6	Reliability measures of the instruments	43
Table 7	Descriptive Statistics of variables before square root transformations	44
Table 8	Descriptive Statistics of variables after square root transformations	51
Table 9	Pearson Correlation Coefficients	53
Table 10	Equality of Variance on Two Sample t-tests	54
Table 11	Results for Two Sample t-tests	54
Table 12	Regression Analyses with organisational commitment as the dependent variable	56
Table 13	Regression Analyses with job satisfaction as the dependent variable	57
Table 14	Regression Analyses with turnover intention as the dependent variable	58

LIST OF FIGURES

Figure 1	Leader member exchange theory	13
Figure 2	Model of Moderator effect (adapted from Baron and Kenny, 1986)	41
Figure 3	Histogram for ethical climate fit before square root transformation	46
Figure 4	Histogram for leader member exchange before square root transformations	46
Figure 5	Histogram for organisational commitment before square root Transformation	47
Figure 6	Histogram for job satisfaction before square root transformation	47
Figure 7	Histogram for turnover intention before square root transformation	48
Figure 8	Histogram for ethical climate fit after square root transformation	50
Figure 9	Histogram for organisational commitment after square root transformation	50
Figure 10	Histogram for job satisfaction after square root transformation	50
Figure 11	Histogram for leader member exchange after square root transformation	50
Figure 12	Histogram for turnover intention after square root transformation	51

CHAPTER 1

1.1 RATIONALE

Ethical climate fit and leader-member exchange are crucial factors in organisational life that have the potential of influencing organisational activities, ultimately impacting on organisational effectiveness as well as employees' attitudes towards their work. Employees who tend to fit into the prevailing ethical climate, that is, the shared perceptions of ethical values and behaviour of an organisation, have been found to be more committed to their organisation with less intention to terminate employment (Sims & Kroeck, 1994). Furthermore, the quality of social exchanges or relationships between employees and their leaders has also been found to be significantly related to employees' job satisfaction, organisational commitment and less intention to turnover (Cohen-Charash & Spector, 2001; Gerstner & Day, 1997; Raabe & Beehr, 2003; Sherony & Green, 2002).

However, although ethical climate fit and leader-member exchange are concepts that have been well researched in organisational psychology, they have for the most part been investigated independent from each other. For instance, the literature review exposed a significant lack of research on the dual effect of these concepts in relation to various job attitudes. The current study argues that it is plausible that the effects of an employee's fit or misfit with the ethical climate of an organisation may be mitigated or exacerbated by the quality of the leader-member exchanged experienced. Consequently, this study contends that leader member exchange may serve to moderate the relationship between ethical climate fit and varying employee attitudes.

Focusing on the contemporary global market and its influence on organisational ethical values and practices, it is important to note that organisations of the 21st century are faced with a variety of challenges that have had substantial influence on organisational dynamics (Dordrecht, 1992; Sparks, Faragher & Cooper, 2001). These challenges among others include intensified competition, technological advancement, increased demands for quality services, ensuring and retaining motivated and committed employees, managing diverse workforces and lastly, with particular relevance to this study, ensuring positive ethical practices and productive relationships between leaders and employees (Dordrecht, 1992;

Sparks et al, 2001). Sparks et al (2001) presented a paper that discusses the impact of these workplace transitions on employee wellbeing highlighting them as concerns for organisations and the workforce. In a nutshell, contemporary organisations are faced with critical issues of survival and competitiveness (Graetz, 2002). In that regard, Dordrecht (1992 p.505) contends that "the imperatives of day-to-day organisational performance characteristic of contemporary organisations are so compelling that there is little time or inclination to divert attention to the moral content of organisational processes". He argues that managerial values in some instances undermine ethics and morals in that the primary concern often is financial or organisational success. Consequently, leaders or managers are prone to making immediate financially sound decisions in spite of the fact that they may cause problems for others within the organisation (Dordrecht, 1992). In actual fact, Dordrecht (1992) proposes that rules of morality become merely obstacles or hindrances along the way to financial success. From this perspective, organisations are thus viewed as more prone to engage in unethical behaviour knowingly just to maximise profits and keep up with the competition. They tend to disregard some moral or ethical procedures if perceived as impediments in attaining desired goals (Dordrecht, 1992). For instance organisations may pay bribes to acquire business contracts, may withhold information that may discourage job applicants from joining the organisation, may expose employees to hazardous working conditions, or practice blatant favouritism in career advancement or promotion amongst other practices (Dordrecht, 1992). All these factors contribute towards the general ethical climate of an organisation.

In that backdrop, ethical climates and social exchanges between leaders and employees in contemporary organisations become critical areas for further exploration. The main concern of the study is to establish whether the effects of an employee's fit or misfit with the ethical climate of an organisation may be inhibited or enhanced by the quality of the leader-employee exchange experienced. The current study is of vital importance in adding knowledge to the existing literature on how employees' fit or misfit into an ethical climate may impact upon various organisational employee attitudes, and how this relationship is affected by their leader-member exchange.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

Person environment fit and leader-member exchange are concepts that have received substantial research independently but little has been done so far to relate these two concepts in organisational research. In fact, there is a considerable lack of literature and research on how various types of person environment fit relate to leadership approaches in organisations. The proposed study seeks to initiate a venture in addressing this gap but focusing however, on one type of person-environment fit, that is, ethical climate fit. The primary aim of the study is therefore to establish the moderating effects of leader member exchange on the relationship between ethical climate fit and employee job outcomes. Job attitudes to be specifically looked at include job satisfaction, organisational commitment and turnover intentions.

2.2 Person-Environment Fit

Organisations and their members are often confronted with the reality of how well characteristics of the organisation and characteristics of the person fit one another. Organisations therefore aim to select individuals who best fit the intended job and most importantly who will fit into the organisation's structure, culture and ways of doing things (Bowen, Ledford & Nathan, 1991). Prospective employees, on the other hand, would want to be employed in organisations that have characteristics that they can identify with. In essence people would want to work in organisations where they believe they will fit in (Judge & Cable, 1997). The main reason for individuals and organisations to seek congruence is that it facilitates the effective and efficient functioning of individuals in their work environments (Nelson & Billsberry 2006).

This basically highlights the main assumption of the Person-Environment Fit concept that behaviour is a function of both the person and the environment (Buunk, De Jonge, Ybema & de Wolff, 1997). The Person-Environment Fit theory is thus grounded in the interactionist theory of behaviour and refers to the degree of match or congruence between a person and

their environment (Monahan & Muchinsky, 1987). Comprehensively, Schneider (2001, p.142) defined person-environment fit "as the compatibility between an individual and a work environment that occurs when their characteristics are well matched".

Monahan and Muchinsky (1987) identified two types of fit between people and their work environments and these include supplementary fit and complementary fit. Supplementary fit refers to the match between an individual's values, beliefs, interests, tastes and the like, and those of the existing members of the organisation (Monahan & Muchinsky, 1987). An employee in this regard has characteristics which are similar to the prevailing shared values and interests in an organisation (Monahan & Muchinsky, 1987; Bright, 2007). Precisely, supplementary fit is achieved when the characteristics of individuals and organisations are similar to each other (Bright, 2007). This view is in line with Chatman's (1989) definition of person-organisation fit as the congruence between the norms and values of organisations and the values of people. To ensure this fit, organisations tend to attract individuals who possess similar goals and values to their own (Bright, 2007).

Complementary fit on the other hand refers to how characteristics of an individual complement the characteristics of an environment (Monahan & Muchinsky, 1987). According to Monahan and Muchinsky (1987), characteristics of an individual serve to 'make whole', that is, to fulfil perceived gaps in the environment. For instance, an organisation may need a particular person or skill in order to be effective (Monahan & Muchinsky, 1987). Nonetheless, the literature and previous research shows that person-environment fit, regardless of the type, has positive associations with a range of employee job attitudes and behaviours. For instance person-environment fit has been found to be significantly related to job involvement, motivation and satisfaction (Hansen & Ton, 2001). Similarly, Caldwell and O'Reilly (1990) found a positive relationship between person-organisation fit and job performance. Findings of previous research therefore suggest that as congruence between individuals and organisations increases, employees tend to be more involved, motivated and satisfied with their work (Caldwell & O'Reilly, 1990; Hansen & Ton, 2001; Bright, 2007).

Different types of fit have been intensively explored in literature and research and these include among others, person-job fit, person-supervisor fit, person-group fit and person-

organisation fit (Kristof-Brown, Zimmerman & Johnson, 2005). The current study however, intends to focus primarily on ethical climate fit and its relationship to various job outcomes. The following section will define and discuss ethical climate fit from a supplementary fit point of view.

2.3 Ethical Climate Fit

Ethical climates that characterise organisations play a significant role in influencing various organisational processes and procedures (Vidaver-Cohen, 1995). Consequently, they are influential to employees' attitudes towards their work and overall organisational success. Victor and Cullen (1987, p. 51-52) defined organisational ethical climate as "shared perceptions of what is ethically correct behaviour and how ethical issues should be handled". In other words, ethical climate is what guides and regulates behaviours in organisations according to what is uniformly accepted as ethically correct.

Ethical climate fit therefore falls under the broad concept of supplementary fit discussed earlier which emphasises shared values in an organisation (Monahan & Muchinsky, 1987). This is mainly because ethical climate fit aims at capturing shared ethical values whilst recognising however, the fact that they represent a subset of the overall value system characteristic of an organisation (Ambrose, Arnaud & Schminke, 2007). This basically means that organisational value systems are broader and consists of numerous factors other than ethical aspects. In essence, ethical values are a component of what constitute organisational value systems.

Victor and Cullen (1988) proposed three major categories of ethical theory which are egoism, benevolence and principle. Egoistic climates are argued to be more self-centred, that is, they are climates which intend to maximise self-interests (Victor & Cullen, 1988). Benevolent climates are more concerned with maximising joint interests and principled climates are more concerned with adhering to personal or professional standards (Victor & Cullen, 1988). From these three categories of ethical theory, Victor and Cullen (1998) identified five different types of organisational ethical climate. These include instrumental, caring, law and professional code, independence, and rules and procedures climates (Victor & Cullen, 1988). (See Table 1 and Table 2).

Instrumental climates fall under the egoism category as they are more concerned with furthering company interests solely (Victor & Cullen, 1988). Employees perceiving an instrumental climate see their organisation as self-centred. In such firms, company interests are what guides ethical decision making even to possible detriment of others (Martin & Cullen, 2006). In short, decisions made in such companies are primarily aimed at company benefits or personal benefits of a few. Past research has consistently demonstrated that instrumental climates are the least preferred in the workplace (Martin & Cullen, 2006).

Caring climates fall under the benevolent category. Emphasis in such climates is on the collective, with organisational processes being directed by concerns for the well-being of others (Victor & Cullen, 1988). This concern for and consideration of others is perceived by employees to be supported by the policies, practices, and strategies of the organisation (Martin & Cullen, 2006).The law and professional code climates fall under the principle category of ethical theory as they emphasise compliance with set professional codes and laws (Victor & Cullen, 1988). In such climates, ethical behaviour and decision making is essentially governed by external codes such as the law, professional codes of conduct, or the bible to mention but a few. Importantly, employees are expected to behave according to the directive of some external system, for instance, abiding with the law (Martin & Cullen, 2006).

Independent climates and rules-procedures climates also fall under the principle category. The former emphasises following one's own personal moral beliefs while the later emphasises conforming to company rules, policies and procedures (Victor & Cullen, 1988). In organisations characterised by independent climates, individuals draw on deeply held, personal moral convictions when making ethical decisions (Martin & Cullen, 2006). Consequently, ethical decisions and behaviour reflect personal moral beliefs held by individuals. Organisations characterised by a rules and procedures climate, on the other hand, rely on strong locally set rules and standards in governing employees' ethical behaviour and decision making, for instance, through the use of a company code of conduct (Martin & Cullen, 2006). The five ethical climates and their sub-categories are illustrated in Table 1 below:

Table 1

Categories of Ethical Theory	*Ethical Climates*
Egoism	**Instrumental**
Benevolence	**Caring**
Principle	**Law and professional Code**
	Rules and procedures
	Independence

These ethical climates were primarily established using the three identified major categories of ethical theory combined with three major categories of organisation analysis as illustrated in Table 2 below:

Table 2

		Locus of Analysis		
		Individual	Local	Cosmopolitan
Ethical Theory Category	Egoism	Self-interest ***(Instrumental)***	Company Profit ***(Instrumental)***	Efficiency
	Benevolence	Friendship ***(Caring)***	Team Interest ***(Caring)***	Social Responsibility
	Principle	Personal Morality ***(Independence)***	Company Rules and Procedures ***(Rules)***	Law & Professional Codes ***(Law and code)***

The categories of organisation analysis (locus of analysis in the table above) identify sources used by organisations as referents in making ethical decisions and shaping the ethical tone of an organisation (Victor & Cullen, 1988). The individual category refers to situations were ethical decision making and the bases of moral reasoning emerge from personal beliefs and values that individuals hold (Martin & Cullen, 2006). In other words,

ethical decision making is based on individual interests influenced by individual beliefs and values. The local category refers to the organisation itself. In this category, ethical decision making is at the organisational level. External to the organisation is the cosmopolitan category which refers to the community or society at large (Martin & Cullen, 2006). This category of analysis locates the reference for ethical decision making outside the organisation (Martin & Cullen, 2006).

Vidaver-Cohen (1995) also proposed an alternative theory to understanding ethical climate in business firms. This theory is worth noting but is not the point of reference for the proposed study. It simply adds to the understanding of the concept in broader terms. The theory proposes that ethical climate falls along a 'moral climate continuum'. One end of the continuum represents positive moral climate characterised by organisational norms that always promote moral behaviour, and the other end represents negative moral climate characterised by organisations that never promote moral behaviour (Vidaver-Cohen, 1995). According to this theory, there are five factors that define an ethical climate including:

- The prevailing norms for selecting organisational goals (goal emphasis)
- Prevailing norms on how organisational goals should be attained (means emphasis)
- Prevailing norms on how performance is rewarded (reward orientation)
- Prevailing norms on how resources are allocated to perform specific tasks (task support)
- Prevailing norms regarding the type of relationships expected in the firm (socio-emotional support) (Vidaver-Cohen, 1995, p. 320).

2.3.1 Antecedents of Ethical Climate

Research shows that there are various factors that are contributory to the development of ethical climates in and across organisations (Malloy & Agarwal, 2001). Ethical climate theory in particular, asserts that the types of ethical climates observed in organisations depend on the nature of the organisational units and their contexts (Victor and Cullen, 1988). For instance, organisations with different structures or from different industries are expected to have different prevailing perceptions of ethical climates (Martin & Cullen, 2006). Subsequent

research has considered a broad array of factors that influence the development of ethical climates as well as people's perceptions of their organisations' ethical climate.
These are commonly termed, in literature, 'antecedents of ethical climate' and can be broadly grouped into individual factors, organisational factors and environmental factors (Malloy & Agarwal, 2001, Martin & Cullen, 2006; Mayer, Kuenzi & Greenbaum, 2007).

2.3.1.1 Individual antecedents

Individual antecedents concern characteristics of both employees and leaders that influence their perceptions and preferences of ethical climates (Mayer et al, 2007). Various individual factors have been examined and these include demographic characteristics such as gender, age and ethical education, and personality variables such as individual moral values and level of moral development (Malloy & Agarwal, 2001; Mayer et al, 2007; Sims and Keon, 1997).

In terms of demographic characteristics, Dawson (1992) and Luthar, Dibattista, and Gautschi (1997) cited in Mayer et al (2007) found in their studies, that females had a higher expectation about what the ethical climate of an organisation should be as compared to men. Luthar et al. (1997) also found that the more education an individual had about business ethics, the more they expected of the ethical climate in any organisation they would work for, and the older they were the more they valued ethical issues.

Looking at personality-related variables of employees and their ethical climate perceptions, research has established a strong relationship between ethical climates and individual moral values (Herndon, Ferrell, LeClair, & Ferrell, 1999, Mayer et al, 2007) as well as individual level of moral development (Ambrose, Arnaud & Schminke, 2007; Sims and Keon, 1997; Weeks, Loe, Chonko, Martinez, & Wakefield, 2006).

Numerous studies have also attempted to link the development of ethical climates to leaders. In particular, studies have examined variables such as demographic characteristics of the leader including age, tenure, gender, management level; personality characteristics such as, leader moral development, leader integrity, moral development utilisation, locus of control, as well as leadership styles (Mayer et al, 2007). Although not much significant results have been established between leader demographic variables and ethical climates, strong

relationships between personality characteristics of leaders and ethical climates have been established (Englebrecht et al, 2005; Schminke et al, 2005). For instance, strong correlations were found between leaders' moral development and ethical climate in the study carried out by Schminke et al (2005) on the effect of leader moral development on ethical climate and employee attitudes. They also found that the influence of the leaders' moral development on ethical climate was stronger in younger organisations as compared to older organisations (Schminke et al, 2005).

2.3.1.2 Organisational antecedents

Organisational antecedents concern characteristics of the organisation that are influential on the ethical climate that may develop or dominate (Mayer et al, 2007). The nature of an organisation has been shown to be one of the most important determinants of ethical climate (Malloy & Agarwal, 2001, Sims & Keon, 1997). This includes the type of business an organisation is involved in; organisational characteristics as well as organisational structure (for instance firm newness, organisational age and the size of organisation among others) (Neubaum, Mitchell & Schminke, 2004).

Several research studies have examined various organisational aspects that are influential to the ethical climates that develop or prevail. One particular study by Gilliland, Steiner and Skarlicki (2007) found that the type of business in which an organisation is involved influences the ethical climate that emerges. In particular, these researchers examined the ethical climates of seven different organisations including a bank, an engineering firm, a manufacturing plant, a non-profit organisation, a police department, a large utility company and a retail shop. Their results showed that the manufacturing company had a dominant egoistic climate while the police department, the bank and the engineering firm had a dominant law and professional code climate (Gilliland et al, 2007).

Also related to the types of organisations, another study by Brower and Shrader (2000) found that boards of directors in non-profit organisations tended to describe their organisations' climate as benevolent, whereas boards of directors from for-profit organisations viewed their companies as having an egoistic climate (Mayer et al, 2007). Furthermore, a study conducted by Wittmer and Coursey (1996) found that employees in public institutions had less

favourable perceptions of ethical climate as compared to employees working in private institutions.

Ethical climate has also been found to vary within organisations based on the structure and nature of work performed by organisational sub-divisions (Victor & Cullen, 1988). For instance, Wimbush, Shepard and Markham (1997) found the structure of a department to influence the formation of distinct ethical climates in an organisation in their study examining the multi-dimensionality of ethical climate in organisations. Other researchers however, have argued that the development of ethical sub-climates is primarily determined by the strength of an organisation's overall ethical climate, rather than the department's function or structure (Mayer et al, 2007).

In terms of other characteristics of an organisation, Neubaum et al (2004) found that new firms were more strongly related to independence climates rather than instrumental climates. They also found that smaller firms exhibited more positive ethical climates for caring, rules, and law and professional code as compared to larger firms. Furthermore, organisations that are career directed were also found to have more favourable ethical climates (Mayer et al, 2007).

2.3.1.3 Environmental antecedents

Environmental antecedents refer primarily to the factors in the external context of an organisation that have an influence in shaping the organisation's ethical climate (Bourne & Snead, 1999; Victor & Cullen, 1988). These factors may include institutionalised societal norms and values, professional boards or councils, and competition in the industry among others (Bourne & Snead, 1999; Mayer et al, 2007).

According to Martin and Cullen (2006), organisations often implement rules and structures because of the influence of external pressures. Ethical climates that prevail in organisations are thus influenced by various factors external to the organisation that are normally central to organisational success. For instance for an organisation to acquire legitimacy, it may require to develop structures that reflect the values and rules of the society in which it exist (Victor & Cullen, 1988). Climates in organisations may therefore reflect, in part, the institutionalised societal norms (Victor & Cullen, 1988).

Looking at past research on societal norms, Bourne and Snead (1999) found regional differences in ethical climates in United States firms thus lending support to the important role of community norms in impacting the ethical climate of an organisation. Another study by Deshpande, George and Joseph (2000) revealed that national culture also has an impact on ethical climate. They found that rules climate was very popular in Russian organisations while independence climate were least likely to be found.

Overall, very little research however has been done on the impact of external factors on ethical climate so much so that this remains an area of focus for future research.

