Perceived Organizational Support as a mediator between ethical culture and organizational commitment

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ABSTRACT

This paper reports the results of an assessment of the mediating impact of perceived organizational support between ethical culture and employees’ commitment to a firm. The results are based upon a convenience sample size of 101 employees from Australian travel agencies. After determining valid and reliable measurement instruments, a series of regressions indicated a partial mediation effect for POS between ethical culture and organizational commitment. This means that firms exhibiting an ethical culture, but also providing adequate support to their employees will gain an advantage by having more committed employees. Future research is also discussed.

Key words: perceived organizational support, ethical culture, organizational commitment.

INTRODUCTION

Hunt, Wood and Chonko (1989, p. 86) found shared ethical values to be “a significant and substantive predictor of organizational commitment”. Perceived organizational support has also been found to be related to job commitment (for example, Casper et al 2002; Shore & Wayne 1993) and also to be related to corporate ethical values (Valentine, Greller & Richtermeyer 2006).

This study explores the mediating influence of perceived organizational support on the relationship between ethical culture and employee commitment. Even though previous literature has linked perceived organizational support to affective employee commitment (Casper et al 2002; Shore & Wayne 1993) and ethical culture (Valentine, Greller & Richtermeyer 2006), and others have established the link between ethical culture and
organizational commitment (Hunt, Chonko & Wood 1989), clarification is required to
determine the actual degree of mediating influence that POS exhibits between ethical
culture and employee commitment.

**LITERATURE REVIEW**

**Ethical Culture**

The ethical culture exhibited by a firm is based both on institutionalized guidelines and
values held by the organization (Hunt, Chonko & Wood 1989; Trevino et al 1998). These
values are communicated to employees via manager’s actions in upholding the ethical
values espoused by the firm, rewarding appropriate business conduct, facilitating the
relationship between the organization and employees, and punishing unethical activity
(Hunt et al 1989; Trevino et al 1998; Valentino Greller & Richtemeyer 2006). Hence the
set of ethical values espoused by the organization underpins the culture of the firm and as
such will have an impact on the employment relationship (Sims 1991; Victor & Cullen
1988).

**Commitment**

Organisational commitment was first conceived by Porter et al. (1974, p. 604) who
defined it as “…the strength of an individual’s identification with and involvement in a
particular organization”. Commitment has also been viewed as a psychological attachment (O'Reilly & Chatman 1986) leading to expending “…maximum efforts at maintaining the relationship” (Morgan & Hunt 1994, p. 23).

Commitment to a relationship with an employer (or supervisor) is seen as a precursor to staff retention (Allen & Meyer 1990; Morgan & Hunt 1994), job satisfaction (Hunt, Chonko & Wood 1985; Mowday, Steers & Porter 1979) and job performance (Becker et al. 1996), and ultimately, organisational performance (Allen & Meyer 1990; Hunt, Chonko & Wood 1985). Such outcomes are desirable for the employment relationship and certainly would seem to be a desired outcome of an ethical culture.

Previous research does indicate that ethical company values are positively related to employees’ organizational commitment (Fritz et al 199; Hunt et al 1989). However, the understanding of exactly how much an ethical culture affection employee attitudes is underdeveloped (Valentino et al 2006). For example, how an ethical context influences employees’ job attitudes “remains an open area for inquiry” (Valentino et al 2006, p. 583).

**Perceived organizational support**

Perceived organizational support is defined as “global beliefs” by employees regarding the extent to which an employing organization values employee’s contributions and cares about their well-being (Eisenberger et al 1986). Whilst perceived organizational support
has been linked to employee commitment, it is quite distinct from this concept by measuring the employee’s perception of their employer’s commitment to them, rather than the employees’ commitment to the firm (Eisenberger et al 1986). The theory behind the perceived organizational support concept advocates that employees will respond to their perceived treatment by the organization by modifying their efforts to meet organizational goals and remaining committed to realizing firm-level objectives (Loi, Hang-Yue, & Foley 2006).

