



Impact of Ethical Climate on Work Engagement: Empirical Evidence from Operational Level Employees in Garment Sector

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Abstract

Modern organizations need able and willing employees to invest in their jobs psychologically. It is timely to check whether Work Engagement has something to do with ethical climate of an employee. There is a lack of research in studying the impact of Ethical Climate on Work Engagement. The current study was aimed at identifying the impact of Ethical Climate on Work Engagement of operational level employees in garment sector. Research problem of the study was derived as why there is a low level of Work Engagement of operational level employees in garment sector. Simple Regression was performed to investigate the impact of ethical climate on Work Engagement and Multiple Regression was performed to investigate the impact of dimensions of Ethical Climate on Work Engagement. Work engagement acts as the dependent variable of the study. The ethical climate acts as the independent variable of the study including five dimensions; Caring, Law & Code, Rules, Instrumental and independence. Through this study, it was concluded that the Ethical Climate impacts on Work Engagement; Law & Code, Rules and Independence impact on Work Engagement. The study contributes theoretically and empirically to the broad HR management discourse.

Introduction

What makes one company more successful than other companies? Better products, services, strategies, technologies or, a better cost structure? All of these contribute to better performance, but all of them can be copied over time. The one thing which creates sustainable competitive advantage, returns on Investment, company value, and long-term strength, is the company workforce; they are the people who are the company. Employee contribution has become a critical business issue because in trying to produce more output with fewer employee input, companies have to try to engage not only the body but also the mind and the soul of every employee. Modern organizations need employees who are able and at the same time who are willing to invest in their jobs psychologically. And this is exactly what Work Engagement is all about (Schaufeli, Truss, Alfes, Delbridge, Shantz, & Soane, 2013). Work Engagement is "a positive, fulfilling, work-related state of mind which is characterized by vigor, dedication, and absorption" (Schaufeli, Salanova, Gonzalez, & Bakker, 2002b). The construct of Work Engagement is widely used by consulting firms. But, there is a lack of critical academic literature on the subject, and relatively little is known about how WE can be influenced by management (Yener et al., 2012). In the Sri Lankan context, WE are not a widely researched area. Further, when referring to the literature there is a lack of studies conducted to provide suggestions to increase WE of employees. These research gaps were considered through the current study.

The garment industry is Sri Lanka's largest gross export earner since 1986 and accounted for more than 52% of total export earnings of the country. There are around 300-350 manufacturers of apparel. The industry provides direct employment opportunities to over 300,000 and 600,000 indirectly which include a substantial number of women in Sri Lanka (Annual Survey of Industries, 2015). Sri Lanka's garment industry is highly concentrated in large scale

factories. The concentration will save a large part of export earnings while providing job opportunities to people. Therefore, the researcher selected Brandix Apparel limited to the current study which is named as the top Brand within the garment industry among other key players (MAS Intimates (Pvt.) Ltd., Hirdaramani International Exports Ltd., Omega Line Ltd.) (Jayawardhana, 2016). Brandix Lingerie Wathupitiwela is located in Western Province, Gampaha district and it comes under the Export Processing Zone of Wathupitiwela.

According to Schaufeli et al. (2013), WE were more strongly related to performance. As per the interview with the Project Manager of BLW, it was revealed that the performance level was not up to the standards. The reason behind this is Brandix practices Lean Manufacturing systems recently and they are in the introductory stage and therefore, still, employees are in a process of change. WE predict job satisfaction, organizational commitment and intention to quit (Saks, 2006). As noted by Schaufeli and Bakker (2004) engaged employees mostly have a greater attachment to their organization and a lower tendency to leave their organization. Moreover, according to Schaufeli et al. (2013) when there is a higher level of WE, there is a lower level of intention to quit. According to the interview with the Human Resource Manager of BLW, labor turnover rates of employees are higher. The labor turnover rate which was expected by the BLW under TQM standard level was less than 3. But last year the turnover rate of BLW is 3.89. This was one of the reasons to conduct the study in BLW.

Moreover to confirm the problem the researcher conducted a pilot survey using 45 employees of BLW. Proportionate stratified random sampling was used to select employees. A sample questionnaire was distributed among them and data were gathered to find their level of WE. The questionnaire included 9 question items and which was a 7 point Likert scale (anchor ranges from 0-6, never to always) developed by Schaufeli and Bakker, (2004). Gathered data were

analyzed using Microsoft Excel 2010. According to the results, there was a negative gap of 2.8 of WE and which was further supported to identify the problem. Accordingly, the research problem statement is “Why there is a low level of Work Engagement of operational level employees at Brandix Lingerie Wathupitiwela”. Engaging employees depends on many variables; the Ethical Climate of an organization is one of these factors. Ethical Climate and Work Engagement are two management concepts that are in mutual interaction. Ethical Climate is the Shared perception of what correct behavior is and how ethical situation should be handled in an organization (Victor & Cullen, 1988). There are five dimensions of EC; Caring, Law & Code, Rules, Instrumental and Independence.

