Abstract

The increasing use of emergent technology such as AI in organisations has heightened the need for a more ethical climate in today's workplace. Although the need for ethical workspaces is on the rise, to date little research has focused on the need for ethical work climate. Thus, the current study examines the effect of an ethical work climate on employee performance, utilising relevant secondary data. Drawing on social exchange theory, the study's findings show that an ethical work climate supported by increasing technology use can bolster employee performance, as it increases employee satisfaction, cognitive capability and organisation citizenship behaviour. Interestingly, the study reveals that there is a business case for developing of an ethical work climate instead of paying lip service to such issues in order to avoid government sanctions. It emerges that the very same AI use that necessitates ethical change in organisations that are seeking to bolster performance can be deployed by those organisations to promote an ethical work climate. The study discusses the theoretical and practical implications of these findings.

Keywords: Ethical climate, work climate, ethical work climate, performance, employee performance, Artificial Intelligence, social exchange, social exchange theory

Introduction

There has recently been growing interest in the topic of the ethical work climate; this has to some extent been prompted by high-profile reports of unethical behaviour which have damaged firms' reputations and their competitive advantage (Acar et al., 2018). Cases like the 2015 Volkswagen 2015 emissions scandal, Enron, the Theranos controversy and the 2017 Equifax data breach have highlighted the importance of an ethical work environment and inspired studies into how, or why, unethical behaviour happens (Comen & Frohlich, 2021). However, with the increasing use of emergent technologies in today's workplace, ethical issues are now taking on a new urgency (Duggal *et al.*, 2024).

Taylor's model of machine–human interaction has been around for years. However, during the last decade, contemporary digital technologies like Artificial Intelligence (AI) have changed how service providers interact with customers (Sharma *et al.*, 2023) and how manufacturers engage in product development (Ogbeibu *et al.*, 2024. Of the many emergent technologies, AI is perhaps of particular strategic importance, given its potential to transform nearly all aspects of inter- and intra-organisational operations across industries (Wamba, 2022). AI is a collection of state-of-the-art technologies that permit computer or machine programmes to appear to sense and comprehend, as well as act and learn (Egwim, Alaka, *et al.*, 2021). For example, bank tellers have been replaced with ATMs and banking apps. Similarly, sales and servicing of insurance policies have moved online, while dating services have become algorithm-driven (Meyer *et al.*, 2020).

Arguably, the mechanical Taylorism of the 20th century has evolved into 'digital Taylorism' in the 21st (Duggal *et al.*, 2024). Research on technology use has highlighted how workers are experiencing increasing levels of workplace degradation through the introduction of digital Taylorism and draconian performance management systems (Ogbeibu *et al.*, 2023). Reimer et al. (2021) posits that employees in this context face challenges when it comes to working alongside contemporary technology such as AI. Moreover, increasing technology use can increase workers' fears of redundancy (Duggal *et al.*, 2024). Thus, the poor management of ethical issues in today's workplace may limit the effectiveness of the technology used to support work. Due to the nature of this challenge, managers in firms deploying these tools may need to develop strategies to provide an ethical work climate that will motivate commitment and drive employee performance (Sharma *et al.*, 2023). Thus, the current study seeks to uncover the impact of an ethical work climate on employee performance in the context of a technology-enabled workplace. In so doing, the study will contribute to the literature by shedding light on how emergent technology is driving the need for ethical work climates in organisations, and how such climates promote satisfaction and citizenship behaviour among employees, which in turn drives employee performance.

Literature Review Methodology

This chapter deployed the methodology of an integrative literature review. This approach was used because it allows multiple sources of available literature to be explored to make sense of a phenomenon and obtain new insights into it (Lubbe et al., 2020). This methodology allowed the researchers to uncover new perspectives on the ethical work climate and employee wellbeing. Figure i below shows a diagrammatical representation of how the methodology was followed in this study is shown below:

Figure i: Search Approach





The integrated literature review followed a plan consisting of a series of steps. These steps included the preparation of a review plan; this required decisions to be made on the inclusion and exclusion criteria, based on the study's keywords. The keywords used to determine the literature search were 'ethical work climate' and 'employee performance'.

The keywords for the study were used to gather relevant information from the following online libraries: Science Direct, Google Scholar, Sage and Wiley. The search focused on sources from the period from the 1970s to 2024. This was because social scientists began to address issues related to organisational climate in the late 1930s but much work has been publish from 1970 to 2024 (CIPD, 2022). Material from working papers, editorials, conference proceedings and essays were excluded from the study. The total number of results from the online libraries search came to 5,688. The software programme Mendeley was then used to further refine the search.