2.3.2 Ethical climate fit and job outcomes

Various studies have explored the relationship between organisational ethical climate and various job outcomes. For instance past studies have examined the relationship between organisational ethical climate and organisational identification, supervisory trust (DeConinck, 2010), job satisfaction, turnover intentions, organisational commitment (Ambrose et al, 2007; Cullen, Parboteeah & Victor, 2003; Schwepker, 2001), ethics stress (O'Donnell et al, 2007), bullying behaviour (Bulutlar & Oz, 2008), deviant behaviour (Peterson, 2002), and job performance amongst others (Jaramillo, Mulki, Solomon, 2006). Significant associations have been established between employees' positive perceptions of an ethical climate and their job satisfaction, supervisory trust and commitment to the organisation (DeConinck, 2010; Schwepker, 2001). Cullen et al (2003) found, in particular, benevolent ethical climates to be positively related to organisational commitment, whilst egoistic climates had a negative relationship with organisational commitment. Certain types of ethical climates have also been found to relate to specific types of workplace deviant behaviours, for instance egoistic climates were found to be associated with production deviant behaviours whereby employees tended to work more on personal matters during working hours (Peterson, 2002).

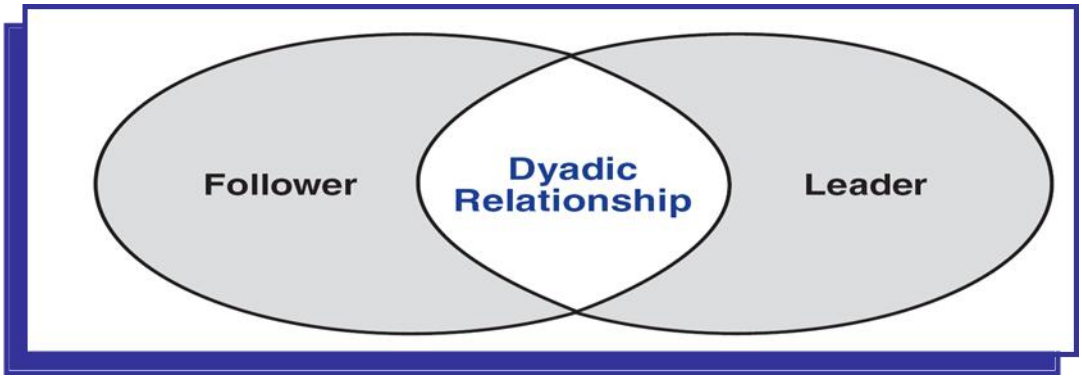
Although plentiful studies exist on ethical climate, ethical climate fit as a separate construct has however received very little attention in organisational psychology. Literature search yielded one study that looked at the influence of ethical climate fit, in particular, on employee satisfaction, commitment and turnover conducted by Sims and Kroeck (1994). In this study, ethical climate fit was found to be significantly related to turnover intentions, continuance commitment and affective commitment, but not to job satisfaction (Sims &

Kroeck, 1994). In light of this lack of literature and research, the evidence base for the relationship of ethical climate fit and job outcomes is still rather lacking. The current study therefore stands to contribute to the developing knowledge and research on this concept.

2.4 Leader-member exchange theory

Leader-member exchange theory is based on the social exchange theory (Blau, 1964) and focuses primarily on the relationships that develop between leaders and employees (Gerstner & Day, 1997; Graen, 1976). Basically the theory refers to the "quality of the dyadic exchange that develops between leaders and followers" (Schyns & Day, 2010, p. 2). The terms 'leaders and followers' refers to managers or supervisors in organisations and their subordinates respectively.

Figure 1



The main proposition of the theory is that leaders or supervisors establish unique, varying social exchange relationships with each of their employees (Janssen & Van Yperen, 2004). Leaders are believed to develop much closer relationships with some employees than others (Graen & Scandura, 1987). Consequently, the leader-member relationship is proposed to fall along a continuum ranging from low quality, in which the relationship is strictly based on the employment contract, to high quality relationships based on trust, mutual liking, obligation and respect (Scandura & Pellegrini, 2008). Employees in a high quality leader-member exchange relationship are referred to as in-group members, and employees in low quality leader-member exchange relationship are considered out-group members (Truckenbrodt, 2000).

In essence, high quality leader-member exchange provides employees with both formal and informal rewards and privileges that employees in low quality leader-member exchange may not get (Graen & Scandura, 1987). These privileges may include employees' greater negotiating latitudes with their supervisors, greater discretion, decision influence, recognition, more opportunities to perform tasks beyond their job descriptions and career advancement (Scandura, Graen, & Novak, 1986; Johns & Saks, 2005). These rewards often result in greater communication between employees and supervisors thus facilitating the establishment of mutual trust-based relationships between them (Bauer & Green, 1996). In context of the social exchange theory, both formal and informal rewards create a positive working environment for employees leading to greater employee work outcomes such as performance, organisational citizenship, satisfaction and commitment amongst others (Erdogan & Enders 2007; Gouldner, 1960).

2.4.1 The Leader member exchange Models

The LMX theory proposes the development of a work relationship between the supervisor and the subordinate and various researchers have put forward numerous models to describe this process (Dienesch & Liden, 1986; Graen & Scandura, 1987; Scandura & Pellegrini, 2008). The first model is the role-making model proposed by Graen and Scandura (1987). This model is rooted in role theory and its central idea is that work, in the organisational context, is accomplished through the development and exchange of roles (Graen, 1976; Kim, 2001). This role exchange and interaction is what results in the establishment of unique relationships between leaders and their subordinates (Kim & Taylor, 2001). The process of role-making is proposed to consist of three phases that are progressive in nature (Graen & Scandura, 1987). These phases include role-taking, role-making and role-routinisation. During the role-taking phase, employees may be new to the organisation or to a specific job position or task (Dansereau, Graen & Haga, 1975). Leaders or supervisors at this point assess employees' abilities/talents, and assign tasks based on these initial assessments or perceptions (Scandura & Pellegrini, 2008). Vital to the development of a relationship at this stage is the parties' perceptions of being respected and the leader's evaluation of the employee's behaviour and performance in assigned tasks, as well as their motivation and potential (Dansereau et al, 1975; Scandura & Pellegrini, 2008). Dienesch and Liden (1986) however proposed that demographic characteristics and personalities of

leaders and employees may influence the initial interaction of the two parties. In other words, personal attributes of both leaders and members have great potential to influence the initial relationship that may develop (Hodgkinson & Ford, 2010).

The role-making phase is a "continuation of the developmental process where the nature of the leader-member relationship becomes more defined" (Scandura & Pellegrini, 2008, p. 2). At this phase the leader and member take part in an unstructured and informal negotiation of roles (Scandura & Pellegrini, 2008). This negotiation includes relationship factors as well as pure work-related ones (Dansereau et al, 1975). It is at this phase that leaders and employees begin to solidify their relationship. The development and building of trust is central to this phase. Failure of this stage may initiate the development of low quality leader-member exchange relationships that are based solely on the employment contract, whereas success may initiate the development of high-quality exchange relationships (Dansereau et al, 1975; Scandura & Pellegrini, 2008).

The last phase is role-routinisation. At this phase, a pattern of ongoing social exchange between the leader and the member becomes established and the quality of exchange is proposed to remain stable over time (Bauer & Green, 1996; Scandura & Pellegrini, 2008). The role-making model was further developed by Scandura (1999) to incorporate types of justice (procedural, distributive and interactional). This model expansion was based on the idea that justice perceptions are inevitable in the development of differentiated leader-member relationships. Scandura (1999, p.29) asserts that leader member exchange should be viewed as a "system of interdependent relationships rather than a set of independent dyads". Cognisance of the fact that social comparisons occur between employees hence initiating concerns on equity and fairness is called for. This model asserts that various types of justice emerge at different phases discussed earlier (Vatanen, 2003). For instance, distributive justice concerns may emerge at the first phase if, for example, tasks assigned to the employee are perceived as inequitable with the compensation provided. Procedural justice may also be of importance in this phase regarding the fairness of procedures used in the assigning of tasks. Interactional justice may be paramount at the role-making phase as it may facilitate or hinder the development of trust central to this stage, thus impacting on the progression to the last phase (Scandura, 1999).

Graen and Uhl-Bein (1995) developed a model called the Leadership-making model with almost a similar analogy of the role-making model in terms of phases of development. The leader-member exchange relationship in this framework begins with the stranger phase (Scandura & Pellegrini, 2008). Leaders and members occupy organisational roles and begin interactions. Their interaction at this stage is predominantly on a formal basis. Consequently, the model perceives the stranger phase as low quality leader-member exchange because of the absence of mutual caring interactions (Graen and Uhl-Bein, 1995). Progressing from a formal based relationship to a mutual relationship indicate movement to the acquaintance phase. "In the acquaintance phase, the leader and member begin to share greater information both on a personal and work level" (Scandura & Pellegrini, 2008 p. 3). This stage is vital because relationships or dyads that do not develop may regress to the stranger phase (Graen and Uhl-Bein, 1995). The last phase is referred to as the mature partnership. At this phase the exchanges between leaders and members becomes not only behavioural but also emotional (Scandura & Pellegrini, 2008). Leaders and members have a communal relationship characterised by mutual trust, respect, loyalty and support to each other (Graen & Uhl-Bein, 1995). This final stage therefore reflects high quality leader-member exchange (Graen & Uhl-Bein, 1995).

The social exchange theory also provides another theoretical explanation as to why leaders and members initiate and continue their work relationship (Sparrowe & Liden, 1997). Based on this theory, leader-member exchange entails that "each party must offer something the other party sees as valuable and each party must see the exchange as reasonably equitable or fair" (Graen & Scandura, 1987 p. 182). Aspects exchanged between a leader and a member may vary from specific material resources and information to emotional support (Graen & Uhl-Bien, 1995). "The greater the perceived value of the tangible and intangible commodities exchanged, the higher the quality of the LMX relationship" (Kim & Taylor, 2001 p.3). In high quality leader-member relationships, parties are therefore perceived to experience a greater perception of reciprocal contribution and thus are more likely to be loyal to each other (Graen & Uhl-Bien, 1995).

Fairly recent work has proposed the relationship-building model. This model was put forward by Uhl-Bein, Graen and Scandura (2000) and it has many commonalities with the models discussed above. According to this model, the development of working relationships

begins when leaders and members experience an interaction sequence over a limited period of time (Uhl-Bein et al, 2000). The nature of the interaction sequence depends on:

> 1) the relatively stable characteristics of the interacting individuals that dispose them to approach interpersonal situations in a certain way, 2) the individuals' expectations of the exchange based on past experience, outside information and cognitive schemata, 3) the individuals' assessment of and reaction to the exchange both while it is occurring and in retrospect" (Vatanen, 2003 p.31).

Unique to this model is the fact that it particularly took into account the cognitive and perceptual processes that are responsible for relationship development. These processes results in the formation of relationships of different types and quality between leaders and members (Vatanen, 2003). The model however acknowledges the fact that situational factors also influence relationship development by affecting how leaders and members interact (Vatanen, 2003).

Overall, the quality of leader-member exchange is proposed to be a result of the cumulative effects of various factors and interactions that make up the history of the relationship (Vatanen, 2003). By implication, "it is therefore not the most recent interaction that defines the quality of exchange, but their cumulative effect" (Vatanen, 2003 p. 31). The following section will explore in detail predictors of leader-member exchange.

2.4.2 Predictors of Leader-member exchange

There is considerably far less empirical research on the antecedents of leader-member exchange as compared to research on leader-member exchange outcomes (Henderson**,** Liden**,** Glibkowski & Chaudhry, 2009). Few studies have attempted to measure antecedents before leader member exchange formation and thus the evidence base for leader member exchange antecedents is not as strong (Hodgkinson & Ford, 2010). Nevertheless, available studies on antecedents have shown that they can be grouped into various categories including subordinate characteristics, leader characteristics, interactional variables, leader

and member behaviours, and contextual variables (Henderson et al, 2009; Hodgkinson & Ford, 2010; Vatanen, 2003).

2.4.2.1 Leader and member personal characteristics

Leader and member personal characteristics are individual attributes or qualities that are possessed before and independent of the leader-member exchange (Vatanen, 2003). According to Dienesch and Liden (1986) each individual (both leaders and members) brings unique characteristics that may include physical appearance, attitudes, abilities, experience, personality, age and background to the leader-member exchange relationship. These characteristics influence leaders' and members' perceptions and evaluations of each other, thus determining their behaviour towards each other, as well as the leader-member exchange quality (Liden et al, 1997).

Past research highlighted in the review done by Liden et al (1997) has examined personal characteristics including member affectivity, introversion/extroversion, locus of control, and growth need strength. Demographic characteristics that have been examined include gender, age, race, education and tenure (Tsui & O'Reilly, 1989, Vatanen, 2003). Positive relationships have been established between leader-member exchange and internal locus of control, growth need strength (Harris, Harris & Eplion, 2007; Kinickic & Vecchio, 1994; Martin et al, 2006) and extraversion (Phillips & Bedeian, 1994). Studies on demographic characteristics have been from a relational perspective (i.e. the demographic characteristics of a person in relation to others' characteristics); consequently they mainly belong to the interactional/interpersonal category to be discussed later in this section.

Cognitive structures and expectations are also individual characteristics that have been related to leader-member exchange (Uhl-Bein et al, 2000). It has been argued that "many aspects of dyadic relationships are based on the automatic use of cognitive schemata as a basis for categorising one's dyadic partner" (Engle & Lord 1997, cited in Vatanen, 2003 p. 33). This initial classification of people lays the foundation of the exchange relationships that may develop. In simply terms, peoples' cognitive structure influence their perceptions and expectations of others which in turn affect their behaviour towards them and the quality of the leader-member exchange to develop (Vatanen, 2003). For instance leaders who may

hold high expectations towards certain members may provide them with challenging tasks, feedback and training which may eventually lead to high quality leader-member exchange. Members perceived with low expectation may be left with relatively routine tasks, little feedback and training opportunities which may lead to low quality leader-member exchange relationships (Vatanen, 2003).

2.4.2.2 Interactional/Interpersonal variables

Demographic similarity, personality similarity and liking between leaders and members are the main interpersonal variables that have been examined in relation to leader-member exchange (Harris et al, 2007). Engle and Lord (1997) proposed that the greater the similarity in the supervisor-subordinate dyad, the higher the quality of the leader-member exchange relationship. This proposition is based on the similarity-attraction paradigm which predicts that similarity in individual attributes such as demographic characteristics, attitudes and values among others, leads to interpersonal attraction and closer relationships (Suazo, Turnley & Mai-Dalton, 2008).

In terms of research, cognitive similarities between supervisors and subordinates have been found to have a positive effect on leader-member exchange quality (Engle & Lord, 1997). A positive relationship between 'liking' and leader-member exchange has also been found in various studies (Liden et al, 1993; Wayne et al, 1997). Finally, leaders' and members' positive expectations of each other have also been found to predict leader-member exchange (Liden et al, 1993; Wayne et al, 1997). Although research findings on demographic similarities are inconsistent to provide solid support for their influence on the development of leader-member exchange relationships, similarities in terms of age, gender and tenure have been found to influence the development and quality of leader-member exchange (Harris et al, 2007; Vatanen, 2003).

2.4.2.3 Leader and follower behaviours

Leader and follower behaviours that have been found to be linked to leader-member exchange quality include "follower impression management behaviours and performance, as well as leader fair treatment and delegation behaviours" (Vatanen, 2003 p. 35). In essence,

employees' impression management behaviours have been found to influence the leaders' liking of them (Wayne & Liden, 1995). Another employee behaviour that has been found to be vital in the development of high quality leader-member exchange is employee performance (Vatanen, 2003). Employee performance has therefore been classified as either a predictor of leader-member exchange or an outcome of leader-member exchange in the literature.

2.4.2.4 Contextual variables

Contextual factors such as organisational culture, politics, structure, policies, physical setting and reward systems have been found among others to either moderate or mediate leader member exchange (Dienesch & Liden, 1986). Leaders' power and workload has also been found to influence the development of leader member exchange (Hodgkinson & Ford, 2010). In particular, a study by Green, Anderson, Shivers and Shivers (1996) found a negative relationship between leader workload and leader member exchange whereby as the leaders' workload increased, the leader member exchange quality decreased.

2.4.3 Outcomes of Leader member exchange

Past research has found that high quality leader-member exchange is related to a number of employee job attitudes including higher job satisfaction, job involvement, job performance, trust in supervisor, citizenship behaviours and organisational commitment (Ilies, Nahrgang & Morgeson, 2007; Johns &Saks, 2005; Scandura & Pellegrini, 2008; Stringer, 2006). In contrast, lower levels of job satisfaction and higher levels of turnover intentions were found among employees with low quality leader-member relationships (Graen & Cashman, 1975; Varma & Stroh, 2001).

In the following sections leader-member exchange, in relation to specific job attitudes to be investigated in this study, will be discussed. These include job satisfaction, organisational commitment and turnover intentions.

2.4.3.1 Leader-member exchange and job satisfaction

Job satisfaction is one of the most well researched concepts in organisational psychology and different researchers have provided varied definitions of the concept. Johns and Saks (2006, p.111) described job satisfaction as referring to "a collection of attitudes that people have about their jobs". Vroom (1982) described it as employees' emotional orientation towards their current job roles. Others view it as the degree to which employees like their job (Worell, 2004). A more comprehensive definition to be adopted in the current study is provided by Lofquist and Davis (1991, p.27) illustrating that it is an "individual's positive affective reaction towards their job which is a result of the individual's appraisal on the extent to which the job fulfil their needs". Job satisfaction is therefore about an individual's perceptions and evaluation of their job guided by their unique circumstances such as needs, expectations and values (Buitendach & Rothmann, 2009).

Job satisfaction is however a complex variable influenced by many factors including job characteristics, personality traits and organisational characteristics (Buitendach & Rothmann, 2009; Wexley & Yukl, 1984; Worell, 2004). Literature and research proposes intrinsic and extrinsic job factors in influencing job satisfaction among employees (Worell, 2004). Intrinsic factors are proposed to be factors based on personal perceptions and feelings, and include aspects such as recognition, advancement and responsibility (Worell, 2004). Extrinsic factors are external factors related to the job and these may include salary, working conditions, quality of interactions between leaders and employees, organisational culture and climate among others (Worell, 2004).

There are numerous theories that have been proposed in explaining job satisfaction. According to Worell (2004) two conceptual frameworks appear to be dominant in literature and these include content theories and process theories. Content theories focus on the importance of the work itself and the challenges, growth opportunities, and responsibilities work provides for employees (Schultz & Schultz, 2006). These theories primarily focus on internal individual needs and how they are met by an individual's job, and examples of such theories include Maslow's hierarchy of needs theory and the job-characteristic theory and Herzberg's motivator-hygiene theory (Schultz & Schultz, 2006).

Maslow's hierarchy of needs theory proposes five primary needs that individuals are constantly trying to satisfy (Schultz & Schultz, 2006). These needs are presented in hierarchy from the lowest to the highest and are as follows:

- Physiological needs: these are basic life sustaining needs such as food, air, water among others
- Safety needs: these are needs for physical shelter and psychological security and stability
- Belonging and love needs: these are social needs for love, affection, friendship and acceptance by others
- Esteem needs: needs for self-esteem and for admiration and respect from others
- Self-actualisation need: need for self-fulfilment, for achieving our full potential and realising our capabilities. (Schultz & Schultz, 2006)

According to this theory, the needs exist in a logical order so much that the basic lower level needs are satisfied first before higher level needs become pertinent. From this theory's perspective, the more a job allows for growth and acquisition of higher level needs, the more likely the individual is to report satisfaction with his or her job (Worell, 2004).

The job-characteristics theory proposes that they are certain job characteristics that can lead to employee motivation and satisfaction with their work, particularly those employees with high growth needs (Schultz & Schultz, 2006). The core characteristics identified by this theory include "skill variety which refers to the extent to which employees have opportunities to make use of various skills and abilities on their job; task identity referring to the unity of the job, that is, the opportunity for an employee to complete a job in full not only parts of the job or product; task significance which refers to the importance of one's job to co-workers or consumers; autonomy which refers to the amount of independence employees have in scheduling and organising their work; and feedback which refers to the amount of information employees receive about the effectiveness and quality of their job performance" (Schultz & Schultz, 2006, p. 227). According to Saari and Judge (2004) the nature of the work itself (labelled as intrinsic job characteristics) is the major determinant of overall job satisfaction compared to other factors such as remuneration or reward systems.

Herzberg's motivator-hygiene theory identified two sets of needs including the motivator needs which are proposed to produce job satisfaction and the hygiene needs which produce job dissatisfaction when not satisfied (Schultz & Schultz, 2006). Motivator needs are internal to the work itself and include the nature of the individual job tasks. They also include employees' level of responsibility, achievement, recognition, advancement, career development and growth (Schultz & Schultz, 2006). Hygiene needs are external to the tasks of a particular job and involve features of the work environment such as company policies, working conditions, interpersonal relations, salary and benefits (Schultz & Schultz, 2006). Herzberg argues that when hygiene factors are poor, employees will find their work dissatisfying (Worell, 2004). However their satisfaction does not necessarily equate to job satisfaction but rather a mere absence of dissatisfaction (Schultz & Schultz, 2006).

