

THEORETICAL RESEARCH ON ORGANIZATIONAL ETHICAL CLIMATE: APPLICATIONS AND PRACTICES OF JAPANESE ENTERPRISES IN CHINA

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Abstract

Organizational ethical climate, a concept first developed by Bart Victor and John Cullen nearly 30 years ago based on Renato Tagiuri and George Litwin's theory of organizational climate, continues to serve as an important predictor of employee behavior as well as individual and organizational performance. With greater emphasis placed on business ethics, the theory of organizational ethical climate has also been receiving tremendous attention in China primarily in the context of psychology and management research. This paper offers an overview of recent developments in organizational ethical climate research by Western and Chinese scholars, with a particular focus on its application to Japanese enterprises doing business in China, and proposes various measures and strategies to help managers cultivate effective human resource practices.

Keywords: organizational ethical climate, organizational commitment, anti-ethical behavior, organizational performance, human resource management.

1. The Theory of Organizational Ethical Climate

Generally speaking, the theory of “organizational climate” is concerned with the objective circumstances of an organization’s environment as perceived by individuals working in the organization (Tagiuri & Litwin, 1968). According to Tagiuri and Litwin, organizational climate influences decision-making by generating certain beliefs about the consequences that will follow from specific actions. In 1981, other theorists expanded on this theory by claiming that an organization’s ethical climate may also have an impact on the ethical behavior of individual members (see, e.g., Murphy, 1981).

The notion of “organizational ethical climate” thereby came to embody the commonly shared experiences of an organization’s members concerning what constitutes ethical behavior, as well as the ways in which ethical issues are addressed by the organization itself (Trevino, 1986). Then, in 1987, a revolutionary study was conducted which contextualized organizational ethical climate by explaining how individuals come to understand their “expected behavior”

over the course of their efforts to adapt to the organization's environment (Victor & Cullen, 1987).

For Victor and Cullen, the concept of organizational ethical climate refers to both the jointly-held beliefs of individual members with respect to what constitutes ethical behavior, as well as the process through which ethical issues are addressed by the organization. Under this theory, different organizations have different ethical climates, which in turn leads to differences in how they go about resolving ethical conflicts through various management practices¹. Numerous studies have since explored the concept of organizational ethical climate based on Victor and Cullen's research, with their findings summarized in the table 1.

Table 1 – Definitions of Organizational Ethical Climate

Research	Definitions
Victor & Cullen (1987)	Defines organizational ethical climate as the jointly-held cognitive and behavioral perceptions of an organization's employees concerning what constitutes ethical behavior, as well as the organization's approach to addressing and resolving ethical issues.
Wimbush & Shepard (1994)	Defines organizational ethical climate in terms of how employees as a group handle ethical dilemmas and make ethical decisions, as opposed to individual feelings or attitudes, based on a normative approach to moral conduct.
Falkenberg & Herremans (1995)	Defines organizational ethical climate as an informal system of dealing with personal and organizational problems involving ethical issues, in which the influence of such a system eclipses that of an organization's official guidelines and standards.
Malloy & Agarwal (2001)	Defines organizational ethical climate as a psychological perception structure focused on the ethical behavior of individual members, which can be used to enhance employees' understanding of shared values involving what constitutes ethical and unethical behavior, ways to address and resolve ethical problems, as well as their awareness of personal responsibility.

Source: Author's collection

As evident from the above, the theory of organizational ethical climate is generally concerned with the perceptions shared by an organization's individual members, as well as its effect on organizational decision-making, rather than any written codes of conduct or standards for judging morality. As such, it is focused on a shared awareness of what ethical conduct is and how to resolve ethical problems, which necessarily varies across different organizations and which informs the attitudes, beliefs, motivations and behavior of individual members, including colleagues, partners and superiors (Malloy & Agarwa, 2001). As for its practical applications, the theory can be used to strengthen and improve the social and ethical culture of an organization by developing management practices and codes of conduct to promote effective decision-making. In effect, by encouraging specific types of ethical behavior through various human resources management strategies, organizations should be able to cultivate an ethical climate more conducive to higher levels of employee satisfaction as well as individual and organizational performance.

¹ Other approaches are also worth noting, such as the notion of ethical climate as the status linking the thoughts, emotions and behavior of an organization's individual members, as measured by their morale, attitudes and cohesion (Denison, 1996), as well as its impact on members' attitudes and behavior as a prediction of individual and organizational performance (Wu Hongmei, 2005).

