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ORGANIZATIONAL JUSTICE AND ETHICS PROGRAM "FOLLOW-THROUGH": INFLUENCES ON EMPLOYEES' HARMFUL AND HELPFUL BEHAVIOR

Linda Klebe Treviño and Gary R. Weaver

Abstract: Organizational justice and injustice are widely noted influences on employees' ethical behavior. Corporate ethics programs also raise issues of justice; organizations that fail to "follow-through" on their ethics policies may be perceived as violating employees' expectations of procedural and retributive justice. In this empirical study of four large corporations, we considered employees' perceptions of general organizational justice, and their perceptions of ethics program follow-through, in relation to unethical behavior that harms the organization, and to employees' willingness to help the organization by reporting ethical problems and issues to management. Results show that when employees perceive general organizational justice and ethics program follow-through, there is less unethical behavior and greater willingness to report problems. General justice and ethics program follow-through also interact with each other, showing that the impact of ethics initiatives is influenced by the organizational context.

Recent research on efforts to foster ethical conduct in organizations has focused on formal ethics program features such as ethics codes and ethics offices. But achieving the goals of an ethics program may depend as much on the broader organizational context as it does on the formal ethics program itself. In this empirical study, we look at how the workings of ethics programs are intertwined with employees' perceptions of fairness in organizations. Specifically, we examine the mutually supportive role of employees' perceptions of general organizational fairness, and their perceptions of *ethics program follow-through,* i.e., the extent to which a company takes action to deal with ethical issues employees raise, and with violations of the company's formal ethics policies. Both of these factors are important influences on ethically significant employee behaviors, such as unethical actions against the organization (theft, vandalism, etc.) or actions that help the organization achieve ethical goals (e.g., reporting unethical behavior to management). Moreover, they are related conceptually: issues of ethics program follow-through involve questions of justice. Specifically, whether an organization follows through on espoused ethics policies is an important element of procedural justice in organizations, and whether an organization applies appropriate

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discipline following violations of ethical standards is an important element of retributive justice.

Fairness Perceptions and Ethical/Unethical Behavior

Organizational ethics researchers generally have attributed ethical/unethical conduct to individual differences (Treviño and Youngblood, 1990; Weber, 1990); issue-related factors, such as the magnitude of an ethical issue's consequences (Jones, 1991; Weber, 1995); contextual factors, such as ethical climate or ethical culture (Cohen, 1993; Treviño, Butterfield, and McCabe, 1998; Victor and Cullen, 1988); or the interaction of these factors (Treviño, 1986). Until recently (Treviño, Weaver, Gibson, and Toffler, 1999), organizational fairness, or justice, has not been included as an independent contextual variable in these studies. This is surprising, given that research on organizational ethics and on organizational justice often focuses on similar behavioral outcomes. For example, unethical organizational conduct includes a variety of behaviors, many of which may be harmful to the organization (e.g., lying, cheating, stealing). Organizational justice research has focused on similar harmful outcomes such as employee theft (e.g., Greenberg, 1990) and retaliation (e.g., Skarlicki and Folger, 1997). Ethics researchers additionally have studied behaviors, such as peer reporting of unethical employee behavior, that can help the organization by alerting management to problems (Treviño and Victor, 1992). Justice researchers also have studied employee efforts to help their organizations, such as organizational citizenship behavior (Moorman, Blakely and Niehoff, 1998).

Fairness Perceptions and Employees' Harmful Behavior

Theory provides good reasons to incorporate attention to perceptions of fairness in efforts to understand ethical/unethical behavior in organizations. Justice is a fundamental social expectation that motivates behavior. Van den Bos, Lind, and Wilke (1997) proposed that a broad fairness heuristic guides employees' thinking about their relationship with their organizations, becoming a pivotal cognition that influences employees' behavior. As employees think about the extent to which they will commit to and support their organization, they will be concerned to balance their own interests with the organization's interests. But because it is difficult to engage in exhaustive analyses of decisions about one's relationship with an organization, people resort to decision heuristics in such situations. Perceptions of an organization's overall fairness constitute an important heuristic in making decisions about relationships with an organization. According to the fairness heuristic, if employees perceive just treatment at the hands of their organization, they will be unlikely to see any risk to their own welfare from conforming to organizational expectations, and thus they will be more likely to conform to those expectations. Similarly, they will sense no need to balance the scales of justice by looking for opportunities to improve their own outcomes at the organization's expense.

