CrossMark

Ethical work climate, employee commitment and proactive customer service performance: Test of the mediating effects of organizational politics

Patricia Yin Yin Lau[a,*], Jane L.Y. Terpstra Tong[a], Bella Ya-Hui Lien[b], Yen-Chen Hsu[b], Chooi Ling Chong[a]

[a] School of Business, Monash University Malaysia, Jalan Lagoon Selatan, 47500 Bandar Sunway, Selangor Darul Ehsan, Malaysia
[b] Department of Business Administration, National Chung Cheng University, 168 University Rd., Min-Hsiung Chia-Yi County, Taiwan, ROC

ARTICLE INFO

ABSTRACT

This study examined the mediating effects of organizational politics on the relationships between ethical work climate and two employee outcomes: affective commitment and proactive customer service performance. Using 200 survey responses collected from six shopping malls, we found that perceived ethical work climate had a direct effect on employee perceptions of organizational politics, affective commitment and proactive customer service performance. Moreover, perceived organizational politics partially mediated the relationship between ethical climate and affective commitment, but not that between ethical climate and proactive customer service behavior. We recommend retailers develop ethical climate to strengthen their competitive advantage.

1. Introduction

In an industry characterized by rapidly changing trends and preferences and fierce competition (Lang et al., 2013), more and more retail businesses have focused on organizational factors to stay competitive (He et al., 2011; Lee et al., 2012). One such organizational factor is ethical work climate. Ethical work climate is crucial in building long-term ties with customers (Schwepker and Hartline, 2005). Focusing on the retail industry, Adams et al. (2001) concluded that employees at all levels display more positive behavior in organizations with an ethical work climate than in organizations without one. This study is important to deepen our understanding of the effect of an ethical work climate by examining its relationships with organizational politics, affective commitment and a service-industry-specific proactive behavior: proactive customer service performance.

A review of ethical climate and customer service literature supports the need for this study. First, the organizational strategy that strives to achieve excellent customer service requires a translation of human resource policies into customer-oriented service practices (Crotts et al., 2005). Although studies conducted in the retail industry have examined how human resource policies and practices influence customer service behavior (Ashill et al., 2015; Dimitriades, 2007; Swimberghe et al., 2014; Xavier et al., 2015), more research is called for to understand the mechanism through which ethical climate influences work outcomes, for example, proactive customer service performance

(Ashill et al., 2015; Dimitriades, 2007). Second, research related to the general mechanism through which ethical climate affects employee attitude and behavior remains limited (Kacmar et al., 2013), particularly in terms of how ethical climate interacts with internal politics (Gotsis and Kortezi, 2010; Vigoda-Gadot, 2007).

Third, an organization's pay and promotions policies are key dimensions of its politics (Kacmar and Ferris, 1991). Employees' responses to and perceptions of those reward policies in a collectivist society can differ from those in an individualistic society (Kacmar and Carlson, 1997). For example, Chinese managers place less emphasis on employee work performance when making compensation decisions for employees (Zhou and Martocchio, 2001). These reward practices may be perceived as more acceptable in a collectivist society due to the importance of relationships and other relational factors (Yamagishi et al., 1998; Poon, 2004). These findings point to the need to examine the dynamics between ethical climate and organizational politics in a collectivist society, such as Malaysia, where the present study is set.

Fourth, recent studies of employee discretionary behavior have extended beyond in-role service-oriented behavior (Chuang and Liao, 2010; Bowen, 2016). As retail businesses depend on frontline employees to identify and meet customers' needs, it has become necessary to examine their proactive customer service performance (PCSP) (Ackfeldt and Coote, 2005; Bowen, 2016; Rank et al., 2007; Raub and Liao, 2012). Furthermore, as PCSP is still a relatively new construct, its antecedents are largely unexplored. Thus, an under-

---

standing of how ethical climate and organizational politics influence PCSP will add to our understanding of the retail industry, both theoretically and practically.

In the following sections, we present a literature review of the study variables and then our hypotheses. After that, we describe the study method and findings. We end this paper with a discussion and a description of the study implications.

2. Literature review and hypothesis development

In this section, we draw from literature on ethical work climate, reward system politics, proactive customer service performance, and affective commitment. Using social exchange theory, we develop the interrelationships between the studied variables.

2.1. Ethical work climate and reward system politics

Ethical work climate is defined as "the prevailing perceptions of typical organizational practices and procedures that have ethical content" (Victor and Cullen, 1988, p. 101). It comprises five dimensions that include caring (empathy for others), rules (accepted sets of procedures and policies in organizations), law and code (accepted codes of conduct and rules governed by professional bodies and larger societal systems), independence (individual sets of moral and ethical beliefs) and instrumentalism (heavy reliance on personal interests) (Victor and Cullen, 1988). As part of the prevailing organizational climates, an organization's ethical climate is shaped by its founders and early leaders and modified by later members and most importantly by the management or leaders who decide its rules and policies (Dickson et al., 2001).

An organization's ethical orientation forms the foundation of the rules, procedures and policies in its operating systems (Dickson et al., 2001). Therefore, an organization's ethical climate has an effect on its pay and promotion policies, which are aspects of its politics. As defined by Kacmar and Carlson (1997), organizational politics refer to an actor's attempts at influencing those who can provide rewards to advance his or her self-interest. Therefore, pay and promotion policies, or reward system politics, sit at the core of organizational politics. From the perspective of organizational justice, reward system politics manifest as the opposite of procedural justice and are conceptually distinct (Aryee et al., 2004). When the level of reward system politics is high, employees tend to perceive a lower level of procedural injustice (Andrews et al., 2009). An organization with a high level of reward system politics permits its managers to make biased decisions when they exercise their reward power (Vigoda, 2000).

Given this, we posit that there should be a negative association between ethical climate and reward system politics. When a management team aims to maintain a higher ethical standard, cares about employees and expects them to follow rules and regulations, it is likely to try to decrease the reward system politics. We therefore make the following hypothesis.

H1. Ethical climate negatively influences reward system politics.