2. The Typology of Organizational Ethical Climate

The typology developed by Victor and Cullen (1987) divides organizational ethical climate into nine categories based on ethical criteria and locus of analysis. In terms of ethical criteria, this typology draws heavily from Lawrence Kohlberg's theory involving stages of moral development, which characterizes ethical standards in terms of egoism, benevolence and principles. While “egoism” seeks to maximize the pursuit of self-interest at the expense of others, “benevolence” is concerned with the common interests of the community, and “principle” emphasizes the adherence to regulations and procedures. These three criteria, which Victor and Cullen treat as standards of moral judgment, necessarily determine the different types of organizational ethical climate.

As for locus of analysis, Victor and Cullen make use of Alvin Gouldner's cosmopolitan-local framework, which posits that organizations and its members take various considerations into account when making ethical decisions. Specifically, just as “individual” considerations such as moral beliefs can form the basis of ethical decision-making, such decisions can also be based on the “local” organization’s code of ethics, regulations and policies, as well as “cosmopolitan” considerations derived from other organizations and individuals (which itself stems from the sociological theory of reference groups and their role in the social system for shaping different behaviors and attitudes). Therefore, depending on the various ethical criteria and locus of analysis discussed above, the typology developed by Victor and Cullen is composed of nine distinct ethical climate types, as set forth in table 2.

Table 2 – Victor and Cullen’s Theoretical Framework for Organizational Ethical Climate

Ethical Criteria \ Locus of Analysis	Individual	Individual	Individual
Egoism	Egoism	Egoism	Egoism
Benevolence	Benevolence	Benevolence	Benevolence
Principle	Principle	Principle	Principle

Source: Victor and Cullen (1987); Victor and Cullen (1988).

Based on the above findings, Victor and Cullen also developed an Ethical Climate Questionnaire (ECQ) in order to better understand individual members’ perceptions concerning an organization’s ethical climate. A series of surveys conducted by Victor and Cullen in 1987, 1988 and 1993 indicated that “efficiency” plays an insignificant role and that “friendship” and “team interest” are regarded as one and the same, which led them to conclude that only seven out of the nine ethical climate types above have practical implications.

Following additional research, these seven types were further refined into the following five dimensions: instrumentalism, caring, independence, rules, and laws and codes.

“Instrumentalism” refers to a belief in the supremacy of individual and/or organizational interests as maximized through business activities and with no consideration for the consequences; “caring” refers to an emphasis on altruistic principles in which both managers and employees are focused on maximizing their collective interests; “independence” enables individual members to develop their own standards of morality based on personal value judgments which are respected by the organization and immune to the influence of others; “rules” require strict adherence to the rules, procedures and codes of conduct established by the organization, whose interests necessary take precedence over those of individual members; while “laws and codes” require obedience to laws and professional standards developed outside of the organization, which takes a backseat approach to regulating the conduct of its members.

3. Empirical Studies on Organizational Ethical Climate

Empirical studies performed on the basis of this theoretical framework have broken down organizational ethical climate into independent, intermediary and moderating variables, each of which are discussed below and applied to Chinese enterprises.

3.1. Independent Variables of Organizational Ethical Climate

3.1.1. The impact of organizational ethical climate on ethical behavior

In terms of their impact on employees' ethical decision-making, organizational ethical climate and individual moral behavior are closely related (Trevino & Youngblood, 1990). According to Trevino (1986), since employees' perceptions necessarily determine their behavior, cultivating an awareness of what constitutes ethical behavior is of primary importance, while Murphy (1993) and others have emphasized the effect of unfavorable ethical climates on unethical behavior. In either case, studies clearly show that changes to an organization's ethical climate tend to cause corresponding changes in individuals' ethical behavior.

More specifically, numerous studies have demonstrated a positive correlation between a caring organizational ethical climate and the ethical behavior of individual members (see, e.g., Murphy, 1993; Wimbush & Shepard, 1994; Loch & Conger, 1996; Peterson, 2002). A study by Okpar (2002) concluded that organizations with more caring ethical climates tend to have employees who exhibit higher levels of job satisfaction and engage in less anti-ethical behavior. Researchers in China have also reached similar conclusions. Wang Chunyan (2010), for instance, has shown that caring ethical climates have a positive influence on organizational citizenship behavior, in which employees share a stronger sense of community and are more likely to help each other accomplish organizational goals. At the same time, as demonstrated in a study by Chao Gang (2013), a caring ethical climate can also have a chilling effect on ethically deviant behavior while encouraging employees faced with ethical decisions to take the interests of others into account.