Literature Review

Work Engagement

The term WE is coined by Gallup organization in the 1990s and firstly it was used concerning work. The first scholarly article on WE was published by William Kahn in 1990 in the Academy of Management Journal. WE mean “harnessing of organization members’ selves to their work roles” (Kahn, 1990, p. 694). It is “a positive, fulfilling, work related state of mind which is characterized by vigor, dedication, and absorption” (Schaufeli et al., 2002b, p. 74). WE are a positive attitude held by the employee towards the organization and its values. There are some concepts which confused with WE such as Organizational Commitment, Job Involvement, and Organizational Citizenship Behavior. Based on 213 eligible publications Saks (2006) identified four approaches to define WE; The Needs-Satisfying Approach (its relation with role performance); The Burnout-Antithesis Approach (its positive nature in terms of employee wellbeing as opposed to burnout); The Satisfaction-Engagement Approach (its relation with resourceful jobs); and The Multidimensional Approach (its relation with both the job and the organization).

Accordingly the researcher used the definition provided by Schaufeli (2002b) for the study which views work engagement,

as a concept in its own right, a positive, fulfilling, work related state of mind which is characterized by vigor, dedication, and absorption, whereby Vigor refers to high levels of energy and mental resilience while working, the willingness to invest effort in one’s work, and persistence even in the face of difficulties, Dedication refers to being strongly involved in one’s work, and experiencing a sense of significance, enthusiasm, inspiration, pride, and challenge; and Absorption refers to being fully concentrated and happily engrossed in one’s work, whereby time passes quickly and one has difficulties with detaching oneself from work (p.74).

WE is important concept including many positive organizational outcomes such as; increased organizational citizenship behavior, job involvement, commitment, low absenteeism, intention to remain in the organization, increased productivity, healthier and happier employees. In organizations, specially top management should give adequate importance to WE in order to survive in such a competitive business world (Yener, Yaldiran, & Ergun, 2012).

One study revealed WE levels of individual employees could be related to individual outcomes that are relevant to the organization such as; job performance, sickness absence. Average WE levels of organizations could be linked with business-level outcomes, such as profit and productivity (Schaufeli & Bakker, 2013). Several studies showed that high levels of WE lead to more organizational commitment, more personal initiative, more innovative behavior at the team level, a less frequent company registered sickness absence, and better role performance. In one of the Gallup study including over 955,000 respondents in 24 nations, WE accounted for 78% of the variance in profitability across 17,339 business units. Those business units with higher levels of WE had a 94% higher success rate in their organization and a 145% higher success rate across organizations (Harter, Schmidt, Killan, & Agrawal, 2010). Disengaged employees become disconnected from their jobs and hide their true identity, thoughts, and feelings during role performances. In one of the studies conducted by Harvard Business Review, less than a quarter of businesses believed their employees are highly engaged within their organization. Gallup Poll study found the percentage of engaged employees 32% in 2015.

Ethical Climate

Ethical Climate introduced into the literature by Victor and Cullen in 1987. The EC of an organization refers to the behaviors that are perceived to be ethically correct and how issues regarding deviations away from those expected behaviors

are handled in the organization. Ethical Climate and Ethical Culture are two constructs that represent the Ethical Context of an organization. Ethical Climate defines as those aspects that determine what constitutes ethical conduct (Victor & Cullen, 1988). Ethical Culture defines as those aspects that stimulate ethical conduct (as cited in Kaptein, 2007). The culture of an organization establishes the values and the Climate of an organization establishes the ethics of an organization. The cognitive approach and the shared perception approach are two approaches to assess EC within an organization (as cited in Moore & Moore, 2014).

Two dimensions of EC were introduced in the literature. The first dimension is called as ‘type of criteria’ and it means to a dominant or prescribed moral philosophy used in making ethical decisions in the organization. It consists of the three major schools of ethical theory namely; egoism (maximizing self-interest), benevolence (maximizing joint interest), and deontology or principle (adhering to a principle). The second dimension is the locus of analysis and it focuses on the referent for one’s action. The three loci of analysis consist of; self (oneself), local (one’s organization), and cosmopolitan (the environment external to the organization) (Mayer, 2013).