2.2. Ethical work climate, proactive customer service performance and affective commitment

Proactive customer service performance (PCSP) involves employees taking initiatives to improve processes, anticipating future problems and solutions and maintaining persistence at work (Crant, 2000; Grant and Ashford, 2008). Such behavior is distinct from task performance, as it goes beyond the prescribed job description (Rank et al., 2007), service scripts and standard operating procedures (Raub and Liao, 2012). It also differs from customer-oriented organizational citizenship behavior and customer-oriented pro-social behavior that does not involve taking purposive initiatives, thinking forwardly or taking

preventive measures (Brief and Motowidlo, 1986; Raub and Liao, 2012).

To explain the relationships between PCSP, affective commitment and ethical work climate, we apply social exchange theory. Social exchange theory, grounded in the universal norm of reciprocity, assumes that self-interested actors transact with other self-interested actors to accomplish goals they cannot achieve alone. The transactions between actors elevate and become habitual and sentimental when the other party values the exchanged resources (Blau, 1996). Empirical studies support this theory and conclude that a positive climate yields positive organizational behavior, as employees tend to reciprocate in the way they feel they are treated (Luria and Yagil, 2008; Schwepker and Hartline, 2005). When ethical climate is there to regulate organizational policies, procedures and practices, employees are more inclined to engage in extra-role behavior as an act of reciprocation (Leung, 2008). In Chung and Liao's (2010) study, people-oriented policies and strategies were found to be enablers of high employee performance. Leung (2008) also concluded that ethical climate that emphasizes law, code and care is more likely to promote performance behavior. In short, perceived fairness in the work environment enhances employee performance-related behavior (Luria and Yagil, 2008; Moon et al., 2008; Schwepker and Hartline, 2005).

H2. Ethical climate positively influences proactive customer service performance.

Allen and Meyer (1990) identified three dimensions of organizational commitment: affective commitment (feelings-based), normative commitment (obligation-based), and continuance commitment (cost-based). Affective commitment, the most studied dimension, is defined as "an emotional attachment to, identification with, and involvement in, an organization" (Allen and Meyer, 1990, p.1). Although normative and continuance commitments are both considered as important bases for employee organizational commitment (Allen and Meyer, 1990), they are found to have some issues with their psychometric properties (Brown, 1996; Solinger et al., 2008). Conceptually normative commitment is different from affective commitment, but empirically they are highly correlated. Thus, there is a lack of distinction between these two constructs (Bergman, 2006; Solinger et al., 2008). Continuance commitment, on the contrary, has almost no relationship with either affective or normative commitment (Solinger et al., 2008; Wallace et al., 2013). In short, affective commitment is the most robust commitment construct among the three to understand employee behavior. Furthermore, it has been found to be positively associated with employee service performance outcomes in the Asian contexts (Dhar, 2015; Jaiswal and Dhar, 2016).

Employees' attitude toward work is affected by the cues received from the work context (Salancik and Pfeffer, 1978). Affective commitment is a common response toward a positive work environment. We can construe that ethical climate should have a positive impact on affective commitment. Moreover, employees are more committed to their organizations when their ethical values match those of the organizations (Ambrose et al., 2008). Following Cullen et al. (2003), we expect that perceived ethical climate leads to positive employee affective commitment.

H3. Ethical climate positively influences affective commitment.

2.3. Reward system politics, proactive customer service performance (PCSP) and affective commitment

The norm of reciprocity is also part of the dynamics of organizational politics. "You stab my back, I'll stab yours" is another application of reciprocity (Buchanan, 2008, p. 49). Empirical studies have documented negative effects of organizational politics on employee discretionary behavior. Reward politics are negatively related to organizational citizenship behavior (Bolino and Turnley, 2012) and citizenship behavior motive (Bowler et al., 2010). They also silence voice behavior.

The power holders in an organization tend to manipulate the work environment to the extent that subordinates become so fearful of their job security that they conform to the norms and keep their grievances quiet (Fortin and Fellenz, 2008). They can also create an uninformed human resource system that aims to benefit a few but disadvantage the remaining majority (Drory and Vigoda-Gadot, 2010). Employees who perceive high political activities may feel a threat to their identities and respond by restricting their performance to a minimum level (Gotsis and Kortezi, 2010). Reward system politics impedes positive employee behavior, and damages the overall functioning of an organization (Appelbaum et al., 2005).

The effect of organizational politics in a collectivist culture has been viewed differently. Career advancement is a common purpose for one to engage in political behavior. In a collectivist culture that highly values cooperative or helping behavior, extra-role behavior is a commonly used, safe and acceptable tactic to achieve one's self-interest (Hsiung et al., 2012). Moreover, collectivist culture promotes in-group members' interests in exchange for loyalty and long-term relationships (Triandis, 1995). When target members who provide rewards are perceived to have higher chances of returning favors, in-group members perform more to obtain the desired rewards (Sikora et al., 2015; Yamagishi et al., 1998). As a result, in-group favoritism actually promotes in-group work behaviors. Such motivation is driven by extrinsic motives to perform extra-role behavior (Tang et al., 2008). Reward system politics are thus positively associated with positive employee behavior.

Although the effect of reward system politics on employee behavior can go either way, the effect on employee affective commitment should be negative. Performance appraisal politics are negatively related to employee job satisfaction and positively related to intention to quit (Poon, 2004). Similar findings are provided in Vigoda's (2000) study of perceptions of organizational politics. Given these findings and the collectivist culture of Malaysia, we postulate the following.

H4. Reward system politics positively influence PCSP.

H5. Reward system politics negatively influence affective commitment.

2.4. Mediating roles

When a work environment is ambiguous, it increases the political practices and ethical dilemmas in an organization (Gotsis and Kortezi, 2010). Political activities are more noticeable in countries where the power distance is high and the perceived fairness in organizations is low (Shao et al., 2013). Employees in high-power-distance countries depend entirely on their managers for their pay raises and promotions (Hofstede, 2001). Although they promote harmony in groups, managers implement reward systems that are favorable to certain employees at the expense of others (Kennedy, 2002). In such a culture, ethical climate plays a neutralizing role in attenuating the effect of reward system politics (Gotsis and Kortezi, 2010; Schwepker and Hartline, 2005). This is especially important to the retailing industry, whose frontline employees continually face the ethical dilemma of satisfying customers' demands rather than their own personal interests (Dubinsky and Levy, 1985).

Recent studies have also shown that perceived politics play a mediating role between different organizational environment components and employee work outcomes in various contexts (Rosen et al., 2006; Vigoda-Gadot, 2007). This leads us to propose that ethical climate works through a reduction of reward system politics to positively influence employees' proactive customer service behavior and affective commitment.