Organizational ethical climate based on independence, rules and laws and codes have also been shown to have a significant impact on the ethical behavior of individual members. A study conducted by Wimbush (1997) found a negative correlation between independent ethical climates and anti-ethical behavior. As for ethical climates characterized by laws and codes, Craig (2006) and others have also found relatively high levels of moral conduct and few instances of anti-ethical behavior among employees (see, e.g., Fan Liqun, 2006; Domingo & Ma Lu, 2014).

With respect to instrumentalism, however, an analysis of the connection between organizational ethical climate and individual behavior by Wimbush and Shepard (1992) showed that the overriding focus on egoism tends to result in greater violations of ethical standards and behavioral norms. Therefore, unlike the climate types discussed above, there appears to be a strong positive correlation between instrumental ethical climates and immoral behavior, with the level of immorality increasing along with the degree of instrumentalism. For example, Vardi (2001) found that anti-ethical behavior such as cheating is more common with instrumental climates, while Sackett (2006) concluded that employees working under such climates are less subject to ethical constraints on their behavior. According to Li Dengyue (2012), however, instrumental ethical climates can be further subdivided into "organization interest-oriented" and "personal interest-oriented," with only the latter shown to encourage deviant behavior. This makes sense, as an ethical climate in which the pursuit of self-interest is paramount necessarily allows individuals to pursue their own goals at the expense of other individuals, groups and organizations.

3.1.2. The impact of organizational ethical climate on employee job satisfaction and organizational commitment

A considerable amount of research has also focused on the various ways in which organizational ethical climate can impact employee job satisfaction and organizational commitment. Studies by Vitell and Davis (1990) and Kroeck and Sims (1994), for instance, concluded that organizational ethical climates more in line with the preferences of individual employees tend to contribute to greater job satisfaction and organizational commitment. A study on Taiwan's banking sector by Xie Kaixu (2010) also found a positive correlation between employees' agreement with an organization's ethical climate, job satisfaction and organizational commitment, while interviews with managers from a large non-profit organization conducted by Deshpande (1996) showed that changes in an organization's ethical climate can significantly impact job satisfaction.

As with the impact of organizational ethical climate on individual behavior discussed above, research by Kelly and Dorsch (1991), whose findings have since been corroborated by Cullen (2003) and others, has suggested a positive correlation between caring ethical climates and organizational commitment, and a negative correlation between instrumental ethical climates and organizational commitment. Similar studies have also shown that rule-based ethical climates have a positive impact on the organizational commitment of professional's study, while instrumental ethical climates tend to negatively correspond with job satisfaction and relationships between colleagues (see, e.g., Deshpande, 1996; Woodbine, 2006). Finally, a cross-cultural study on the organizational ethical climates of US, Chinese and Japanese banks found that all three exhibited a positive correlation between caring ethical climates and external job satisfaction, Chinese and Japanese banks showed a positive correlation between caring ethical climates and internal job satisfaction, and US and Chinese banks showed a positive correlation between ethical climates based on laws and codes and external job satisfaction.

Perhaps not surprisingly, such research has also overwhelmingly demonstrated a positive correlation between job satisfaction, organizational commitment and ethical climates based on collectivism, rules, efficiency, independence and compassion, and a negative correlation between organizational commitment and ethical climates based on egoism and instrumentalism. According to a study by Heng Shupeng (2008), for example, ethical climates driven by altruism tend to enhance employee job satisfaction as well as emotional commitment to the organization, while Liu Feng (2010) found a significant positive correlation between caring ethical climates and affective and moral organizational commitment.

3.1.3. The relationship between organizational ethical climate, individual- organization fit, and individual and organizational performance

As Sims and Keon (1997) have pointed out, if the ethical climate of an organization reflects individual employees' ethical standards and beliefs, the level of individual-organization fit will be improved. Valentine and Barnett (2003) have also found a positive correlation between organizational ethical climate and individual- organization fit based on a strong employee preference for favorable ethical climates, while a study by Lopez (2009) concluded that the type of ethical climate cultivated by an organization has a significant impact on perceptions involving individual- organization fit. Taking it a step further, recent research by Yang Chunjiang (2014) has also found that caring and rule-based ethical climates, as opposed to climates based on the pursuit of self-interest, can both lead to significant improvements in individual- organization fit and employee job satisfaction, thereby enhancing the interaction between organizations and their members.