Using two dimensions (Ethical criterion and locus of analysis), Victor and Cullen (1987) developed a 3x3 matrix which forms nine theoretical dimensions; self-interest, company profit, efficiency, friendship, team interest, social responsibility, personal morality, rules, and standard operating procedures, and laws and professional codes. Victor and Cullen (1988) prefer naming those climates as; instrumental (includes self-interest and company profit), caring (includes friendship and team interest), independence (includes personal morality), rules (company rules and procedure) law and code (includes law and professional codes) (Mayer, 2013). The definition provided by Victor & Cullen (1987) was utilized in the current study including the dimensions named by them; Caring, Law & Code, Rules, Instrumental & Independence. Many different types of climates were found in organizations and a particular type of climate may have different dimensions (as cited in Shacklock, Manning & Hort, 2011). Organizational Climate is an enduring feature that creates employee collective perceptions of factors consisting of innovation, autonomy, support, cohesiveness, trust, recognition, and fairness (Shacklock et al., 2011). EC as among the value systems in any organization plays a major role in the development of the context in which employees operate. EC provides an interpretive framework for the organization and affects the work experiences of employees, and finally affect employee commitment (Cullen, Praboteeah, & Victor, 2003).

Organizations could be placed along a uni-dimensional moral continuum. At one end of the continuum is the positive moral climate (Ethical Climate), in which organizational norms facilitate agent behavior that merits the trust of organizational stakeholders. At the other end is the negative moral climate (Unethical climate), which, conversely, is never conducive to such behavior (as cited in Shacklock et al., 2011). The EC of an organization results in a positive outcome of employees and also negative work outcomes including tardiness, absenteeism, and social loafing (Peterson, 2002a; Peterson, 2002b). Some researchers argue that Negative work behaviors are linked to a decrease in job satisfaction and organizational commitment, lower levels of creativity, stagnated productivity, increased antisocial behavior, as well as increased employee turnover. According to Mayer (2013) antecedents of EC clustered into four major categories namely; employees, leaders, organizations and the larger environment. Some researchers have examined demographic conditions as employee antecedents, such as age and gender. At the same time, some researchers explored moral related personal characteristics such as moral values and moral development as antecedents of EC.

The Relationship between Work Engagement and Ethical Climate

Yener and colleagues conducted a study regarding the impact of EC on WE in 2012. As per the result of the study, it was found that WE significantly relate to EC. They considered WE as dimensions (Vigor, Dedication & Absorption) in their study. According to their study, among EC types Independence had a greater effect on WE than other dimensions of EC. The instrumental effect on the Dedication dimension of WE was greater than its effect on Absorption and Vigor dimensions. An ethical Climate’s relationship with Dedication and Absorption was stronger than its relationship with Vigor. According to some researchers, it was revealed that there is a relationship between EC and some constructs related to WE. Although no many studies were investigating the relationship between EC and WE in the literature, it was found that conflict between values is a cause (as cited in Yener et al., 2012).

There are five approved dimensions of EC and one study conducted using all those five dimensions but they have revised the model which comprises three dimensions, including all five dimensions. Social responsibility (Instrumental), Rules and professional codes (it consists of Rules and law & Codes, personal morality and interest (Independence & Caring) were dimensions considered in the study. The result of the study shows that WE significantly relate to EC. Further, the study concludes, social responsibility (Instrumental), Rules and professional codes (Rules and Law & Code), and personal morality and interest (Independence & Caring) affect WE (Yener et al., 2012). Accordingly, the following hypothesis was developed; H_{1A}: Ethical Climate impacts on Work Engagement of Operational Level employees at BLW

H_{1B}: Caring impacts on Work Engagement of Operational Level employees at BLW

H_{1C}: Law & Code impacts on Work Engagement of Operational Level employees at BLW

H_{1D}: Rules impacts on Work Engagement of Operational Level employees at BLW

H_{1E}: Instrumental impacts on Work Engagement of Operational Level employees at BLW

H_{1F}: Independence impacts on Work Engagement of Operational Level employees at BLW

Conceptual Framework

Conceptual framework was developed by the researcher based on research conducted by Schaufeli and Bakker (2004) and Victor & Cullen (1988). EC acted as independent variable of the study including five dimensions; Caring, Law & Code, Rules, Instrumental and Independence. The dependent variable of the study is WE.