H6. Reward system politics mediate the relationship between ethical climate and PCSP.

H7. Reward system politics mediate the relationship between ethical climate and affective commitment.

3. Retail sector in Malaysia

Malaysia is a middle-income country and its capital, Kuala Lumpur (where the study took place) has reached a developed city level by World Bank's standard. Since the launch of the government's Economic Transformation Program (ETP) in 2010, the retail sector in Malaysia has been going through a transformation phase. It is identified as one of the key sectors to be developed by the end of the year of 2020 (Pemandu, 2013). The retail and service establishment sector has shown a steady growth of 6.8% as compared to the overall GDP growth at 5.9% in 2013 (Department of Statistics Malaysia, 2015).

The government has taken numerous actions to boost the national economy via the retail sector, one of which is removing import duties on luxurious goods (Pemandu, 2013). Partly because of this, and partly because of its location where the Far East meets the Near East and the Middle East, Kuala Lumpur has a healthy tourist inflow. In 2015, the tourist arrivals in Malaysia totaled 25.7 million, with MYR69.1 billion (USD17.3 billion) in receipts (Tourism Malaysia, 2015). In terms of the number of shopping malls, Kuala Lumpur has been ranked second after Hong Kong in the Asia-Pacific region (Global Blue, 2012). The retail sector is expected to benefit from the increase in population of Kuala Lumpur which is anticipated to grow from its current level of 7.2 million to 10 million by the end of 2020 (EPU, 2011; World Population Review, 2016).

4. Methods

We visited approximately 100 retail and service establishments in six shopping malls in Kuala Lumpur, Malaysia, and invited the managers on duty to participate in our study. The managers who agreed then invited their employees to participate. A total of 300 questionnaires were delivered to 75 participating establishments. The last author picked up the packages containing the survey questionnaire in the following two days. Two hundred employees returned the questionnaires in sealed envelopes. The participants were assured of their confidentiality and anonymity of participation, in compliance to the Institutional Review Board's (IRB) approved procedures.

The questionnaire was written in the three languages commonly used in Malaysia. It was first drafted in English and then translated and back-translated into Chinese and Bahasa Malaysia (Douglas and Craig, 2007). The first and last authors, who are bilingual (English and Bahasa) and trilingual (English, Chinese and Bahasa), respectively, discussed and reviewed the drafts until all of the ambiguities were cleared.

About half of the respondents were female (55%) and had worked in the same organization for one to two years (72.5%). The majority (86%) were 25 years old or younger and 65% had high school certificates. This profile of respondents is consistent with the fact that retail jobs are viewed as entry level jobs for workers with limited skills and education. This, together with the tight labor market in Malaysia, encourages young people to take up retail jobs as stepping stones for future advancement in other job categories (Fenwick, 2012; ILO, 2013). In terms of ethnic mix, about two thirds of the respondents were Chinese (64%) and the remainder were Malay (33.5%) and Indian (2.5%). This is in line with the fact that urban Chinese make up the largest employment group in retailing and service establishments in Malaysia (Saari et al., 2014).

4.1. Measures

All of the scales adopted a 5-point Likert-type scale (1=strongly disagree; 5=strongly agree). To measure ethical work climate, we used the 14-item scale developed by Victor and Cullen (1988). We measured the employees' perceptions, as it is the perceived behavioral control of the ethical work environment that influences behavior at the individual level (Ajzen, 1991; Leung, 2008). While previous studies reported

reliabilities of the four dimensions ranging from 0.58 to 0.86 (Huang et al., 2012; Tsai and Huang, 2008), the reliabilities for the current study ranged from 0.78 to 0.90.

To measure PCSP, we used the seven-item scale developed by Rank et al. (2007). The Cronbach's Alpha for the current study was 0.83. Previous studies found reliabilities of more than 0.70 and necessary psychometric properties (Rank et al., 2007; Raub and Liao, 2012). To measure reward politics, we used the six-item sub-scale from the perceptions of organizational politics measure developed by Kacmar and Carlson (1997). Consistent with the acceptable reliabilities (> 0.70) found in previous studies (Harris et al., 2007a, 2007b), the reliability for the current study was 0.89.

We measured affective commitment using the eight-item scale adopted by Allen and Meyer (1990). Past studies found reliabilities ranging from 0.83 to 0.89 (Gellatly et al., 2006; Somers, 2009). The Cronbach's Alpha for the current study was 0.91. We also controlled for age, gender, education and organizational tenure (Treadway et al., 2005). As gender and tenure influence ethical climate and PCSP in the present study, we controlled for both variables in our structural analysis.

4.2. Validity and reliability

Following the procedures set by Brown (2006) and the criteria specified by Hair et al. (2006), we deleted ten items from the measure (i.e. three PCSP items, four ethical climate items and three affective commitment items), of which the standardized coefficients were less than 0.40. The final four-factor model indicated an acceptable data fit ($\Delta\chi^2$ =451.02, Δdf=220, χ^2/df=2.050, RMSEA=0.07, CFI=0.93, GFI=0.85, TLI=0.92, IFI=0.93, SRMR=0.070).

As shown in Table 1, the reliability estimates for each construct (α) ranged from 0.82 to 0.92 and the composite reliabilities ranged from 0.83 to 0.96, indicating acceptable internal reliability for each scale. The average variance extracted (AVE) for each scale was more than 0.50, exceeding the threshold of acceptable convergence validity assessed by AVE (Fornell and Larcker, 1981). The discriminant validity was further supported by the result that each construct's AVE was larger than the respective squared correlation coefficient associated with the other construct (Table 2).

4.3. Analysis

The data were analyzed using AMOS 17.0 with a maximum likelihood estimation. Several fit indices were used to assess the overall measurement and structural model fits: normed chi-square less than three (Hair et al., 2006), root mean square error of approximation (RMSEA) ranging between 0.06 and 0.08 (Browne and Cudeck, 1992), standardized root mean residual (SRMR) less than 0.08 (Hu and Bentler, 1999), and goodness-of-fit index (GFI), comparative fit index (CFI), tucker-lewis index (TLI), incremental fit index (IFI) more than 0.90 (Bentler, 1990; Bentler and Bonett, 1980; Hair et al., 2006; Tucker and Lewis, 1973).