Through there are few studies focused specifically on China, research has also shown a similar correlation between organizational ethical climate and individual and organizational

performance. Wimbush and Shepard (1994), for example, found that altruistic ethical climates help improve organizational performance by promoting ethical behavior among employees, as opposed to climates based on self-interest which contribute to anti-ethical behavior and diminish performance. Moreover, according to a study on the relationship between organizational ethical climate and the ethical traits of successful managers, employees of organizations with a caring ethical climate tend to associate ethical behavior with professional achievement, while employees working under instrumental climates attribute success to a lack of ethical behavior (Deshpande, 1996). This is why Henry Silverman (2000) has suggested that incorporating ethics into the management and development strategies of organizations is essential for enhancing its competitiveness.

3.2 Intermediary and Moderating Variables of Organizational Ethical Climate

A study involving a chain of U.S. convenience stores indicates that personal morality only plays a role in determining employee's ethical decision-making and behavior under specific ethical climates, suggesting that organizational ethical climate has a direct impact on employees' job satisfaction and organizational commitment (Herndon, 1992). According to Tim and Chery (2000), social responsibilities as well as law and code-oriented ethical climates also play an important role in regulating employees' ethical decisions and behavioral intention. At the same time, studies have shown that job satisfaction can affect individual productivity as well as corporate profit margins (see, e.g., Zhang Qihui & Sun Xin, 2010). Therefore, not only does organizational ethical climate have a direct effect on job satisfaction, it may also have an indirect impact on organizational performance.

3.3 The Role of Organizational Ethical Climate in China

As evident from the above, Western scholars have made enormous progress in developing the theory of organizational ethical climate, which has generated great interest in China. That said, cultural differences between China and the West should not be ignored, and the role of ethical climate in Chinese enterprises necessarily differs from that of their Western counterparts. In order to account for these differences, Chinese scholars have therefore proposed a number of changes to the theory as formulated by Victor and Cullen. According to Heng Shupeng (2008), based on a comprehensive analysis of the internal structure of Chinese culture, organizational ethical climate in China can be divided into five components: "self-oriented," "altruistic-oriented," "organization-oriented," "independent-oriented" and "law and code-oriented," the first three of which roughly correspond with the "instrumentalism," "caring" and "rules" under Victor and Cullen's typology. Based on a study of private enterprises in Wenzhou, Liu Feng (2010) has more recently reconfigured these categories into: "regulation-oriented," "caring-oriented," "independent-oriented," "organization-interest oriented" and "self-interest oriented," thereby collapsing the "rules" and "law and code" components of Victor and Cullen's formulation into a single category ("regulation-oriented") and subdividing "instrumentalism" into two separate categories ("organization-interest" and "self-interest oriented"). This typology was adopted by Li Dengyue (2012) in his study of the relationship between organizational ethical climate and employees' deviant behavior.

Research has shown that, out of the five categories discussed above, the organizational ethical climate of Chinese enterprises tends to be largely regulation-oriented. According to a study on high-end Chinese hotels by Yu Zhiyuan (2009), employees of Chinese enterprises are subject to an extensive system of laws, rules and codes which define and delineate what should be considered ethical behavior. A study by Liu Feng (2010), in which questionnaires were handed out to employees of small and medium-size enterprises (SMEs) in China, similarly suggests an organizational ethical climate dominated by rules, codes and regulations, albeit with

some evidence of independent-oriented, organization-interest oriented and self-interest oriented climates, and little to no evidence of caring-oriented climates.

Several studies have also concluded that different organizational ethical climates can coexist within the same Chinese enterprise, which is consistent with research involving Western companies. Heng Shupeng (2008) found that regulation-oriented and independent-oriented climates tend to coexist, with their respective impact on employee job satisfaction and organizational commitment dependent on the level of altruism within an organization. Where this altruism is lacking, even in a regulation-oriented climate involving enforced compliance with strict rules, job satisfaction and organization commitment will remain low. According to Liu Feng (2010), independent-oriented climates also tend to coexist with organizational-interest and self-interest oriented climates, while Jing Runtian and Liu Wenbin (2010) have found that employees largely regulate their ethical behavior based on the dominant ethical climate despite the presence of other climates within the same organization.