While content theories focus on the opportunities for growth and self-actualization provided by the job as central to determining job satisfaction, process theories focus more on how the job is perceived to meet individual expectations and values (Schultz & Schultz, 2006; Worell, 2004). The discrepancy theory and the equity theory are some of the dominant theories under this category. The discrepancy theory contends that job satisfaction stems from "the discrepancy between the job outcomes wanted and the outcomes that are perceived to be obtained" (Johns & Saks, 2005 p.112). The equity theory on the other hand is centred around issues of distributive fairness where "job satisfaction stems from a comparison of the inputs one invests in a job and the outcomes one receives in comparison with the inputs and outcomes of another relevant person or group" (Johns & Saks, 2005 p. 113).

The Minnesota Satisfaction Questionnaire is the commonly used measure of job satisfaction **(**Buitendach & Rothmann, 2009). This instrument divides job satisfaction into two separate components which are intrinsic job satisfaction and extrinsic job satisfaction. Intrinsic job satisfaction is operationalised as the people's feelings about the nature of the job tasks themselves, and extrinsic job satisfaction as the people's feelings about aspects of the work situation that are external to the job tasks or work itself **(**Buitendach & Rothmann, 2009). The current study however conceptualised and operationalised job satisfaction as a global construct. This was mainly due to concerns of the length of the overall questionnaire. However, Scarpello and Campbell (1983) argued that global measures of job satisfaction are

more advantageous compared to facet/subscale measures mainly because facet measures often fail to cater for all aspects experienced by employees that contribute to their satisfaction thus leading to lower construct validity. In other words, these measures can be restricted in their ability to capture a holistic measure of employee job satisfaction.

In terms of empirical research on job satisfaction and leader-member exchange, numerous studies have found significant associations between these two concepts. Particularly, high-quality leader-member exchanges have been found to have significant positive associations with job satisfaction (Gerstner & Day, 1997; Raabe & Beehr, 2003; Sherony & Green, 2002). Erdogan and Enders (2007) propose that the formal and informal rewards that employees in quality relationships with their leaders receive, create a positive working environment for them thus leading to their satisfaction and high performance. This also relates to the social exchange theory which contends that when members observe that they receive support, trust, and other tangible and intangible benefits from their leaders, they tend to exhibit greater satisfaction and an obligation to reciprocate (Gouldner 1960).

Based on the content and process theories that elucidated the determinants of job satisfaction, high quality leader member exchange should therefore provide employees with greater opportunities to receive jobs with better content and favourable work processes. This means that quality leader-employee relationships should result in individual employees receiving jobs that are richer in content, thus presenting them with increased opportunities for growth and acquisition of higher level needs. In terms of process theories, employees in quality relationships with their leaders are more likely to experience and perceive better, fair and equitable work processes. In light of these propositions and the findings of past research, it is expected that quality leader member exchange will be positively related to employee job satisfaction.

2.4.3.2 Leader-member exchange and organisational commitment

Organisational commitment is also a well-researched concept in organisational psychology and is defined as company loyalty exhibited by employees (John & Saks, 2006). Precisely, it is viewed as the relative strength of an individual's identification with and involvement in the organisation in terms of values and goals (Mowday, Porter & Steers, 1982). Porter,

Steers, Mowday, and Boulian (1974) identified three related factors of organisational commitment which include a strong belief in an organisation's goals and values, willingness to exert considerable effort for the organisation, and a strong desire to maintain membership in the organisation.

Meyer and Allen (1991) further identified components of organisational commitment. They characterised organisational commitment as made up of three dimensions including affective commitment, normative commitment and continuance commitment. Affective commitment refers to employees' attachment and identification with their organisation (Meyer & Allen, 1991). Employees with a strong affective commitment stay in an organisation because they "want to do so" (Meyer & Allen, 1991 p.67). Normative commitment on the other hand refers to the employees' feeling of obligation to continue employment, therefore employees in such instances "feel they ought to remain with the organisation" (Meyer & Allen, 1991 p.67). Lastly, continuance commitment refers to employees remaining in an organisation because of their awareness of the costs that may be associated with leaving the organisation (Meyer & Allen, 1991).

Although these components were discussed as distinct, they are not mutually exclusive psychological states (Meyer & Allen, 1991). Employees can experience all three forms of commitment simultaneously at varying degrees, and the combination or sum total of these psychological states reflect an employee's overall commitment to their organisation. For example, an employee may strongly identify with his/her organisation and feel strongly obligated to stay, but with a weak continuance commitment due to other reasons such as insufficient wages or personal growth to mention a few. In context of this argument, the current study did not distinguish and focus on any specific component of organisational commitment as postulated by Meyer and Allen (1991) but measured organisational commitment as a holistic construct.

It is also noteworthy that organisational commitment depends on more than just the organisation (Colquitt, Conlon, Wesson, Porter & Ng, 2001). Employees are not necessarily committed to their companies at times but may be committed to the leaders of the organisation, their work teams, their immediate supervisor or mentor, or the department they work in among others. The term "focus of commitment" is used to denote the particular

entities such as individuals, groups, places and things that employees can be attached to and that can instigate their desire to maintain membership in a particular organisation (Reichers, 1985). Employees' commitment can thus have multiple bases and can cut across all components of commitment identified (affective, continuance and normative).

A number of studies have investigated the relationship between organisational commitment and leader-member exchange. Numerous studies found leader-member exchange as one of the antecedents of organisational commitment (Cohen-Charash & Spector, 2001; Kent & Chelladurai, 2001). In particular, the quality of leader-member exchanges has been found to positively correlate with organisational commitment (Kent & Chelladurai, 2001; Sias, 2005; Truckenbrodt, 2000). This means that employees in quality social exchanges with their supervisors receiving more responsibility, support, recognition, trust and informal opportunities, tend to display greater loyalty to their organisation. To add to this, Yukl (1989) in his study found that high quality leader-member relationships resulted in employees being more committed to both task completion as well as assisting the leader in meeting goals.

Following the definition of organisational commitment, the strength of employees' identification and involvement with the organisation and its values and goals may possibly be enhanced or impaired by the quality of leader-employee relationships experienced. For instance, in-group employees in high quality relationships with their leaders, who experience better recognition regarding their input to the business functions, have greater opportunities to perform tasks beyond their job descriptions and have greater decision influence, may exhibit stronger identification and involvement with the organisation. This is mainly because these kinds of privileges stand to get them more involved in the organisation's business endeavours which have positive implications for their personal growth and commitment to the organisation.

2.4.3.3 Leader-member exchange and turnover intentions

Turnover intention can be defined as the employee's conscious and deliberate consideration to terminate their employment at an organisation (Tett & Meyer, 1993). This decision is often motivated by many personal and organisational factors such as dissatisfaction with one's work, remuneration, need for better advancement opportunities and misfit with

organisational goals, culture and job demands, to mention a few (Parasuraman, 1982). According to Wen-Lee & Liu (2007) turnover intentions can be formulated voluntarily or involuntarily. Voluntary turnover is exclusively initiated based on the will or discretion of an employee and result from push factors mentioned earlier among others (Wen-Lee & Liu, 2007). Involuntary turnover on the other hand is whereby employees have no choice in their termination, for instance long term sickness may force an employee to terminate their employment involuntarily (Wen-Lee & Liu, 2007). Voluntary turnover intention has however been found to be strongly related to actual labour turnover in organisations (Morell, Loa-Clarke & Wilkinson, 2001).

Significant relationships have been found in past research between leader-member exchange and intentions to remain in or leave an organisation. Particularly, quality leader-member relationships were found to have considerable positive effects on employees' intention to stay in an organisation (Gerstner & Day, 1997; Raabe & Beehr, 2003; Sherony & Green, 2002). This may be attributed to the formal and informal rewards that employees in quality relationships with their leaders receive. In particular, these employees are provided with better opportunities for advancement as their input tends to be more recognised, and are able to develop skills that are not limited to the stipulations of their job descriptions. Their enhanced involvement with business functions and closer relationships with leaders stand to facilitate their better alignment with the goals of the organisation as well as the organisational culture. Quality leader-member exchange therefore presents privileges that tend to instigate an employees' desire to maintain employment with their organisations.

Considering the outcomes associated with leader member exchange and comparing them to those of ethical climate fit, there appears to be considerable overlap in the literature on these too constructs. No studies, however, could be found in the literature that attempted to investigate the relationship between leader member exchange and ethical climate fit despite there being theoretical evidence to suggest that such a relationship may exist. In the section that follows an argument for the coupling of these constructs is provided.

2.4.4 Leader-member exchange and ethical climate fit

The concepts of ethical climate fit and leader-membership exchange are both, to a degree, centred on the notion of congruency existing between individual employees and elements of the organisation. The construct of ethical climate fit is derived from the person-environment fit theory discussed earlier where congruence emerges when individuals fit into the organisation's structure, culture and ways of doing things (Bowen, Ledford & Nathan, 1991), whereas leader member exchange is in part informed by an understanding that quality relationships between leaders and members exist when individual attributes such as demographic characteristics, attitudes and values are shared (Suazo, et al 2008). Yet, understanding how these two notions of fit work together to impact upon employee attitudes remains an unexplored area of research.

.

Theoretically, notions of ethical climate fit and leader member exchange have to some degree been considered together. According to Engelbrecht, et al (2005) ethical climate formation begins with the leaders of the organisation, particularly founders and early leaders. This is because they initially bring to the organisation their individual values which play a central role in determining the climate of the organisation (Engelbrecht et al, 2005). Early leaders therefore have a major influence on the nature of the climate that characterises their organisation. They essentially set and sustain the moral tone of the organisation that is central to organisational success and filter it through the organisation (Engelbrecht et al, 2005). To emphasise this point, Grojean, Resick, Dickson and Smith (2004) stated that organisational leaders have the responsibility for pioneering and perpetuating the organisation's ethical climate. In essence, the actions of leaders, direct or indirect, are proposed to establish the ethical tone of an organisation primarily by what they encourage, reward and demonstrate (Grojean et al, 2004).

The concept of ethical leadership clearly illustrates how leaders should model and guide ethical behaviour and standards expected from employees (Brown, Trevino & Harrison, 2005). Ethical leadership is defined as the "demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement and decision-making" (Brown et al, 2005, p. 123).

The role given to subsequent leaders in organisations is, however, less clear. Whilst theorists like Schneider (2001) argue that organisations tend towards homogeneity, suggesting that subsequent leaders are more likely to be similar to the initial founder, such is not a given fact; even Schneider (2001) allows room for heterogeneity to exist within organisational dynamics centred on attraction and selection of similar types. This would suggest that even when it comes to ethical climate there is some room for deviation and all leaders may not share what constitutes normatively appropriate conduct. Thus, whilst it is tempting to argue that employees who fit with the set ethical climate of an organisation will share the same values as their leaders due to the fact that leaders are meant to be pioneers of the climate, such an argument would require that all leaders in the organisation share similar ethical outlooks.

As such rather than focusing on ethical climate fit as a determining factor that, like contextual factors such as organisational culture, politics, structure, policies, physical setting and reward systems, have been found to moderate or mediate leader member exchange (Dienesch & Liden, 1986), the focus of the current study is the type of fit, and how the combined effect of these alternative views of fit may impact upon employee outcomes.

As mentioned earlier, leader member exchange can be viewed through the similarity-attraction paradigm which predicts that similarity in individual attributes such as demographic characteristics, attitudes and values, leads to interpersonal attraction and closer relationships (Suazo, et al 2008). This dyadic relationship is seen to foster positive work outcomes with employees who experience quality exchange being more committed to the organisation, reporting higher job satisfaction and being less likely to leave the organisation. Similar, results have been found for those who fit into the organisational ethical climate.

Yet, sensibly, one could consider these two notions of fit to be operating at different levels of analysis within organisational study. The definition of leader member exchange provided above tends to speak to a 'localised' notion of fit, experienced in the daily encounters with one's leaders. Ethical climate fit, however, tends to reflect a far broader conceptualisation of fit. In this framework, fit is derived through the degree to which an individual believes their values to be similar to those of the organisation as a whole. Accordingly, we may consider this notion of fit to be a more 'global' measure of congruency.

Focusing on the type of fit reflected in these two constructs, allows for a series of interesting questions to be asked, for example, "What is the outcome of experiencing incongruence with what one views as the organisation's ethical climate when one considers themselves to experience high quality leader-member exchange?" Under this scenario, the effect of ethical climate misfit (the global measure) could possibly be moderated (in some sense mitigated) by the positives outcomes associated with positive leader-member exchange. In contrast, the outcomes of ethical climate misfit could possibly be exacerbated when an individual simultaneously experiences incongruence with their leader.

It is this view of ethical climate fit and leader membership exchange that informs the current study. Ethical climate fit and the type of leader member exchange experienced are seen as signifying different types of fit that may be experienced within an organisation. Specifically, the interest in the current study lies in whether or not the leader member exchange serves to moderate the relationship between organisational outcomes and ethical climate fit. In the case where ethical climate misfit is experienced, it is hypothesised that high quality leader member exchange may serve to mitigate the negative effects that one might expect, and alternatively, when dual misfit is experienced, the negative effects could be exacerbated.

2.4.5 Aim of the study

In summary, the overall aim of the study is to establish whether leader member exchange moderates the relationship between ethical climate fit and job outcomes (job satisfaction, organisational commitment and turnover intention).

2.4.6 Research Questions

- What is the relationship between ethical climate fit and leader-member exchange?
- What is the relationship between ethical climate fit and employee job outcomes (job satisfaction, organisational commitment and turnover intentions)?
- What is the relationship between leader-member exchange and employee job outcomes (job satisfaction, organisational commitment and turnover intentions)?

- Does leader-member exchange moderate the relationship between ethical climate fit and employee job outcomes (job satisfaction, organisational commitment and turnover intentions)?

CHAPTER 3

METHODOLOGY

3.1 Introduction

This chapter sought to provide a detailed description of the methodology used in conducting the study. The chapter will therefore discuss the research design, the sampling technique and the sample. It will also discuss the procedure carried out, the instruments that were used to obtain data and the analyses carried out. Lastly, this chapter will discuss the ethical considerations undertaken in conducting the study.

3.2 Research Design

According to Christensen (1985) a research design is defined as a strategy used by researchers that specifies the procedure undertaken in seeking to answer specific research questions. The current study utilised a quantitative, non-experimental, cross sectional research design (Rosnow & Rosenthal, 1996). The study is classified as non-experimental in that it did not involve the manipulation of any independent variables, there was no control group and no random assignment carried out (Howell, 2004). Consequently, causal inferences cannot be made.

Cross-sectional designs involve the observation or measurement of two or more variables at a particular point in time with no repeat measure being carried out (Bailey, 1982). One of the main drawbacks of this design identified in literature is that it is incapable of capturing developmental trends of the events or characteristics being measured (Whitley, 2001). It is literally a snapshot of events or characteristics at a specific time. However, differing results may be obtained if the same variables are measured at a different time.

All collected data was recorded and analysed quantitatively. Data was gathered using self-report questionnaires. Babbie and Mouton (2001) described a quantitative research design as a scientific approach that uses numbers to represent data and to describe and explain observed facts.

3.3 Sampling Technique

The sample consisted of employees from three non-profit making organisations all caring for wild animals in the entertainment and tourism industry. The aim of the study was to include profit making organisations as literature showed that such organisations tend to have more diverse and discernible ethical climates due to the competition and need for survival in the business world. Recent studies shows that there has been a rise in the public's scepticism of the integrity of business in general as a result of blatant examples of ethically questionable conduct of many profit making organisations (Agarwal & Malloy, 1999). Examples include the common banking scandals, environmental accidents and instances of corporate fraud and neglect (Giacalone, Fricker & Beard, 1995). Non- profit making organisations on the other hand tend to be perceived as characterised with heightened ethical conduct as they are viewed as caring and more considerate to building a just society (Agarwal & Malloy, 1999). Non profit organisations have been identified as more communitarian compared to profit making organisations (Agarwal & Malloy, 1999).

The researcher's efforts to gain access to profit making organisations were fruitless. The researcher was turned down by many organisations and some of the reasons included that the ethical climate and the leader member exchange questionnaires were perceived as too sensitive and political; organisations did not allow external individuals to carry out any sort of research studies with their employees; and that quite a number of internal surveys were being administered during the time so much so that organisations did not want to confound the response rate of their own surveys.

Organisations were selected randomly according to convenience and size. The type of sampling strategy that was used is a non-probability volunteer sampling strategy which was based on the employees' willingness to participate in the study (Rosnow & Rosenthal, 1991). One of the main challenges associated with volunteer sampling is that the samples are often not as representative of the intended population. Volunteers tend to have similar characteristics that do not necessarily represent the diversity in the targeted population. (Rosnow & Rosenthal, 1991). However, considering the perceived sensitivity of some of the variables, this was considered the best sampling strategy to be used. They were no

restrictions in terms of employees' position in the organisation or any other demographic characteristics.

3.4 Sample

Two hundred and fifty questionnaires in total were distributed between the three organisations over a period of twelve weeks. Of the two hundred and fifty questionnaires, one hundred and thirty eight were returned which translates to 55.2% response rate. Of the one hundred and thirty eight returned, one hundred and twenty five (N= 125) were usable in the study. Table 3 illustrate the distribution of participants across the three organisations.

Table 3 Number of participants from participating organisations

Organisation	**1**	**2**	**3**
Frequency Value	30	26	69

The analyses of the study used the total sample of the three organisations in trying to establish the moderating effects of leader-member exchange on the relationship between ethical climate fit and employee job outcomes. The author however acknowledges the possibility of variances that might have been present between organisations regarding the variables that were measured.

The description of the sample in terms of gender, age, race, highest level of education and tenure is summarised in the following table.

Table 4 Demographic details of the sample

Variable		Frequency	Percentage
Age:	**18-25**	12	9.6
	26-30	26	20.8
	31-35	28	22.4
	36+	59	47.2
Gender:	**Male**	45	36
	Female	80	64
Race:	**Black**	34	27.2
	Coloured	3	2.4
	White	80	64.0
	Indian	8	6.4
Level of Education:	**Matric**	27	21.6
	Certificate	13	10.4
	Diploma	29	23.2
	Degree	46	36.8
	Other	10	8.0
Tenure:	**6months-1yr**	13	10.4
	1-2 years	17	13.6
	2-3 years	19	15.2
	3 years+	76	60.8

Table 4 above shows that majority of the participants were 36 years or older (n=59). Female participants were dominant (n=80) constituting 64% of the total sample while males constituted 36% (n=45). This directly relates to the problem of volunteer samples highlighted earlier. Generally, females have been found to be more willing to volunteer participation in research studies as compared to males thus making samples less representative of the targeted populations. Majority of the participants were white (n=80), had a degree as their highest level education (n=46), and had worked for three years or more in their respective organisations (n=76). The average tenure of the sample could be advantageous for the study as literature shows that the length of time spent in an

organisation is related to well established knowledge of whether one fits into the climate or not. The following table illustrates the demographic details of the sample per organisation.

Table 5 Demographic details of the sample per organisation

		Organisation 1 (N=30)		Organisation 2 (N=26)		Organisation 3 (N=69)	
Variable		**Frequency**	**%**	**Frequency**	**%**	**Frequency**	**%**
Age:	**18-25**	1	3.3	0	0	11	15.9
	26-30	5	16.7	5	19.2	16	23.2
	31-35	8	26.7	8	30.8	12	17.4
	36+	16	53.3	13	50.0	30	43.5
Gender:	**Male**	8	26.7	9	34.6	28	40.6
	Female	22	73.3	17	65.4	41	59.4
Race:	**Black**	8	26.7	17	65.4	9	13.0
	Coloured	0	0	1	3.8	2	2.9
	White	22	73.3	8	30.8	50	72.5
	Indian	0	0	0	0	8	11.6
Level of Education:	**Matric**	6	20.0	3	11.5	18	26.1
	Certificate	3	10.0	4	15.4	6	8.7
	Diploma	4	13.3	11	42.3	14	20.3
	Degree	13	43.3	7	26.9	26	37.7
	Other	4	13.3	1	3.8	5	7.2
Tenure:	**6months-1yr**	5	16.7	0	0	8	11.6
	1-2 years	4	13.3	3	11.5	10	14.5
	2-3 years	4	13.3	10	38.5	5	7.2
	3 years+	17	56.7	13	50.0	46	66.7

It is evident from the table above that although the three organisations had similar trends in terms of the dominant age group of participants (36 and above), gender (female) and tenure (3years and above), majority of the participants in organisation 2 were black and had diplomas as their highest level of education.