To test our hypotheses, we followed the two-step approach presented by Anderson and Gerbing (1988). We first conducted assessments for the four variables (ethical climate, reward system politics, proactive customer service performance, and affective commitment), and a composite variable by combining the four studied variables into one variable. We also calculated reliability and validity for each construct. Once the overall model demonstrated acceptable fit, we calculated the structural paths to test the hypotheses.

5. Findings

The structural equation model fit indicators showed an acceptable model fit for the data (χ^2=462.70, df=221, χ^2/df =2.09, RMSEA=0.074, SRMR=0.076, CFI=0.92, GFI=0.85, TLI=0.91,

Table 1
Confirmatory factor analysis and reliabilities.

Items	FL	α	CR	AVE
Proactive customer service performance		**0.82**	**0.83**	**0.56**
I use my own judgment and understanding of product problems to determine when to make exceptions of improvise solutions.	0.50			
I create partnership with other service representatives actively to better serve customers.	0.87			
I take the initiative to communicate client requirements to other service areas and collaborate in implementing solutions.	0.91			
I check with customers proactively to verify that customer expectations have been met or exceeded.	0.64			
Ethical work climate		**0.92**	**0.96**	**0.70**
Caring			0.90	0.75
The most important concern is the good of all the people in the workplace as a whole.	0.84			
What is best for everyone in the workplace is the major consideration here.	0.88			
Our major concern is always what is best for other person.	0.88			
Independent			0.85	0.65
In this workplace, people are expected to follow their own personal and moral beliefs.	0.76			
In this workplace, people are guided by their own personal ethics.	0.85			
Each person in the workplace decides for themselves what is right and wrong.	0.81			
Law and code			0.86	0.75
In this workplace, the law or ethical code of their profession is the major consideration.	0.88			
People are expected to comply with the law and professional standards over and above other considerations.	0.85			
Rules			0.78	0.64
Successful people in this workplace go by the book.	0.80			
People in this workplace strictly obey the workplace policies.	0.80			
Reward system politics		**0.89**	**0.89**	**0.67**
None of the raises I have received are consistent with the policies on how it should be determined.	0.75			
The stated pay and promotion policies have nothing to do with how pay raises and promotions are determined.	0.82			
When it comes to pay raise and promotion decisions, policies are irrelevant.	0.92			
Promotions around here are not valued much because how they are determined is so political.	0.77			
Affective commitment		**0.91**	**0.91**	**0.68**
I think that I could easily become as attached to another organization as I am to this one. (R)	0.78			
I do not feel a strong sense of 'belonging' to my organization. (R)	0.93			
I do not feel "emotionally attached" to this organization. (R)	0.92			
I do not feel like 'part of the family' at my organization. (R)	0.89			
This organization has a great deal of personal meaning for me.	0.56			

Notes: FL=factor loadings, α=Cronbach's alpha, CR=Construct reliability, AVE=Average variance extracted, R: reverse-coded.

IFI=0.92). Our data provided support for the hypothesized direct effects of ethical climate. Ethical climate (a) negatively influenced reward system politics (β=−0.45, $p < 0.001$) (H₁), (b) positively influenced PCSP (β=0.31, $p < 0.01$) (H₂) and (c) positively influenced affective commitment (β=0.43, $p < 0.001$) (H₃). Perceived reward system politics negatively influenced affective commitment (β=−0.36, $p < 0.001$) (H₅) and had no significant effect on PCSP (β=0.09, $p > 0.05$) (H₄). Hence, the results provided support for Hypotheses 1, 2, 3 and 5 but not for Hypothesis 4. Fig. 1 describes the results with

Table 2
Correlation coefficients, average variance extracted (AVE) and squared correlation coefficients between constructs.

	1	2	3	4
1. Ethical work climate	**0.75**	0.16	0.05	0.36
2. Reward system politics	−0.40	**0.67**	0.001	0.27
3. Proactive customer service performance	−0.22	−0.03	**0.56**	0.08
4. Affective commitment	−0.60	−0.52	−0.28	**0.68**

Notes: The numbers in diagonal are the AVEs (bolded). The lower-left triangle numbers are correlations and the upper-right triangle numbers are the squared correlation coefficients between the constructs. All correlations are significant except for the correlation between political reward system and proactive customer service performance. The correlations are significant at the 0.01 level (2-tailed).
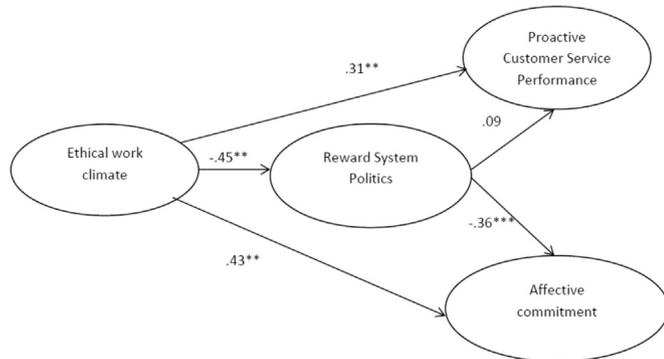

Fig. 1. Partial structural equation model. Note: ***$p < 0.001$; **$p < 0.01$; *$p < 0.05$.

standardized path estimates.

To test the mediating effects of reward system politics, we used the bootstrapping method. Table 3 presents the results of the direct, indirect and total effects. Our results indicated that ethical climate influenced affective commitment indirectly via perceptions of reward system politics (indirect effect β=0.16, $p < 0.01$) (H$_7$); however, it did not influence PCSP indirectly via perceived reward system politics (indirect effect β=−0.04, $p > 0.05$) (H$_6$). Thus, Hypothesis 7 was supported, but Hypothesis 6 was not. In addition, we used Sobel tests to provide greater confidence in the mediation effects. Our analysis indicated that the indirect effect of ethical climate on affective commitment through reward system politics (Sobel Z=3.43 > 1.96, $p < 0.01$) was significant, providing further support for Hypothesis 7.

