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The Relationship between Work Ethics and Job Performance

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Abstract

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Work ethics are normally associated with the way employees do their work which may be perceived as ethical or unethical. This study discusses the relationship between work ethics and job performance. A structural model was constructed to test the effects of work ethics on job performance. 157 respondents from randomly selected SMEs involved in retail trade textile service located in Selangor, Kuala Lumpur and Johor were given self-administered questionnaires using a six-point Likert response scale. Multidimensional work ethics profile (MWEP) was use as the instrument to measure work ethics. The study found that the structural model is acceptable in terms of validity and reliability, and thus, can be used to measure the relationship between the two variables. The study also found that work ethics affects job performance significantly. It highlights the importance of work ethics in improving job performance.

Keywords: Work ethics; multidimensional work ethics profile; job performance; SMEs

1. Introduction

Ethics are one of the most critical issues in business and specifically in human resource management. The good ethical culture in an organization will provide direction and guidance in various areas in order to build united, harmonious and ethical employees. However, there is no ethics guidance or standard that is absolute, appropriate and applicable to every company. The code of ethics is a good

indicator of organization commitment in accepting the need for ethical behaviors and implementing it (Wood, 2000).

Work ethics can be referred to as a cultural norm that advocates people to hold accountable and responsible for the work they done based on the belief that work has intrinsic value to the individual (Cherington, 1980; Yankelovich & Immerwahr, 1984). A corporate code of ethics is a statement of corporate principles, ethics, rules of conduct, code of practice or company philosophy regarding responsibility to employees, shareholders, consumers, the environment or any other aspects of society external to the company (Langlois & Schlegelmilch, 1990).

Employees' perception of their organization's ethical climate is found to be related to job satisfaction, organizational commitment, and organizational performance (Kim & Miller, 2008; Pettijohn, Pettijohn & Taylor, 2008). Performance ratings by supervisor and peer is one of the method in measuring job performance in which performance is mostly viewed from human behavior with evaluative aspects (Newman, Kinney & Farr, 2004). Employee's behavior displayed at work is not necessarily related to job specific aspects but mostly on how well someone performs at their work (Jex, 2002). This is consistent with the definition of work ethics where individual are accountable to the work they done according to the acceptable ethical behavior.

In order to study work ethic within the context of Max Weber's original ideas, it must be disentangled from other work-related concepts. The measure, Multidimensional Work Ethic Profile (MWEP), has seven Weber-associated dimensions: Self-Reliance, Morality/Ethics, Leisure, Hard Work, Work Centrality, Wasted Time, and Delay of Gratification (Miller et. al., 2001). The Self-Reliance dimension consists of striving for independence in one's daily work. Second is Morality/Ethics dimension consists of believing in a just and moral existence. Third, Leisure dimension consists of premeasure attitudes and beliefs in the importance of no work activities. Fourth, Hard Work dimension consists of belief in the virtues of hard work. Fifth, Work Centrality dimension consists of belief in work for work's sake and the importance of work. Sixth, Wasted Time dimension consists of attitudes and beliefs reflecting active and productive use of time. And lastly, Delay of Gratification dimension consists of orientation toward the future; the postponement of rewards.

2. Problem Statement

Globalization has caused a very competitive market which is one of the issues in the increased concern of ethics in business (Berenbeim, 2000). According to KPMG survey on fraud, bribery and corruption 2013 in Malaysia, half of the respondent who experience fraud are from SMEs (KPMG, 2013). It is important to note that SMEs are accounted for 99 per cent of all the establishments in the services output, 25.8 per cent to value added production, own 27.6 per cent of fixed assets, and employ 38.9 per cent of the country's workforce (SMIDEC, 2002; Saleh and Ndubisi, 2006). The value added products from this section expected to be worth RM 120 billion in services sector by 2020. Thus, it becomes an important matter to put ethics as one of the most prominent aspect in SMEs companies.

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3. Research Objective

The purpose of this study is to study the relationship between work ethics and job performance in the SMEs industries.

4. Research Methods

The study is an exploratory study conducted among 289,798 employees in SMEs located in three major states; Selangor, Kuala Lumpur and Johor. Based on the population, 384 self-administered questionnaires were distributed and collected using convenience sampling method. 157 collected questionnaires were used as part of the analysis with the response rate of 40.9 per cents. The instrument for Work Ethics was adopted from Multidimensional Work Ethics Profile, MWEP (Miller et. al., 2001). MWEP includes 64 questions of 7 dimensions of work ethics; self-reliance, morality/ethics, wasted time, leisure, hard work, centrality of work, and delay of gratification. This study also utilized 5-items instrument by Neyman, Kinney & Farr (2004) for job performance. All instruments were measured using 6-point Likert scale (1 = strongly disagree, disagree, natural, agree and 6 = strongly agree).