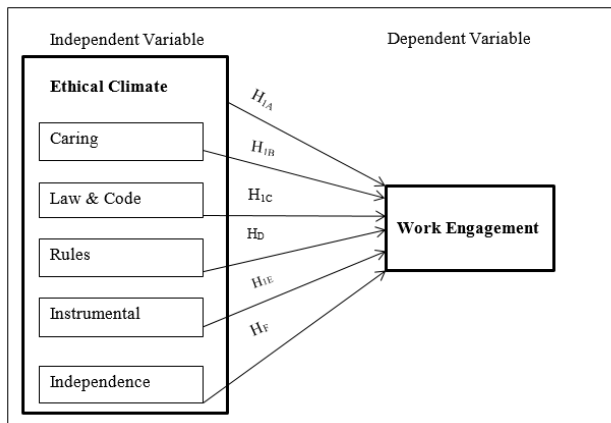


Figure 1: Conceptual Framework

Source: Developed by the researcher based on Schaufeli and Bakker, 2004; Victor and Cullen, 1988

Operationalization

Table 1: Operationalization of Work Engagement & Ethical Climate

Construct	Dimension	Indicators	Measurement	Item
Work Engagement	Vigor	High level energy	7 point Likert Scale	1®
	Dedication	Feeling Strong	1= Almost	2
Willing to work		Never,	3	
Inspired		2= Rarely,	4	
Feel of enthusiasm		3= Sometimes,	5	
	Pride about job	4= Often,	6	
		5= Very Often,		
		6= Always)		

	Absorption	Feel happy	7	
		Being immersed	8	
		Feel of liveliness	9	
Ethical Climate	Caring	Major concern	7 point Likert scale	1
		Major concern	(0= completely false,	2
		Major concern	1= mostly false,	3
	Law and Code	Friendship	2=somewhat false,	4
		Social service	3=neutral,	5
		Efficiency	4=somewhat true,	6
	Rules	Efficiency	5=mostly true,	7®
		Major concern	6=completely true)	8
		Major concern		9
		Standards		10
	Instrumental	First concern		11
Importance			12	
Importance			13	
Obey policies			14	
Obey policies			15	
Independence	Self interest		16	
	Self interest		17	
	Personal morality		18®	
	Company interest		19	
	Company interest		20	
	Company profit		21®	
		Company interest	22	
		Company interest	23	
		Company profit	24	
		Personal morality	25	
		Personal morality	26	
		Personal morality		
		Personal Morality		

Source: Developed by the researcher based on Schaufeli and Bakker, 2004; Victor and Cullen, 1988

Methodology

Data were collected by administering questionnaires to operational level employees at BLW. For both, the variables measurement scale of the Likert type scale was utilized. A self-report questionnaire called the Utrecht Work Engagement Scale (UWES) 9 items questionnaire developed by Schaufeli and Bakker (2004) was used to measure Work Engagement, which includes three constituting aspects of Work Engagement. Anchor range from 0 to 6, 7 point Likert scale (0=Never to 6=Always). UWES comprises only 9 items which consist of 3 items for each dimension of Work Engagement (Vigor, Dedication, & Absorption). Although many scholars have used a different number of Ethical Climates, the Ethical Climate Questionnaire of Victor and Cullen has been the far most commonly used measure according to Martin and Cullen (Mayer, 2013). Five dimensions scale of Ethical Climate Questionnaire developed by Victor & Cullen (1988) which includes 26 items was utilized for the current study. 26 items comprise EC dimensions; Instrumental and Caring include 7 items for each, and Independence, Rules, and Law and Code include 4 items for each. Scoring categories of EC scale range from 0 to 6, 7 point Likert scale (0=completely false to 6=completely true).

In this study researcher used quantitative research methodology by developing hypotheses based on literature, collecting and analyzing data from the representative sample from operational level employees of BLW. Research Approach was a deduction process to conclude by a logical generalization of known fact. The current study only administered questionnaires to collect data

from respondents. Therefore, the research method of the study was the mono method. The purpose of this study was to test the hypothesis to identify the impact of EC on WE. The type of investigation in the study was correlational as the study aimed at identifying the impact of one variable over others. In this case, beyond administering a questionnaire to employees, the researcher had not interfered with the normal activities in the organization. In other words, researcher interference was minimal. The current study was correlational and the study setting was non-contrived as the research was conducted in the natural environment where work proceeds normally. The unit of analysis was individual employees. The time horizon of the study was cross-sectional. Primary data collection was done through administering questionnaires. The survey strategy was the research strategy used to conduct this research. The population of the study is operational level employees of BLW. There were 141 employees of cutting section, 63 employees of the molding section, 25 of stores and 14 employees of Quality. Therefore, the population was 243 employees. Hence, a proportionate stratified random sampling technique was utilized to draw a sample from the population. The sample size was 132 employees according to Krejcie and Morgan (1970), 88 of cutting, 39 of molding, 16 of stores and 9 of quality subsamples were selected to include in the entire sample of 152 employees.

