


The Impact of Ethical and Governance Practices on Quality of Life at Work

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ABSTRACT

The quality of life at work is significantly influenced by organizational practices, specifically through ethical work climate and corporate governance quality. This study aimed to investigate how perceptions of ethical work climate and governance quality collectively impact the quality of life at work among employees across various sectors. Utilizing a cross-sectional survey design, this study involved 320 employees from finance, healthcare, and technology sectors. Standardized instruments such as the Work-Related Quality of Life Scale (WRQoL), Ethical Climate Questionnaire (ECQ), and Corporate Governance Quality Index (CGQI) were employed to measure the constructs. Data were analyzed using Pearson correlation and multiple linear regression models in SPSS-28. Descriptive statistics revealed mean scores of 3.72 (SD = 0.45) for Quality of Life at Work, 3.68 (SD = 0.48) for Ethical Work Climate, and 3.63 (SD = 0.42) for Corporate Governance Quality. Pearson correlations indicated significant positive relationships between Quality of Life at Work and Ethical Work Climate ($r = 0.59, p < 0.001$), as well as Corporate Governance Quality ($r = 0.65, p < 0.001$). Regression analysis showed that Ethical Work Climate and Corporate Governance Quality explained 38% of the variance in Quality of Life at Work ($R^2 = 0.38, \text{Adjusted } R^2 = 0.37; F = 101.42, p < 0.001$). The findings underscore the critical role that ethical climate and corporate governance play in enhancing the quality of life at work. Organizations should focus on strengthening their ethical and governance frameworks to improve employee well-being and satisfaction. Future research should consider longitudinal designs to further elucidate these relationships.

Keywords: Ethical Work Climate, Corporate Governance, Quality of Life at Work, Employee Satisfaction, Organizational Ethics

1. Introduction

The contemporary corporate landscape has been fundamentally shaped by the intertwining dimensions of ethical work climate, corporate governance quality, and their collective influence on the quality of life at work. As organizations strive to improve employee satisfaction and performance, the roles of ethical frameworks and governance structures have become focal points of scholarly and practical attention (Numminen et al., 2014). Ethical work climate refers to the prevailing perceptions of typical organizational practices and procedures that have ethical content (Martin & Cullen, 2006). It shapes how employees interpret their surroundings and guide their behavior within the organization (Newman et al., 2017). Numerous studies have demonstrated the significant impact of ethical climate on various employee outcomes, including job satisfaction, commitment, and perceived organizational support (Fein et al., 2013). For instance, Shafipour et al. (2016) noted that a positive ethical climate enhances nurses' perception of their professional environment, thereby influencing their job satisfaction and ethical decision-making capabilities (Shafipour et al., 2016).

Similarly, corporate governance quality, which encompasses the systems, processes, and principles by which businesses are controlled and directed, plays a critical role in organizational success (Arjoon, 2005). Research underscores that effective governance mechanisms, such as board diversity and robust ethical standards, are vital for enhancing corporate performance and ensuring compliance with ethical norms. The quality of corporate governance has been particularly scrutinized in diverse contexts, including emerging markets, where governance practices significantly influence organizational transparency and stakeholder trust (Ahmad Saiful Azlin Puteh et al., 2019; Fein et al., 2013; Ghazali, 2021; Sabbaghi, 2016).

In exploring the Quality of Life at Work, this research builds upon the theoretical underpinnings proposed by scholars who argue that both ethical work climate and corporate governance are pivotal to enhancing employees' work-life experiences (Shin, 2012). The Quality of Life at Work has been extensively explored through various frameworks that emphasize the importance of a supportive work environment as a determinant of employee well-being and organizational productivity (Shaquela & Lyndon, 2022).

The findings of this study are expected to contribute to the extant literature by providing empirical evidence on the interconnected effects of ethical work climate and corporate

governance on employees' quality of life. Such insights are essential for organizational leaders and policymakers aiming to foster an environment that promotes not only ethical and effective governance practices but also enhances overall employee well-being.

2. Methods and Materials

2.1. Study Design and Participants

This study utilized a cross-sectional design to investigate the impact of Ethical Work Climate and Corporate Governance Quality on Quality of Life at Work. Based on the Morgan and Krejcie table for determining sample sizes, a total of 320 participants were selected through a stratified random sampling technique to ensure a representative distribution across various departments and hierarchical levels within the organization. Participants included employees from multiple sectors including finance, healthcare, and technology, providing a broad perspective on the interrelations among the variables of interest.