5. Findings

5.1. Confirmatory Factor Analysis

Confirmatory Factor Analysis (CFA) was used to establish the measurement model. Model 1 assessed the relationship between two latent construct, work ethic and job performance. Unidimensionality of the measurement model were achieved through the item-deletion of low factor loading and through setting the parameter estimate. Table 1 below shows the fitness index for both models. Fitness of the model was assessed using the following indices: chisquare/df, Comparative Fit Index (CFI) and Root Mean Square of Approximation (RMSEA). The model has adequate fit when chisquare/df is less than 5.0, CFI equal to or greater than 0.90 (Bentler, 1990) and RMSEA less than 0.08 (Browne & Cudeck, 1993). According to Holmes-Smith (2001), three fit indexes with at least one index from each category of model fit must be above level of acceptance to reflect good fit. From the result, the structural model satisfied absolute fit, incremental fit and parsimonious fit.

Table 1. Assessment of Fitness Indexes for Measurement Model

	ChiSq/df	**CFI**	**RMSEA**
Model 1	1.427	0.912	0.052

The internal reliability was achieved as the Cronbach Alpha of each scale was found to be more than 0.6, thus can be accepted (Hair et. al., 2010). In order to measure the reliability and internal consistency of the measured variables, construct reliability (CR) was calculated. Bagozzi and Yi (1988) suggested that the value of CR should be more than 0.60 to be accepted. Meanwhile, the average percentage of variation explained by the items in the construct is represented by Average Variance Extracted (AVE) in which must be equal to 0.50 or more to be accepted (Zainudin, 2012). Based on table 1, the model is reliable in measuring the intended constructs.

Table 2. CFA results for measurement model

Construct	Item	Factor loading	CR	AVE	Cronbach Alpha
Work Ethics	Self Reliance	0.674	0.885	0.576	0.903
	Morality/Ethics	0.862			
	Wasted Time	0.875			
	Leisure	-0.117			
	Hard Work	0.866			
	Centrality of Work	0.792			
	Delay of Gratification	0.825			
Self Reliance	SR2	0.687	0.879	0.594	0.874
	SR7	0.801			
	SR8	0.888			
	SR9	0.783			
	SR10	0.676			
Morality/Ethics	MO1	0.693	0.827	0.546	0.826
	MO2	0.752			
	MO5	0.73			
	MO9	0.777			
Wasted Time	WT2	0.709	0.779	0.5449	0.805
	WT5	0.625			
	WT6	0.861			
Delay of Gratification	DG1	0.594	0.739	0.500	0.716
	DG5	0.779			
	DG7	0.711			
Leisure	LE6	0.6	0.867	0.570	0.862
	LE7	0.685			
	LE8	0.853			
	LE9	0.873			
	LE10	0.728			
Hard work	HW1	0.612	0.908	0.554	0.916
	HW2	0.846			
	HW3	0.797			
	HW4	0.701			
	HW5	0.665			
	HW6	0.791			
	HW7	0.834			
	HW9	0.673			
Centrality of Work	CW3	0.705	0.838	0.501	0.794
	CW4	0.701			
	CW5	0.852			
	CW6	0.605			
	CW9	0.592			
	CW10	0.609			
Job Performance	JP1	0.894	0.747	0.506	0.614
	JP2	0.549			
	JP3	0.647			

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In term of validity, the measurement model 1 satisfied convergent, construct and discriminant validity. The convergent validity was verified through the value of Average Variance Extracted (AVE) in which it is more than 0.5, as stated in Table 1. The construct validity of measurement model was achieved when the fitness indexes fulfill the required measurement. As seen in Table 3, the discriminant validity was achieved as the square root of AVE (0.759 and 0.712) between work ethics and job performance is higher than the correlation value (0.320). Thus, the measurement model 1 can be said to be able to measure the relationship between two construct work ethics and job performance.

Table 3. Discriminant Validity for Measurement Model

	Work Ethics	**Job Performance**
Work Ethics	0.759	
Job Performance	0.32	0.712

5.2 Structural Equation Modelling

The structural equation modelling (SEM) were used to test the hypothesis. The results of SEM analysis are presented in fig.1. The loading of the manifest indicators onto their respective latent variables were all statistically significant, ranging from 0.55 to 0.890. Standardized regression weights indicate the relative contribution of each predictor variable to the dependent variable.

