Understanding Ethical Climates, and Their Relevance for Educational Institutions: Reflections from Literature

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ARTICLE INFO	ABSTRACT
	To counter contemporary challenges such as corporate scandals, sustainability, climate change, equity, diversity, inclusion, and inculcating ethical behavior among aspiring professionals, many universities have been increasingly focussing on ethics education by offering courses such as professional ethics, research ethics, and engineering ethics. However, this article contends that such efforts can be complemented by inculcating organizational ethical climates in workplaces, by examining and extending the extant literature on ethical climates. In this attempt, the article also demystifies organizational ethical climates and discusses relevant literature. **Keywords:** Ethical Climate, Perceived ethical climate, Ethics education.

Introduction

In the context of current global challenges such as climate change, sustainability, income inequalities, and cutthroat competition in the business environment, the need for students and teachers to focus on ethical education, or professional ethics, along with the requisite technical knowledge and skills is manifold, particularly in higher academic institutions, where students from diverse educational backgrounds are imparted knowledge, skills and groomed for future career opportunities. Interestingly, many universities across the world have been increasingly realizing this fact, and successfully offering such courses. However, according to the principles of cognitive social learning (Bandura, 1986), when such theoretical focus is complemented by social observation in the form of institutions' ethical climate, the learning will be even more effective and yield the best results for all the stakeholders. Additionally, the commonality in the objectives associated with nurturing ethical climates, and offering courses in ethics education forms a main case for this study.

In an organization, climate represents its social environment 'in terms of a fixed (and broadly applicable) set of dimensions...that are consciously perceived by organizational members' (Denison, 1996, p. 624). Ethical climates are a subset of organizational work climates, similarly, a climate of innovation, safety, diversity, and justice are among others (Simha & Cullen, 2012). Ethical climates in an organization are the 'prevailing perceptions of typical organizational practices and procedures that have ethical content' (Victor & Cullen, 1988, p. 101) among the organizational members. Thus, in the context of an educational institution, ethical climates, for example, represent the prevailing perceptions about processes in an institute such as transparency in the admission process, student grievance handling processes, faculty recruitment processes, evaluation of answer sheets, and grading, student exit processes, and various other processes related to students, faculty and staff administration.

Organizational ethical climates work as guiding principles for organizational agents to identify whether or not a behavior is acceptable; they also influence decision-making, particularly ethical decision-making in organizations (Kish-Gephart, 2010), hence, extending the same line of thought, it is contended that, even in educational institutions, the way various stakeholders such as students in particular, perceive their institution's ethical climates greatly influences their ethical decision making and complements the efforts of academic institutions in teaching ethics. Hence, a discussion on the importance of ethical climates is needed. This article takes such responsibility along with the task of delineating them by carefully examining the extant literature.

Ethical Climate

Constructs such as ethical culture, ethical climate, ethical values, moral climate, and ethical infrastructure have been used in probing organizational ethical contexts (Hunt, Wood, & Chonko, 1989; Mayer, Kuenzi, & Greenbaum, 2009). However, ethical climates, stemming from Victor and Cullen's (1988) ethical climate theory (ECT) are widely used (Arnaud, 2010; Fritzsche, 2000; Newman, Round, Bhattacharya, & Roy, 2017) to explore the organizational ethical environment for their strong theoretical base in philosophical and sociological traditions (Martin & Cullen, 2006).

While organizational culture, constituting so many artifacts, including language, dress code, power distance, and festivities, represents shared assumptions that characterize a workplace, organizational climate refers to the perceptions about various facets of the organization, however, they both influence the behavior of organizational members (Schneider, Ehrhart, & Macey, 2013).