4. The Organizational Ethical Climate of Japanese Enterprises in China

The management and operations of Japanese-funded enterprises in China have undergone enormous changes since China's adoption of the reform and opening up policy in 1978. During the initial phase of the policy between 1978 and 1995, China's market potential was restricted by low income levels and market imperfections, while Japanese investment in China focused primarily on taking advantage of its preferential policies and cheap labor to establish production facilities. During the second phase from 1996 through 2001, Japanese enterprises' interest in China gradually expanded from production to the establishment of promotional, pricing and sales channels which laid the foundation for subsequent growth. Then during the third phase between 2001 and 2008, known as the market development period, efforts by Japanese enterprise to expand their footprint in China were driven by the establishment of nationwide merchandise networks. At this point, a wide range of products and services, from cars, electronics and furniture to medicine and food, became an indispensable part of China's economic development. More recently, the global financial crisis of 2008 along with increasing labor costs led to a decline in the number of Japanese production facilities in China, though Japan's interest in the Chinese market as a whole has shown no signs of slowing down. According to data released by Japan's Ministry of Economy, for example, in 2011 there were 5,878 Japanese enterprises in China (including Hong Kong and Macau), accounting for 30.5% of all overseas Japanese corporations, which increased to 7,700, or 33% of all overseas firms, in 2012.

Though Japan was one of the first countries to express an interest in the Chinese market, research on Japanese-funded enterprises in China did not begin until the third phase of the reform and opening up period in 2001. Moreover, early studies focused primarily on issues involving localization and diversification, and were therefore ill-equipped to address some of the more pressing problems currently faced by Japanese enterprises operating in China. While many of these problems stem from political tension between the two countries as well as Japan's economic downturn, they are also a reflection of Japanese companies' failure to adapt to China's changing policies on investment, environmental protection, technological innovation and foreign trade as part of its increasing focus on sustainable development. Of course, corporations from around the world have all had to adjust their strategies to adapt to these changes, but Japanese enterprises continue to face fierce competition from China as well as South Korea and Europe. As discussed below, one way to effectively improve their prospects is through a greater emphasis on ethics and culture, of which additional research on organizational ethical climate is essential. First, while the two countries are geographic

neighbors, differences in traditional Chinese and Japanese culture should not be ignored. Efforts must therefore be made to strengthen understanding between Japanese enterprises and their Chinese employees, with a particular emphasis on maintaining a positive corporate culture while enhancing the cultural sensitivity and adaptability of individual employees. In this respect, it would be productive for Japanese enterprises to identify the types of organizational ethical climates preferred by Chinese employees, which will help improve individual-organization fit and reduce turnover while increasing job satisfaction and organizational commitment.

Second, while the cultures of both countries have to some extent emphasized collectivism over individualism, Japan's so-called "collectivist culture" remains central to the growth and development of Japanese enterprises. For Japanese employees, this sense of collectivism means that they are expected to maintain a loyal and selfless devotion to the organization while fulfilling their individual potential. In China, however, work is simply viewed as a source of livelihood, which means that employees prefer to spend more time with their family and enjoying leisure activities (Jin Cheng, 2011). This suggests that in order to prevent unethical behavior, Japanese enterprises in China must do more than cultivate a caring ethical climate more in line with Chinese cultural norms, and that offering Chinese employees emotional support and intellectual stimulation is not enough. In a survey of 43 Japanese enterprises in China, Xue Jun and Nishimura Howe (2006) found that dissatisfaction with income and benefits remains the most common reason for Chinese employees to quit. Measures must therefore be taken to ensure that these employees are paid well enough to support themselves and their families.

Third, Yu Zhiyuan (2009) has argued that independent-oriented ethical climates tend to promote organizational commitment among employees. Yet for most Japanese enterprises doing business in China, there is little opportunity for promotion among Chinese employees, with most senior management positions being filled by Japanese. Yin Jinghui (2006) has similarly noted that the corporate culture of Japanese enterprises continues to be characterized by an overriding emphasis on Japanese identity which is coupled with an underlying mistrust of non-Japanese employees, a finding which has been corroborated by various other studies (see, e.g., Song Deling & Yue Dazhi, 2006; Kim Yong, 2007; Niu Jing, 2008). This failure to grant Chinese employees equal rights and promotional opportunities has prevented the development of a positive ethical climate, while hampering individual productivity and organizational commitment. Japanese enterprises must do more to enhance cultural inclusiveness through education and training, while cultivating an ethical climate which strives to satisfy the needs of all employees.