UWES is a valid and reliable indicator of WE which could be used for future research on WE. Internal consistency are good. Cronbach's α value of all 9 items varies from 0.85 to 0.94 (median: 0.91) across the 9 national samples which were tested by Schaufeli and Bakker (2004). The Alpha value for the total database is 0.90. The reliability of the measurement ensures the fit of the one-factor model acceptable; that is, all relative fit indices exceed the critical value of 0.90. Moreover, the one-factor, as well as the three-factor solution of the UWES-9, is relatively invariant across the 9 countries that were included in the analyses which ensure the validity of the instrument (Schaufeli & Bakker, 2004). When considering Ethical Climate, Victor and Cullen (1988) confirmed to use those five dimensions in future research studies. The measures have satisfactory reliabilities (Victor & Cullen, 1988). The five item scale considered which is confirmed valid and reliable according to Victor & Cullen (1988). In the step of data analysis, the data gathered was statistically analyzed to see if the hypotheses that were generated have been supported. The nature of the sample was identified through Descriptive statistics. Correlational analysis was used to determine the relationship between the two factors. The relationship between dependent and independent variables was found out before finding out the impact between dependent and independent variables. Finally, Regression analysis was used to test the impact of ethical climate on employees' work engagement.

Results & Discussion

According to the demographic characteristics, most of the respondents of the sample were in the age of 18-28 who were young employees, the majority was male employees, unmarried, service period in between 1 to 3 years, educational level was up to Ordinary Level, and the service department was Cutting section. The instrument which measures the WE concluded as valid with 95% level of confidence because the KMO & Bartlett's test value for WE was greater than 0.5 (0.709) with P-Value less than 0.05 (0.000). An instrument that measures the Ethical Climate can be concluded as valid with a 95% level of confidence because overall value and values for all the five dimensions are valid due to the values are greater than 0.5 with 0.000 level of confidence. Cronbach's Alpha Coefficient for Work Engagement was 0.783. Therefore, Work Engagement is reliable as the value was greater than 0.7 including all the original items. When considering reliability values for the dimensions of Ethical Climate, Cronbach's Alpha values for Caring, law & Code, Rules, Instrumental, and independence are 0.745, 0.716, 0.726, 0.725 and 0.653 respectively, which means those five dimensions were at the acceptable level of reliability. Five items were deleted to get more reliability values which one item from Caring (C7), one item from Law & Code (L1), one item from Rules (R4), one item from instrumental (I7) and one item from Independence (ID4).

Table 2: Test of Normality

Kolmogorov-Smirnov ^a Test		
Work Engagement	Statistic	Significance
	0.065	0.200

Source: Survey Data, 2018

There were some influential observations when the regression test was done. Therefore, normality was tested again after deleting the items which had the problem of influential observation. As per the Table 2, since the p value is greater than 0.05 (0.200), there aren't enough evidence to reject H_0 . Therefore, it can be concluded with 95% level of confidence that WE follows a normal distribution (H_0 : WE follows a normal distribution, H_1 : WE does not follow a normal distribution).

Table 3: Test of Correlation

Construct/Dimension	Work Engagement	
	P value	Coefficient
Ethical Climate	0.000	0.538
Caring	0.978	0.003
Law & Code	0.000	0.687
Rules	0.000	0.507
Instrumental	0.843	0.018
Independence	0.000	0.475

Source: Survey Data, 2018

According to Table 3, since the p value is less than 0.05 (0.000), it can be concluded with 95% level of confidence there is a significant relationship between EC and WE. When considering each dimensions of EC, Caring & Instrumental are insignificant since the p values are greater than 0.05 (0.978 and 0.843 respectively). Therefore, it can be concluded that there is no relationship between Caring & Instrumental on WE of operational level employees at BLW. By further referring the table, since the p values of Law & Codes, Rules and Independence are less than 0.05 it can be concluded with 95% level of confidence that there is a significant relationship between Law & Code, Rules and independence on WE of operational level employees at BLW.