Ethical climates, being shared perceptions of organizational members, develop as a result of factors such as social exchanges, managerial orientation, organizational context and structure, prevailing policies, practices, and procedures in the workplace (Simha & Cullen, 2012). Additionally, it also abreast them with opportunities, and challenges associated with their consequences. Unfortunately, though Victor and Cullen introduced ethical climates 30 years ago, not many scholars have worked on this line of thought, the presence of only a few meta-analyses and empirical studies confirm this fact (Martin & Cullen, 2006; Newman et al., 2017; Simha & Cullen, 2012).

Perceived ethical climates

Victor and Cullen (1988) have proposed ethical climates based on a broad definition of ethics by considering employee perceptions about expected, prohibited, and accepted behaviors in a workplace. Perceived ethical climates are instrumental in determining whether or not an action is ethical.

Victor and Cullen (1988) initially introduced an ethical climate questionnaire (ECQ) with 26 items to measure ethical climate perceptions. Items were framed to capture employees' perceptions about their organizational policies, processes, and practices rather than value judgments. It was hypothesized that nine types of ethical climates could prevail in a workplace based on ethical criterion, and source of ethical reasoning. Hence the content of items reflected descriptions for the possible nine climate types. Victor and Cullen (1988), chose the two dimensions, the criterion of ethical (or moral) reasoning, and the source (or referent group), as per the three major classes of ethical theory (e.g., Fritzsche & Becker, 1984) and sociological theories of roles and reference groups (e.g., Gouldner, 1957). *Egoism, benevolence, and deontology (or principle)* are the three criteria of ethical reasoning, while *individual*, *local*, and *cosmopolitan* are the proposed referent groups.

Egoism is concerned with serving self-interest, benevolence pertains to a group's interest, and principle or deontology is concerned with adhering to rules. Both benevolence and principle are concerned with the benefit of the others. Coming to the referent groups, the individual signifies self as a referent, local is concerned with the immediate social system within which individuals are located, such as a team or a workgroup or organization itself, and cosmopolitan, has its locus outside the focal organization, such as community, professional associations, and society at large. Crisscrossing the criterion of moral reasoning with referent groups results in the hypothesized nine climate types, theoretically, as represented in Table 1. and described below:

1. Self-interest: These climates arise when the parameter of ethical reasoning is egoistic, and the reference of analysis is individual. They characterize attributes that promote personal interests and aspirations over a group or company's interest.
2. Company profit: These are the results of egoistic ethical judgment with the reference of analysis as local. As a company, or an organization, or a work unit is an immediate social system to the individual, when this reference group thinks for itself (or for its best interest), these climates manifest.
3. Efficiency: These climates arise when the criterion of ethical reasoning is egoistic, and the reference of analysis is cosmopolitan. They promote ethical decisions based on general social or economic interests.
4. Friendship: These climates manifest when the criterion of ethical reasoning is benevolent, and the locus of analysis is individual. They characterize a workplace based on the consideration of other people over self-interest.
5. Team interest: These climates arise when moral judgments are based on benevolence, and the locus of analysis is local. They reflect a consideration for the organizational collective.
6. Social responsibility: These climates reflect a workplace where moral judgment is based on benevolence, and the source of analysis is cosmopolitan. Ethical decisions are driven by external factors that guide socially responsible behavior.
7. Personal morality: These climates have the criterion of moral judgment as principled and individual as the reference of analysis. Personal ethics influence one's behavior in workplaces characterized by these ethical work climates.
8. Company Rules and Procedures: These climates have the criterion of ethical reasoning as principled and the locus of analysis as local. In this type of ethical climate, the source of ethical principles stems from the organization (e.g., rules and procedures).

9. Laws and Professional Codes: These climates manifest when the criterion of moral reasoning is principled, and the locus of analysis is cosmopolitan. The cues for ethical principles are from sources outside the focal organization (e.g., the legal system, and professional organizations).

Table 1: Theoretical ethical climate types (Victor and Cullen, 1988).