A well-supported stream of research developed out of equity theory (Adams, 1965) indicates that employees will adjust their own behavior in order to produce what they see as an equitable balance of benefits and burdens at work. According to equity theory, employees who perceive injustices in the workplace will be more likely to look for opportunities to improve their own welfare or status at the organization's expense. Or, they may retaliate with actions that aim to balance the injustice they perceive. For example, research has found that employees will vandalize (DeMore, Fisher, and Baron, 1988) or steal from the organization (Greenberg, 1990) in order to redress perceived injustice. In Greenberg's (1990) field experiment, in which employees experienced a pay cut, employee theft was much higher than normal under a condition that was perceived by employees to be unfair. Something like an unwarranted or unexplained pay cut is a relatively specific kind of injustice. In this study, we propose that employees react in similar ways to more general evaluations of organizational injustice, in keeping with the idea that behavior can be motivated by a wide-ranging fairness heuristic (in addition to being motivated by specific instances of injustice) (Van den Bos *et al.*, 1997). But because employees are less powerful than management, we also propose that these attempts to balance the scales of justice are likely to be covert and indirect, such as stealing from the company, concealing errors, or withholding important information. On the other hand, if employees perceive that their organization treats people fairly, there will be no need to rebalance the scales of justice, and so we should find that this type of harmful unethical conduct is less frequent.

Hypothesis 1: The more employees perceive that their organization is just, the less employees will engage in unethical conduct that harms the organization.

Fairness Perceptions and Employees' Helpful Behavior

Organ (1990) used a social exchange explanation to argue that employees engage in organizational citizenship behavior to reciprocate fair treatment that they receive from their organization. When employees are treated fairly by an organization, they are likely to think about their relationship with the organization in terms of social exchange rather than merely economic exchange. They believe that they owe something in return to the organization, and they are motivated to engage in extra-role behavior in support of the organization. A variety of studies have reported a significant relationship between perceived fairness and organizational citizenship behavior (Van Dyne, Cummings, and Parks, 1995).

Extra-role behavior can be relevant to supporting organizational goals for ethical behavior. Employees might go beyond their normal role requirements and report ethical problems to management rather than, for example, assuming that those are management's problems and keeping silent about them. Reporting problems to management can be conceptualized as a kind of extra-role behavior because, with few exceptions (e.g., auditors), attending to and reporting possible ethical problems is not a required in-role task. (We recognize that reporting certain types of illegal or improper behavior may be an in-role behavior imposed by a societal legal system on all citizens, or by professional accrediting bodies on their members. The range of unethical behavior we are addressing, however, is much broader than actions that violate specific laws or professional standards.)

Reporting of ethical problems can take several forms. For example, the smooth operation of a business depends on employees' willingness to share information honestly with managers. Managers need information about actual and potential problems in order to make good decisions. But employees often have information that they don't share because of fear of management's response. Bringing an ethical issue to management's attention rarely is an explicit part of an employee's role definition, and also can create the embarrassing suggestion that management has not been doing its job well (Dutton and Ashford, 1993). Thus, sharing information about ethical problems in the organization constitutes a kind of courageous extra-role citizenship behavior. Reporting problems can also be more formal, as in the formal reporting of ethical or legal problems that takes place through telephone reporting "hotlines" and ethics/compliance offices. In most companies that have such reporting systems, employees are encouraged to report problems they observe. But they are not usually required to do so. Therefore, management must rely on employees' willing cooperation with, and participation in, these systems.

In summary, employees' perceptions of overall fair treatment should be associated with increased willingness to report problems to management. If employees believe that the organization treats people fairly, they should be more concerned about helping the organization deal with problems that could impede the organization in achieving its goals. Reporting problems will be seen as a matter of reciprocating the organization's fair treatment of employees by being a good organizational citizen.

Hypothesis 2: *The more employees perceive that their organization is just, the more willing they will be to report ethical problems to management.*

Ethics Program Follow-Through and Ethical/Unethical Behavior

Although corporate ethics programs have become widespread in American business, they can be implemented in varying ways. Research indicates that companies adopt ethics programs for multiple reasons, and that the implementation details vary with the kinds of influences at work on a company (Weaver, Treviño and Cochran, 1999a). In particular, some companies may adopt largely decoupled approaches to ethics, while other companies may adopt ethics program features which indicate that the company is serious about following through on ethical concerns, issues, and problems (Weaver, Treviño and Cochran, 1999b). In the former case, the ethics program may be viewed by employees as mere "window dressing" (Treviño et al., 1999) that is disconnected from everyday organizational activities. For example, a company may install reporting systems, but it may not follow up or act on reports of ethical problems. Alternatively, however, a company may make serious efforts to follow up on reports of problems or questions about issues, and may engage in appropriate, serious discipline for persons who violate ethical standards.

Employees' perceptions of ethics program follow-through can affect their behavior for several reasons, some of which clearly involve issues of justice. First, failure to follow-through consistently regarding behavioral expectations can create a sense of procedural injustice. Where follow-through on ethics standards is absent or inconsistent, employees may suspect that the organization does not apply its espoused policies in an even-handed, unbiased, predictable fashion. In effect, employees suspect the ethics program of procedural unfairness, and this perception can influence their behavior. For example, a procedural justice study by Friedland, Thibaut, and Walker (1973) found that employees' compliance with rules was influenced by the fairness of surveillance procedures in use (and also by the fairness of the penalties imposed for rule violations—a retributive justice issue). Thus, we propose that unethical conduct is likely to be higher where employees perceive that the organization does not follow-through on reports of ethical violations.