After the articles had been imported into Mendeley, the search was refined further to filter them by their significance and quality. The refinement criteria used included title, relevance, impact level of the journal and abstract review. After this rigorous refinement process, a list of articles focusing only on the ethical work climate and employee performance was generated. The list of articles was further refined by breaking down the keywords and determining the components we wanted to focus on, such as the antecedents of the ethical work climate and factors contributing to employee performance. Further refinement was carried out by focusing on those articles which looked at the link between an ethical work climate and employee performance. Articles from other studies we thought were significant to our study were also incorporated. Ultimately, after filtering for quality and relevance, the integrated literature review yielded a total of 58 articles, as indicated in the figure above.

The data was processed using thematic analysis. This involved reading the introduction, literature review, findings, and discussion and conclusion sections of the articles analysed and then coding the text. Codes and text segments for each code were read through to identify differences and similarities between authors (Prikshat *et al.*, 2023). Some codes were merged, and new ones were developed as a result; this practice improved the accuracy of the method. As multiple coders were involved in the process, the practice also improved interrater reliability. Themes were later developed from the codes and used in the study. See Figure i.

Ethical Work Climate: Meaning, Antecedence and Perceived Benefits

Several approaches to studying the ethical work climate are reflected in the literature on ethical workplaces. The pioneering study by Victor and Cullen (1988) developed a theoretical framework for the ethical work climate (EWC) and a method for assessing an organisation's EWC using an ethical climate questionnaire (ECQ).

According to Victor and Cullen (1988), EWC refers to 'a set of shared formal and informal perceptions of procedures and policies, which shape expectations for ethical behaviour within the organisation'. Accordingly, they suggest that the ethical environment of an organisation can be categorised in two ways: ethical criteria and locus of analysis. The ethical criteria, which are based on Kohlberg's theory of moral development and extant ethical theory, consist of egoism (representing self-interest), benevolence (concern for others) and principle (meaning adherence to rules and laws) (Victor & Cullen, 1988). On the other hand, the locus of analysis determines the level at which ethical judgements are made: cosmopolitan, local and individual. 'Cosmopolitan' refers to organisational norms or the general culture of the organisation; 'local' represents the principles and standards within the work group or department; and 'individual' focuses on how individuals pay attention to their moral principles (Victor & Cullen, 1988). According to Victor and Cullen (1988), when they are blended, ethical criteria and locus of

analysis result in the identification of five types of ethical climate an organisation can have. These categories are: law and code; caring; instrumental; independence; and norms.

The law-and-code ethical work climate refers to the extent to which moral judgements are influenced by outside norms, such as the law or professional conduct standards. The caring ethical work climate is one in which individuals think that their decisions are, and should be, guided by a fundamental concern for the welfare of others. An instrumental ethical work climate focuses on the perceptions employees have about the norms and expectations inside their company, which promotes ethical decision-making from an egoistic point of view. Independence indicates the degree to which employees think they can act on their own strong personal beliefs to make moral decisions. Finally, a norms ethical work climate is one in which a robust, widespread set of local norms and standards, such as the company's code of conduct, inform organisational decisions. The kind of climate that prevails within an organisation influences the employees' behaviour. The theory also alludes to the prevalence of unique ethical climates among organisations that are multifaceted and multi-determined.

Although the EWC framework and definition proposed by Victor and Cullen (1988) have been highly significant in the study of ethics in business and of ethical climate in general, critiques have highlighted the framework's limitations, such as the discrepancies resulting from its narrow theoretical range and in its approach to psychometric characteristics (Arnaud, 2006), its subjectivity (Chouaib & Zaddem, 2013) and its limited ability to describe and prescribe because of its lack of normative emphasis (Weber & Opoku-Dakwa, 2022). Thus, there are questions on its suitability for organisations that are led by universally accepted ethical standards.

Specifically, Weber and Opoku-Dakwa (2022) highlight that the locus of analysis of Victor and Cullen's (1998) framework does not adhere to universal principles of morality/ethics. For example, using the locus of analysis as a yardstick for measuring or indicating EWC, a successful criminal syndicate could be considered a principled organisation if its members adhered to the syndicate's code/rule of never 'snitching' or informing on each other, even if their activities were detrimental to society or the economy as a whole. With this in mind, there needs to be a re-evaluation of the definition of EWC and the elements that characterise organisational EWC. Consequently, we propose a new definition of an ethical work climate as follows: '*a set of shared perceptions of procedures and policies within an organisation that are*

informed by universal ethical principles and which inform decision-making and influence the behaviour of employees within the organisation'.