The current study, however, was not aimed at establishing types of ethical climates, but rather employees' perceptions on how they fitted with the ethical climates they perceived as characteristic of their organisations, and how that related to their leader member exchange and job outcomes. The aim therefore was to conduct a global study; consequently organisational differences were acknowledged but not prioritised in this study.

3.5 Procedure

The procedure consisted of three stages. The first stage involved obtaining ethics clearance from the Human Research Ethics Committee of the University of the Witwatersrand. This was mainly intended at ensuring that the researcher had complied with all ethical requirements prior to the execution of the study.

The next step involved obtaining permission to conduct the study from various organisations. The researcher negotiated with the Human Resources Departments of different organisations until approval was gained from the three organisations. Initial contact with organisations was made either telephonically or through email directed to relevant Human Resources officials. This was followed by arranged meetings particularly with those organisations that showed interest. The study was primarily intended to be conducted online through survey monkey but all the three organisations preferred to have questionnaires administered manually.

Once permission to conduct the study was obtained, the researcher compiled all the relevant scales, demographic questionnaire and participant information sheet into one questionnaire. The participant information sheet informed participants about the purpose of the study and extended an invitation to them to participate. It was also specified in this sheet that participation was entirely voluntary, and detail assuring their anonymity and confidentiality was provided (see appendix 1).

The last stage was the distribution and collection of questionnaires. In all the three organisations, the distribution of questionnaires was done by the Human Resources Managers. In one organisation, the researcher had an opportunity to meet with the employees and provide a presentation on the purpose of the study as organised by the

Human Resource Manager. The researcher used this opportunity to emphasise that participation was entirely voluntary and therefore no employee needed to feel obligated to participate even though Human Resources Officials were involved. Envelopes were provided by the researcher for return of questionnaires to ensure participants' confidentiality. Participants were required to seal their responses and the researcher collected questionnaires at regular intervals so as to enhance participants' anonymity and confidentiality of their responses.

3.6 Measuring Instruments

The complied questionnaire consisted of six instruments that measured the different variables central to the study. These will be discussed in the following section.

3.6.1 Biographical Questionnaire

A biographical questionnaire constructed by the researcher was used to obtain information on the nature of the sample. The questionnaire had five items which included the participant's age, gender, race, level of education and the period they have been working in their particular organisation (see appendix 3). This information was used for descriptive purposes and in interpreting results where applicable.

3.6.2 Ethical Climate Fit

Ethical climate fit was measured using a difference measure between preferred ethical climate and perceived ethical climate. The Ethical Climate Questionnaire developed by Victor and Cullen (1987) was used. The questionnaire has 26 items with responses rated on a 5 point-likert scale. It has been used in South Africa by Engelbrecht, Aswegen and Theron (2005). The scale measures 5 different ethical climates including instrumental, caring, law and professional code, independence, and rules and procedures climates. The internal consistency of the scale established from previous studies ranges from .60 to.76 (Acharya, 2005). In the current study, the cronbach's alpha of the scale was .70 which demonstrates an acceptable internal consistency of the items.

In completing the questionnaire, participants were asked to give two responses for every item of the questionnaire; the first response indicating their perceptions of the ethical climate characteristic of their organisation and the second response indicating their preferred ethical climate. One possible challenge is that this is regarded an indirect strategy in measuring fit and often a weak predictor of employees' fit compared to direct measures (Bright, 2007). Direct strategies are proposed to measure fit by directly asking participants their perceptions on how they fit into a certain climate, culture or organisation whereas indirect strategies assess fit by comparing separate assessments of the participants' characteristics and the characteristics of their organisation, culture or climate (Kristof-Brown, Zimmerman & Johnson, 2005).

3.6.3 Leader-member exchange

Leader-member exchange was measured using a Leader-Member Exchange (LMX-7) Scale. The 7-item LMX scale developed by Graen and Uhl-Bein (1995) measures the quality of the leader-member exchange relationship between a supervisor and his or her direct subordinates. The LMX-7 can be used with the supervisor as the referent or the subordinate as the referent. For the purpose of this study, the LMX-7 used the member as the referent to assess the quality of the supervisor-subordinate relationship from the subordinate's perspective. Example items include: "My supervisor understands my problems and needs," and "My supervisor recognises my potential".

The LMX-7 is one of the most commonly used instruments to measure subordinates' perceptions of the LMX relationship with their direct supervisor. The LMX-7 measures three dimensions of leader-member relationships: respect, trust, and obligation. Each item of the LMX-7 is measured on a 7 point-likert scale indicating the degree to which an employee agree or disagree with each statement. All items are positively worded with higher scores representing higher levels of leader-member exchange. The internal consistency of the responses on the LMX-7 established from previous studies conducted in South Africa ranges from .86 to .94 (Notrica, 2000; Nunns, Ballantine, Burns & King, 1990; Sissons, 2004). The cronbach alpha established in this study was .93.

3.6.4 Organisational commitment questionnaire

Organisational commitment was measured using the Organisational Commitment Questionnaire (OCQ) developed by Mowday, Steers and Porter (1982). The questionnaire has 15 items that primarily measure overall organisational commitment as characterised by three factors. These factors include 1) a strong belief in and acceptance of the organisations' goals and values, 2) a willingness to exert considerable effort on behalf of the organisation, and 3) a strong desire to maintain membership in the organisation. Example item include: "I am proud to tell others that I am a part of this organisation". Each item is rated on a 7 point-likert scale with high scores representing high levels of organisational commitment and low scores representing low levels of organisational commitment. The internal consistency of the scale established from previous studies ranges from .80 to .92 (Mowday et al, 1982; Sias, 2005; Truckenbrodt, 2000). In the current study it was .88.

3.6.5 Job satisfaction

The Overall Job Satisfaction scale developed by Cammann, Fichman, Jenkins and Klesh (1983) was used to measure job satisfaction. The scale has three items that describe an employee's subjective response to working in their organisation, and is proposed to be a global indicator of worker satisfaction with their job (Fields, 2002). Responses are rated on a 7 point-likert scale where 1 = 'strongly disagree' and 7 = 'strongly agree'. High scores represent high levels of job satisfaction and low scores represents low levels of job satisfaction. The following is an example item of the scale: "All in all, I am satisfied with my job". The internal consistency of the scale established from previous studies ranges from .67 to .95 (Fields, 2002). In this study the scale had a cronbach alpha of .76.

3.6.6 Turnover intention Scale

Turnover intention was measured using the Intention to Turnover scale developed by Mobley (1978). The scale consists of three items measured on a 5 point –likert scale, ranging from 1 'strongly disagree' to 5 'strongly agree'. High scores represent high levels of intention to leave and low scores represent low levels of intention to leave. The following is an example item of the scale: "I am actively searching for an alternative to the organisation".

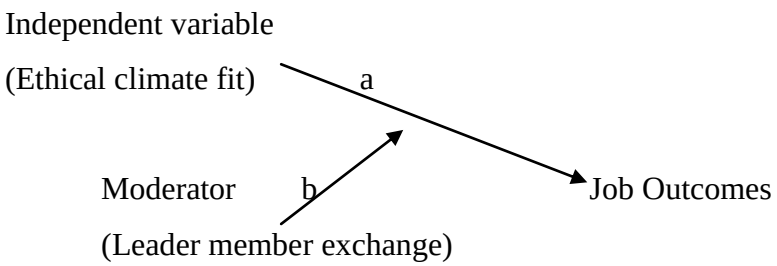
The Cronbach's alpha of the scale established from previous studies ranges from.76 to .86 (Ambrose et al, 2008; Sims & Kroeck, 1994). In the current study it was .95 which demonstrates very high internal consistency of the items.

3.7 Data Analysis

Descriptive statistics including frequencies and percentages were computed in order to describe the nature of the sample. A difference measure between participants' perceived and preferred ethical climate was calculated to determine their fit into an ethical climate. This was done by subtracting participants' perceived ethical climate score from their preferred ethical climate score. Low difference scores indicated fit whereas high difference scores indicated misfit. Tests for normal distribution of all variables were performed and square root transformations were conducted since all the variables were skewed (see figures 3 to 7).

In order to determine the degree of association between the variables, Pearson Product Moment Correlation analyses were used. All variables, excluding demographic data, were interval. Moderator regressions were conducted to establish whether leader member exchange moderated the relationship between ethical climate fit and job outcomes (Rosnow & Rosenthal, 1991). According to Baron and Kenny (1986, p. 1174), a moderator is "a variable that affects the direction and/or strength of the relation between an independent or predictor variable and a dependent or criterion variable".

Figure 2 Model of Moderator effect (adapted from Baron and Kenny, 1986)



Moderation therefore implies that the causal relationship between the independent variable and the dependent variable changes as a function of the moderator variable (Baron, & Kenny, 1986). The statistical analysis therefore tests for the "differential effect of the

independent variable on the dependent variable as a function of the moderator" (Baron, & Kenny, 1986, p. 1174). Importantly, moderation only exists if the interaction between the independent variable (ethical climate fit) and the moderator (leader member exchange) is significant.

3.8 Ethical Considerations

The research study was designed not to do any harm to participants or organisations that were involved. To ensure all ethical standards were met, the researcher firstly obtained ethics clearance from the Human Research Ethics Committee of the University of the Witwatersrand. In gaining access, the researcher clearly presented the purpose of the study to different organisation officials as well as potential participants, and also made it clear that they were no direct benefits involved in participating in the study. Questionnaires were only administered in organisations that granted the researcher permission to conduct the study.

Questionnaires were accompanied by an information sheet which precisely stated that the research was being conducted in partial fulfilment of a Masters degree in Industrial Psychology at the University of the Witwatersrand. The information sheet also informed participants that participation in the study was entirely voluntary. Participants were free to withdraw from the study at anytime without any negative consequences and were also informed that should they feel uncomfortable answering any questions, they need not answer them. There were no employees that were advantaged or disadvantaged for choosing to participate or not to participate in the study. Participants were assured of confidentiality and anonymity in that no identifying information such as names, identity numbers or staff numbers was required on the questionnaire; completed questionnaires were only accessible to the researcher and the research supervisor, and participants' responses were analysed collectively as group responses and not individually. Participants were provided with envelopes to seal their responses and completed questionnaires were treated with strict confidentiality. Participants' returning of a completed questionnaire was regarded as their consent to participate in the study. Finally, executive summaries of the study were provided to the organisations that participated.

CHAPTER 4

RESULTS

4.1 Introduction

The following chapter presents the results of the study. Statistical analyses that were performed include reliability coefficients of all the measuring instruments used; simple descriptive statistics of all the variables before square root transformations; tests for normality including the skewness and kurtosis coefficients and the Kolmogorov-Smirnov; square root transformations for the variables that were skewed; descriptive statistics of the transformed data and its distribution analysis; correlations of all the variables to establish the nature and strength of the relationships between them; and finally moderated regression analyses to establish the moderation effect of leader member exchange on the relationship between ethical climate fit and job outcomes.

4.2 Reliabilities of measuring instruments in the current study

The following table summarises Cronbach alphas of all the scales used in the study as highlighted in chapter 3. The cronbach alpha coefficients for all scales are acceptable showing good internal consistency of all measuring instruments.

Table 6

Variable	Cronbach Coefficient Alpha	Number of Scale Items
Leader member exchange	.93	7
Ethical climate fit	.70	26
Organisational commitment	.88	15
Job satisfaction	.76	3
Turnover intention	.95	3

4.3 Initial Descriptive Statistics

The following table presents the initial descriptive statistics of the variables analysed in the study. These were computed before transformations were made to the data. Square root transformations had to be performed on all variables as they were all skewed, some positively (ethical climate fit difference scores and turnover intention) and others negatively (organisational commitment, leader member exchange and job satisfaction). This was done to ensure non-violation of the assumption of normality when conducting parametric tests. More detail on this will be presented after the analyses of the summary statistics presented in table 7 below.

Table 7 Descriptive Statistics of variables before square root transformations

Variable	N	Mean	Std Dev	Minimum	Maximum
Ethical climate fit difference measure	125	9.03	8.05	0	40
Organisational commitment	125	78.50	15.22	34	102
Job satisfaction	125	17.21	3.62	7	21
Leader member exchange	125	33.79	9.81	7	49
Turnover intention	125	7.65	3.67	3	15

Comparing the mean to the maximum, the table above shows that majority of the sample indicated rather high scores in organisational commitment (M = 78.50, Maximum = 102), leader member exchange (M = 33.79, Maximum = 49) and job satisfaction (M = 17.21, Maximum = 21). High variability of scores is however observed in organisational commitment and leader member exchange. The observed high means of the three variables illustrates that majority of the participants reported high levels of commitment to their organisations, high quality leader member exchange as well as high levels of satisfaction with their jobs.

The mean for ethical climate fit is closer to the minimum value than to the maximum value (M = 9.03, Maximum = 40). Since ethical climate fit was measured using a difference

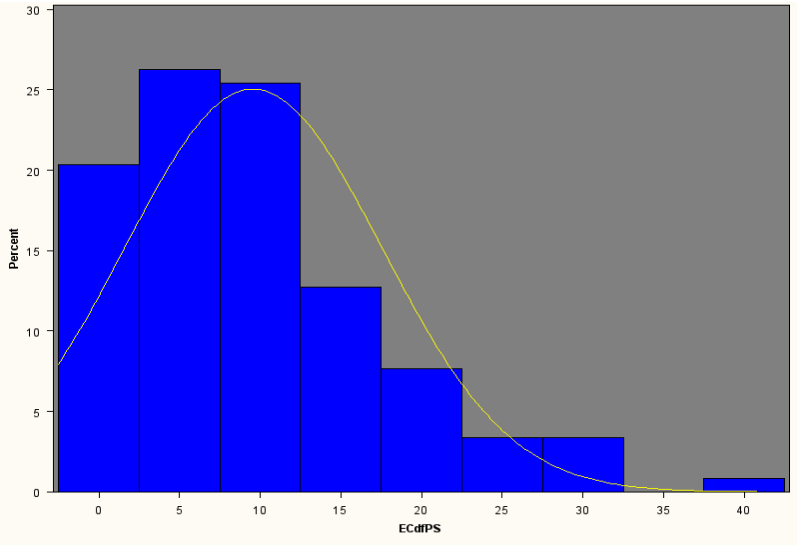
measure between preferred and perceived ethical climate, low scores indicated a small difference thus illustrating a good fit whereas high scores indicated large differences therefore showing a lack of fit. In this case, the mean shows that majority of the sample generally perceived themselves as fitting with their organisations' ethical climates although there is also high variability in the scores. The mean for turnover intention demonstrates that majority of the sample indicated somewhat moderate levels of intentions to turnover.

4.4 Distribution Analysis of data before square root transformations

Histograms of all variables that were computed before square root transformations of the data are presented in figure 3 to 7. These illustrate the distribution of the sample's scores on all variables. While visual representation in form of graphs is an important aid in establishing the normality of data, the following tests are critical in demonstrating normality as well: the skewness and kurtosis coefficients, and the Kolmogorov-Smirnov. The skewness value indicates the symmetry of the distribution curve where values are acceptable within the range between -1 and +1 (Huck, 2004). Kurtosis indicates the flatness or peak-ness of the graph, and acceptable values are also within the range -1 and +1 (Huck, 2004). The Kolmogorov-Smirnov test assesses goodness of fit of the distribution. It therefore tests whether a particular data set is synonymous with a hypothesised continuous distribution (Huck, 2003). The Null Hypothesis of the test thus proposes that the distribution fits the data, while the alternate hypothesis proposes that the distribution does not fit the data. The Kolmogorov- Smirnov is however a more rigorous test of normality much more strict compared to the skewness and kurtosis.

These tests will be reported following each histogram.

Figure 3 Ethical Climate fit difference measure distribution

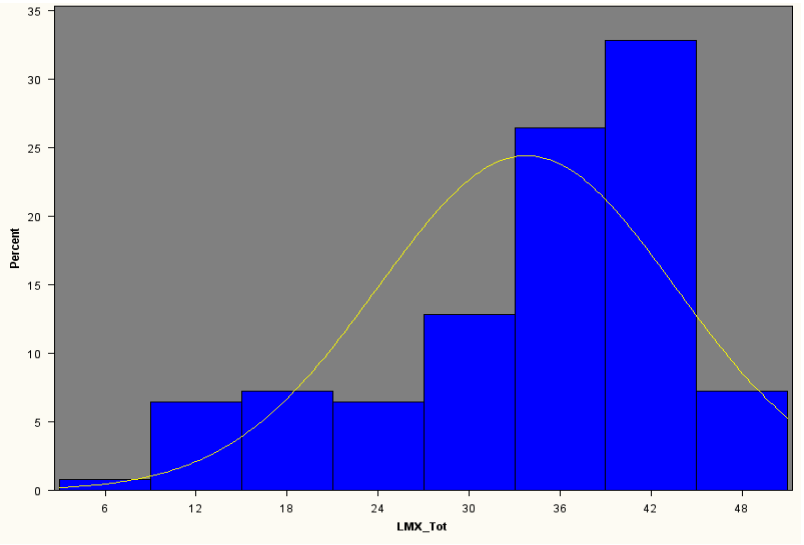


Summary of tests

Skewness	Kurtosis	Kolmogorov-Smirnov
1.29	1.65	<0.0100

The graph clearly shows an uneven distribution of data with the tail expanding to the right, thus demonstrating that the distribution has a positive-skew.

Figure 4 Leader member exchange distribution

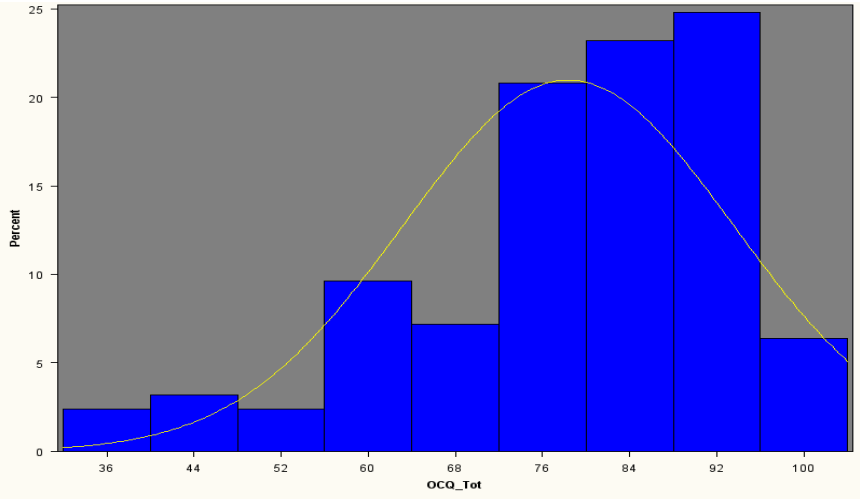


Summary of tests

Skewness	Kurtosis	Kolmogorov-Smirnov
-0.98	0.20	<0.0100

The graph also shows an uneven distribution of data with the tail expanding to the left, thus demonstrating that the distribution has a negative-skew.

Figure 5 Organisational commitment distribution

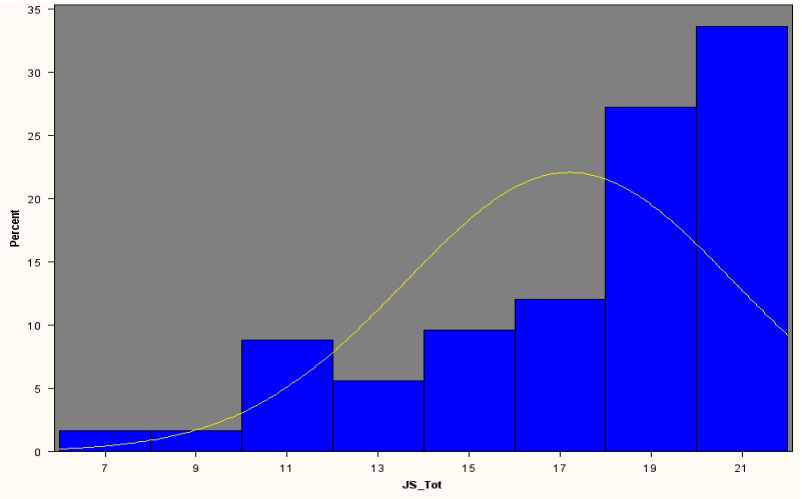


Summary of tests

Skewness	Kurtosis	Kolmogorov-Smirnov
-0.86	0.36	<0.0100

The tail of the graph expands to the left, thus also demonstrating that the data is negatively skewed.