Second, where follow-through is lacking, employees' expectations for retributive justice can be violated. In most situations, observers of wrongdoing expect to see the wrongdoer punished, and will view such punishment as just, because the punishment serves to balance a prior wrong (Hogan and Emler, 1981; Treviño, 1992). When punishment for an ethical violation does not occur, however, this expectation of retributive justice is violated. Failure to apply appropriate discipline also can be seen as demeaning to or disrespectful of persons who behave ethically, violating their informal expectations of justice (Greenberg, 1996). The organization, in this case, does not discriminate between ethical and unethical behavior, and consequently employees who behave in a consistently ethical fashion do not find their good behavior receiving the support it deserves. As a result, they will be less inclined to support the organization's ethics policies by behaving ethically themselves, and more likely to react against, and seek redress of, the organization's failures of procedural and retributive justice. Therefore, we propose that the more employees perceive that their organization fails to follow-through on its espoused ethics policies, the more widespread unethical behavior will be among that organization's employees.

But failure to follow up on reports of unethical behavior, and failures to discipline appropriately, should increase unethical behavior for additional reasons. From a strictly behaviorist point of view, there is a reduced risk of punishment for wrongdoing in such a situation, so an often effective deterrent is absent. The organization's failure to deal with ethical problems or lapses indicates to employees that "crime might pay," so that self-serving, opportunistic behavior, at the company's expense, is more likely. Social learning theory also shows that when people observe someone being punished for a particular behavior, they will be less likely to engage in that behavior themselves, and likewise will be more likely to perform the behavior when they do not see it being punished (Treviño, 1992; Walters and Parke, 1964). Employees also often are under personal or organizational pressures to act unethically in ways that can harm the organization. However, if they perceive that the organization's ethics program seriously follows up on, and seeks to deter, ethical problems and violations, unethical behavior should be less common than in those organizations in which employees perceive that reports of problems are not acted upon, and violators of standards are not disciplined appropriately.

Failures to follow-through on reported problems and issues, and failures to discipline violators, also send an important signal to employees about whether the company truly values ethical behavior. When management does not deal with ethical problems or lapses, the inaction about ethics sends a signal that concern for ethics is outside the role identity of people in the organization. Thus, when faced with potential conflicts between ethical standards and other demands (e.g., profitability), we should not be surprised if ethics is pushed to the periphery.

Hypothesis 3: The more employees perceive that their organization's ethics program follows through on ethical problems and violations, the less employees will engage in unethical conduct that harms the organization.

Because ethics program follow-through is relevant to perceptions of fairness and justice, it also should influence employees' reporting of ethical problems and failures. Specifically, the multiple forms of unfairness implicit in failures to follow-through on ethical standards should reduce employees' willingness to engage in "good citizen" behaviors such as reporting problems.

But reporting potential problems also is important to people because of the way it reaffirms and protects group values and social cohesion. Much concern with justice in a group or organization stems from the fact that injustices are a threat to the norms and standards—and thus social cohesion—of the group (Durkheim, 1964). Persons who are treated unfairly within a group setting will question their status within the group, and doubt whether the group values their membership. When employees report potential ethical problems, they are acting to uphold the values that support the cohesiveness of their group and that undergird their place in the group. In short, this kind of justice motive (Lerner, 1977) gives people a reason to want to report ethical problems and failures. But whether this motive results in actual reporting behavior will be influenced by employees' perception of whether reports are likely to achieve the valued end (Ilgen, Pritchard, and Nebeker, 1981). For example, employees may be bothered by incidents of unethical behavior, or concerned about potential ethical failures, but they may fail to act on that concern because they do not expect their action to change anything. However, when employees see that their organization is serious enough about ethics to take action on their reports of problems, they will be more willing to make such a report.

Employees also may perceive their organization's follow-through efforts as a form of support and protection for employees. As in the case of fair treatment, company follow-through on ethical problems may constitute a form of social exchange in the eyes of employees (Blau, 1964). The support and protection they perceive to be provided by the company creates a sense of obligation on the part of employees to aid the organization (Eisenberger, Fasolo, and Davis-LaMastro, 1990; Weaver and Treviño, 1999). Thus, when an organization follows through on ethical reports and problems, not only will employees think that their reporting behavior will make a difference (as expectancy theory dictates), but they will feel some degree of obligation to return the organization's support by reporting real or potential ethical problems and failures. Consequently,

Hypothesis 4: *The more employees perceive that their organization's ethics program follows through on ethical problems and violations, the more willing they will be to report ethical problems to management.*

Interactions of Fairness and Follow-Through

Thus far we have proposed that perceptions of organizational fairness influence the extent to which employees act unethically or help their organization by reporting ethical problems. We also proposed that these outcomes will be influenced by the extent to which the organization is perceived to "follow-through" when it comes to dealing with ethical issues. But in addition to these two separate proposed influences, fairness and "follow-through" may interact in the way they affect unethical behavior. Specifically, we propose that the impact of "follow-through" on unethical behavior will be greater when employees perceive that the organization generally treats people unfairly. In such situations, employees have a motive to take action against the company, in an effort to rebalance the scales of justice in their own minds. So in situations of perceived organizational unfairness, efforts by the company to follow up on actual or potential ethical problems will have a greater impact; when employees have a motive to act unethically, efforts to prevent that behavior are more important, and likely to make more of a difference in outcomes. By contrast, when employees perceive fairness in the organization, unethical behavior is less likely, and so ethics program follow-through should have less of an impact in reducing overall levels of unethical behavior.