Considerable attention has been given to perceived organizational support in the general management and psychology literatures. In particular, much attention has been given to assessment of the psychometric properties of the perceived organizational support scale (for example, Rhoades & Eisenberger 2002; Shore & Tetrick 1991), with the general consensus being that perceived organizational support is considered a highly reliable and valid scale (Rhoades & Eisenberger 2002). Perceived organizational support has been found to be distinct from organizational commitment (Eisenberger, Fasolo, & Davis-LaMastro 1990; Shore & Tetrick 1991; Shore & Wayne 1993; Wayne, Shore & Liden 1997), job satisfaction (Shore & Tetrick 1991), and organizational climate (Wayne, Shore, & Liden 1997).

Previous research also provides evidence that perceived organizational support is associated with trust (Tan & Tan 2000), affective commitment (Casper et al 2002; Shore & Wayne 1993), turnover intentions (Eisenberger et al 2002; Wayne, Shore, & Liden 1997), service delivery standards (Fuller et al 2003), innovation (Eisenberger, Fasolo &
Davis-LaMastro 1990) and job factors such as involvement, stress and withdrawal behavior (Rhoades & Eisenberger 2002). In addition, Valentine, Greller and Richtermeyer (2006) have found a moderately strong correlation between corporate ethical values and perceived organizational support.

Valentino et al (2006) also investigated the mediating effect of POS between ethical culture and job satisfaction and turnover intentions. Whilst turnover intentions are sometimes used as a surrogate for commitment, based on the notion that committed employees will automatically remain with a firm, they are quite distinct. It has been found that despite high levels of commitment, employees will leave a firm for a variety of other reasons. Investigation of commitment to the firm offers the opportunity to understand more fully employees’ psychological attitude to the firm as a result of ethical culture. This investigation offers opportunity for further investigation, especially in relation to the mediating influence of POS.

As such, the remainder of the paper reports the results of testing the following model: Ethical culture → POS → Commitment.

METHOD

A quantitative approach was adopted for the research in order to be able to empirically examine the relationships amongst the variables of interest. Using a convenience sampling approach, frontline travel agency employees from a number of travel agents in
Australia were encouraged to participate via an email invitation which included a link directly to an online survey.

Perceived organizational support was measured with Eisenberger et al’s (1990) shortened nine-item version of the Survey of Perceived Organizational Support (called SPOS). These items consisted of the nine highest loading items from Eisenberger et al’s (1986) original scale and has been widely adopted in perceived organizational support research (for example, Burke 2003; Lynch, Eisenberger, & Armeli 1999; Moorman, Blakely, & Nieoff 1998). The SPOS has demonstrated consistency in internal reliability and unidimensionality (for example Rhoades & Eisenberger 2002). Ethical culture was measured with Hunt et al’s (1989) five-item ‘corporate ethical values’ scale. Commitment was measured using the nine items of Porter et al’s (1974) original affective scale. Five-point likert scales were adopted for both measures using anchors of “strongly disagree” (1) and “strongly agree” (5).

Following collection, the data was assessed for response reliability, followed by an analysis of respondent characteristics. The factor structure and reliability for each measure was then determined by examination of item total correlations, exploratory factor analysis and Cronbach alphas. Following creation of a composite variable for each construct, correlation and regression analysis was then used to test the proposed model and mediation effect of POS.
Mediated regression procedures developed by Baron and Kenny (1986) were utilized to test the model. First, the impact of the independent variables on the proposed mediator is explored. The second step involves the assessment of the impact of independent variables on dependent variables. Finally, the impact of the mediator and independent variables on the dependent variable is determined. Statistically significant associations must be found among the focal variables in the first two regression models and between the mediator and dependent variable in the third regression model to support mediation (Baron & Kenny 1986). Further, the effect of the specific independent(s) variable on the dependent variable in the third regression model must be weaker than the effect identified in the second model, to indicate partial mediation. However, finding non-significant effects of any independent variable on the dependent variable in the third model supports full mediation.

RESULTS

Results are based on a size sample of 101. The typical respondent was female (68%), aged 29 (68%) and had been working for their current employer from one to five years (86%). Reliability of response was assessed using Armstrong and Overton’s (1977) technique of testing for any significant differences between the first quarter and last quarter of respondents. A Chi-square test for mean differences for all items and demographic characteristics failed to uncover any evidence of non-response bias.