Figure 6 Job satisfaction distribution

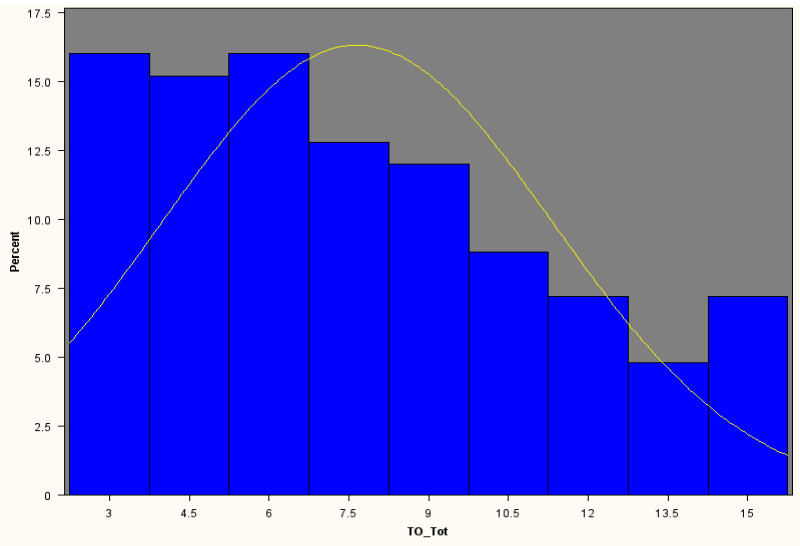


Summary of tests

Skewness	Kurtosis	Kolmogorov-Smirnov
-1.08	0.22	<0.0100

The tail of the graph expands to the left indicating that the data is negatively skewed.

Figure 7 Turnover intention distribution



Skewness	Kurtosis	Kolmogorov-Smirnov
0.48	-0.79	<0.0100

The graph clearly shows an uneven distribution of data with the tail expanding to the right, thus demonstrating that the distribution has a positive-skew.

4.5 Square Root Transformations

Square root transformations were carried out on all variables to try and address the skewness. According to Osborne (2002) data transformations are basically the application of a mathematical modification to the values of a specific variable. Square root transformations, in particular, bring large scores closer to the centre of a distribution thus correcting the skewness of data (Osborne, 2002). These transformations work with positively skewed data as they bring in the right tail of a non-normal distribution (Osborne, 2002). This means that negatively skewed data will have to be reversed first to become positively skewed before it is transformed. Consequently, organisational commitment, job satisfaction and leader member exchange had to be reversed first since they were all negatively skewed. This implies that previously high scores on these variables which demonstrated high levels of organisational commitment, job satisfaction and leader member exchange became low scores indicating a

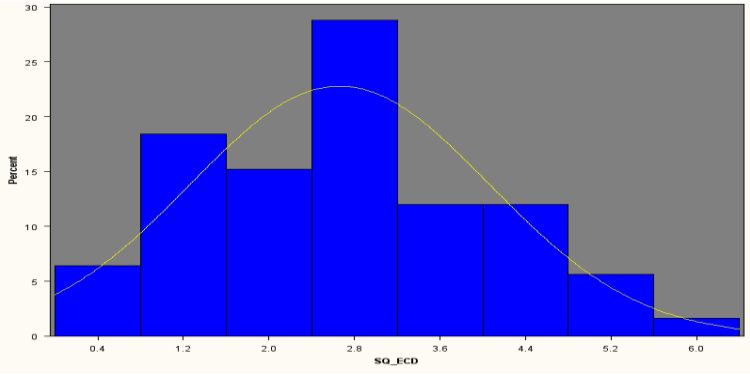
lack of or low levels of organisational commitment, job satisfaction and leader member exchange. As a result these variables, following the transformation, represent a lack of organisational commitment, a lack job satisfaction and low quality leader member exchange; and will be labelled and discussed as so in the rest of the results presentation and discussion.

4.6 Distribution Analysis of data after square root transformations

Histograms, skewness and kurtosis coefficients as well as Kolmogorov-Smirnov p-values computed after square root transformation of all variables are presented below. Micceri (1989) cited in Osborne (2002) pointed out that true normality is exceedingly rare in psychology. This is evident with the normality graphs presented below. Nevertheless, the transformations evidently reduced the non-normality of the data sufficiently enough to secure stable and less biased statistical inferences.

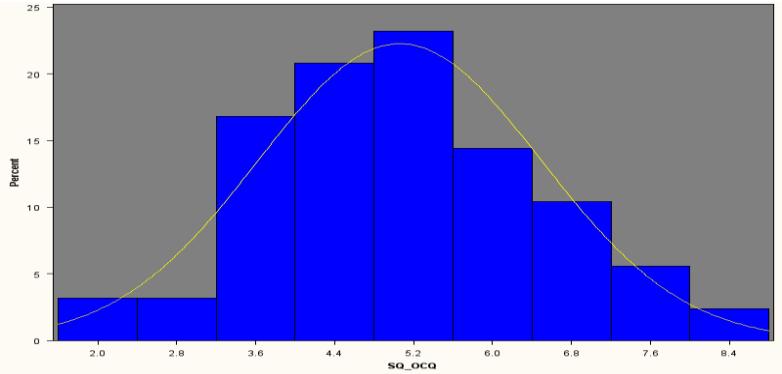
The histograms are presented on page 50 and 51.

Figure 8 Ethical Climate fit difference measure distribution



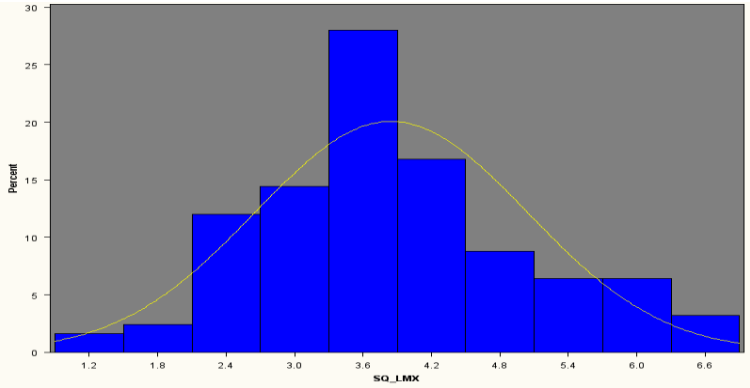
Skewness	Kurtosis	Kolmogorov-Smirnov
0.10	-0.36	>0.15

Figure 9 Lack of organisational commitment distribution



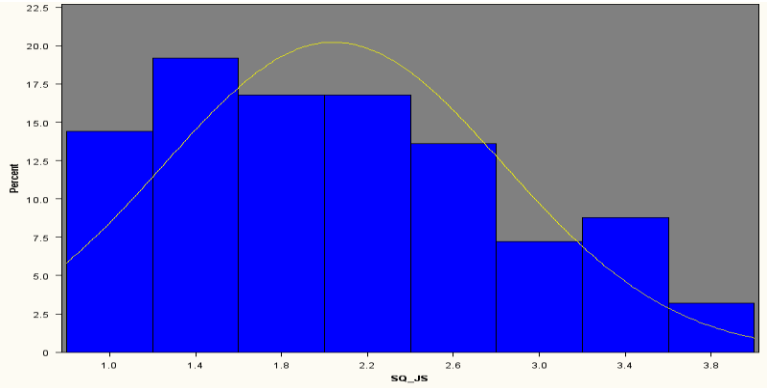
Skewness	Kurtosis	Kolmogorov-Smirnov
0.10	-0.36	>0.15

Figure 10 Low quality leader member exchange distribution



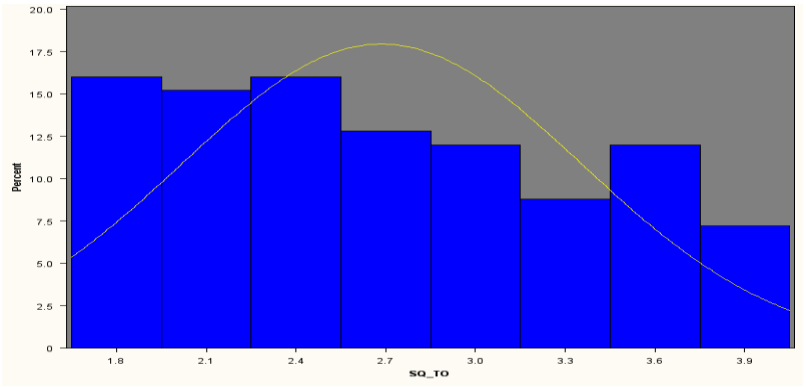
Skewness	Kurtosis	Kolmogorov-Smirnov
0.34	-0.24	>0.03

Figure 11 Lack of job satisfaction distribution



Skewness	Kurtosis	Kolmogorov-Smirnov
0.55	-0.66	<0.0100

Figure 12 Turnover Intention distribution



Skewness	Kurtosis	Kolmogorov-Smirnov
0.34	-0.24	>0.03

4.7 Descriptive Statistics of the variables after square root transformations

The table below presents the summary statistics of the all the variables after square root transformations were performed.

Table 8 Descriptive Statistics of variables after square root transformations

Variable	N	Mean	Std Dev	Minimum	Maximum
Ethical climate fit difference measure	125	2.66	1.40	0	6.32
Lack of organisational commitment	125	5.06	1.43	2.00	8.49
Lack of job satisfaction	125	2.04	0.79	1.00	3.87
Low quality leader member exchange	125	3.85	1.19	1.00	6.56
Turnover intention	125	2.68	0.67	1.73	3.87

Deriving from the mean and the maximum values, the table shows rather high scores in lack of organisational commitment (*M* = 5.06, *Maximum* = 8.49), turnover intentions (*M* = 5.06, *Maximum* = 8.49), and low quality leader member exchange (*M* = 2.68, *Maximum* = 3.87). Take note that, organisational commitment, leader member exchange, and job satisfaction

were reversed and shows an inverse result from the initial descriptive statistics presented in table 7 hence the labelling in table 8 above. This means that while high scores previously meant high levels of organisational commitment, job satisfaction and high quality leader member exchange, the reversed form of these variables means that high scores now represent low levels of organisational commitment, job satisfaction and low quality leader member exchange.

4.8 Correlations

Pearson product-moment correlation analyses were computed to establish the nature of associations between the independent and dependent variables in the study. These analyses therefore addressed the first three research questions of the study:

- What is the relationship between ethical climate fit and leader-member exchange?
- What is the relationship between ethical climate fit and employee job outcomes (job satisfaction, organisational commitment and turnover intentions)?
- What is the relationship between leader-member exchange and employee job outcomes (job satisfaction, organisational commitment and turnover intentions)?

The results of the correlational analysis are presented in the matrix table below. Correlation coefficients relating to research questions are in bold.

Table 9 Pearson Correlation Coefficients, N = 125

	Ethical Climate Fit Difference	Low quality LMX	Lack of org commitment	Lack of job Satisfaction	Turnover Intention
Ethical Climate Fit Difference	1.00000	**0.10** **0.24**	**0.40** **<.0001***	**0.35** **<.0001***	**0.30** **0.0006***
Low quality LMX	**0.10** **0.24**	1.00000	**0.43** **<.0001***	**0.49** **<.0001***	**0.47** **<.0001***
Lack of org commitment	**0.40** **<.0001***	**0.43** **<.0001***	1.00000	0.67 <.0001*	0.72 <.0001*
Lack of job Satisfaction	**0.35** **<.0001***	**0.49** **<.0001***	0.67 <.0001*	1.00000	0.78 <.0001*
Turnover Intention	**0.30** **0.0006***	**0.47** **<.0001***	0.72 <.0001*	0.78 <.0001*	1.00000

* Correlation is significant at 0.05 level.

The table above shows an insignificant association between ethical climate fit difference measure and quality of leader-member exchange (p = 0.10, r = 0.24). This indicates that the two variables were found not to be related to each other in the present study.

Significant associations were however found between ethical climate fit difference measure and all the job outcomes looked at in the study, that is, organisational commitment (p = <.0001, r = 0.40), job satisfaction (p = <.0001, r = 0.35) and turnover intention (p = 0.0006, r = 0.30). It is important to note that the correlations are positive and weak to moderate in strength. This means that high ethical climate difference values were associated with high values in lack of organisational commitment, lack of job satisfaction and turnover intentions. In other words, employees who did not perceive themselves as fitting with their organisation's ethical climate tended to report low levels of commitment to their organisations, low levels of satisfaction with their work, and high intentions to turnover.

Significant associations were also found between low quality leader member exchange and all the job outcomes: lack of organisational commitment (p = <.0001, r = 0.43), lack of job satisfaction (p = < .0001, r = 0.49) and turnover intention (p = <.0001, r = 0.47). The correlations also demonstrate weak to moderate positive relationships between the variables. This means that high values in low quality leader member exchange were associated with high values in lack of organisational commitment, lack of job satisfaction and turnover

intentions. Therefore, the more employees perceived a low quality leader member exchange, the more they reported lack of commitment to their organisations, lack of satisfaction with their jobs and high intentions to turnover.

4.9 Two independent sample t-tests

Two sample t-tests were run in order to determine if there were any significant differences between genders on all the variables measured. The findings are presented in the following tables 10 and 11.

Table 10 Equality of Variance on Two Sample t-tests

Variable	Num DF	Den DF	F-Value	P-Value
Ethical climate difference measure	74	41	1.38	0.27
Low quality leader member exchange	79	44	1.84	0.03*
Lack of organisational commitment	44	79	1.03	0.90
Lack of job satisfaction	44	79	1.08	0.76
Turnover intention	79	44	1.05	0.88

* $p <$ or = to 0.05

Table 11 Results for Two Sample t-tests

Variable	Method	Variances	DF	t-Value	P-Value
Ethical climate difference measure	Pooled	Equal	115	0.36	0.72
Low quality leader member exchange	Satterthwaite	Unequal	114.13	0.28	0.78
Lack of organisational commitment	Pooled	Equal	123	1.40	0.16
Lack of job satisfaction	Pooled	Equal	123	-0.35	0.73
Turnover intention	Pooled	Equal	123	0.53	0.59

* $p <$ or = to 0.05

Evidently, there were no significant differences that were found between males and females on all the variables that were measured in the study.

4.10 Analysis of variance (ANOVA)

In order to establish whether or not there were any significant differences on the variables measured across different race groups, age groups, participants' level of education and tenure, a series of one-way analysis of variance were performed. No significant differences were found on all variables (ethical climate fit, low quality leader member exchange, lack of organisational commitment, lack of job satisfaction, and turnover intentions) across race groups, age groups and level of education.

4.11 Moderated Regressions

Moderated regression analyses were run in order to establish whether leader member exchange moderates the relationship between ethical climate fit and job outcomes. This analysis was based on the arguments presented in chapter 2, proposing some form of a relationship between ethical climate fit and leader member exchange. Both constructs are centred on the notion of congruency, signifying different types of fit that may be experienced within an organisation; and literature elucidates the role organisational leaders play in the formation of ethical climates. In light of these links between the constructs, the study aimed to establish how the combined effect of these alternative views of fit may impact upon employee outcomes. The findings of the analyses are presented in the following tables 12, 13 and 14.

Table 12 Regression Analyses with organisational commitment as the dependent variable

Model	Variables	β	Std Error of β	t	R-Square	P-value	N
a	Intercept	2.64	0.40	5.65	0.31	<.0001	117
	Ethical Climate fit	0.28	0.08	4.76		<.0001*	
	Low Quality LMX	0.47	0.09	5.20		<.0001*	
b	Intercept	1.31	0.81	1.62	0.32	0.1084	117
	Ethical climate fit	0.71	0.27	2.69		0.0082*	
	Low Quality LMX	0.72	0.21	3.49		0.0007*	
	EC fit_LMX	-0.09	0.07	-1.36		0.1760	

* p < or = to 0.05

The first regression model (a) in table 12 above was significant with ($F_{2, 124}$ = 27.78, p = <.0001). As illustrated by R^2 = 0.31, ethical climate fit and low quality leader member exchange, as the predictor variables, explained 31% of the variance in lack of organisational commitment. Although both the variables showed to significantly predict lack of organisational commitment as illustrated by the p-values, low quality leader member exchange showed to be a stronger predictor of lack of organisational commitment (β = 0.47) than ethical climate fit (β = 0.28).

In the second model (b) ethical climate fit and leader member exchange were entered into the equation together with the moderator term. The model was significant with ($F_{3, 124}$ = 19.27, p = <.0001). There was no significant increase in R^2 = 0.32 observed, and the moderator term yielded a non significant result (β = -0.09, p = 0.18). This demonstrates that there was no relationship found between ethical climate fit and low quality leader member exchange on their effects on lack of organisational commitment. In other words, both the variables explained some variance in lack of organisational commitment independent from each other. This means that, low quality leader member exchange had no moderation effects on the relationship between ethical climate fit and lack of organisational commitment.

Table 13 Regression Analyses with job satisfaction as the dependent variable

Model	Variables	B	Std Error of β	t	R-Square	P-value	N
a	Intercept	0.42	0.22	1.92	0.33	0.0572	100
	Ethical Climate fit	0.17	0.04	4.06		<.0001*	
	Low Quality LMX	0.30	0.05	6.20		<.0001*	
b	Intercept	0.55	0.44	1.24	0.33	0.2173	100
	Ethical climate fit	0.12	0.14	0.85		0.40*	
	Low Quality LMX	0.27	0.11	2.37		0.019*	
	EC fit_LMX	0.01	0.04	0.34		0.73	

* p < or = to 0.05

The table above also shows more or less similar results trends as those found in table 13. Regression model (a) was significant with ($F_{2, 124}$ = 30.41, p = <.0001). Ethical climate fit and low quality leader member exchange, as predictor variables, explained 33% of the variance in lack of job satisfaction (R^2 = 0.33). Low quality leader member exchange showed to be a much stronger predictor (β = 0.33) of lack of job satisfaction compared to ethical climate fit (β = 0.17).

In the second model (b), ethical climate fit and leader member exchange were entered into the equation together with the moderator term. The model was also significant with ($F_{3, 124}$ = 20.17, p = <.0001). No increase in R^2 was observed and the moderator term was also not significant (β = 0.01, p = 0.73). This means that ethical climate fit and low quality leader member exchange had no association in effecting employees' lack of job satisfaction. Both variables explained some variance in lack of job satisfaction but rather independent from each other's influence. Consequently, there were no moderation effects evident.

Table 14 Regression Analyses with turnover intention as the dependent variable

Model	Variables	β	Std Error of β	t	R-Square	P-value	N
a	Intercept	1.41	0.19	7.40	0.29	<.0001	117
	Ethical Climate fit	0.12	0.04	3.35		0.0011*	
	Low Quality LMX	0.25	0.04	5.77		<.0001*	
b	Intercept	1.46	0.39	3.79	0.29	0.0002	117
	Ethical climate fit	0.10	0.13	0.80		0.43	
	Low Quality LMX	0.23	0.10	2.33		0.02*	
	EC fit_LMX	0.006	0.03	0.18		0.86	

* p < or = to 0.05

The analyses in the table above shows that in model (a), ethical climate fit and low quality leader member exchange explained 29% of the variance in turnover intention ($F_{2,\ 124}$ = 24.57, p = <.0001, R^2 = 0.29). However, in the second model were ethical climate fit, low quality leader member exchange and the moderator term were entered into the equation, only low quality leader member exchange came out as a significant predictor of turnover intention (β = 0.23, p = 0.02). Ethical climate fit (β = 0.10, p = NS) and the moderator term (β = 0.006, p = NS) were non-significant. The results clearly show no relationship between ethical climate fit and low quality leader member exchange in predicting turnover intention, and therefore no moderation effects were evident.

CHAPTER 5

DISCUSSION

5.1 Introduction

The primary focus of this chapter is to provide possible explanations for the results obtained in the current study. The interpretation of the results will be linked to past literature reviewed in chapter 2 as well as to the nature of the sample that was used. Other circumstances or procedural issues that may have impacted on the participants' responses will also be highlighted. The aim of the study was to establish the moderating effect of leader member exchange on the relationship between ethical climate fit and employee job outcomes. The main argument presented in the literature review was of a possible relationship between ethical climate fit and leader member exchange. These two constructs were argued to be centred on the notion of congruency signifying different types of fit that may be experienced within an organisation. Viewed as operating at different levels (localised fit and global fit), the study aimed to establish how the combined effect of these alternative views of fit may impact upon employee outcomes. It was therefore hypothesised that high quality leader member exchange may moderate the negative effects expected when ethical climate misfit is experienced, and that Dual-misfit with the leader and the ethical climate may exacerbate these negative effects.

5.2 Research Question 1

What is the relationship between leader-member exchange and employee job outcomes (job satisfaction, organisational commitment and turnover intentions)?

The relationships found between leader member exchange and employee job outcomes are consistent with most of the results found in past research studies as highlighted in the literature review (Gerstner & Day, 1997; Kent & Chelladurai, 2001; Raabe & Beehr, 2003; Sherony & Green, 2002; Sias, 2005; Truckenbrodt, 2000). Low quality leader member exchange showed to have a weak to moderate positive relationship with lack of job satisfaction (r = 49). Although weak in strength, this result implies that the more participants

perceived low quality leader-member relationships, the more they reported lack of satisfaction with their work.