Hypothesis 5: The impact of ethics program follow-through on unethical conduct in the organization will be lower when employees perceive that their organization is just in general.

We also expect that the impact of ethics program follow-through on reporting behavior will be greater in situations of low organizational justice than in situations where the organization is perceived to generally treat people fairly. Employees can form perceptions of fairness based on ordinary, everyday experiences (e.g., does my immediate supervisor treat me with respect?) or by reference to the organization's formal policies and procedures (e.g., does my organization follow-through on complaints of unfair treatment?). In the absence of the former (general fairness in the organization), ethics program follow-through becomes a much more important indicator to employees of whether or not the organization is in any way concerned to uphold ethical standards and norms, and provides an efficacious way for employees to reaffirm and protect those standards and norms. Put differently, when the organization is fair generally, employees may act on their justice motives and report improper behavior, regardless of any particular beliefs or knowledge they have regarding ethics program follow-through. But when the only clue employees have regarding the organization's commitment to upholding standards comes from the ethics program itself, perceptions of the program's follow-through should make a larger impact on employee reporting behavior than they otherwise would.

Hypothesis 6: The impact of ethics program follow-through on employee reporting of ethical problems to management will be lower when employees perceive that their organization is just in general.

Methods

The data used to test the hypothesized relationships were drawn from a larger survey of ethics/compliance management in four companies: a utility company, a telecommunications company, and two energy-related companies. Each of these companies had a formal ethics/compliance program in place. Each company supplied the researchers with a list of employees from which we drew a random sample. We negotiated with each company regarding sampling. In order to have adequate power to conduct statistical analyses within each company, we asked to randomly sample at least 10 percent of employees with a minimum of 500 employees per company (we sampled more employees if the company was willing). In two companies, we drew a random sample of 2500 employees out of approximately 25,000 in one company and 12,000 in the other. For the third company, 600 of the firm's approximately 6000 employees were surveyed. For the fourth company, 700 of the firm's almost 1500 employees were surveyed. For all four companies, surveys were sent to employees' homes along with a letter from the company supporting the research and encouraging employees to participate. Respondents returned completed surveys directly to the researchers in stamped, self-addressed envelopes. Respondents were assured of anonymity, and there was no identification information on the surveys. The companies did not allow follow-up surveys, although the researchers requested permission to do so. Overall response rate for the study was 29 percent (31 percent in two of the four companies, 29 percent in one company, and 28 percent in another).

All four companies responded to a request to provide demographic information about the employee population so that we could check for non-response bias. In each company, mean age of survey respondents was almost identical to mean age in the firm. Mean tenure with the firm was almost identical between the sample and population for three of the four companies. In one of the companies, respondents' tenure was somewhat higher than tenure in the employee population (10 years and 7 years, respectively). Percentage of male and female employees was almost identical in three of the four firms. In one of the companies, female response rate was a bit higher than male response rate: respondents were 32 percent female while the employee population was 29 percent female. These comparisons suggested to us that respondents were generally representative of the populations of these firms.

Dependent Variable Measures

All measures are multi-item scales that were developed by the researchers or adapted from previous research. They were based upon Likert-type survey items anchored by strongly disagree (1) and strongly agree (5), unless otherwise noted. For each scale, we computed Cronbach's alpha, a measure of the internal consistency or reliability of the scale (i.e., the extent to which the items in a scale are all measuring the same construct). For most organizational research, Cronbach's alpha should be between .70 and 1.0.

Observed unethical/illegal behavior is a 10-item scale adapted from Akaah (1992) and Treviño, Butterfield, and McCabe (1998). It includes items representing unethical or illegal behaviors that employees might use in reaction to perceived unfair treatment—actions that might harm the organization or increase the employee's inputs. Items are as follows: unauthorized personal use of company materials or services, padding an expense account, taking longer than necessary to do a job, misuse of on-the-job time, concealing errors, falsifying time/quality/quantity reports, calling in sick just to take a day off, lying to supervisors, stealing from the company, and dragging out work in order to get overtime. For this scale, respondents were asked, "Over the past year, how often have you observed the following types of behavior in your organization? 1 = never, 2 = rarely, 3 = occasionally, 4 = frequently, 5 = very frequently." We asked about *observed* unethical behavior in order to reduce the possibility of social desirability bias, which would likely be more problematic if we asked respondents to report on *their own* unethical conduct. Cronbach's alpha for this 11-item scale is .91.

Reporting of ethical/legal problems was measured by an 8-item scale that included items relating to delivering bad news to management (e.g., "Employees of this firm can deliver bad news to their managers without risking their jobs"), and reporting ethics violations (e.g., "I would feel comfortable reporting ethics violations to my manager"). Cronbach's alpha for this scale is .88.