Ethical criterion	Locus of analysis		
	Individual(I)	Local(L)	Cosmopolitan(C)
Egoism (E)	Self Interest	Company Profit	Efficiency
Benevolence(B)	Friendship	Team Interests	Social Responsibility
Principle(P)	Personal Morality	Rules	Professional Codes

Discussion

Perception of ethical climates, with the potential to characterize a workplace and influence behaviors, assume importance as they percolate down in the form of desirable/undesirable behaviors among the stakeholders. Nearly, two decades after the introduction of ECT, Martin and Cullen (2006) carried out a meta-analysis on ethical climates. Synthesizing the literature generated around the construct, they identify that empirical works on ethical climate extended their relevance to outcomes related to not only ethics but also to outcomes such as job satisfaction, commitment, psychological well-being, and dysfunctional behavior. The subsequent works extended ethical climates' impact on turnover intentions as well (Simha & Cullen, 2012).

Empirical studies examining ethical climates establish that perceived ethical climates impact various outcomes such as ethical (or unethical) intentions and actions, organizational commitment, organizational identification, job satisfaction, job performance, sales performance, teamwork, financial performance, voluntary absence, turnover intentions, citizenship behaviors, and deviant behaviours (Newman et al., 2017; Ramadugu & Rastogi, 2021).

Few scholars have attempted to identify ethical climate perceptions in the context of India, including Agrawal (2017), Kaur (2017), Randhawa & Kaur (2014) and Jha, Varkkey, Agrawal, & Singh (2017), and established their importance by relating them with outcomes such as trust in management, and employee commitment.

As Kish-Gephart, (2010) and Newman et al., (2017) summarize in their work, researchers in this domain, usually, report that desirable outcomes such as organizational commitment, job satisfaction, and psychological well-being are negatively related to egoistic climates and positively related to benevolence and principle-based climates. Inversely, undesirable outcomes such as turnover intentions, workplace deviance, and misconduct are positively related to egoistic climates and negatively related to benevolent, and principled climates.

Recent work (Newman et al., 2017) informs us that ethical climates also influence work attitudes such as satisfaction with supervision, commitment to quality, customer satisfaction, organizational citizenship behaviour, financial performance, and organizational innovation.

Even though the above-mentioned empirical studies are from diverse industry backgrounds, their applicability to the context of academic institutions will be justified by taking the mechanisms through which they yield various outcomes, for example, social information processing theory (Newman et al., 2017).

Drawing directly from the educational context Ainscow and Sandill (2010) have argued for the importance of leadership practices, and ethical cultures in promoting inclusive education. This translates to the central role of educational institutions' ethical context.

Additionally, by applying the principles of cognitive social learning (Bandura, 1986) it can be inferred that the ethical education that students receive should be in line with their perception of ethical climates in their environment, otherwise, the impact of ethical education would be negated. Hence, this study advocates that higher education institutions nurture ethical climates, along with offering various courses on ethics education so that one complements the other.

Conclusion

The efforts of universities, and academic institutions, as clearly evident from designing, and offering courses such as Engineering Ethics, Medical Ethics, Biotechnology Ethics, Journalism Ethics, Research Ethics and Business Ethics are undoubtedly augmented by nurturing ethical climates in their workplaces as this study provides relevant literature in support of nurturing ethical climates. Additionally, this study also informs the readers about the research on ethical climates.

Victor and Cullen (1988) theoretically hypothesized that there could be nine types of ethical climates, namely: self-interest, company profit, efficiency, friendship, team interest, social responsibility, personal morality, company rules and procedures, and laws and professional codes. However, empirically, this claim couldn't be substantiated as not many scholars could find the empirical validity for the hypothesized nine types of ethical climates (Martin & Cullen, 2006; Simha & Cullen, 2012). To uphold the nine-factor structure of ethical climates, there appears a need for exhaustive empirical studies.

As earlier studies point out (Verma, Mohapatra, & Löwstedt, 2016), a combination of formal and informal ethics training is best suited to cultivate a culture of ethics in an institutional setup to inculcate individual and organizational ethical values and impact individuals' perceptions about the importance of ethics.

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