Scale characteristics.
Perceived organizational support. Factorizability was established with a significant Bartlett’s test of sphericity ($\chi^2_{(df)} = 223.85_{(36)}, p = 0$) and KMO above 0.6 (0.85). Although two factors with eigenvalues above 1.00 were initially extracted, it was decided to force the results to a single factor as the scree plot clearly indicated a single factor. Hence a single factor solution was adopted explaining 50% of variance and exhibiting satisfactory reliability ($\alpha = 0.87$) above 0.7 (tan). These findings add further support the high levels of internal reliability found in previous research using the SPOS (for example Rhoades & Eisenberger 2002).

Ethical culture. Factorizability was established first, finding a suitable KMO (0.789) and a significant Bartlett’s test of sphericity ($\chi^2_{(df)} = 169.44_{(10)}, p = 0$). All items loaded satisfactorily on a single factor, explaining 58% of variance. Satisfactory internal reliability (Cronbach alpha $\alpha = .81$) was also established.

Commitment. Factorizability was established, finding a suitable KMO (0.914) and a significant Bartlett’s test of sphericity ($\chi^2_{(df)} = 506.15_{(36)}, p = 0$). All items loaded satisfactorily on a single factor, explaining 58% of variance. Internal reliability was also satisfactory (Cronbach alpha $\alpha = .90$).

Model assessment.
An examination of the correlations revealed that ethical culture was significantly positively related to POS ($r = 0.45$) and commitment ($r = 0.60$) and ethical culture and commitment were also significantly positively related ($r = 0.49$). The results of the regression analysis for mediation are presented in table 1. As required by Baron and Kenny (1986), statistically significant associations were found among the focal variables in the first two equations. Statistically significant associations were also found between the mediator and the dependent variable in the third equation. The effect of ethical culture upon commitment was also found to be weaker in the third equation than the effect identified in the second equation which indicates partial mediation.

**TABLE 1 IN HERE**

**DISCUSSION**

Firstly, finding scales exhibiting reliable and valid properties is consistent with findings from previous literature in relation to each of the scales and therefore provides additional support for each of the scales.

The analysis shows that POS links ethical culture to organizational commitment. This means that firms exhibiting an ethical culture are more likely to have employees who are more committed to the firm if they also perceive that they are supported by their employer. Therefore, a major implication for managers is the realization that (a) an ethical culture is important to developing committed employees, and (b) the best way to achieve this is through ensuring that employees are supported and feel supported in the right ways.
From a theoretical perspective, the research provides further extensions of research related to the three concepts of ethical culture, POS and commitment. The links between ethical culture and POS and POS and commitment are already established. This research brings the three concepts together empirically, providing support for the importance of POS within the associations. It also provides some directions for viewing ethical culture development within a firm as a two-pronged approach. That is living the ethical culture and supporting employees to live the culture as well.

The results must be considered in the light of a number of limitations. The small sample size impacts the ability to demonstrate generalizability of the results. Although non-response bias was able to be discounted from the use of Armstrong and Overton’s (1977) method of assessment, there still remains the possibility of non-response bias. Common method bias could exist as the survey is self-report. Finally, even though well established scales have been used in this research, there remains a possibility that different results might be obtained with a different sample and size.

**Further research**

Further research includes assessment of the issues raised immediately above. Use of a larger sample size and different sample populations will assist the generalizability of the results. The moderating influence of POS between other organizational concepts will
further enhance knowledge about POS generally, and provide directions for organizations.

REFERENCES


### Table 1 – Regression Analyses results

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<th>Equation</th>
<th>Dependent Variable</th>
<th>Independent variable</th>
<th>$b$</th>
<th>S.E.</th>
<th>$\beta$</th>
<th>$t$ value</th>
<th>Adjusted $R^2$</th>
<th>$F$ value</th>
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<td>Ethical culture</td>
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<td>.51</td>
<td>.14</td>
<td>2.24*</td>
<td>.38</td>
<td>31.28***</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>2</td>
<td>Commitment</td>
<td>Ethical culture</td>
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<td>.13</td>
<td>.49</td>
<td>5.56***</td>
<td>.29</td>
<td>30.88***</td>
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<tr>
<td>3</td>
<td>Commitment</td>
<td>POS</td>
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<td>.13</td>
<td>.48</td>
<td>5.53***</td>
<td>.41</td>
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<td>Ethical culture</td>
<td>.41</td>
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* $p < .05$.

** $p < .005$.

*** $p < .001$.