Independent Variable Measures

The two independent variable measures—perceptions of general organizational justice and perceptions of ethics program follow-through—were Likert-type survey items on a 5-point scale, anchored by strongly disagree (1) and strongly agree (5). Because ethics program follow-through is relevant to justice perceptions, we performed a factor analysis of all independent variable items, to make sure that follow-through and organizational justice constituted distinct factors. Factor analysis is a statistical procedure that answers the following question: Are there fewer, more basic variables, underlying a large number of survey items? Factor analysis considers the intercorrelations among the responses to each item (i.e., the extent to which they vary with each other), and then determines whether this variation can be allocated across a smaller number of underlying variables called factors. Thus, in the present case, factor analysis serves to determine whether our various individual justice items in fact are measuring two distinct underlying constructs (general justice and ethics program follow-through). As expected, the factor analysis resulted in two unique factors (Table 1). The numbers in Table 1 represent factor loadings for the items. Items are considered to contribute to a single factor if they load relatively high on that factor (generally .40 or higher) and relatively low other factors (generally less than .40). The first factor—general organizational justice evaluations—incorporates nine items, including some written to focus on fair treatment in general (2 items—sample: "generally, employees think of this company as fair"), receiving deserved rewards (distributive justice—5 items—samples: "rewards are allocated fairly in this firm"; "people of integrity get the rewards in this firm"), and being treated respectfully (interactional justice—2 items—sample: "employees can count on being treated with courtesy and respect in this organization"). Cronbach's alpha for this measure is .92. The fact that all of these items formed one distinct factor, creating a highly reliable scale, is consistent with the existence of a general fairness heuristic in the minds of employees (Van den Bos et al., 1997).

The second factor includes four items measuring the extent to which a company's ethics program is perceived to follow up on reports of ethical problems and respond to ethical lapses with appropriate discipline. Items include: "the company follows up on ethical concerns that employees raise"; "if employees are caught breaking the company's ethics or compliance rules, they are disciplined"; "if ethics or compliance concerns are reported in this company, action is taken to resolve them"; and "employees who are caught violating the company's ethics or compliance policies are disciplined." Cronbach's alpha for these items is .88.

Results

Table 2 reports means, standard deviations, and correlation coefficients for the independent and dependent variables. The standard deviation is a statistical index that represents the dispersion of values around the mean (or average) and is calculated as the square root of the variance. A correlation characterizes the statistical relationship between two variables. The correlation coefficient represents the magnitude of the relationship (or the degree to which the variables vary together), and the direction (either positive or negative) of the relationship. A perfect positive correlation is represented by +1.0, while a perfect negative

Table 1

Principal Components Factor Analysis for Independent Variables

Item	Factor 1 General Justice	Factor 2 Ethics Program Follow Through
In general, this company treats its employees fairly.	**.81**	.22
Generally employees think of this company as fair.	**.78**	.20
Rewards are allocated fairly in this firm.	**.78**	.14
Employees in this organization are rewarded fairly.	**.83**	.22
In this organization, people get the reward or punishment they deserve.	**.65**	.39
Supervisors in this company treat employees with dignity and respect.	**.72**	.25
Employees can count on being treated with courtesy and respect in this organization.	**.77**	.26
Being consistently ethical helps an employee advance in this firm.	**.64**	.27
People of integrity get the rewards in this firm.	**.64**	.25
If ethics or compliance concerns are reported in this company, action is taken to resolve them.	.29	**.82**
This company follows up on ethical concerns that employees raise.	.33	**.78**
Employees who are caught violating the company's ethics or compliance policies are disciplined.	.19	**.83**
If employees are caught breaking the company's ethics or compliance rules, they are disciplined.	.21	**.86**

relationship is represented by –1.0. Correlations can also be tested for statistical significance—or the probability that a relationship occurred by chance alone. Convention in most social science research sets the probability level for tests of statistical significance to be .05 or less ($p < .05$). Meeting this standard means that the measured relationship is not likely due to chance alone (i.e., there is at most a 5 percent probability that the measured relationship is due to chance).

Table 2

Descriptive Statistics and Intercorrelations*

Variable	Mean	S.D.	1	2	3
1. General justice	3.12	.82	-		
2. Ethics program follow through	3.46	.89	.55	-	
3. Unethical behavior	2.03	.82	-.49	-.48	-
4. Willingness to report unethical behavior	3.16	.79	.71	.54	-.48

*N = 1734, all correlations are statistically significant ($p < .05$)

When multiple dependent variables are involved, it is important to test whether differences among their means are likely to have occurred by chance. Therefore, we conducted a multivariate omnibus test of significance for the complete model that included the two dependent variables and the two independent variables. The appropriate statistic for testing the significance of this model is Wilk's lambda. The statistical test was significant at a significance level of $p < .05$ (Wilk's lambda = 0.40, F = 202.83, $p < .0001$), suggesting that the relationships were not due to chance alone and we could proceed to conduct separate hierarchical regression analyses for each of the dependent variables (see Table 3). Hierarchical regression enables us to test the contribution of various independent variables toward overall variation in the phenomenon being explained. In the regression analyses, we entered dummy variables (0,1) representing the companies in the first step to statistically control for any effects due to differences by company. Step two entered the general justice independent variable and the ethics program follow-through independent variable. In the third step, we entered the interaction term (a product of the two independent variables).