6. Discussion

Our data support a positive relationship between ethical work climate and PCSP. This is consistent with past studies of extra-role behavior (Leung, 2008; Luria and Yagil, 2008; Moon et al., 2008; Schwepker and Hartline, 2005). In emerging markets where regulatory and enforcement systems are weak, an ethical climate that emphasizes transparency, disclosure, accountability and clarity of organizational policies and procedures protects the interests of powerless others in

organizations (Kimber and Lipton, 2005). When such a climate is felt by employees, the possibility of a clash between personal principles and organizational expectations is reduced (Gotsis and Kortezi, 2010; Smith and Hume, 2005), resulting in more proactive employee behavior.

Reward system politics have a partial mediation effect on the relationship between ethical climate and affective commitment. Ethical climate affects not only employees' PCSP, but also their perceptions of reward system politics. In this study, we present evidence and theoretical logic to support the notion that perceptions of a climate factor can affect perceptions of another organizational process.

Although employees in a collectivist culture appear to conform to their organizations' reward systems, this does not necessarily imply that they agree to the system (Hornsey et al., 2006). This accounts for the mediating effect. A collectivist culture emphasizes loyalty to group leaders, which is considered ethical (Kimber and Lipton, 2005). The value of loyalty to group leaders puts pressure on in-group members to comply with the reward system. Thus, employee conformity does not mean that employees internalize the system (Oh, 2013). In such an environment, an ethical climate is important to regulate perceived reward system politics that in turn decrease affective commitment, aligning the results of past studies (Rosen et al., 2006; Vigoda-Gadot, 2007). When the work climate is ethical, it promotes individual employees as subjects whose work deserves to be respected and rewarded (Gotsis and Kortezi, 2010). An examination of employees' perspectives on ethical climate and reward system politics reveals that an ethical climate counterchecks reward system politics and promotes affective commitment.

Our findings indicate that perceived reward system politics have no significant effect on employees' proactive customer service performance. This is unanticipated and inconsistent with the findings of past studies (Sikora et al., 2015; Tang et al., 2008; Yamagishi et al., 1998). With afterthought, there are three possible reasons for this. First, Malaysia is known for using political connections to improve firm value (Fung et al., 2015). Bribery and corruption are common and widely expected in business transactions (Wu, 2009). This type of business culture has a spillover effect, making some employees indifferent to political behavior or systems within their organizations. Coupled with a high-power-distance culture, some employees may silently accept organizational politics and unequal power distributions (Moon et al., 2008). Hence, reward system politics do not affect employees' decisions to pursue proactive behavior. Second, perceived unfairness in an organization may discourage the powerless from pursuing extra rewards. As the reward system is likely to benefit only some employees, other employees who perform proactively for their customers may no longer be interested in participating in reward system politics. Finally, age and organizational tenure may contribute to the non-significant relationship. As most of the employees in our sample were aged 25 years old and younger and had worked at their current stores for less than two years, they might not have acquired enough work experience to exercise influential tactics in seeking their personal goals, or might not have felt the effect of others' political

Table 3
Direct, indirect, and total effects.

Predictor variables	Ethical work climate			Reward system politics		
	Indirect effect	Direct effect	Total effect	Indirect effect	Direct effect	Total effect
Reward system politics	–	−0.45***	−0.45***	–	–	–
Proactive customer service performance	−0.04	0.31**	0.27**	–	0.09	0.09
Affective commitment	0.16**	0.43***	0.59***	–	−0.36***	−0.36***

Notes: Standardized path estimates are reported.
** $p < 0.01$.
*** $p < 0.001$.

behavior (Treadway et al., 2005). As such, it can be said that reward system politics do not influence employee PCSP.

7. Implications

Our findings have important implications for managers in the retail industry. First, managers may consider building an ethical work climate if they want to promote employees' affective commitment and proactive customer service performance and curtail reward system politics. To do so, managers may aim at developing clearly written policies, rules and procedures, particularly those related to compensation. To acquire the skills necessary to assign rewards equitably and formulate proper policies, rules and procedures, training managers may organize related courses and also follow-up sessions to ensure learning and application. Managers may also want to set good examples for their employees to follow and respect them as equals. These efforts will likely increase the perceptions of ethical work climate, resulting in an increase in positive work outcomes.

Second, our findings indicate that an ethical work climate leads to a reduction of perceptions of reward system politics. While organizational politics is ubiquitous, destructive political activities may have serious consequences for organizations that aim to provide superior customer service (Appelbaum et al., 2005; Crotts et al., 2005). Moreover, destructive political activities may dampen employees' passion for service (Schneider et al., 1992). In a highly political environment, employees tend to apply more non-work related upward influence tactics. In so doing, they expend less time on work-related activities. Cumulatively, it is a loss to the organizations (Gotsis and Kortezi, 2010). To prevent political activities from aiming for personal agendas, developing an ethical climate will likely be effective.

Lastly, effective communication and education matter. Firms may arrange training in organizational ethics to employees so that they are aware of ethical practices and willing to comply with rules and regulations. They may also produce newsletters or internal blogs to create an awareness of the existing pay and promotion policies and procedures. A helpline can be useful for employees who want to know more about the policies and procedures, or seek to make complaints.

8. Limitations and future research

The study has a few limitations. First, as the study adopted a survey research and employee-report design, it could only measure the perceptions and not the actual behavior of employees. Second, the research findings drawn from a convenience sample of the retail sector in one city have limited generalizability. Finally, this is a cross-sectional study relying on self-reports by common raters, the issue of common method variance might arise, suggesting overlapping variances in several distinct factors (Podsakoff et al., 2003). Recognizing this potential method issue, we applied procedural remedies in collecting the data. We ensured the confidentiality and anonymity of the respondents, and provided a return envelope for each respondent. As such, we minimized the risk of having common method variance. We also applied post-hoc statistical check of common method variance. We followed Podsakoff et al. (2003) to examine if all of the items loaded on one-factor. Our analysis indicated that the fit of the four-factor model (as indicated in the Section 4.2) was superior than one-factor model ($\Delta\chi^2$ =1716.29, Δdf=230, χ^2/df=7.462, RMSEA=0.18, CFI=0.53, GFI=0.54, SRMR=0.134, suggesting an absence of the common method problem.