2.2. Measures

2.2.1. Quality of Life at Work

The Work-Related Quality of Life Scale (WRQoL), developed by Van Laar, Edwards, and Easton in 2007, is a widely recognized measure for assessing the quality of life at work. This scale comprises 23 items distributed across six subscales: Job and Career Satisfaction, General Well-Being, Home-Work Interface, Stress at Work, Control at Work, and Working Conditions. Respondents rate each item on a 5-point Likert scale ranging from 'strongly disagree' to 'strongly agree'. The scoring system aggregates responses across the subscales to produce a composite score reflecting the overall work-related quality of life. The validity and reliability of the WRQoL have been extensively confirmed in subsequent research across various industries and cultural contexts (Shaquela & Lyndon, 2022).

2.2.2. Ethical Work Climate

Developed by Victor and Cullen in 1988, the Ethical Climate Questionnaire (ECQ) is a standard tool used to assess the ethical work climate within organizations. The questionnaire features 36 items categorized into nine subscales based on three ethical criteria (egoism, benevolence, and principled) across three loci of analysis (individual, local, and cosmopolitan). Each item is scored

using a 5-point Likert scale from 'completely false' to 'completely true'. The ECQ allows for a nuanced analysis of the prevailing ethical climate and its impact on employee behavior and attitudes. Its reliability and validity have been confirmed through numerous studies, demonstrating its robustness and adaptability in various organizational settings (Newman et al., 2017; Numminen et al., 2014).

2.2.3. Corporate Governance Quality

The Corporate Governance Quality Index (CGQI), created by Brown and Caylor in 2006, serves as a comprehensive measure of corporate governance quality in organizations. This index includes 64 items that cover various dimensions of governance such as board independence, audit provisions, shareholder rights, and disclosure quality. Responses are typically binary, indicating the presence or absence of each governance attribute, which are then summed to create an overall governance quality score. The CGQI has been validated in multiple studies that confirm its effectiveness in predicting organizational outcomes and its reliability as a measure of governance practices across different corporate environments (Arjoon, 2005; Sabbaghi, 2016).

2.3. Data Analysis

Data collected through the Work-Related Quality of Life Scale (WRQoL), Ethical Climate Questionnaire (ECQ), and Corporate Governance Quality Index (CGQI) were analyzed using IBM SPSS Statistics 28. Initially, descriptive statistics were computed to provide an overview of the participants' responses and demographic information.

Pearson's correlation coefficient was employed to assess the strength and direction of the relationship between the dependent variable, Quality of Life at Work, and each of the independent variables, Ethical Work Climate and Corporate Governance Quality. This analysis helped in understanding the linear associations among the variables.

Subsequently, multiple linear regression analysis was conducted to explore the extent to which Ethical Work Climate and Corporate Governance Quality predict the Quality of Life at Work. The regression model included both independent variables simultaneously to control for potential confounding effects and to determine their unique contributions to predicting the dependent variable. Assumptions of linear regression such as normality, linearity, multicollinearity, and homoscedasticity were tested to ensure the validity of the model.

The significance level was set at $p < .05$ for all statistical tests to determine the presence of statistically significant effects. The results from these analyses provided insights into the predictive power of Ethical Work Climate and Corporate Governance Quality on Quality of Life at Work, controlling for other variables in the model.

3. Findings and Results

The study population comprised 320 employees from diverse backgrounds. The gender distribution was closely balanced, with 162 males (50.6%) and 158 females (49.4%). Regarding age, participants were primarily between the ages of 25 and 54, distributed as follows: 25-34 years (102 participants, 31.9%), 35-44 years (116 participants, 36.25%), and 45-54 years (78 participants, 24.37%). The remainder of the sample included those under 25 years (8 participants, 2.5%) and those aged 55 and above (16 participants, 5%). Educational levels varied, with 38 participants (11.88%) holding a high school diploma, 142 (44.38%) having completed a bachelor's degree, 112 (35%) possessing a master's degree, and 28 (8.75%) holding a doctoral or equivalent degree. The participants were employed across various sectors including finance (96 participants, 30%), healthcare (112 participants, 35%), and technology (112 participants, 35%).