For observed unethical conduct, both main effects—perceived fair treatment in general and ethics program follow-through—and the interaction between them were significant. The main effect findings mean that observed unethical conduct was higher where employees perceived less general fairness (Hypothesis 1; t = -13.58, $p < .01$) and less ethics program follow-through (Hypothesis 3; t = -11.13, $p < .01$)). However, the interaction between these variables also was statistically significant, supporting Hypothesis 5 (t = 4.713, $p < .01$). Hypothesis 5 proposed that the impact of ethics program follow-through on unethical conduct in the organization would be lower when employees perceive that their organization is just in general. Figure 1 provides a plot of the

Table 3

Hierarchical Regression Results for Influences of General Justice and Ethics Program Follow through on Observed Unethical Conduct and Reporting Ethical Problems

	Observed Unethical Conduct									Reporting Ethical Problems to Management								
	Model 1			Model 2			Model 3			Model 1			Model 2			Model 3		
Independent variables	b	s.e.	Beta[a]	B	s.e.	Beta	b	s.e	beta	b	s.e.	beta	b	s.e.	beta	b	s.e	beta
Constant	1.96**	.03		4.11**	.08		4.92**	.19		3.30**	.03		.69**	.06		.44**	.15	
Company 2	.13**	.04	.08**	-.04	.04	-.02	-.02	.04	-.01	-.14**	.04	.09**	.02	.03	.01	.01	.03	.01
Company 3	.05	.07	.02	-.12	.06	-.05	-.10	.06	-.04	-.37**	.06	-.15**	-.05	.05	-.02	-.06	.05	-.03
Company 4	.24**	.07	-.09**	-.12	.06	-.04	-.12*	.06	-.04*	-.38**	.07	-.14**	.09	.05	.03	.09	.05	.03
General Justice				-.35**	.03	-.35**	-.66**	.07	-.66**				.57**	.02	.60**	.67**	.06	.70**
Ethics Program Follow Through				-.27**	.02	-.29**	-.52**	.06	-.56**				.20**	.02	.22**	.27**	.05	.30**
General Justice X Ethics Program Follow Through							.09**	.02	.52**							-.03	.02	-.163
R^2		.01			.31			.32			.03			.55			.55	
Adjusted R^2		.01			.31			.32			.03			.55			.55	
F		5.05**			156.42**			135.65**			17.96**			417.81**			349.23	
d.f.		3,1730			5,1728			6,1727			3,1730			5,1728			6,1727	
Change in R^2		.01			.30			.01			.03			.52			.00	
F change in R^2		5.05**			380.15**			22.22**			17.96**			986.93**			3.35	

* $p < .05$ ** $p < .01$ listwise deletion

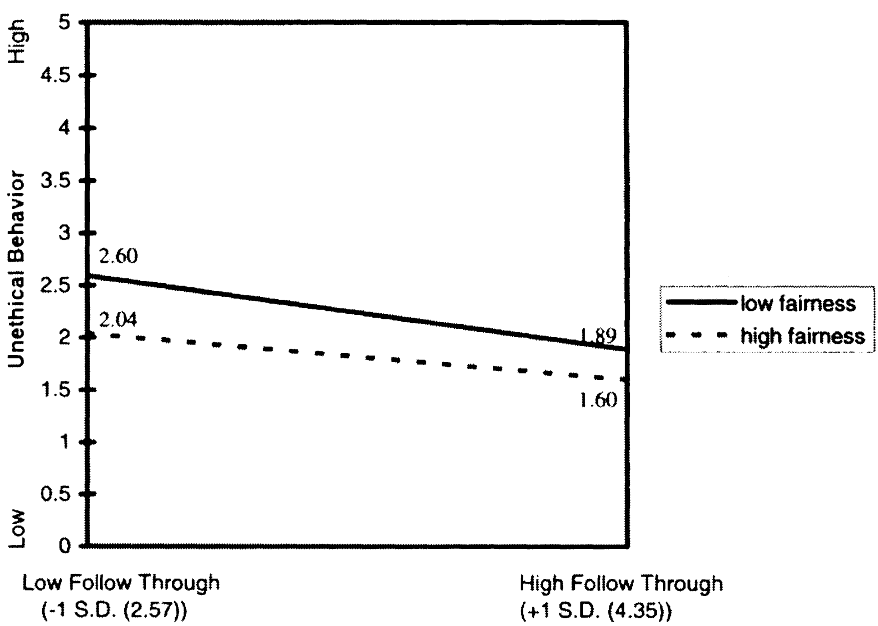
[a] *b* represents the slope of the regression line or the regression coefficient; s.e. represents the standard error of the estimate, or the estimated accuracy of the prediction; beta represents the standard partial regression coefficient and is based upon the correlations among the multiple independent variables.

statistical interaction. Unethical behavior is plotted on the vertical axis, with low and high follow-through being plotted on the horizontal axis. The broken line represents a high fairness condition while the solid line represents a low fairness condition. Notice that the broken line (high) has less of a slope than the solid line (low). This means that changing from low follow-through to high follow-through generates a smaller change in unethical behavior in conditions of high perceived general fairness (2.04 – 1.60 = .44 change) than in conditions of low perceived general fairness (2.60 – 1.89 = .71 change). (High and low conditions for fairness and follow-through were measured at one standard deviation above and below the mean, respectively.)