A weak to moderate positive association was also found between low quality leader member exchange and lack of organisational commitment (r = .43). These results also imply that the more participants perceived low quality leader-member relationships, the more they reported lack of commitment to their organisations. Lastly, high scores in turnover intention were also associated with high scores in low quality leader member exchange (r = .47). This means that majority of the participants who reported low quality leader member exchange also indicated higher levels of intentions to terminate employment with their organisations.

There are various possible explanations as to why these results were obtained in this particular study. Generally, these findings provide support for the proposition that low quality supervisor-employee relationships are significantly related with low levels of job satisfaction, organisational commitment and high turnover intentions (Kent & Chelladurai, 2001; Raabe & Beehr, 2003; Scandura & Pellegrini, 2008; Sherony & Green, 2002). Inversely, this points to the fact that high-quality supervisor-employee relationships are significantly related with higher levels of employee job satisfaction, organisational commitment, and low levels of turnover intentions (Kent & Chelladurai, 2001; Raabe & Beehr, 2003).

Seemingly, high quality leader member exchange tends to be related to positive outcomes whereas low quality leader member exchange tends to be related to negative outcomes (Harris, Wheeler & Kacmar, 2009). It therefore appears that, the numerous advantages that employees in quality relationships with their supervisors receive does create a positive working environment for them thus contributing to their higher levels of job satisfaction and organisational commitment (Erdogan & Enders, 2007). Another explanation could be that employees in quality relationships with their leaders are able to see or feel that their leaders recognise their efforts, contributions and abilities, thus leading to greater satisfaction with their jobs, greater commitment to the organisation and lower intentions to turnover. On the contrary, employees in low quality relationships with their leaders based entirely on the employment contract may feel their efforts as unappreciated or unrecognised, therefore leading to feelings of dissatisfaction with work, low commitment to the organisation and higher intentions to terminate employment. This relates to Scandura's (1999) proposition that the differentiation of work groups into in-groups and out-groups promoted by the leader-

member exchange theory has almost definite implications for the emergence of organisational justice issues. Basically, the idea that some employees are treated better than others is inconsistent with norms of equality, and is perceived as such by the affected employees thus instigating their negative organisational attitudes (Scandura, 1999).

These explanations are very much illustrative of the social exchange theory highlighted in the literature review. This theory forms part of the theoretical framework of the leader member exchange model and is based on the idea of reciprocity (Leow & Khong, 2009). According to Gouldner (1960) cited in Leow and Khong (2009, p. 165), reciprocity refers to a "mutually contingent exchange of benefits between two or more parties". As such, the social exchange theory contends that relationships are formed through parties' conscious cost-benefit analysis and the comparison of possible alternatives. Accordingly, it is proposed that employees in high quality leader member exchange relationships perceive greater reciprocity from their leaders in the form of both tangible and intangible rewards. In this respect they experience greater satisfaction from their work and exhibit higher commitment levels to their organisation (Graen & Uhl-Bien, 1995). Employees in low quality leader-member relationships, on the contrary, may perceive poor reciprocity from their leaders thus viewing their relationship as exploitative or unfair. This then may contribute to their dissatisfaction with work and may result in higher intentions to seek for alternative organisations.

The predominance of empirical evidence regarding the effect of the quality of leader-member relationship on employees' attitudes has led numerous researchers to conclude that this relationship is one of the most vital to employees, and potentially one of the most fundamental predictors of workplace outcomes (Harris et al, 2009). Nevertheless, the moderate correlations (lack of organisational commitment r= 0.43; lack of job satisfaction r= 0.49 ; turnover intention r= 0.47) observed in the current study may be explained by the existence of other extraneous variables that contribute to employees' satisfaction or lack of satisfaction with their work, commitment or lack of commitment to their organisations, and intentions to turnover.

In other words, low quality leader member exchange is just one of the many variables that can predict levels of job satisfaction, organisational commitment and intentions to turnover, thus singularly predictive of a small variance in these variables. For instance, literature has shown levels of satisfaction to be influenced among others by job specific characteristics

such as job demands, decision authority, autonomy, and skill variety as well as organisational characteristics such as organisational culture and leadership styles (Schultz & Schultz, 2006). Organisational commitment has also been found to be influenced among others by organisational climate, opportunities for career advancement, organisational rewards and job characteristics such job challenge and clarity (Sharma & Joshi, 2001). The same applies to turnover intentions which has also been found to be elevated or reduced by many factors intrinsic and extrinsic to one's job (Parasuraman, 1982).

Another possible explanation to the moderate relationships that were found in the current study relates to the size of the sample, particularly with reference to the power of the test. The power of a statistical test is defined as "the probability of correctly rejecting a false null hypothesis" (Howell, 2004, p. 334). There are two types of errors that may occur in hypothesis testing: Type I error and Type II error. Type I error refers to the problem of finding a significant result that is not there, that is, rejecting the null hypothesis when it is true (Howell, 2004). Type II error refers to the serious problem of not finding a significant result that is there, that is, failing to reject a false null hypothesis (Howell, 2004). The power of a statistical test (that is, not making a Type II error) is affected among others by the size of a sample used in a study. The larger the sample, the more the statistical power of the test thus the better the chances of accepting the outcome of a statistical analysis with a higher level of confidence, whereas the smaller the sample the less the statistical power of the test (Howell, 2004). As the power of the test increases, the chances of making a Type II error decreases. Considering that the sample used in the current study (n = 125) was relatively small, the power of the test may not have been high enough thus explaining the low to moderate correlations found in the study.

The nature of the sample used in the study may also help to explain the results that were obtained. Majority of the sample were 36 years or older (n= 59), and had worked for three years or more in their organisations (n= 76). Although non-significant differences were obtained in the current study between the demographic variables and the variables measured, some past research has found job satisfaction and organisational commitment to be related with age and tenure (Munevver, 2006; Schultz & Schultz, 2006). It is suggested that the older the sample of employees being studied, and the longer the years they have stayed in an organisation, the greater the chance of obtaining relatively high commitment and satisfaction levels from the sample (Schultz & Schultz, 2006). The argument here is that it is often

young workers who tend to report high levels of dissatisfaction and who tend to change jobs frequently in search for their desired fulfilments (Schultz & Schultz, 2006). It is therefore plausible, with all equal, that employees who are older and have stayed longer in their organisations are the ones particularly satisfied with the work they do and the ones more committed to their organisations. In the current study, majority of the participants reported high levels of job satisfaction (*M* = 17.21, Maximum = 21), organisational commitment (*M* = 78.50, Maximum = 102) and leader member exchange (*M* = 33.79, Maximum = 49) before these variables were reversed and square root transformed to mean lack of satisfaction, lack of organisational commitment and low quality leader member exchange for the sack of obtaining normality.

The type of organisations from which the sample of the current study was obtained also provides some possible insights regarding the high levels of leader member exchange reported by the participants before the variable was reversed and square root transformed for statistical purposes. All the three organisations that participated in the study were non-profit making organisations caring for wild animals in the entertainment and tourism industry. According to Brower and Shrader (2000) the charitable nature and service mission of non-profit making organisations initiate different cultural climates between them and profit making organisations. These organisations were found, in their study, to be more communion-based and characterised with benevolent climates whereas profit making organisations tended to be more egoistic primarily concerned with furthering company interests (Brower & Shrader, 2000). In light of these findings, it is probable that employees in non-profit organisations experience working environments that better facilitates and nurtures the development of mutual working relationships between them and their leaders. This therefore may explain the high levels of leader member exchange reported by participants in the study. The section that follows discusses the findings of the study regarding the relationship between ethical climate fit and employee job outcomes.

5.3 Research Question 2

What is the relationship between ethical climate fit and employee job outcomes (job satisfaction, organisational commitment and turnover intentions)?

The relationships found between ethical climate fit and employee job outcomes are to an extent consistent with the findings of Sims and Kroeck's (1994) study on the influence of ethical climate fit on employee satisfaction, commitment and turnover as well as the study conducted by Ambrose et al (2007) on the influence of person-organisation fit on employee job attitudes. In Sims and Kroeck's study (1994) ethical climate fit was found to be significantly related to turnover intentions, organisational commitment, but not to job satisfaction, whereas in Ambrose et al's (2007) study, it was found to be significantly related to all the three variables.

The current study found a significant, weak to moderate and positive association between ethical climate fit difference measure and lack of job satisfaction (r =.35). This result implies that the larger the difference between employees' perceived and preferred ethical climate (suggesting lack of fit), the more the participants reported lack of satisfaction with their work. A significant weak to moderate positive correlation was also found between ethical climate fit difference measure and lack of organisational commitment (r =.40); also demonstrating that high lack of ethical climate fit was associated with high lack of organisational commitment. Lastly, high lack of ethical climate fit was also found to be associated with high levels of intentions to turnover (r = .30). This implies that the greater the perceived lack of fit with organisation's ethical climate, the more employees indicated higher levels of intentions to seek for alternative organisations.

There are various probable explanations to these findings. Firstly, the existence of other factors that contributes to employee satisfaction, commitment and turnover intentions other than their congruency with their organisations' ethical values. This has been indicated earlier, and the argument basically is that job attitudes are not necessarily predicted by one factor alone. Already low quality leader member exchange has shown to explain some variance in all the job outcomes. These findings therefore just shows ethical climate fit to be one of the many significant factors that influence employees' satisfaction with their work, their commitment to their organisations and intentions to turnover, hence the moderate correlations observed. Ambrose et al (2007) also found similar results in terms of the strength of the association between ethical climate fit and the studied job outcomes, and also proposed the existence of many factors that play into the formation of individuals work attitudes.

The moderate correlations may also be attributed to the power of the test discussed earlier which is affected among others by the sample size.

In summary, the results of the current study suggests that employees feel less committed to their organisations, less satisfied with their work and unwilling to maintain employment when they feel their ethical values as incongruent with those of the organisation. These findings can be explained by Schneider's (1987) attraction-selection-attrition theory which proposes that "similar people are attracted to organisations, are selected by them and then remain there unless they leave (attrition) due not fitting in" (Talbot & Billsberry, 2008, p.1). This means that people who do not share the prevailing values in a company are the most likely to have high turnover intentions and the most likely to terminate employment. The following section discusses the findings for research question 3 and 4 simultaneously.

5.4 Research Question 3 and 4

What is the relationship between ethical climate fit and leader-member exchange? Does leader-member exchange moderate the relationship between ethical climate fit and employee job outcomes?

Interesting results were found regarding these questions. Although theory implies a possible relationship between these two variables, the current study found neither association between them nor moderation effects of leader member exchange on the relationship between ethical climate fit and the job outcomes. The extent of employees' fit with an organisation's ethical climate was found not to be associated with the quality of relationships they had with their supervisors. Furthermore, ethical climate fit or misfit was not mitigated or exacerbated by the quality of the leader-employee exchange experienced as hypothesised.

One possible explanation to these findings could be the level of analysis difference between ethical climate fit and leader member exchange. According to the researcher, although both the concepts are centred on the notion of fit, ethical climate fit reflects a global measure of fit whereas leader member exchange reflects a local measure of fit as discussed in the literature review. This distinction is particularly derived from each construct's point of reference. Ethical climate is a variable conceptualised at organisational level. To illustrate

this point clearly, the term climate in organisational psychology refers to a set of attributes specific to a particular organisation that are often instigated by the way the organisation deals with its members and the environment (Punia & Dhull, 2004). Put differently, it is the "ways organisations operationalise routine behaviours and the actions that are expected supported and rewarded" (Schneider & Rentsch 1988 as cited in Schwepker, Ferrell & Ingram, 1997, p. 99). Deducing from these definitions, the term refers to attributes characteristic of an organisation as a whole.

Leader member exchange on the other hand, is conceptualised at an individual level. The primary concern of the leader member exchange theory is the unique individual relationships that develop between leaders and each of their employees (Gerstner & Day, 1997; Graen, 1976). Therefore, whereas ethical climate fit measures the congruence between the ethical values of the person and the organisation overall (or the employee's overall interaction with the broader organisational culture), leader member exchange measures the particular relationship that one has with their leader. While the researcher initially expected the alternative points of reference to be the mechanism through which the moderating effect would emerge (and thus the relationship between these variables), it may in fact be this reference point distinction that explains the non significant results found. The constituent elements of the organisational ethical climate and the degree to which individuals are congruent with those elements appear to be evaluated independent of the dyadic relationship people share with leaders. The degree to which a person may experience in-group status and reciprocity with their leader, at least for the current study, has no relationship with ethical climate fit or mis-fit

This conceptual difference may therefore explain the findings of this study regarding the lack of significant association between leader member exchange and ethical climate fit.

Another plausible explanation for this lack of association could be that ethical climate may be a relatively small subset of the value system that defines an organisation, therefore as a singular construct may lack the power to demonstrate an association to the variations in leader-employee relationships. Ethical climate essentially refers to shared ethical values. These however form a subcomponent of what constitute the overall organisational value systems. Wiener (1988) proposed a distinction between types of values that constitute organisational value systems. These include functional values that are focused primarily on

goals, functions and style of operations within an organisation, and elitist values focused on the status, superiority and importance of the organisation in relation to others. Taking this broadness of organisational value systems into consideration, ethical climate fit may only capture congruence with a subset of organisational value systems not enough (singularly) to yield a significant association with leader member exchange.

The nature of the sample used may also provide some possible explanation to the results found. As non-profit organisations, they may possibly be more governed by professional codes or membership with regulatory associations, for instance the Association of Zoos and Aquariums (AZA) or the African Association of Zoos and Aquaria (PAAZAB). In other words, the dominant ethical climates in these organisations may have been that of adhering to law and professional codes as well as rules and procedures following Victor and Cullen (1988) theory. Although the current study did not identify the dominant ethical climates in these organisations, it is nevertheless proposed that if organisations are predominantly governed by external sources such as the professional codes or regulatory associations, organisational leaders may not be very much determining of the prevailing ethical climate as this is already externally prescribed. Consequently, fitting into such climates may not necessarily imply fitting with the leader. Therefore such fit may not have significant associations with the leader-employee relationships that develop.

Following the proposition above, the type of climates in these organisations may not have been related to the leaders' establishment of unique varying social exchange relationships with their employees (Janssen & Van Yperen, 2004). The leaders' differentiation between in-group and out-group employees may have been a process that occurred without the influence of the ethical climate characteristic of the organisation. Consequently, congruence with organisational ethical climate manifested as independent from the quality of leader-employee social exchanges experienced, hence the lack of association, mitigating or enhancing effects found.

5.5 Implications for practice

The findings of the study are potentially essential for both managers and organisations. Firstly, they show that ethical values are an important subset of the value system that contributes in determining person-organisation fit (Ambrose et al, 2007). The inadequacy of

solely looking for a person-skill match in recruitment and selection of prospective employees is therefore highlighted. Considerations on whether the individual will fit with the prevailing ethical torn of the organisations should be made as this compatibility is linked to desirable employee attitudes and positive organisational outcomes. Organisations should therefore consider investing resources to develop and maintain fit between employees, the tasks they perform and the organisation as a whole (Ambrose et al, 2007).

Recruitment and selection procedures should undertake to identify a match between potential employees and the organisation. Induction programmes and socialisation procedures should be tailored to enhance employee compatibility with the organisation. Training interventions focused on the improvement of employee-organisation congruence may need to be considered. Overall, following Ambrose et al's (2007) suggestion, managers in organisations may need to take into account ethical climate fit in selection, training and development of employees. This is informed by the fact that fit is associated with positive outcomes that have crucial implications for organisational success, and that 'misfits' are very much unlikely to remain with the organisation which may be very costly in terms of replacement of such employees, training and development costs of the new employees and drawbacks in productivity.

It is however noteworthy that the recruitment of people who fit with a company's climate may lead to increasingly homogeneous groups of employees. This can be detrimental to organisations in some instances. According to Schneider, Kristof-Brown, Goldstein and Smith (1997, p. 399) although good fit may be advantageous for the individual and the organisation, organisationally too much fit or homogeneity may lead to "organisations being incapable of adapting to environmental changes". Employees are proposed to share common characteristics and orientations thus inhibiting innovativeness. As a result organisations may unknowingly facilitate stagnation which may entail significant decline in organisational performance and success (Schneider et al, 1997).

Taking this into account, selection processes should be holistic assessing for a variety of qualities predictive of future job performance other than fit alone. Furthermore, organisations may need to ensure effective induction programmes and socialisation processes that will help misfits to function effectively in the organisation without necessarily incapacitating their uniqueness if it is beneficial to the organisation.

Finally, the findings of the study show the quality of leader-member exchange to have possible implications for organisational success and ability to retain talent. Low quality leader member exchange has been found to be associated with lack of satisfaction, lack of commitment and high intentions to turnover. These findings have major implications for leader member exchange enhancement interventions. Managers in organisations may need to consider the enforcement of workplace interactions that can facilitate the development of quality relationships between them, supervisors and employees. These interactions may include coaching, sharing, mentorship, and social events among others (Schultz & Schultz, 2006). Supervisors should not necessarily limit their relationships with employees to employment contracts, but rather ensure relationships that help them identify and facilitate employees' potential for growth. This way, supervisors are able to provide employees with opportunities to perform tasks beyond job descriptions, opportunities for career advancement, and recognition among others, which all constitute the identified formal and informal rewards intrinsic to high quality leader member exchange (Scandura et al, 1986).

5.6 Theoretical Implications

Although literature implies a relationship between leader member exchange and ethical climate fit as different types of congruence measures, this study found no significant association between these concepts. The proposed theoretical link between leader member exchange and ethical climate fit was based on two ideas (1) the two concepts being on the notion of congruency; (2) the significant roles leaders play in the formation of ethical climates. Literature shows a consensus among researchers that ethical climate formation begins with the leaders of the organisation. They bring to the organisation their individual values which play a central role in determining the climate of the organisation (Engelbrecht et al, 2005). They set and sustain the moral tone of the organisation perceived as central to organisational success and filter it through the organisation (Grojean et al, 2004). Based on this, the study expected that employees who share similar values with their leaders may tend to fit with the set ethical climate more, and may express quality leader-employee relationships. Moreover, despite the concepts being congruency measures, no association was established between them.

The insufficient evidence of a link between leader member exchange and ethical climate fit raises concerns on the validity of theoretical propositions made particularly with regard to the

role of leaders in the formation of ethical climates. Rigorous empirical evidence shows to be scant in terms of the actual role leaders play in ethical climate formation whereby most of the propositions are more of statements without empirical support. The findings of the current study may imply that organisational ethical climate may not necessarily be largely determined by organisational leaders per se, but by a combination of all other factors discussed in the literature as antecedents of ethical climate. These factors include among others, the type of business an organisation is involved in, law and professional codes, firm newness, organisational age, size of organisation, and competition in the industry among others (Malloy & Agarwal, 2001, Martin & Cullen, 2006; Mayer, et al 2007).

Secondly, the definition of 'leaders' in the leader member exchange theory is a major concern for a study of this nature. The theory does not differentiate leaders according to managerial levels that exist in organisations. It is possible that the quality of social exchanges that develop between employees and leaders may be influenced by the level ranking of the leader. This relates to the leader's influence in organisational processes, availability and the like.

However, with more relevance to the current study, it is plausible that leaders in different managerial levels may not have the same influence or identification with the ethical climate of the organisation based on their level in the management hierarchy. For instance employee supervisors and line managers may have relatively low influence on the ethical climate of an organisation compared to organisational directors and chief executive officers. It is probable that supervisors and line managers, like general employees, adhere to ethical tones that they are not very much determining of. Consequently, fitting with such leaders may not influence how an employee may fit with the company's ethical climate as these leaders are not necessarily the pioneers of the ethical climate. Following the leader member exchange theory, the current study did not differentiate between leaders, and it is most likely that majority of the sample referred to lower level managers as very few people normally report to company directors or chief executive officers.

5.7 Limitations of the study

Like all studies, the current study had some limitations. Firstly, the study was cross-sectional which limits any causal conclusions to be made about the findings obtained. Undertaking research at a given period of time can only reflect that particular period in time. Longitudinal

research designs may provide more enhanced indications in terms of the associations between variables looked at in the study.

Secondly, data was gathered through self-report measures. This raises concerns about the validity of the responses as participants may have given responses they perceived as socially acceptable. This is a major concern for the current study since distribution of questionnaires to employees was done by the Human Resources Managers in all the three organisations. Participants may have felt coerced to participate and most importantly may not have been entirely honest thus providing responses they perceived as appropriate for managers to hear despite the measures taken to ensure confidentiality and anonymity.