For future research, investigators could study how the sub-dimensions of ethical work climate - rules, independence, care, law and code – affect proactive customer service performance. As a climate describes the atmosphere in organizations (Schneider et al., 2013), future research can examine the work climate as an organization-level construct and analyze the aggregated individual-level data within each organization with a hierarchical linear modeling method. In our study,

we used self-reported ratings to measure proactive customer service performance. Future research may also consider taking on a customer-report measure. Nevertheless, other sources of ratings such as customer ratings may be prone to the Hawthorn effect. When employees know they are being observed by customers, they may try to do a better job to impress those customers (Parker et al., 2006).

References

Ackfeldt, A.L., Coote, L.V., 2005. A study of organizational citizenship behaviors in a retail setting. J. Bus. Res. 58 (2), 151–159.

Adams, J.S., Tashchian, A., Shore, T.H., 2001. Codes of ethics as signals for ethical behavior. J. Bus. Ethics 29 (3), 199–211.

Ajzen, I., 1991. The theory of planned behavior. Organ. Behav. Hum. Dec. Proc. 50 (2), 179–211.

Allen, N.J., Meyer, J.P., 1990. Organizational socialization tactics: a longitudinal analysis of links to newcomers' commitment and role orientation. Acad. Manag. J. 33 (4), 847–858.

Anderson, J.C., Gerbing, D.W., 1988. Structural equation modeling in practice: a review and recommended two-step approach. Psychol. Bull. 103 (3), 411–423.

Andrews, M.C., Kacmar, K.M., Harris, K.J., 2009. Got political skill? The impact of justice on the importance of political skill for job performance. J. Appl. Psychol. 94 (6), 1427–1437.

Ambrose, M.L., Arnaud, A., Schminke, M., 2008. Individual moral development and ethical climate: the influence of person–organization fit on job attitudes. J. Bus. Ethics 77 (3), 323–333.

Appelbaum, S.H., Deguire, K.J., Lay, M., 2005. The relationship of ethical climate to deviant workplace behavior. Corp. Gov. Int. J. Bus. Soc. 5 (4), 43–55.

Aryee, S., Chen, Z.X., Budhwar, P.S., 2004. Exchange fairness and employee performance: an examination of the relationship between organizational politics and procedural justice. Organ. Behav. Hum. Dec. Proc. 94 (1), 1–14.

Ashill, N.J., Rod, M., Gibbs, T., 2015. Coping with stress: a study of retail banking service workers in Russia. J. Retail. Consum. Serv. 23, 58–69.

Bentler, P.M., 1990. Comparative fit indexes in structural models. Psychol. Bull. 107 (2), 238–246.

Bentler, P.M., Bonett, D.G., 1980. Significance tests and goodness of fit in the analysis of covariance structures. Psychol. Bull. 88 (3), 588–606.

Bergman, M.E., 2006. The relationship between affective and normative commitment: review and research agenda. J. Organ. Behav. 27 (5), 645–663.

Blau, P.M., 1996. Exchange and Power in Social Life. Transaction, New Brunswick, NJ.

Bolino, M.C., Turnley, W.H., 2012. Organizational Citizenship Behavior: a Review of the Political Perspective. In: Ferris, G.R., Treadway, D.C. (Eds.), Politics in Organizations: Theory and Research Considerations. Taylor and Francis Group, New York, 161–190.

Bowen, D.E., 2016. The changing role of employees in service theory and practice: an interdisciplinary view. Hum. Resour. Manag. Rev. 26 (1), 4–13.

Bowler, W.M., Halbesleben, J.R., Paul, J.R., 2010. If you're close with the leader, you must be a brownnose: the role of leader–member relationships in follower, leader, and coworker attributions of organizational citizenship behavior motives. Hum. Resour. Manag. Rev. 20 (4), 309–316.

Brief, A.P., Motowidlo, S.J., 1986. Prosocial organizational behaviors. Acad. Manag. Rev. 11 (4), 710–725.

Brown, R.B., 1996. Organizational commitment: clarifying the concept and simplifying the existing construct typology. J. Vocat. Behav. 49 (3), 230–251.

Brown, T.A., 2006. Confirmatory Factor Analysis for Applied Research. The Guilford Press.

Browne, M.W., Cudeck, R., 1992. Alternative ways of assessing model fit. Sociol. Method. Res. 21 (2), 230–258.

Buchanan, D.A., 2008. You stab my back, I'll stab yours: management experience and perceptions of organization political behavior. Br. J. Manag. 19 (1), 49–64.

Chuang, C.H., Liao, H., 2010. Strategic human resource management in service context: taking care of business by taking care of employees and customers. Person. Psychol. 63 (1), 153–196.

Cullen, J.B., Parboteeah, K.P., Victor, B., 2003. The effects of ethical climates on organizational commitment: a two-study analysis. J. Bus. Ethics 46 (2), 127–141.

Crant, J.M., 2000. Proactive behavior in organizations. J. Manag. 26 (3), 435–462.

Crotts, J.C., Dickson, D.R., Ford, R.C., 2005. Aligning organizational processes with mission: the case of service excellence. Acad. Manag. Exec. 19 (3), 54–68.

Department of Statistics Malaysia, 2015. Small and Medium Enterprises 2005–2013. 〈https://www.statistics.gov.my/index.php?R=column/cthemeByCat & cat=159 & bul_id=RkljVmZBQnVUbit1SVpXeEFvOVRtQT09 & menu_ id=TE5CRUZCblh4ZTZMODZIbmk2aWRRQT09〉 (accessed 03.09.13)

Dhar, R.L., 2015. Service quality and the training of employees: the mediating role of organizational commitment. Tour. Manag. 46, 419–430.

Dickson, M.W., Smith, D.B., Grojean, M.W., Ehrhart, M., 2001. An organizational climate regarding ethics: the outcome of leader values and the practices that reflect

them. Leadersh. Quar. 12 (2), 197–217.

Dimitriades, Z.S., 2007. The influence of service climate and job involvement on customer-oriented organizational citizenship behavior in Greek service organizations: a survey. Empl. Relat. 29 (5), 469–491.

Douglas, S.P., Craig, C.S., 2007. Collaborative and iterative translation: an alternative approach to back translation. J. Int. Mark. 15 (1), 30–43.

Drory, A., Vigoda-Gadot, E., 2010. Organizational politics and human resource management: a typology and the Israeli experience. Hum. Resour. Manag. Rev. 20 (3), 194–202.