Perceived fair treatment and ethics program follow-through both were significant predictors of reporting problems to management (Hypotheses 2; t = 28.39, $p < .01$; Hypothesis 4; t = 10.43, $p < .01$). However, their interaction was not a significant predictor of problem reporting; Hypothesis 6 was not supported.

Figure 1

Interaction of General Fairness & Ethics Program Follow-Through



Discussion

A key study finding was the strong relationship between perceived general fair treatment and ethics-related outcomes. Many other studies have found that perceived fairness is important for attitudinal outcomes such as satisfaction and organizational commitment, and for behavioral outcomes such as employee theft (Greenberg, 1990) and retaliation (Skarlicki and Folger, 1997). This study's results are consistent with these findings. However, rather than focusing just on theft or retaliation, our observed unethical behavior dependent variable included a range of unethical behaviors, all easily covert and typically harmful to the organization. This broader, but highly reliable measure is appropriate in part because of the reduced numbers of mid-level supervisory managers in today's downsized organizations (Floyd and Woolridge, 1994). Because employees today are more likely to work unsupervised than in the past, they face opportunities for a broad array of unethical behavior directed against the organization. We also focused on general perceptions of justice in the organization rather than on the justice of a specific incident or decision (e.g., pay cut or performance appraisal). We found that a broad spectrum of unethical actions was significantly lower if employees believed that their organization generally treated people fairly.

Previous research indicates that organizations vary in the extent to which they seriously integrate their espoused ethics policies into daily organizational life (Weaver, Treviño, and Cochran, 1999b). Theoretical arguments suggest that issues of integration raise important justice questions in the eyes of employees (Weaver and Treviño, in press). Given that ethics program follow-through is relevant to the justice of an ethics program, this study affirms that theoretical argument: follow-through makes an important difference in employees' unethical behavior, and in their support of the ethics program by reporting ethical problems. Obviously, following through on actual or suspected ethical failures can serve as a deterrent to unethical behavior. But, as the data indicate, it also encourages employees to report ethical problems; given the organization's track record in following through on reports of ethical problems, employees can be more confident that their problem reports will be acted upon, and thus will be more likely to actually make such reports (cf. Ilgen et al., 1981). But follow-through also is perceived as important because it is a matter of justice. Ethics programs are likely to make fairness issues particularly salient just because they call attention to issues of ethics in the organization. We should expect that employees' concerns for fairness will be directed to the ethics program itself, along with the organization generally. If so, the procedural and retributive implications of following through on ethical issues and problems will influence employee behavior. Consistently following through on espoused policies indicates that an organization values procedural justice and the discipline that comes from following up on ethical failures indicates that retributive justice expectations are taken seriously. Our specific measure included items that, for example, asked whether the company follows up on ethical concerns that employees raise (suggesting attention to procedures), and whether employees caught breaking the company's ethics policies are disciplined (suggesting retributive fairness).

Implications for Research

In recent years, researchers have been carefully parsing justice evaluations into distinctive types (e.g., distributive, procedural, interactional). Although highly correlated, these types of justice generally are treated as separate constructs. We followed this line of thinking when we developed our fairness perception measures, developing separate scales for different types of fairness. However, we conducted a factor analysis of all the independent variable items because we wanted to know whether the different justice constructs would generate separate factors, and because we wanted to determine whether elements of ethics program follow-through would be associated with more general issues of justice in organizations. We found that items about fair treatment in general, the fairness of organizational rewards, and treatment of employees with dignity and respect, all contributed to a single empirically-derived factor measuring employees' perceptions of the overall fairness climate in the organization. At least in the context of a study of ethics-related programs and practices, employees appear to use a broad fairness heuristic (Van den Bos et al., 1997) to judge how well they are being treated. Future research on organizational justice needs to consider the conditions under which employees make fine-grained versus broader-ranging heuristic justice assessments.

We also investigated the effects of perceived justice and injustice on both employee actions that help foster ethical behavior, and unethical actions that harm the organization. Previous research has tended to focus on one or the other type of behavior. Our findings suggest that perceived justice not only reduces the extent to which employees engage in covert harmful behaviors, but it also simultaneously contributes to their discretionary helpful behaviors such as reporting ethical problems to management. This is in keeping with Greenberg and Scott's observation that "justice may be an important determinant of both prosocial and antisocial organizational behavior" (1996: 149–150). Perceived justice and injustice both arouse individuals to act. Perceived injustice appears to arouse feelings of anger and resentment, leading to covert action aimed at balancing the scales of justice, while perceived fairness arouses employees to reciprocate with helpful acts.