Table 4: Simple Regression

	β	P value	95% level of Confidence	
			Lower CI	Upper CI
Constant (B_0)	1.270	0.000	0.749	1.792
Ethical Climate (B_1)	0.572	0.000	0.406	0.737

Source: (Survey Data, 2018)

H_{1A}: Ethical Climate impacts on Work Engagement of operational level employees at Brandix Lingerie Wathupitiwela

Simple regression was conducted to test H_{1A} . As depicted in the Table 4, since the p value of B_1 is less than 0.05 (0.000), there are enough evidence to reject H_0 . Therefore it can be concluded with 95% level of confidence, there is an impact of EC on WE of operational level employees at BLW (H_0 : There is no impact of EC on WE of operational level employees at BLW, H_1 : There is an impact of EC on WE of operational level employees at BLW).

$$E (\text{Work Engagement} / \text{Ethical Climate}) = 1.270 + 0.572 (\text{Ethical Climate})$$

The determination of WE can be explained through the above fitted regression equation. According to the fitted regression equation, if the Ethical Climate is constant, it is expected 1.270 of WE. When EC increases by 1 unit, it is expected WE increases by 0.572 units.

Table 5: Multiple Regression

Model		β	P value	95% level of Confidence	
				Lower CI	Upper CI
1	Constant (B_0)	1.202	0.000	0.796	1.609
	Caring (B_1)	-0.022	0.584	-0.103	0.058
	Law & Code (B_2)	0.373	0.000	0.287	0.459
	Rules (B_3)	0.118	0.020	0.019	0.216
	Instrumental (B_4)	-0.025	0.556	-0.110	0.059
2	Independence (B_5)	0.162	0.002	0.061	0.262
	Constant (B_0)	1.167	0.000	0.782	1.551
	Law & Code (B_2)	0.373	0.000	0.288	0.459
	Rules (B_3)	0.115	0.021	0.017	0.213

	Instrumental (B ₄)	-0.036	0.335	-0.111	0.038
	Independence (B ₅)	0.163	0.002	0.062	0.263
3	Constant (B ₀)	1.065	0.000	0.741	1.389
	Law & Code (B ₂)	0.370	0.000	0.285	0.455
	Rules (B ₃)	0.117	0.020	0.019	0.215
	Independence (B ₅)	0.160	0.002	0.059	0.260

Source: Survey Data, 2018

H_{1B}: Caring impacts on Work Engagement of operational level employees at BLW

To test all the dimensional impact of Ethical Climate on Work Engagement, Multiple regression was performed. According to the output of model 1 in the Table 5, when looking after Caring (B₁) since the p value is greater than 0.05 (0.584), there aren't enough evidence to reject H₀. Therefore it can be concluded with 95% level of confidence, there is no impact of Caring on Work Engagement of operational level employees at BLW (H_{0B}: There is no impact of Caring on Work Engagement of operational level employees at BLW, H_{1B}: There is an impact of Caring on WE of operational level employees at BLW).

H_{1C}: Law & Code impacts on Work Engagement of operational level employees at BLW

As per the Table 5 by considering Law & Code (B₂) of model 3, since the p value of B₂ is less than 0.05 (0.000), there are enough evidence to reject H₀. Therefore it can be concluded with 95% level of confidence, there is an impact of Law & Code on WE of operational level employees at BLW (H_{0C}: There is no impact of Law & Code on WE of operational level employees at BLW, H_{1C}: There is an impact of Law & Code on WE of operational level employees at BLW).

H_{1D}: Rules impacts on Work Engagement of operational level employees at BLW

As shown in Table 5, since the p value of Rules (B₃) of model 3 is less than 0.05 (0.020), there are enough evidence to reject H₀. Therefore it can be concluded with 95% level of confidence, there is an impact of Rules on WE of operational level employees at BLW (H_{0D}: There is no impact of Rules on WE of operational level employees at BLW, H_{1D}: There is an impact of Rules on WE of operational level employees at BLW).

H_{1E}: Instrumental impacts on Work Engagement of operational level employees at BLW

Furthermore, by considering Instrumental (B₄) in model 1 as well as in model 2, since the p value of B₄ is greater than 0.05, there aren't enough evidence to reject H₀. Therefore it can be concluded with 95% level of confidence, there is no impact of Instrumental on WE of operational level employees at BLW (H_{0E}: There is no impact of Instrumental on WE of operational level employees at BLW, H_{1E}: There is an impact of Instrumental on WE of operational level employees at BLW).