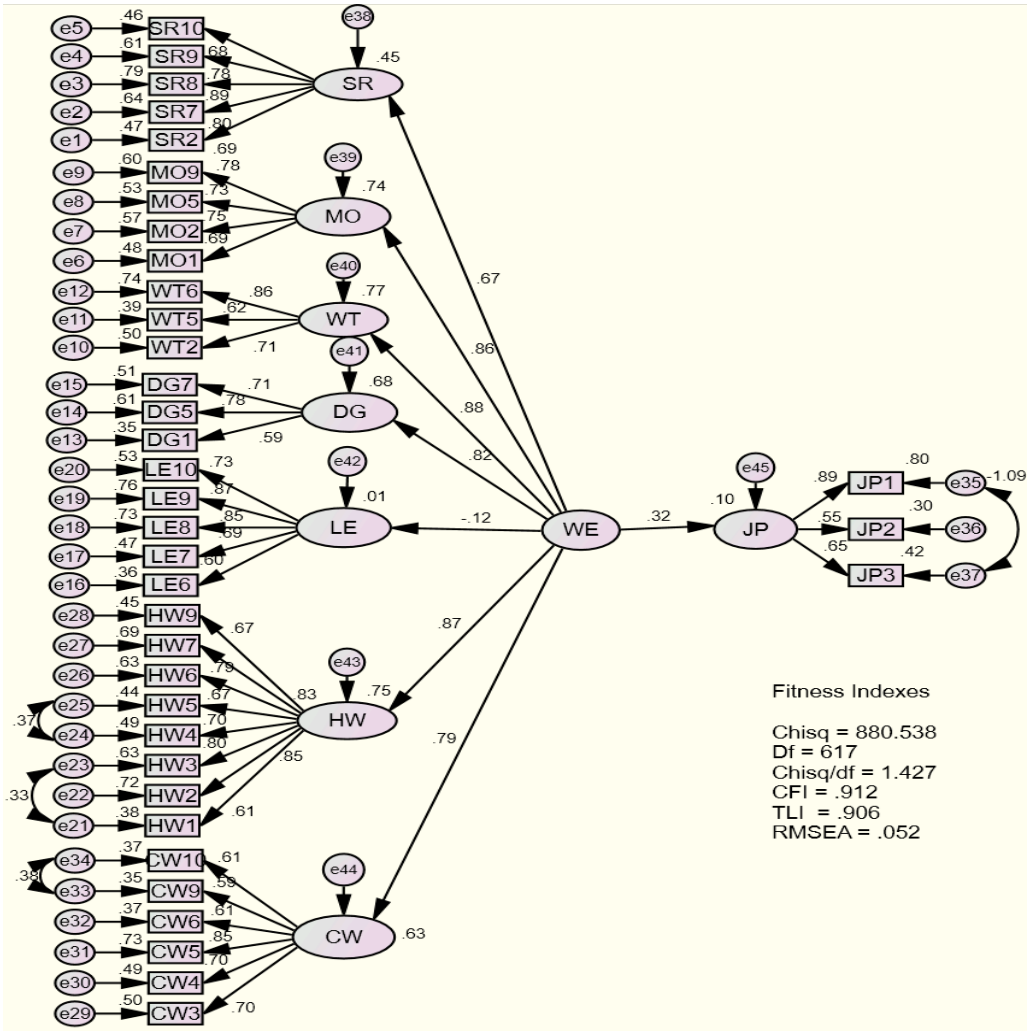

Fig. 1. Structural Model

The current findings indicate that the scale is multidimensional. All items loaded significantly to the seven factors (self-reliance, morality/ethics, wasted time, hard work, centrality of work, and delay of gratification) except for leisure (p = 0.198). Based on the regression path coefficient and its significance in Table 3, work ethics has a direct effect on Job performance significantly different from zero at the 0.05 level (two-tailed).

Table 4. Standardized Regression Weight

			Estimate	S.E.	C.R.	P
Job Performance	<---	Work Ethics	0.626	0.182	3.445	***

6. Conclusion

The study shows that there is a significant relationship between Work ethics and Job performance. Work ethics proved to be a good predictor of employee performance. The result is consistent with previous research by Hunt (1994), Miller et. al., (2001) and Fiorito et. al. (2007). It proves that work ethics will resulting high in employee's performance and indicates that the implementation of work ethics can help organization to achieve great performance in overall. However, the factor loading shows that the causal effect of work ethics in job performance is low and in moderate relationship. This is due to the other variables that may affect job performance such as job satisfaction, job involvement and organization commitment (Van Ness et. al., 2010). This research has significant on SMEs. It imparts the important of suitable code of ethics for employees as guidance, and encourages them to practice good work ethics for the sake of improving their performance. Thus, the efforts on improving employee performance will no longer rely on compensation and reward system but instead focusing on work ethics too.

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