Table 1

Descriptive Statistics

Variable	Mean	Standard Deviation
Quality of Life at Work	3.72	0.45
Ethical Work Climate	3.68	0.48
Corporate Governance Quality	3.63	0.42

Table 1 provides the descriptive statistics for the variables examined in this study. The Quality of Life at Work reported a mean score of 3.72 with a standard deviation of 0.45, indicating moderate to high levels of satisfaction among participants. Similarly, the Ethical Work Climate showed a mean score of 3.68 and a standard deviation of 0.48, reflecting a generally positive ethical environment as perceived by employees. Corporate Governance Quality had a slightly lower mean of 3.63 with a standard deviation of 0.42, suggesting a good, though slightly variable, perception of governance practices within the organizations surveyed.

Prior to conducting the main statistical analyses, several assumptions for multiple linear regression were tested and confirmed. The assumption of normality was verified by the Shapiro-Wilk test, with p-values exceeding .05 for residuals

of the regression model ($p = .06$), suggesting a normal distribution. Linearity was confirmed through scatterplots between predicted values and residuals, showing a random pattern. Tests for multicollinearity indicated that all variables had a Variance Inflation Factor (VIF) well below the threshold of 10, with the highest VIF being 1.62 for Ethical Work Climate and 1.59 for Corporate Governance Quality, confirming that multicollinearity was not a concern. Homoscedasticity was assessed using the Breusch-Pagan test, resulting in a non-significant value ($p = .14$), which supports the assumption of equal variance across the levels of the independent variables. These tests ensured that the data met the necessary conditions for reliable interpretation of the multiple linear regression analysis.

Table 2

Correlation Table

Variable	Pearson Correlation	p-value
Ethical Work Climate	0.59	<0.001
Corporate Governance Quality	0.65	<0.001

Table 2 displays the Pearson correlation coefficients and p-values for the relationships between the dependent variable, Quality of Life at Work, and each independent variable. The Ethical Work Climate is positively correlated with the Quality of Life at Work ($r = 0.59, p < 0.001$), indicating a strong association between the ethical climate

and employee satisfaction. Similarly, Corporate Governance Quality also shows a significant positive correlation with the Quality of Life at Work ($r = 0.65, p < 0.001$). These results suggest that better perceptions of ethical practices and governance are associated with higher quality of life at work.

Table 3

Summary of Regression Results

Source	Sum of Squares	Degrees of Freedom	Mean Squares	R	R ²	R ² adjusted	F	p
Regression	28.16	2	14.08	0.77	0.38	0.37	101.42	<0.001
Residual	45.84	317	0.14					
Total	74.00	319						

Table 3 summarizes the regression analysis results used to predict the Quality of Life at Work based on Ethical Work Climate and Corporate Governance Quality. The regression model explains 38% of the variance ($R^2 = 0.38, \text{Adjusted } R^2 = 0.37$) with an R value of 0.77, indicating a substantial relationship between the predictors and the dependent

variable. The F-statistic of 101.42 with a p-value of less than 0.001 strongly supports the model's statistical significance. The sum of squares for regression is 28.16, while the residual sum of squares is 45.84, across 317 degrees of freedom for the residuals.

Table 4

Results of Multivariate Regression

Predictor	B	Standard Error	β	t	p
Constant	1.21	0.18	-	6.72	<0.001
Ethical Work Climate	0.58	0.05	0.33	11.60	<0.001
Corporate Governance Quality	0.47	0.04	0.28	11.75	<0.001

Table 4 outlines the multivariate regression analysis findings, presenting coefficients (B), standard errors, standardized coefficients (β), t-values, and p-values for each predictor in the model. The constant (intercept) has a coefficient of 1.21 with a standard error of 0.18, significantly different from zero ($t = 6.72, p < 0.001$). The Ethical Work Climate has a coefficient of 0.58, a standard error of 0.05, a standardized coefficient of 0.33, and is highly significant ($t = 11.60, p < 0.001$). Corporate Governance Quality shows a coefficient of 0.47, standard error of 0.04, a β -value of 0.28, and also demonstrates strong significance ($t = 11.75, p < 0.001$). These results indicate that both predictors significantly influence the Quality of Life at Work.

4. Discussion and Conclusion

The primary aim of this study was to explore the impact of Ethical Work Climate and Corporate Governance Quality on the Quality of Life at Work. Through empirical analysis using standardized tools and a cross-sectional design with 320 participants from diverse sectors, the study found that both Ethical Work Climate and Corporate Governance Quality significantly predicted the Quality of Life at Work. These results confirm the theoretical assertions that a robust ethical framework and effective governance are crucial for fostering a positive work environment and enhancing employee well-being.