H_{1F}: Independence impacts on Work Engagement of operational level employees at BLW

Moreover referring the Table 5, since the p value of Independence (B₅) in model 3 is less than 0.05 (0.002), there are enough evidence to reject H₀. Therefore it can be concluded with 95% level of confidence, there is an impact of Independence on WE of operational level employees of BLW (H_{0F}: There is no impact of Independence on WE of operational level employees at BLW, H_{1F}: There is an impact of Independence on WE of operational level employees at BLW).

Caring (X₁) and Instrumental (X₄) were removed from the model as the hypotheses were rejected due to insignificance. Model 3 is concluded as the best fitted model through above tests and the fitted regression line is as follows;

$$E(\text{Work Engagement} / \text{Law \& Code, Rules, Independence}) = 1.065 + 0.370 (\text{Law \& Code}) + 0.117 (\text{Rules}) + 0.160 (\text{Independence})$$

According to the fitted line, WE are 1.065 when the variation of law & Code, Rules and Independence are constant. When Law & Code increases by 1 unit it

is expected that the WE increase by 0.370 units when the variation of Rules and Independence are constant. When Rules increase by 1 unit it is expected that the WE increase by 0.117 units when the variation of Law & Code and Independence are constant. Further referring to the fitted regression line, when Independence increase by 1 unit it is expected that the WE increases by 0.160 units when the variation of Law & Code and Rules are constant.

The objectives of the study were to investigate the impact of EC on WE of operational level employees at BLW and to investigate the impact of the dimensions of Ethical Climate (Caring, Law & Code, Rules, Instrumental, and Independence) on WE of operational level employees at BLW. According to the findings of the current study, it was revealed that the EC, Law & Code, Rules and Independence impact on WE. Even though the literature supported and the researcher argued that Caring and Instrumental Impact on WE, these two variables were rejected by the model and do not impact on WE in the selected context of BLW.

When considering the past literature, there were only a few researches which conducted to test the impact of EC on WE. According to the study conducted by Yener et al. (2012) Ethical Climate impacts on WE with a significant level of 0.05. Moreover, EC explains 43.1% of the variance of Work Engagement (Yener et al., 2012). This outcome is consistent with some other research studies (Schaufeli & Bakker, 2002b). The current study is consistent with previous literature. The researcher found the relationship and impact between the Ethical climate and WE through the current study. The relationship between EC and WE was proven with a 0.58 value of r coefficient supported by 0.000 level of significance. The impact of EC on WE was proven by 0.572 β₁ value, supported by 0.000 level of significance. As per the result of the current study, 48.7% of the variance of Work Engagement could be able to explain through Ethical Climate. Hence, the first objective reached through these evidence and found out there is an impact of EC on WE of operational Level employees at BLW.

The study conducted by Yener et al. (2012) considered Caring and Independence as one dimension of EC. Accordingly, those two dimensions impact on WE under 0.032 level of confidence with β value accounting for 0.118. According to the research conducted by the researcher, it concludes that there is no correlation and no impact between Caring and WE resulting in inconsistent results with the literature. 0.978 of the p-value for the test of correlation which was greater than the critical p value of 0.05, which concluded that there was no relationship between Caring and Work Engagement. Caring does not impact on Work Engagement was proven by p value of 0.584 which was greater than the critical p value of 0.05. Therefore, it is found that there is no impact of Caring on WE of operational level employees at BLW. However, when referring to the result relating to Independence it is consistent with the result of previous studies. It concludes that there is an impact of Independence on WE with 0.162 of β₅ value in line with the p value of 0.002. It was further supported by the relationship between Independence and Work Engagement with 0.475 of Correlation coefficient and p-value of 0.000. Therefore it is clear that there is an impact of Independence on WE of operational level employees at BLW.

The study conducted by Yener et al. (2012) considered Law & Code and Rules as one dimension of EC. Accordingly, those two dimensions impact on WE under 0.015 level of confidence with β value accounting for 0.128. When considering the result relating to Law & Code it is consistent with the previous literature. It concludes that there is an impact of Law & Code on WE with 0.373 of β₂ value in line with the p-value of 0.000. It was further supported by the relationship between law & Code and WE with 0.687 of Correlation coefficient and p-value of 0.000. Accordingly, it was found that there is an impact of Law & Code on WE. Law & Code was the variable that had the greatest impact on WE in the selected context of the researcher. At the same time, the current study relating to Rules is consistent with previous studies. As per the results of the current study, the Researcher found the relationship and impact between Rules and Work Engagement. Relationship between Rules and Work Engagement proved by 0.507 value of the regression coefficient, supported by 0.000 level of significance. The impact of Rules on WE was proven by 0.118 β₃ value, supported by 0.020 level of significance. Hence, the impact of Rules on WE of operational level employees of BLW is found.