Thirdly, an indirect measure of ethical climate fit was used. This could have been a weak predictor of employees' fit compared to direct measures. Future research may therefore consider using direct measures that specifically ask for participants' perceptions on how they fit into a particular climate (Kristof-Brown et al, 2005).

The sample size of the study is another limitation. Although some significant results were found, the strengths of the associations were weak. This may be attributed to the fact that the sample size was relatively small thus affecting the power of the test. Furthermore, the generalisability of the findings of the study is limited to the organisations that participated in the study. Nevertheless, it is argued that the findings could be relevant to other organisations similar to those that participated in the study. Future research may consider samples that include profit making organisations in order to establish any possible difference in trends from those found in the current study.

Finally, treating data gathered from three different organisations as a single unstratified sample could have been a possible limitation of the study as differences in results according to organisations could not be captured. However, stratifying the sample could have led to even smaller and unbalanced sample sizes thus affecting the power of the statistical findings even more.

5.8 Directions for future research

A number of suggestions for future research have been already indicated in the discussion of the limitations of the study. These include considerations of larger samples, inclusion of profit-making organisations, use of direct measures of fit, and longitudinal studies if possible. Further investigation into the relationship between ethical climate fit and leader member exchange is required as the findings of this study may have been influenced by, and are limited to the nature of the sample used and the sample size.

There is currently very limited research on the impact of ethical climate fit on employee attitudes and organisations. Although the current study has found some significant associations between ethical climate fit and some job outcomes, very little is known about the effects of ethical value congruence and its relationship to other outcome variables (Ambrose et al, 2007). Additional research is required in exploring a variety of outcome variables that could be related to this construct, for instance organisational citizenship behaviour, job performance and stress among others.

5.9 Conclusion

In conclusion, the current study sought to investigate the moderation effects of leader-member exchange on the relationship between ethical climate fit and job outcomes. Literature shows that leader member exchange and ethical climate fit are variables that have been barely brought together in research although theory implies an association between them.

Overall, significant results were found between low quality leader member exchange and all job outcomes as well as between ethical climate fit and all job outcomes. The job outcomes looked at includes lack of job satisfaction, lack of organisational commitment and turnover intentions. These findings show that ethical climate fit does contribute significantly to employees' attitude towards their work and the organisation. This has fundamental implications for organisations and managers including ensuring employee compatibility with the organisation so as to reduce dissatisfaction and turnover. Recruitment and selection processes may need to consider assessing for ethical values congruence between an individual and the organisation. Induction and training interventions may need to enhance the match between potential employees and the organisation.

The quality of leader-employee relationship was also found to significantly relate to job outcomes. These findings were particularly consistent with results found in many studies in this area. It was recommended that managers in organisations may need to consider interventions that facilitate the development of quality relationships between them and the employees. These interventions include coaching, mentoring, and organising social events among others, and are basically aimed at increasing the interaction between leaders and employees both in working and non-working environments.

Interestingly, no association was found between low quality leader member exchange and ethical climate fit, and no moderation effects of low quality leader member exchange were found on the relationship between ethical climate fit and job outcomes. These findings were not expected by the researcher as there are some sound theoretical links between leader member exchange and ethical climate fit. Nevertheless, the lack of association between these variables was attributed to a number issues including the type of the sample used, the level of analysis difference between ethical climate fit and leader member exchange, and the narrowness of ethical climate fit as a construct in relation to organisational value systems. Overall, further research on the relationship between these variables is paramount as there is scant research coupling these concepts at present.

Reference list

Acharya, S. (2005). The ethical climate in academic dentistry in India: faculty and student perceptions. *Journal of Dental Education, 69*, 671-680.

Agarwal, J. & Malloy, D. C. (1999).Ethical Work Climate Dimensions in a not-for-profit organisation: an empirical study. *Journal of Business Ethics, 20*, 1–14.

Armstrong, M. (2000). *A handbook of personnel management practice*. London: Kogan Page.

Ambrose, M. L., Arnaud, A. & Schminke, M. (2008). Individual moral development and ethical climate: the influence of person-organisation fit on job attitudes. *Journal of Business Ethics, 77*, 323-333.

Babbie, E. & Mouton, J. (2001). *The practice of social research*. Australia, Cape Town: Oxford University Press.

Bailey, K. D. (1982). *Methods of social research*. New York: The Free Press

Baron, R. M. & Kenny, D. A. (1986). The moderator- mediator variable distinction in social psychology research: conceptual, strategic and statistical considerations. *Journal of Personality and Social Psychology, 6*, 1173-1182.

Bauer, T. N., & Green, S. G. (1996). The development of leader-member exchange: a longitudinal test. *Academy of Management Journal, 39*, 1538-1567.

Blau, P. M. (1964). Exchange and power in social life. New York: John Wiley & Sons.

Bourne, S., & Snead, J. D. (1999). Environmental determinants of organisational ethical climate: a community perspective. *Journal of Business Ethics, 21*, 283-290.

Bowen, D. E., Ledford, G. E., & Nathan, B. R. (1991). Hiring for the organisation, not the job. *Academy of Management Executive*, 5, 35–50.

Brower, H. H. & Shrader, C. B. (2000). Moral reasoning and ethical climate: not-for-profit vs. for-profit boards of directors. *Journal of Business Ethics, 26,* 147-167.

Brown, M. E., Trevino, L. K., & Harrison, D. A. (2005). Ethical leadership: a social learning theory perspective for construct development. *Organisational Behaviour and Human Decision Processes, 97,* 117-134.

Bright, L. (2007). Does person-organisation fit mediate the relationship between service motivation and the job performance of public employees. *Review of Public Personnel Administration, 27,* 361-379.

Bulutlar, F. & Oz E. U. (2008). The effects of ethical climates on bullying behaviour in the workplace. *Journal of Business Ethics, 86,* 273–95.

Buitendach, J. H. & Rothmann, S. (2009). Job satisfaction in selected organisations in South Africa. *South African Journal of Human Resource Management,* 7, 1–8.

Buunk, B, P., de Jonge, J., Ybema, J. F. & de Wolff, C. J. (1998). Psychological aspect of stress. In. P. Drenth, H. Thierry, and de Wolff, C. J. (Eds). *Work psychology: handbook of work and organisational psychology.* (2nd ed). Hove: Psychology Press Ltd.

Brown, M. E., Treviño, L. K., & Harrison, D. A. (2005). Ethical leadership: a social learning perspective for construct development and testing. *Organisational Behaviour and Human Decision Processes, 97,* 117-134.

Caldwell, D. F. & O'Reilly, C. A. (1990). Measuring person-job fit within a profile comparison process. *Journal of Applied Psychology, 75*, 648-657.

Cammann, C., Fichman M.G., Jenkins, D. & Klesh, J.R. (1983). Assessing the attitudes and perceptions of organisational members. In Seashore, S.E., Lawler III, E.E., Mirvis, P.H., & Cammann, C. (Eds.), *Assessing organisational change: A guide to methods, measures, practices*. New York: John Wiley.

Cohen-Charash Y. & Spector P. E. (2001). The role of justice in organisations: a meta-analysis. *Organisational Behaviour Human Decision Process, 86,* 278–321.

Coldwell, D. A., Billsberry, J., Meurs, N. & Marsh, P. J. G. (2008). The effects of person-organisation ethical fit on employee attraction and retention: towards a testable explanatory model. *Journal of Business Ethics, 78,* 611-622.

Colquitt, J. A., Conlon, D. E., Wesson, M. J., Porter, C. O. L. H., & Ng, K. Y. (2001). Justice at the millennium: a meta-analytic review of 25 years of organisational justice research. *Journal of Applied Psychology, 86,* 425-445.

Chatman, J. A. (1989). Improving interactional organisational research: a model of person-organisation fit. *Academy of Management Review, 14,* 333–349.

Christensen, L. (1985). *Experimental methodology*. (3rd Ed.). Massachusetts: Allyn & Bacon Inc.

Cullen, J. B., Parboteeah, K., & Victor, B. (2003). The effects of ethical climates on organisational commitment: A two-study analysis. *Journal of Business Ethics, 46,* 127-141.

Dansereau, F., Graen, G. & Haga, W.J. (1975). A vertical dyad linkage approach to leadership within formal organisations: a longitudinal investigation of the role making process. *Organisational Behaviour and Human Performance, 13,* 46-78.

Dawson, L. M. (1992). Will feminisation change the ethics of the sales profession? *Journal of Personal Selling & Sales Management, 12,* 21-32.

DeConinck, J. B. (2010).The influence of ethical climate on marketing employees' job attitudes and behaviours. *Journal of Business Research, 63,* 384-391

Deshpande, S. P. (1996). Ethical climate and the link between success and ethical behaviour: an empirical investigation of a non-profit organisation. *Journal of Business Ethics, 15,* 315-320.

Deshpande, S. P., George, E., & Joseph, J. (2000). Ethical climates and managerial success in Russian organisations. *Journal of Business Ethics, 23*, 211-217.

Dienesch, R. M., & Liden, R. C. (1986). Leader-member exchange model of leadership: a critique and further development. *Academy of Management Review, 11*, 618-634.

Dordrecht, J. B. E. (1992). The challenge of ethical behaviour in organisations. *Journal of Business Ethics, 11*, 505-518.

Erdogan, B., & Enders, J. (2007). Support from the top: supervisors' perceived organisational support as a mediator of leader-member exchange to satisfaction and performance relationships. *Journal of Applied Psychology, 92*, 321-330.

Engle, E. M., & Lord, R. G. (1997). Implicit theories, self-schemas, and leader–member exchange. In A. Vatanen, *Leader-follow relations in an intercultural Chinese context*. Unpublished doctoral dissertation, Swedish School of Economics and Business Administration, Helsinki, Finland.

Engelbrecht, A. S., Aswegan, A. S. & Theron, C. C. (2005). The effect of ethical values on transformational leadership and ethical climate in organisations. *South African Journal of Business Management, 36*, 19-26.

Fields, D. L. (2002). *Taking the measure of work: a guide to validated scales for organisational research and diagnosis*. United States of America: Sage Publications.

Gerstner, C. R., & Day, D. V. (1997). Meta-analytic review of leader-member exchange theory: correlates and construct issues. *Journal of Applied Psychology, 82*, 827-844.

Giacalone, R. A., Fricker, S. & Beard, J. W. (1995). The impact of ethical ideology on modifiers of ethical decisions and suggested punishment for ethical infractions. *Journal of Business Ethics*, 14, 497- 510.

Gilliland, S., Steiner, D. D. & Skarlicki, D. (2007). *Managing social and ethical issues in organisations: a volume in research in social issues in management*. United States of America: Information Age Publishing Inc.

Gouldner, A.W. (1960). The norm of reciprocity: a preliminary statement. *American Sociological Review, 25*, 161-178

Graen, G.B. (1976). Role-making process within complex organisations. In Dunnete, M.D. (ed.), *Handbook of Industrial and Organisational Psychology*. Chicago: Rand McNally, pp 1201–1245.

Graen, G. B., & Cashman, J. (1975). A role-making model of leadership in formal organisations: a developmental approach. In J. G. Hunt & L. L. Larson (Eds.), *Leadership Frontiers*, 143-166. Kent, OH: Kent State University Press

Graen, G. B., & Scandura, T. A. (1987). Toward a psychology of dyadic organising. *Research in Organisational Behaviour, 9*, 175-208

Graen, G. B. & Uhl-Bein, M. (1995). Relationship-based approach to leadership: development of leader-member exchange (lmx) theory of leadership over 25 years: applying a multi-level multi-domain perspective. *Leadership Quarterly, 6*, 219-247.

Graetz, F. (2002). Strategic thinking versus strategic planning: towards understanding complementarities. *Management Decision, 40*, 456-462.

Grojean, M.W., Resick, C. J., Dickson, M. W. & Smith, D. B. (2004). Leaders, values and organisational climate: examining leadership strategies for establishing an organisational climate regarding ethics. *Journal of Business Ethics, 55*, 223-241.

Harris K. J., Harris, R. B. & Eplion, D. M. (2007). Personality, leader-member exchange and work outcomes. *Journal of Behavioral and Applied Management, 8*, 92.

Harris, K. J., Wheeler, A. R. & Kacmar, K. M. (2008). Leader–member exchange and empowerment: direct and interactive effects on job satisfaction, turnover intentions, and performance. *The Leadership Quarterly, 20,* 371-382.

Hansen, J. C. & Ton, T. N. (2001). Using a person-environment fit to predict satisfaction and motivation in work and marital roles. *Journal of Career Assessment, 9*, 35-331.

Henderson, D. J., Liden, R. C., Glibkowski, B. G., & Chaudhry, A. (2009). Within-group LMX differentiation: a multilevel review and examination of its construct definition, antecedents and outcomes. *The Leadership Quarterly, 4*, 517-534.

Herndon, N. C., Jr., Ferrell, O. C., LeClair, D. Y., & Ferrell, L. K. (1999). Relationship of individual moral values and perceived ethical climate to satisfaction, commitment, and turnover in a sales organisation. *Research in Marketing, 15*, 25-48.

Hodgkinson, G. P. & Ford, J. K. (2010). *International review of industrial and organisational psychology.* United States of America: John Wiley & Sons Ltd

Howell, D. C. (2004). *Fundamental statistics for the behavioural sciences*. (5th ed). New York: Thomson Brooks/Cole

Ilies, R., Wagner, D. T., & Morgeson, F. P. (2007). Explaining affective linkages in teams: Individual differences in susceptibility to contagion and individualism-collectivism. *Journal of Applied Psychology, 92*, 1140-1148.

Janssen, O., & Van Yperen, N. W. (2004). Employees' goal orientations, the quality of leader-member exchange, and the outcomes of job performance and job satisfaction. *Academy of Management Journal, 47*, 368-384.

Jaramillo, F., Mulki, J. P., & Solomon, P. (2006). The role of ethical climate on salesperson's role stress, job attitudes, turnover intention, and job performance. *Journal of Personal Selling & Sales Management, 26*, 271-282.

Johns, G. & Saks, A. M. (2005). *Organisational behaviour: understanding and managing life at work*. United States of America: Prentice Hall.

Judge, T. A., & Cable, D. M. (1997). Applicant personality, organisational culture, and organisation attraction. *Personnel Psychology, 50*, 359–394.

Kent, A., & Chelladurai, P. (2001). Perceived transformational leadership, organisational commitment, and citizenship behaviour: A case study in intercollegiate athletics. *Journal of Sports Management, 15*, 135-159.

Kim, S. Y. & Taylor, R. R. (2001). *A LMX Model: relating multi-level antecedents to the LMX relationship and citizenship behaviour.* Paper submitted to the organisational behaviour & organisational theory track of the Midwest Academy of Management Association Conference, http://www.theleadershipcollege.com/LMX2.pdf

Kinicki, A. J., & Vecchio, R. P. (1994). Influences on the quality of supervisor-subordinate relations: the role of time-pressure, organisational commitment, and locus of control. *Journal of Organisational Behaviour, 15*, 75-82.

Kristof, A. L. (1996). Person-organisation fit: An integrative review of its conceptualisations, measurement, and implications. *Personnel Psychology*, 49, 1–49.

Kristof-Brown, A.L., Zimmerman, R.D. and Johnson, E.C. (2005). Consequences of individuals' fit at work: a meta- analysis of person–job, person–organisation, person–group, and person–supervisor fit. *Personnel Psychology, 58*, 281-342.

Leow & Khong (2009). Organisational commitment: the study of organisational justice and leader member exchange among auditors in Malaysia. *International Journal of Business and Information, 2,* 161-198.

Lofquist, L. & Davis, R. (1991). *Essentials of person environment correspondence counselling*. Minneapolis, University of Minnesota Press.

Luthar, H. K., Dibattista, & Gautschi, T. (1997). Perception of what the ethical climate is and what it should be: The role of gender, academic status, and ethical education. *Journal of Business Ethics, 16,* 205-217.

Mardanov, I. T., Heischmidt, K. & Henson, A. (2008). Leader-member exchange and job satisfaction bond and predicted employee turnover. *Journal of Leadership and Organisational Studies, 15,* 159-175

Malloy, D.C. & Agarwal, J. (2003). Factors influencing ethical climate in a nonprofit organisation: an empirical investigation. *International Journal of Nonprofit and Voluntary Sector Marketing, 8,* 224-250.

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. L. (2007). Making ethical climate a mainstream management topic: a review, critique, and prescrtiption for the empirical research on ethical climate. *Psychological Perspectives of Ethical Behaviour and Decision Making,* 181-231.

Meyer, J. P. & Allen, N. J. (1991). A three component conceptualisation of organisational commitment. *Human Resource Management Review, 1,* 61-89

Mobley, W. H., Horner, S. O., & Hollingsworth, A. T. (1978). An evaluation of precursors of hospital employee turnover. *Journal of Applied Psychology, 63,* 408-414.

Morell, K. M., Loa-Clarke, J., & Wilkinson, A. (2004). Unweaving leaving: the use of models in the management of employee turnover. *International Journal of Management Reviews, 3,* 219- 244.

Mowday, R. T., Steers, R. M., & Porter, L. W. (1979). The measurement of organizational commitment. *Journal of Vocational Behaviour, 14,* 224-247.

Muchinsky, P. M., & Monahan, C. J. (1987). What is person-environment congruence? Supplementary versus complementary models of fit. *Journal of Vocational behaviour, 31*, 268-277.

Munevver, C. (2006). The relationship between job satisfaction, organisation and occupation commitment of academics. *Journal of American Academy of Business, 8*, 78 – 88

Nelson, P. & Billsberry, J. (2006). *Exploring the impact of person-organisation fit on organisational performance*. Unpublished Masters Disertation, Open University of United Kingdom.

Neubaum, D. O., Mitchell, M. S., & Schminke, M. (2004). Firm newness, entrepreneurial orientation, and ethical climate. *Journal of Business Ethics, 52*, 335-347.

Notrica, V. (2000).*The determinants and outcomes of different leader-member exchange relationships: subordinate's behavioural inputs and leader attributions*. Unpublished Masters Dissertation. University of the Witwatersrand, Johannesburg.

Nunns, C., Ballantine, K., Burns, A. & King, S. (1990). Subordinate assessment of organisational leadership: evaluation of the leader member exchange scale. *Ergonomics SA*, 2, 46-53.

O'Donnell, C. P., Taylor, C., Farrar, A., Danis, M., Grady, C. (2007). Ethical climate, ethics stress, and the job satisfaction of nurses and social workers in the United States. *Social Science & Medicin*e, *65*, 1708-1719.

Parasuraman, S. (1982). Predicting turnover intentions and turnover behaviour: a multivariate analysis. *Journal of Vocational Behaviour, 21*, 111-121.

Peterson, D. K. (2002). Deviant workplace behaviour and the organisation's ethical climate. *Journal of Business and Psychology, 17*, 47-61.

Phillips, A. S., & Bedeian, A. G. (1994). Leader-follower exchange quality: the role of personal and interpersonal attributes. *Academy of Management Journal, 37*, 990-1001.

Porter, L. W., Steers, R. M., Mowday, R. T., & Boulian, P. V. (1974). Organisational commitment, job satisfaction, and turnover among psychiatric technicians. *Journal of Applied Psychology*, 59, 603-609.

Punia, V., Punia, B.K. & Dhull, I. (2004). An exploration of managerial skills and organisational climate in the educational services. *Journal of Service Research, 4*, 144-161

Raabe, B. & Beehr, T. A. (2003). Formal mentoring versus supervisor and co-worker relationships: differences in perceptions and impact. *Journal of Organisational Behaviour, 24*, 271-293.

Reichers, A.E. (1985). A review and reconceptualisation of organisational commitment. *Academy of Management Review, 10*, 465-476.

Rosenthal, R. and Rosnow, R. (1991). *Essentials of behavioural research: methods and data analysis.* New York: McGraw-Hill Publishers.

Saari, L. M., & Judge, T. A. (2004). Employee attitudes and job satisfaction. Human *Resource Management, 43*, 395-407.

Scandura, T. A. (1999). Rethinking leader member exchange: an organisational justice perspective. *Leadership Quarterly, 10*, 25-40.

Scandura, T. A., Graen, G. B., & Novak, M. A. (1986). When managers decide not to decide autocratically: an investigation of leader-member exchange and decision influence. *Journal of Applied Psychology, 71*, 579-585.

Scandura, T. A. & Pellegrini, E. K. (2008). Trust and leader-member exchange: a closer look at relational vulnerability. *Journal of Leadership & Organisational Studies, 10*, 1-10

Scarpello,V. & Campbell, J. P. (1983). Job satisfaction: are all the parts there? *Personnel Psychology, 36,* 577 -600.

Schneider, B. 1987. The people make the place. *Personnel Psychology*, *40*, 437–453

Schneider, B. (2001). Fits about fit. *Applied Psychology*, 50, 141-152.