The interaction effect we found suggests that business ethics research should focus more attention on how employees' responses to ethics programs represent an interaction of the ethics program with other elements of the organizational context. Although we focused on ethics program follow-through and general justice evaluations, this interaction shows the value of considering other ways in which one or more aspects of ethics programs, and their outcomes, may be influenced by other aspects of the organizational context. The timing of an ethics initiative, vis-à-vis other organizational events, is one such potential contextual factor; the recent history of an organization may frame employees' perceptions of the purpose of any ethics initiative. For example, if an ethics initiative is adopted in the midst of a publicized scandal involving high level executives, the ethics initiative may be interpreted by employees as a transitory "window dressing" response to that scandal, and thus something that employees may ignore, even if the initiative had nothing to do with that scandal. Thus, future research should begin to address contextual influences such as these. Not every contextual factor will matter, of course. In this study, for example, we detected no significant interaction effect for reporting behavior. Overall fairness and ethics program follow-through appear to function independently in regard to reporting behavior.

Implications for Management

The findings seem particularly important when one considers that organizations are now competing for the best workers, and more employees work unsupervised in jobs that are less precisely defined. These employees have many opportunities to engage in covert actions that have the potential to subvert or harm the organization and its goals. In addition, because jobs increasingly are less precisely defined, organizations rely on employees to comply not only with organizational rules and decisions, but also to contribute to the organization's goals in ways that go beyond role-specified behavior. Because perceived fairness is essential to both types of outcomes, managers need to pay close attention to employees' fairness perceptions. Management may intend that an ethics program operate in a fair manner with consistent follow-through, but if employees perceive otherwise, unethical behavior and failures to report ethical problems may be more likely.

The results of this study also have implications for ethics/compliance management. Ethics programs are generally administered separately from other human resource programs and practices (Weaver et al., 1999a). Therefore, ethics program administrators have little influence on employees' broader evaluations of organizational justice. Yet, it is the broader justice evaluations that had the most powerful separate influence on key outcomes in this study, explaining thirty percent of the variance in observed unethical conduct and fifty-two percent of the variance in reporting. Further, the interaction of the two types of fairness perceptions was significant for unethical conduct. This suggests that ethics/compliance management should be more tightly coupled with the management of the broader organizational culture to improve employees' perceptions of fairness in the organization in general and in the ethics/compliance program.

Strengths and Limitations of the Research

A strength of this research is that we surveyed randomly selected employees in four organizations, increasing generalizability of the findings. However, although we controlled for organization in the regression analyses, one might ask whether the regression models are similar enough across the four organizations to allow us to combine them into a single data set and analyze the data together. We used AMOS, a structural equations modeling program that has the capability to answer this question statistically and determine whether it is reasonable to consider the path coefficients to be the same across companies. (Path coefficients are similar to correlation coefficients and represent the statistical relationship between two variables.) Results indicated that the regression models for each company were similar enough to allow us to combine the data from the four companies into one data set for analysis. (Specifically, we compared an unconstrained model with zero degrees of freedom—allowing the path coefficients to vary—with a constrained model with 18 degrees of freedom—requiring the path coefficients across companies to be the same, but the variances and covariances to be unequal. To answer the statistical question, one uses the Chi-square statistic and tests the change in it from one model to the other. In this case, we found the Chi-square change [19.358] to be non-significant, meaning that the models are not statistically different. Further, the model that constrained the path coefficients to be equivalent produced path coefficients that were very similar to the regression coefficients in our regression analyses.)

The potential for social desirability bias and common methods bias remains a limitation. We believed that the variable most sensitive to social desirability bias was the unethical behavior dependent variable. For that reason, we asked how frequently respondents *observed* the behaviors in question over the previous year—not whether or how often they engaged in the behaviors themselves. This focus on others' behavior should have greatly lessened the need for impression management. Respondents were also assured of confidentiality, and they returned their surveys directly to the researchers.

With regard to common methods bias concerns, the fairness items were embedded in a much larger survey of ethics/compliance management. We believe that many of the other survey items would be more obviously tied to ethics-related outcomes than the fairness items that were the basis for this study. In addition, the unethical behavior variable was more objective in that it listed a number of very specific behaviors and asked whether the respondent had observed these in the organization.

Conclusion

Many organizations are devoting substantial resources to formal ethics programs in efforts to discourage unethical behavior (Weaver et al., 1999c). This study shows that the success of those efforts will depend in part on whether employees perceive that their organization treats people in a generally fair way. Perceptions of organizational justice not only influence ethical and unethical behavior (as prior justice research has shown), but they also influence employees' willingness to cooperate with the goals of organizational ethics programs by reporting ethical problems to management. The extent to which employees perceive that their organization follows through on ethical failures and problems also influences both unethical behavior and the extent to which employees will support an ethics program by reporting problems. Consequently, organizations that implement ethics programs also need to focus on the general fairness with which employees are treated, and on the extent to which the program follows through on the issues employees bring to it.

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