As per the finding of Yener et al. (2012) Instrumental impacts on Work Engagement under 0.00 level of significance. This finding is the same with the studies conducted by some researchers. However, the result of the current study is inconsistent with the literature. According to the analysis of the researcher, it concluded that there is no correlation and no impact between Instrumental and

Work Engagement. 0.843 of p value for test of correlation which was greater than the critical p value of 0.05, which concluded that there is no relationship between Instrumental and Work Engagement. Instrumental does not impact on Work Engagement is proven by p value of 0.556 which was greater than the critical p value of 0.05. Therefore, it is found that there is no impact of Instrumental on WE of operational Level Employees At BLW.

Conclusions & Recommendations

Conclusions

The present study have conducted to investigate the impact of EC on WE of operational level employees at BLW. As per the interview of the researcher with Managers of BLW as well as the result of preliminary survey were supported to identify lower level WE of employees. Researcher developed a conceptual framework for the present study through the past literature on the concepts. As per the result of the current study researcher has found; there is an impact of EC on WE of operational level employees at BLW, there is no impact of caring on WE of operational level employees at BLW, there is an impact of Law & Code on WE of operational level employees at BLW, there is an impact of Rules on WE of operational level employees at BLW, there is no impact of Instrumental on WE of operational level employees at BLW, and there is an Impact of Independence on WE of operational level employees at BLW.

Implications of the Research

This study was conducted in the area of EC and WE. Therefore this study contributes to enhance the knowledge on those areas with related to Apparel industry in Sri Lanka. This study would help for the management of BLW, in order to identify factors to enhance WE of their employees and to formulate policies and procedures to improve employee WE and employee performances. There are a number of researches based on the concept of WE in different fields. Even though, there is a huge gap still remaining in the field of garment industry with regard to the relationship between WE and EC in Sri Lankan context as to the best of knowledge of the researcher. Therefore this study fulfills the empirical gap in Sri Lankan Context. Other than that future researchers will be supported with the findings of this study.

Managerial Implications

As per the findings of the current study, if the organization could create better Law & Code, Rules and Independence environment the organization could experience more engaged workforce. Currently the organization is experiencing higher rate of labor turn over which result in low WE. Therefore, the Managers of the Organization should take necessary actions to reduce the rate of labor turn over. The main aim of every organization is to make profit. The reason for existence and the reasons for having ethical values are also to achieve the same aim. When the organization is practicing a good EC it is not only appreciated by the customers but also by every stakeholders of the organization. Fair EC of an organization will lead to make fruitful synergy within employees of the organization. As a result employees show their appreciation being more engaged in their work. Which will finally leads to competitive advantage and higher profit of the organization. In this competitive business world organizations need to have organization specific EC. Ethical Standards of the organization should be effectively communicated to every level of employees. Organizational Top Management should work harder to improve WE of the organization.

Limitations & Future Research Directions

The current study focuses on BLW. Therefore it is difficult to generalize the results of the study to the other companies in same industry as well as to the other companies in various industries. Further this study was conducted based on the impact of EC on WE, even though there can be other factors affecting to this such as; job characteristics, perceived organizational support, perceived supervisor support, reward and recognition, Job Satisfaction, procedural justice, and distributive justice. The data collection method used in the research was cross-sectional. Despite using a longitudinal method of data collection helps to predict the result more clearly. As far as another limitation the researcher used the mono method which was a questionnaire to collect data. Future researchers could use multiple methods to collect data using interviews and observations. As far as there is an empirical gap in Sri Lankan context related to the impact of EC on WE and uses the western literature may originate a difference in the concepts and which may not accurately apply to the Sri Lankan context. Further, it is hard to measure WE and EC 100% accurately as respondents may be biased. Responses can be varied according to situations, age level etc. Moreover the researcher used the questionnaires to collect data and some of the employees have no enough knowledge to fill questionnaires properly. Future researchers

should focus on how the experience of WE is translated into employee behaviors. In the past literature relationship between WE and performance; and the relationship between WE and productivity were not studied. It will be a better direction for future researchers. Finally, the researcher suggests future researchers conduct the study in other fields because there is a lack of literature on the topic and in Sri Lankan context this was not a widely studied area as to the best of knowledge of the researcher.

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