Dubinsky, A.J., Levy, M., 1985. Ethics in retailing: perceptions of retail salespeople. J. Acad. Mark. Sci. 13 (1–2), 1–16.

EPU, 2011. The Planning and Implementation of Urban Agglomeration. ⟨http://www.epu.gov.my/epu-theme/pdf/Urban%20Agglomeration_The%20Planning%20and%20Implementation%20Approach%20by%20Malaysian%20Institute%20of%20Planners.pdf⟩ (accessed 03.09.13)

Fenwick, T., 2012. Retail work. J. Vocat. Educ. Train. 64 (3), 379–381.

Fornell, C., Larcker, D.F., 1981. Evaluating structural equation models with unobservable variables and measurement error. J. Mark. Res 18 (1), 39–50.

Fortin, M., Fellenz, M.R., 2008. Hypocrisies of fairness: Towards a more reflexive ethical base in organizational justice research and practice. J. Bus. Ethics 78 (3), 415–433.

Fung, S.Y., Gul, F.A., Radhakrishnan, S., 2015. Corporate political connections and the 2008 Malaysian election. Account. Organ. Soc. 43, 67–86.

Gellatly, I.R., Meyer, J.P., Luchak, A.A., 2006. Combined effects of the three commitment components on focal and discretionary behaviours: a test of Meyer and Herscovitch's propositions. J. Vocat. Behav. 69 (2), 331–345.

Global Blue, 2012. The global shopper index: Asia-Pacific. ⟨http://globeshopperindex.com/en/Download/asian_paper⟩ (accessed 02.09.13)

Gotsis, G.N., Kortezi, Z., 2010. Ethical considerations in organizational politics: expanding the perspective. J. Bus. Ethics 93 (4), 497–517.

Grant, A.M., Ashford, S.J., 2008. The dynamics of proactivity at work. Res. Organ. Behav. 28, 3–34.

Hair, J.F., Black, W.C., Babin, B.J., Anderson, R.E., Tatham, R.L., 2006. Multivariate Data Analysis. Prentice Hall, Upper Saddle River, NJ.

Harris, R.B., Harris, K.J., Harvey, P., 2007a. A test of competing models of the relationships among perceptions of organizational politics, perceived organizational support, and individual outcomes. J. Soc. Psychol. 147 (6), 631–656.

Harris, K.J., Andrews, M.C., Kacmar, K.M., 2007b. The moderating effects of justice on the relationship between organizational politics and workplace attitudes. J. Bus. Psychol. 22 (2), 135–144.

He, Y., Li, W., Lai, K.K., 2011. Service climate, employee commitment and customer satisfaction: evidence from the hospitality industry in China. Int. J. Cont. Hosp. Manag. 23 (5), 592–607.

Hofstede, G.H., 2001. Culture's Consequences: Comparing Values, Behaviors, Institutions and Organizations Across Nations. Sage, Thousand Oaks, CA.

Hornsey, M.J., Jetten, J., McAuliffe, B.J., Hogg, M.A., 2006. The impact of individualist and collectivist group norms on evaluations of dissenting group members. J. Exp. Soc. Psychol. 42 (1), 57–68.

Hsiung, H.H., Lin, C.W., Lin, C.S., 2012. Nourishing or suppressing? The contradictory influences of perception of organizational politics on organizational citizenship behavior. J. Occup. Organ. Psychol. 85 (2), 58–276.

Hu, L.T., Bentler, P.M., 1999. Cutoff criteria for fit indexes in covariance structure analysis: conventional criteria versus new alternatives. Struct. Equat. Model.: Multidiscip. J. 6 (1), 1–55.

Huang, C.C., You, C.S., Tsai, M.T., 2012. A multidimensional analysis of ethical climate, job satisfaction, organizational commitment, and organizational citizenship behaviours. Nurs. Ethics 19 (4), 513–529.

ILO, 2013. Youth employment policy brief: Malaysia. ⟨http://apyouthnet.ilo.org/stats/youth-employment-statistics-in-malaysia/at_download/file4⟩ (accessed 03.09.13)

Jaiswal, D., Dhar, R.L., 2016. Impact of perceived organizational support, psychological empowerment and leader member exchange on commitment and its subsequent impact on service quality. Int. J. Prod. Perform. Manag. 65 (1), 58–79.

Kacmar, K.M., Carlson, D.S., 1997. Further validation of the perceptions of politics scale (POPS): a multiple sample investigation. J. Manag. 23 (5), 627–658.

Kacmar, K.M., Ferris, G.R., 1991. Perceptions of organizational politics scale: Development and construct validation. Educ. Psychol. Meas. 51 (1), 193–205.

Kacmar, K.M., Andrews, M.C., Harris, K.J., Tepper, B.J., 2013. Ethical leadership and subordinate outcomes: the mediating role of organizational politics and the moderating role of political skill. J. Bus. Ethics 115 (1), 33–44.

Kennedy, J.C., 2002. Leadership in Malaysia: traditional values, international outlook. Acad. Manag. Exec. 16 (3), 15–26.

Kimber, D., Lipton, P., 2005. Corporate governance and business ethics in the Asia-Pacific region. Bus. Soc. 44 (2), 178–210.

Lang, C., Armstrong, C.M., Brannon, L.A., 2013. Drivers of clothing disposal in the US: an exploration of the role of personal attributes and behaviors in frequent disposal. Int. J. Consum. Stud. 37 (6), 706–714.

Lee, S.M., Lee, D., Kang, C.Y., 2012. The impact of high-performance work systems in the health-care industry: employee reactions, service quality, customer satisfaction, and customer loyalty. Serv. Ind. J. 32 (1), 17–36.

Leung, A.S., 2008. Matching ethical work climate to in-role and extra-role behaviors in a collectivist work setting. J. Bus. Ethics 79 (1–2), 43–55.

Luria, G., Yagil, D., 2008. Procedural justice, ethical climate and service outcomes in restaurants. Int. J. Hosp. Manag. 27 (2), 276–283.

Moon, H., Kamdar, D., Mayer, D.M., Takeuchi, R., 2008. Me or we? The role of personality and justice as other-centered antecedents to innovative citizenship

behaviors within organizations. J. Appl. Psychol. 93 (1), 84.

Oh, S.H., 2013. Do collectivists conform more than individualists? Cross-cultural differences in compliance and internalizationSoc. Behav. Person.: Int. J. 41, 981–994.