Schneider, B., Kristof-Brown, A. L., Goldstein, H. W., & Smith, B., D. (1997). What is this thing called fit? In N. Anderson & P. Herriot (Eds.), *International Handbook of Selection and Assessment*. Chichester: John Wiley & Sons.

Schneider, B. & Rentsch, J. (1988). Managing climates and cultures: a futures perspective. In C. H. Schwepker, O. C. Ferrell, & T. N. Ingram (1997). The influence of ethical climate and ethical conflict on role stress in the sales force. *Journal of the Academy of Marketing Science, 2*, 99-108

Schultz, D., & Schultz, S. E. (2006). *Psychology and work today*. (9th ed).United States of America: Prentice Hall.

Schwepker, C. H. (2001). Ethical climate's relationship to job satisfaction, orgnaisational commitment and turnover intention in the salesforce. *Journal of Business Research, 54*, 39- 52.

Schwepker, C. H., Ferrell, O. C. & Ingram, T. N. (1997). The influence of ethical climate and ethical conflict on role stress in the sales force. *Journal of the Academy of Marketing Science, 2*, 99-108

Schyns, B. & Day, D. (2010). Critique and review of leader-member exchange theory: issues of agreement, consensus and excellence. *European Journal of Work and Organisational Psychology, 19*, 1-29

Sharma, B. R. & Joshi, R. J. (2001). Determinants of organisational commitment in a manufacturing organisation in the private sector. *Indian Journal of Industrial Relations, 2*, 199-216

Sherony, K. M. & Green, S. G. (2002). Co-worker exchange: relationships between co-workers, leader-member exchange, and work attitudes. *Journal of Applied Psychology***,** *87*, 542–548.

Sias, P. M. (2005). Workplace relationship quality and employee information experiences. *Communication studies, 4*, 375-395.

Sims, R. L. & Keon, T. L. (1997). Ethical work climate as a factor in the development of person- organisation fit. *Journal of Business Ethics, 16*, 1091-1105.

Sims, R. L. & Kroeck, G. K. (1994). The influence of ethical fit on employee satisfaction, commitment and turnover. *Journal of Business Ethics, 13*, 939-947.

Sissons, G. (2004). *Leader-member exchange and co-worker interaction as predictors of perceived organisational support.* Unpublished Masters Dissertation. University of the Wiwatersrand, Johannesburg.

Sparks, K., Faragher, B., Cooper, C. L. (2001). Well-being and occupational health in the 21st century workplace. *Journal of Occupational and Organisational Psychology, 74*, 489-510

Sparrowe, R. T. & Liden, R. C. (1997). Process and structure in leader-member exchange. *Academy of Management Review, 22*, 522-552.

Stringer, L. (2006). The link between the quality of the supervisor-employee relationship and the level of the employee's job satisfaction. *Public Organisational Review, 6*, 125-142.

Suazo, M., Turnley, B., & Mai-Dalton, R. (2008). Characteristics of the supervisor-subordinate relationship as predictors of psychological contract breach. *Journal of Managerial Issues*, 20, 295-312

Talbot, D. & Billsberry, J. (2008). *'Round pegs, square holes'*. 2nd Global e-Conference on Fit. 19-21st November 2008. www.fitconference.com/2008/thu01.pdf

Tett, R. P. & Meyer, J. P. (1993). Job satisfaction, organisational commitment, turnover intention and turnover: path analysis based on meta-analytic findings. *Personnel Psychology, 46,* 259-293.

Truckenbrodt, Y. B. (2000). The relationship between leader-member exchange and commitment and organisational citizenship behaviour. *Acquisition Review Quarterly,* 233-244.

Tsui, A. & O'Reilly (1989). Beyond simple demographic effects: the importance of relational demography in superior-subordinate dyads. *Academy of Management Journal, 32,* 402-423.

Uhl-Bien, M., Graen, G. B., & Scandura, T. A. (2000). Implications of leader-member exchange (LMX) for strategic human resource management systems: relationships as social capital for competitive advantage. In G. Ferris (Ed.), *Research in personnel and human resource management, 18,* 137-185. Greenwich, CT: JAI Press.

Vatanen, A. (2003). *Leader-follow relations in an intercultural Chinese context*. Unpublished doctoral dissertation, Swedish School of Economics and Business Administration, Helsinki, Finland.

Varma, A., & Stroh, L. K. (2001). Different perspectives on selection for international assignments: the impact of lmx and gender. *Cross Cultural Management, 8,* 85-97

Victor, B. & Cullen, J. B. (1987). A theory and measure of ethical climate in organisation. *Research in Corporate Social Performance and Policy,* 9, 51–71.

Victor, B. & Cullen, J. B. (1988). The organisational bases of ethical work climates. *Administrative Science Quarterly, 33,* 1001-125

Vidaver-Cohen, D. (1995). Creating ethical work climates. *Journal of Socio-Economics, 24,* 317-343

Vroom, V. H. (1982). *Work and motivation*. United States of America: Robert E. Krieger Publishing Company.

Wayne, S.J., Liden, R.C. (1995). Effects of impression management on performance ratings: a longitudinal study. *Academy of Management Journal*, 38, 232-60.

Wayne, S. J., Shore, L. M., & Liden, R. C. (1997). Perceived organisational support and leader-member exchange: a social exchange perspective. *Academy of Management Journal, 40*, 82-111.

Weeks, W. A., Loe, T. W., Chonko, L. B., Martinez, C. R., & Wakefield, K. (2006). Cognitive moral development and the impact of perceived organisational ethical climate on the search for sales force excellence: a cross-cultural study. *Journal of Personal Selling and Sales Management, 26*, 205−217.

Wen-Lee, H. & Liu, C. H. (2007). An examination of factors affecting repatriates' turnover intentions. *International Journal of Manpower, 28*, 122-134

Wexley, K. & Yukl, G. (1984). *Organisational Behaviour and Personnel Psychology*. United States of America: Richard D. Irwin.

Whitley, B. E. (2001). *Principles of research in behavioural sciences*. United States of America: McGraw-Hill Publishing Co.

Wiener, Y. (1988). Forms of value systems: a focus on organisational effectiveness and cultural change and maintenance. *The Academy of Management Review, 13*, 534-545.

Wimbush, J. C., Shepard, J. M., & Markham, S. E. (1997a). An empirical examination of the multi-dimensionality of ethical climate in organisations. *Journal of Business Ethics, 16*, 67-77.

Wittmer, D, & Coursey, D. (1996). Ethical work climates: comparing top managers in public and private organisations. *Journal of Public Administration Research & Theory, 6*, 559-570.

Worrell, T.G. (2004). *School psychologists' job satisfaction: ten years later*. Unpublished PHD Dissertation. Virginia Polytechnic Institute and State University.

Yukl, G. A. (1989). *Leadership in organisations* (2nd ed.). New York: Prentice Hall

APPENDICES

APPENDIX 1

Psychology
School of Human & Community Development
University of the Witwatersrand
Private Bag 3, WITS, 2050
Tel: (011) 717 4500 Fax: (011) 717 4559

Good day,

My name is Patricia Mutsvunguma and I am conducting research for the purpose of obtaining a Masters Degree in Organisational Psychology at the University of the Witwatersrand. My area of focus is organisational ethical climate fit and leader-member exchange among employees in South African organisations. The central idea of the study is that employees' fit or misfit into a company's ethical climate may influence the quality of relationships and social exchanges that develop between them and their supervisors/managers. This may ultimately impact on employees' satisfaction with their work, their commitment to the organisation or intention to terminate employment. Part of the aim of the study is to add to existing knowledge on these concepts in organisational psychology. I therefore would like to invite you to participate in this study.

Participation in this research will involve completing the attached questionnaire. The questionnaire will take approximately 15-20 minutes to complete. Participation is completely voluntary, and you will not be advantaged or disadvantaged in any way for choosing to complete or not to complete the questionnaire. If you feel that certain questions are too personal you are free not to answer them. If at any point you feel that you no longer want to complete the questionnaire, you are free to do so without any penalty. While some questions are asked regarding personal details, no identifying information such as names or identity numbers is required, therefore you will remain anonymous. Furthermore, your responses will be treated with strict confidentiality, that is, your completed questionnaire will not be accessible to anyone except myself and my research supervisor, and will be analysed as part of group responses and not as individual responses. There are no foreseeable risks or direct benefits to taking part in this study.

If you choose to participate in the study, please complete the attached questionnaire as carefully and honestly as possible. After completing the questionnaire, you are asked to click on 'finish' so that your responses are saved in survey monkey. Your IP address collected by survey monkey will be deleted once completed surveys are received by the researcher. In the event that you use a hard copy of the questionnaire, you are asked to deposit it in a sealed box provided by the researcher. This will ensure that no one will have access to the completed questionnaire except the researcher. Returning of a completed questionnaire will be considered as consent to participate in the study. On completion of this research, results will be written up in form of a research report to be submitted to the University and raw data will be destroyed. An executive summary of the study will be provided to your organisation through email. This will also be made available to individual participants by request from the researcher directly.

Should you have any further questions or require feedback on the progress of the research, please feel free to contact me or my supervisor. Contact details are provided below.

Kind regards,

_____

Patricia Mutsvunguma
076 358 3569
mutsvunguma@yahoo.co.uk

_____

Supervisor: Mr. I. Siemers
011 717 4530
ian.siemers@wits.ac.za

APPENDIX 2

Psychology
School of Human & Community Development
University of the Witwatersrand
Private Bag 3, WITS, 2050
Tel: (011) 717 4500 Fax: (011) 717 4559

15 April 2010

Dear Sir/Madam

REF: REQUEST FOR PERMISSION TO CONDUCT A RESEARCH STUDY AT YOUR COMPANY

My name is Patricia Mutsvunguma and I am a Masters student in Organisational Psychology at the University of the Witwatersrand. As part of the degree requirements, I am required to conduct a supervised piece of research in the area of Organisational Psychology. My chosen area of focus is organisational ethical climate fit and leader-member exchange among employees in South African organisations. The central idea of the study is that employees' fit or misfit into a company's ethical climate may influence the quality of relationships and social exchanges that develop between them and their supervisors/managers. This may ultimately impact on employees' satisfaction with their work, their commitment to the organisation or intention to terminate employment. Part of the aim of the study is to add to existing knowledge on these concepts in organisational psychology.

Participation in this research will involve completing the attached questionnaire. The questionnaire is intended to be administered electronically using survey monkey. This is a survey software that enables the creation and administration of surveys online. Employees will basically receive a link to the questionnaire through email. This method ensures your company and employees' privacy as it is less intrusive considering that I will not need to meet with your employees directly. In that regard, I would also request an email list of your employees so that the link to the questionnaire can be emailed direct to them. If in any case your company is not comfortable with the questionnaire being administered electronically, hard copies can be made available. The questionnaire takes approximately 15-20 minutes to complete. Participation is voluntary and no employee will be advantaged or disadvantaged in any way for choosing to complete or not to complete the questionnaire. Employees are free not to answer questions they feel too personal. They are also free to withdraw from the study at any point without any penalty. While some questions are asked regarding personal details, no identifying information such as names or identity numbers is required, therefore employees will remain anonymous. Employees' responses will be treated with strict confidentiality, that is, completed questionnaires will not be accessible to anyone except myself and my research supervisor. All responses will be analysed collectively as part of group responses and not individually. Identity of your company will not be revealed at any point during or after the study.

Once completed questionnaires have been received and entered into a data set, all IP addresses of participants collected by survey monkey will be deleted. On completion of this research, feedback will be made available to your company in form of an executive summary through email.

I therefore kindly ask for permission to have your company participate in this study.

Should you require any further information, please feel free to contact me or my research supervisor. Contact details are provided below.

Yours Sincerely,

_____

Patricia Mutsvunguma.
076 358 3569
mutsvunguma@yahoo.co.uk

_____

Supervisor: Mr. I. Siemers
011 717 4530
ian.siemers@wits.ac.za

APPENDIX 3

Biographical Questionnaire

(Information contained in this questionnaire is for statistical purposes ONLY and will be kept confidential)

Please tick where applicable

1. Age:

18-25	26-30	31-35	36 years+

2. Gender:

Male	Female

3. Race:

Black	Coloured	White	Indian	Other

4. Highest level of education completed:

Matric	Certificate	Diploma	Degree	Other

5. How long have you worked in this company?

6 months to 1year	1-2 years	2-3 years	3 years+

APPENDIX 4

Ethical Climate Questionnaire

(Victor & Cullen, 1988)

The following statements relate to your perceptions of the ethical climate that characterises your current company/organisation and what you would prefer it to be. On each statement please mark the number that best indicates to what extent you perceive the statement to be true or not true of your company (under the box perceived), and mark the number that represents what you would like it be (under the box preferred).

1= Completely False
2= False
3= Neutral
4= True
5= Completely True

Ethical climate related statements	***Preferred***					***Perceived***				
1. What is best for everyone in the company is the major consideration here.	1	2	3	4	5	1	2	3	4	5
2. The most important concern is the good of all the people in the company as a whole.	1	2	3	4	5	1	2	3	4	5
3. Our major concern is always what is best for the other person	1	2	3	4	5	1	2	3	4	5
4. In this company, people look out for each other.	1	2	3	4	5	1	2	3	4	5
5. In this company, it is expected that you will always do what is right for the customers and public.	1	2	3	4	5	1	2	3	4	5
6. The most efficient way is always the right way in this company.	1	2	3	4	5	1	2	3	4	5
7. In this company, each person is expected above all to work efficiently.	1	2	3	4	5	1	2	3	4	5
8. In this company, people protect their own interests above all else.	1	2	3	4	5	1	2	3	4	5
9. In this company, people are mostly out for themselves.	1	2	3	4	5	1	2	3	4	5

10. There is no room for one's own personal morals or ethics in this company.	1	2	3	4	5		1	2	3	4	5
11. People are expected to do 1anything to further the c1ompany's interests, regardless of the consequences.	1	2	3	4	5		1	2	3	4	5
12. People here are concerned with the company's interests to the exclusion of all else.	1	2	3	4	5		1	2	3	4	5
13. Work is considered substandard only when it hurts the company's interests	1	2	3	4	5		1	2	3	4	5
14. The major responsibility of people in this company is to control costs.	1	2	3	4	5		1	2	3	4	5
15. In this company, people are expected to follow their own personal and moral beliefs.	1	2	3	4	5		1	2	3	4	5
16. Each person in this company decides for themselves what is right and wrong.	1	2	3	4	5		1	2	3	4	5
17. The most important concern in this company is each person's own sense of right and wrong.	1	2	3	4	5		1	2	3	4	5
18. In this company, people are guided by their own personal ethics.	1	2	3	4	5		1	2	3	4	5
19. It is very important to follow the company's rules and procedures here.	1	2	3	4	5		1	2	3	4	5
20. Everyone is expected to stick by company rules and procedures.	1	2	3	4	5		1	2	3	4	5
21. Successful people in this company go by the book.	1	2	3	4	5		1	2	3	4	5
22. People in this company strictly obey the company policies.	1	2	3	4	5		1	2	3	4	5
23. People are expected to comply with the law and professional standards over and above other considerations.	1	2	3	4	5		1	2	3	4	5
24. In this company, the law or ethical code of profession is the major consideration.	1	2	3	4	5		1	2	3	4	5

25. In this company, people are expected to strictly follow legal and professional standards.	1	2	3	4	5		1	2	3	4	5
26. In this company, the first consideration is whether a decision violates any law.	1	2	3	4	5		1	2	3	4	5

APPENDIX 5

Leader-member exchange (LMX-7) scale

Graen and Uhl-Bein (1995)

The following statements describe the quality of relationship you have with your supervisor or manager. Please mark the number that best indicates to what extent you agree or disagree with each of the statements.

1= Strongly Disagree
2= Disagree
3= Moderately Disagree
4= Neutral
5= Moderately Agree
6= Agree
7= Strongly Agree

1. I usually know where I stand with my supervisor and how satisfied he/she is with what I do?	1	2	3	4	5	6	7
2.My supervisor has enough confidence in me that he/she would defend and justify my decisions if I was not present to do so	1	2	3	4	5	6	7
3. My working relationship with my supervisor is effective.	1	2	3	4	5	6	7
4. My supervisor understands my problems and needs.	1	2	3	4	5	6	7
5. I can count on my supervisor to 'bail me out', even at his/her own expense, when I really need it.	1	2	3	4	5	6	7
6. My supervisor recognises my potential.	1	2	3	4	5	6	7
7. Regardless of how much power my supervisor has built into his/her own position, he/she would be personally inclined to use his/her power to help me solve problems in my work.	1	2	3	4	5	6	7

APPENDIX 6

Organisational Commitment Questionnaire (OCQ)

(Mowday, Steers & Porter, 1982)

The following statements describe your degree of attachment and loyalty towards the company you are currently employed with. Please indicate the degree of your agreement or disagreement with each statement by circling one of the seven alternatives below each statement.

1. I am willing to put in a great deal of effort beyond that normally expected in order to help this company be successful.

Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Disagree nor Agree	Slightly Agree	Moderately Agree	Strongly Agree
1	2	3	4	5	6	7

2. I talk of this company to my friends as a great company to work for.

Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Disagree nor Agree	Slightly Agree	Moderately Agree	Strongly Agree
1	2	3	4	5	6	7

3. I feel very little loyalty to this company.

Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Disagree nor Agree	Slightly Agree	Moderately Agree	Strongly Agree
1	2	3	4	5	6	7

4. I would accept almost any type of job assignment in order to keep working for this company.

Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Disagree nor Agree	Slightly Agree	Moderately Agree	Strongly Agree
1	2	3	4	5	6	7

5. I find that my values and the company's values are very similar.

Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Disagree nor Agree	Slightly Agree	Moderately Agree	Strongly Agree
1	2	3	4	5	6	7

6. I am proud to tell others that I am part of this company.

Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Disagree nor Agree	Slightly Agree	Moderately Agree	Strongly Agree
1	2	3	4	5	6	7

7. I could just as well be working for a different company as long as the type of work was similar.

Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Disagree nor Agree	Slightly Agree	Moderately Agree	Strongly Agree
1	2	3	4	5	6	7

8. This company really inspires the very best in me in the way of job performance.

Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Disagree nor Agree	Slightly Agree	Moderately Agree	Strongly Agree
1	2	3	4	5	6	7

9. It would take very little change in my present circumstances to cause me to leave this company.

Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Disagree nor Agree	Slightly Agree	Moderately Agree	Strongly Agree
1	2	3	4	5	6	7

10. I am extremely glad that I chose this company to work for over others I was considering at the time I joined.

Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Disagree nor Agree	Slightly Agree	Moderately Agree	Strongly Agree
1	2	3	4	5	6	7

11. There is not too much to be gained by sticking with this company indefinitely.

Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Disagree nor Agree	Slightly Agree	Moderately Agree	Strongly Agree
1	2	3	4	5	6	7

12. Often, I find it difficult to agree with this company's policies on important matters relating to its employees.

Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Disagree nor Agree	Slightly Agree	Moderately Agree	Strongly Agree
1	2	3	4	5	6	7

13. I really care about the fate of this company.

Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Disagree nor Agree	Slightly Agree	Moderately Agree	Strongly Agree
1	2	3	4	5	6	7

14. For me this is the best of all possible companies for which to work.

Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Disagree nor Agree	Slightly Agree	Moderately Agree	Strongly Agree
1	2	3	4	5	6	7

15. Deciding to work for this company was a definite mistake on my part.

Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Disagree nor Agree	Slightly Agree	Moderately Agree	Strongly Agree
1	2	3	4	5	6	7

APPENDIX 7

The Overall Job Satisfaction scale

Cammann, Fichman, Jenkins and Klesh (1983)

The following statements describe your overall satisfaction with your job. Please indicate the degree of your agreement or disagreement with each statement by circling one of the seven alternatives below each statement.

1. All in all, I am satisfied with my job.

Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Disagree nor Agree	Slightly Agree	Moderately Agree	Strongly Agree
1	2	3	4	5	6	7

2. In general, I don't like my job.

Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Disagree nor Agree	Slightly Agree	Moderately Agree	Strongly Agree
1	2	3	4	5	6	7

3. In general, I like working here.

Strongly Disagree	Moderately Disagree	Slightly Disagree	Neither Disagree nor Agree	Slightly Agree	Moderately Agree	Strongly Agree
1	2	3	4	5	6	7

APPENDIX 8

Turnover Intention Scale
(Mobley, 1978)

The following set of statements deal with your withdrawal intentions from your current job. Please indicate the degree of your agreement or disagreement with each statement by circling one of the five alternatives below each statement.

1. I think a lot about leaving the job.

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
1	2	3	4	5

2. I am actively searching for an alternative to the organisation.

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
1	2	3	4	5

3. As soon as it is possible, I will leave the organisation.

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
1	2	3	4	5