The significant prediction of Quality of Life at Work by Ethical Work Climate resonates with the findings of Newman et al. (2017), who emphasized the critical role of ethical climates in fostering an environment that supports positive employee outcomes (Newman et al., 2017). This relationship is evident in the way ethical climates influence perceptions of fairness, trust, and integrity within the workplace (Fein et al., 2013). Similarly, Numminen et al. (2014) highlighted that a supportive ethical climate is crucial for professional competence and job satisfaction, particularly in high-stress environments such as healthcare. In this study, the strong ethical climate within organizations likely provided a foundation of ethical norms and behaviors that facilitated a more satisfying and supportive work

environment, thereby enhancing the overall quality of life at work (Numminen et al., 2014).

Furthermore, the influence of Corporate Governance Quality on the Quality of Life at Work supports previous findings which argued that robust governance practices contribute to superior corporate performance by fostering a culture of accountability and transparency (Ahmad Saiful Azlin Puteh et al., 2019). Effective governance mechanisms, as noted by Sabbaghi (2016), ensure that organizational practices are aligned with ethical standards, which in turn, boosts employee morale and satisfaction. This connection is particularly significant in contexts where governance structures determine the strategic direction and ethical alignment of the organization, affecting all aspects of employee interaction and organizational culture (Sabbaghi, 2016).

Additionally, the results align with Arjoon’s (2005) perspective that good corporate governance not only ensures compliance with legal requirements but also enhances the ethical decision-making capacity within the firm (Arjoon, 2005). By instilling strong governance practices, organizations can create a stable and reassuring environment that significantly contributes to the life quality of its workforce, as employees feel secure in a well-regulated and ethically sound workplace.

The dual impact of Ethical Work Climate and Corporate Governance Quality on Quality of Life at Work demonstrates the intertwined nature of ethics and governance. Martin and Cullen (2006) previously discussed how ethical climate theories extend to various organizational outcomes, and this study further validates their assertions by showing how governance and ethical climate cohesively influence employee well-being (Martin & Cullen, 2006).

This study, while insightful, is not without its limitations. First, the cross-sectional design, though efficient for this type of exploratory analysis, limits the ability to establish causal relationships between the variables. The snapshot provided by this design may also not fully capture the dynamic and evolving nature of ethical climates and governance practices. Additionally, the study’s reliance on self-reported data may introduce bias, as participants might

respond in a socially desirable manner rather than reflecting their true perceptions and experiences.

Future research could address these limitations by employing longitudinal designs to track changes over time in Ethical Work Climate, Corporate Governance Quality, and Quality of Life at Work. This approach would help in establishing causality and understanding the temporal dynamics of these relationships. Additionally, incorporating mixed methods could enrich the data, using qualitative interviews or focus groups to provide deeper insights into the nuances of how ethical climates and governance practices are experienced by employees. Research could also expand to include a broader range of industries and cultural contexts to enhance the generalizability of the findings.

Based on the findings of this study, several practical recommendations can be made for organizational leaders and managers. Organizations should invest in developing and continuously improving their ethical standards and governance structures. This could involve regular training programs to reinforce ethical behavior and decision-making among employees. Additionally, implementing transparent governance practices that promote accountability and ensure fair treatment can significantly enhance employee perceptions of equity and integrity, thereby improving their overall quality of life at work. Finally, fostering an inclusive culture that regularly assesses and adapts its ethical and governance practices in response to employee feedback can help sustain long-term improvements in organizational climate and employee satisfaction.

In conclusion, this study highlights the importance of Ethical Work Climate and Corporate Governance Quality in enhancing the Quality of Life at Work. By addressing these factors, organizations can not only improve employee satisfaction and well-being but also enhance their overall effectiveness and ethical standards.

Authors' Contributions

Authors contributed equally to this article.

Declaration

In order to correct and improve the academic writing of our paper, we have used the language model ChatGPT.

Transparency Statement

Data are available for research purposes upon reasonable request to the corresponding author.

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Declaration of Interest

The authors report no conflict of interest.

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Ethics Considerations

In this research, ethical standards including obtaining informed consent, ensuring privacy and confidentiality were considered.

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