Parker, S.K., Williams, H.M., Turner, N., 2006. Modeling the antecedents of proactive behavior at work. J. Appl. Psychol. 91 (3), 636.

Pemandu, 2013. Overview of ETP. ⟨http://etp.pemandu.gov.my/About_ETP-@-Overview_of_ETP.aspx⟩ (accessed 03.09.13)

Podsakoff, P.M., MacKenzie, S.B., Lee, J., Podsakoff, N.P., 2003. Common method biases in behavioral research: a critical review of the literature and recommended remedies. J. Appl. Psychol. 88 (5), 879–903.

Poon, J.M., 2004. Effects of performance appraisal politics on job satisfaction and turnover intention. Person. Rev. 33 (3), 322–334.

Rank, J., Carsten, J.M., Unger, J.M., Spector, P.E., 2007. Proactive customer service performance: relationships with individual, task, and leadership variables. Hum. Perform. 20 (4), 363–390.

Raub, S., Liao, H., 2012. Doing the right thing without being told: joint effects of initiative climate and general self-efficacy on employee proactive customer service performance. J. Appl. Psychol. 97 (3), 651.

Rosen, C.C., Levy, P.E., Hall, R.J., 2006. Placing perceptions of politics in the context of the feedback environment, employee attitudes, and job performance. J. Appl. Psychol. 91 (1), 211–220.

Saari, M.Y., Dietzenbacher, E., Los, B., 2014. Income distribution across ethnic groups in Malaysia: results from a new social accounting matrix. Asian Econ. J. 28 (3), 259–278.

Salancik, G.R., Pfeffer, J., 1978. A social information processing approach to job attitudes and task design. Adm. Sci. Q., 224–253.

Schneider, B., Ehrhart, M.G., Macey, W.H., 2013. Organizational climate and culture. Ann. Rev. Psychol. 64, 361–388.

Schneider, B., Wheeler, J.K., Cox, J.F., 1992. A passion for service: using content analysis to explicate service climate themes. J. Appl. Psychol. 77 (5), 705–716.

Schwepker, C.H., Hartline, M.D., 2005. Managing the ethical climate of customer-contact service employees. J. Serv. Res. 7 (4), 377–397.

Shao, R., Rupp, D.E., Skarlicki, D.P., Jones, K.S., 2013. Employee justice across cultures: a meta-analytic review. J. Manag. 39 (1), 263–301.

Sikora, D.M., Ferris, G.R., Van Iddekinge, C.H., 2015. Line manager implementation perceptions as a mediator of relations between high-performance work practices and employee outcomes. J. Appl. Psychol. 100 (6), 1908–1918.

Smith, A., Hume, E.C., 2005. Linking culture and ethics: a comparison of accountants' ethical belief systems in the individualism/collectivism and power distance contexts. J. Bus. Ethics 62 (3), 209–220.

Solinger, O.N., van Olffen, W., Roe, R.A., 2008. Beyond the three component model of organizational commitment. J. Appl. Psychol. 93 (1), 70–83.

Somers, M.J., 2009. The combined influence of affective, continuance and normative commitment on employee withdrawal. J. Vocat. Behav. 74 (1), 75–81.

Swimberghe, K., Jones, R.P., Darrat, M., 2014. Deviant behavior in retail, when sales associates "Go Bad"! Examining the relationship between the work–family interface, job stress, and salesperson deviance. J. Retail. Consum. Serv. 21 (4), 424–431.

Tang, T.L.P., Sutarso, T., Davis, G.M.T.W., Dolinski, D., Ibrahim, A.H.S., Wagner, S.L., 2008. To help or not to help? The Good Samaritan Effect and the love of money on helping behavior. J. Bus. Ethics 82 (4), 865–887.

Tourism Malaysia, 2015. Malaysia Tourism Statistics in Brief. ⟨http://www.tourism.gov.my/statistics⟩ (accessed 03.09.13)

Tsai, M.T., Huang, C.C., 2008. The relationship among ethical climate types, facets of job satisfaction, and the three components of organizational commitment: a study of nurses in Taiwan. J. Bus. Ethics 80 (3), 565–581.

Treadway, D.C., Ferris, G.R., Hochwarter, W., Perrewé, P., Witt, L.A., Goodman, J.M., 2005. The role of age in the perceptions of politics–job performance relationship: a three-study constructive replication. J. Appl. Psychol. 90 (5), 872–881.

Triandis, H.C., 1995. Individualism and Collectivism. Westview Press, Boulder, CO.

Tucker, L.R., Lewis, C., 1973. A reliability coefficient for maximum likelihood factor analysis. Psychometrika 38 (1), 1–10.

Victor, B., Cullen, J.B., 1988. The organizational bases of ethical work climates. Adm. Sci. Q., 101–125.

Vigoda, E., 2000. Organizational politics, job attitudes, and work outcomes: Exploration and implications for the public sector. J. Vocat. Behav. 57 (3), 326–347.

Vigoda-Gadot, E., 2007. Citizens' perceptions of politics and ethics in public administration: a five-year national study of their relationship to satisfaction with services, trust in governance, and voice orientations. J. Public Adm. Res. Theor. 17 (2), 285–305.

Wallace, E., de Chernatony, L., Buil, I., 2013. Building bank brands: how leadership behavior influences employee commitment. J. Bus. Res. 66 (2), 165–171.

World Population Review, 2016. Kuala Lumpur Population 2016. ⟨http://worldpopulationreview.com/world-cities/kuala-lumpur-population/⟩ (accessed 03.09.13)

Wu, X., 2009. Determinants of bribery in Asian firms: evidence from the world business environment survey. J. Bus. Ethics 87 (1), 75–88.

Xavier, J.M., Moutinho, V.F., Moreira, A.C., 2015. An empirical examination of performance in the clothing retailing industry: a case study. J. Retail. Consum. Serv. 25, 96–105.

Yamagishi, T., Jin, N., Miller, A.S., 1998. In-group bias and culture of collectivism. Asian J. Soc. Psychol. 1 (3), 315–328.

Zhou, J., Martocchio, J.J., 2001. Chinese and American Managers' compensation award decisions: a comparative policy-capturing study. Person. Psychol. 54 (1), 115–145.