Finally, commercial enterprises need to realize, if they haven't already, that they can no longer afford to limit themselves to the pursuit of profit above all else, and that business ethics, along with an emphasis on social progress and development, has become central to their success. Yet several Japanese enterprises with operations in China have been mired in ethics scandals involving everything from substandard quality and safety failures to employee strikes over overtime and unequal pay. The safety problems reported by Toyota in 2010 and the Toto strikes of 2014, for example, directly reflect ongoing problems with the organizational ethical climate of Japanese enterprises as well as their failure to fully integrate into Chinese society. According to Liu Songbo (2013), effective moral leadership can help counteract employees' perceptions of a self-interest oriented ethical climate and reduce anti-ethical behavior. Japanese executives must therefore do more to cultivate climates which place a greater emphasis on social development and the need to pass on positive values to their employees. Additional research on how the existing ethical climates formed, as well as effective mechanisms to

improve related management practices, should also help ensure the sustainable long-term development of Japanese enterprises in China.

5. The Development of Organizational Ethical Climate and Challenges to Human Resource Management

While numerous studies have confirmed the existence of a strong correlation between ethical climate and individuals' behavior, attitude and performance, research into human resources management practices has largely ignored the theory of organization ethical climate. This clearly needs to change, and the following recommendations are intended to address the various ways in which human resource managers can foster more positive ethical climates.

As a preliminary matter, the concept of individual-organization fit must be made more of a priority, which requires that organizational ethical climate be more in line with individual employees' perceptions. As discussed above, studies have shown that ethical behavior is largely determined by ethical perceptions, and that when the ethical climate reflects these perceptions, levels of job satisfaction, organizational commitment and ethical behavior tend to be higher (see, e.g., Vitell & Davis, 1990; Sims & Kroeck, 1994). Moreover, because these perceptions necessarily depend on employee training and other human resource practices, human resource management systems play an important role. Managers must therefore make an effort to better understand the ethical climate of their organization through interviews, questionnaires and/or employee attitude surveys, and then seek to strengthen those management policies and practices which can have a positive impact on it through employee education and training.

Second, the development of an ethical climate more conducive to the promotion of ethical behavior among employees is essential. As discussed in greater detail above, studies have shown that levels of individual ethical behavior, attitudes and performance tend to be higher under both caring and law and code-oriented ethical climates, with instrumentalism more likely to promote anti-ethical behavior. In terms of human resources management, this means that performance evaluations should be geared toward providing employees with positive reinforcement as well as more opportunities to feel appreciated and gain a sense of accomplishment in their work. In particular, outcome-oriented evaluations should be replaced by more comprehensive incentive systems in an effort to minimize the role of instrumentalism as a component of organizational ethical climate.

Third, employees should be granted enough discretionary authority to be able to use their own independent judgment at work. Studies have shown that independent ethical climates tend to enhance employees' emotional commitment to the organization (Yu Zhiyuan, 2009), and that if they feel more trusted and respected in the workplace, individual performance will likely be enhanced. Management should therefore arrange for ethics lectures and other training opportunities geared toward developing independent thinking and judgment among employees. And given that independent judgment in itself is not enough, they should also empower employers by offering them greater discretion with respect to daily decision-making opportunities. This will help increase their emotional commitment to the organization while improving both individual and organizational performance. At the same time, the establishment of human resource departments focused exclusively on the enforcement and promotion of a consistent code of ethics is also required. A study by McDonald and Zepp (1990) found that the effective enforcement of an organization's ethics rules and policies is essential for the regulation of ethical behavior. Human resource managers should therefore put in place effective systems for monitoring and identifying unethical behavior, while ensuring that ethics investigations are carried out in an unbiased and transparent manner.

Finally, executives and other senior managers must do their part to cultivate a positive ethical climate by serving as both advocates and practitioners of an organization's ethical policies. One of the unwritten responsibilities of executives and managers of organizations is to serve as an ethical role model through their words and actions, which are then emulated by employees. While anti-ethical behavior is more likely to arise under ethical climates based on instrumentalism and self-interest, as discussed above, studies have shown a negative correlation between anti-ethical behavior and superior moral leadership (Liu Songbo, 2013). By downplaying employees' perceptions concerning the role of self-interest in the workplace, executives can help deter anti-ethical behavior, thereby contributing to the long-term and sustainable development of both individuals and the organization.

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