Weber and Opoku-Dakwa (2022) came up with a reformed typology of EWC and proposed that it involves a combination of the following: instrumental EWC, indicating an egoistic-local climate in which self-interested behaviour is promoted by the organisation and egoistic standards are obtained locally, that is, from within the organisation; gig/pure market EWC, alluding to an egoistic-cosmopolitan climate in which the employee perceives themselves as distinct from the organisation and is thus less likely to give organisational goals priority over their personal aspirations; and bureaucracy/clan EWC, indicating a conventional-local climate predicated on locally sourced conventional norms (i.e., sourced from the organisation). Here, the official and informal institutionalised shared interests of organisational members are highlighted. A law-and-code EWC indicates a conventional-cosmopolitan climate in which adhering to the rules and standards of external institutions and stakeholders is crucial for maintaining organisational legitimacy, good standing, and competitiveness, while social contract EWC alludes to a principled-cosmopolitan climate whereby ethical decision-making is based solely on ethical principles.

More often, the terms 'work climate' or 'organisational climate' are used interchangeably with the term 'organisational culture'. Although closely related, they are different constructs. 'Ethical work climate' refers to the shared perception of ethical principles and how this informs organisational behaviour. Organisational culture, on the other hand, is concerned with the values that inform the climate within the organisation. It is more long-term than its climate, which addresses specific needs at specific times. Fien *et al.* (2023) note that the EWC of an organisation has an impact on the emotional and psychological state of the individuals within it. As a result, the ethical climate affects trust in the organisation as well as its employees' views of autonomy, organisational support and assistance. EWC can have a positive impact on organisational goals by strengthening activities that adhere to or go beyond ethical standards, resulting in increased employee dedication and enhanced professional performance.

An ethical work climate has several benefits for an organisation. These benefits can be broadly categorised into the economic, social and political. Often when exploring the benefits of EWC, more focus is placed on the social benefits or implications. However, the truth is that the core reason for the establishment of most organisations is to make a profit. Thus, it is imperative to explore the economic benefits of EWC for an organisation. CIPD (2024) alludes to the fact that

the ethical behaviour among employees that springs from an ethical work climate can serve as an effective risk-mitigation insurance policy for organisations.

Moreover, having an ethical work climate improves the organisation's brand reputation. This then enables the attraction and retention of top talent, which enhances innovation and productivity, thereby increasing the chances of sustainability in business and generating more revenue while also giving the organisation a competitive advantage. The more revenue organisations can generate, the lower the chances of their having to make redundancies; this has a positive impact on the GDP of any economy. Additionally, innovation leads to the creation of 'good jobs', i.e. jobs that pay well enough to provide a reasonable standard of living, stability and security, as well as offering opportunities for career progression (Doshi *et al.*, 2024).

In terms of social benefits, however, the influence of EWC cannot be overemphasised. This can be linked to Tajfel and Turner's social identification theory and its implications for employee behaviour within an organisation. An organisation's perceived ethical standards have a direct impact on how its individual members categorise themselves, so an ethical work climate has a significant impact on how strongly an employee feels that they belong in a company and share its values (Teresi *et al.*, 2019).

Therefore, when an organisation's climate promotes ethical behaviour, employees are more likely to see themselves as members of a positive social group and behave accordingly, aligning their actions with the company's ethical norms. This behaviour does not just end with the organisation; it is transferred to the community and society at large. This influence on individuals' behaviour brings about major changes in society. It leads individuals to think beyond themselves and to identify ways to positively impact their communities. If this is upheld and encouraged, it has the potential to reduce crime rates and combat systemic callousness. This effect can be linked to that of corporate social responsibility (CSR) (Fontaine, 2013), according to which ethos, organisations take on responsibility for their role in environmental and social issues and do not focus merely on profit maximisation.

While issues relating to organisational climate have been discussed since the late 1930s, emerging technologies like AI are challenging traditional ways of doing business and transforming how people work globally (Landon-Murray, 2016). Thus, the use of these emerging technologies are creating an urgent need for more guidelines on ethical workspaces.

Emerging Technologies and Workplace Ethics

Ethical Work Climate and Employee Performance

The landscape of emerging technologies is dynamic and continues to expand, encompassing a variety of technologies such as blockchain, the Internet of Things (IoT) and AI. In this study, we concentrated exclusively on AI. This focus allowed us to look more deeply at its implications while remaining within our defined scope and word count limitations. AI has transformed operational efficiency for businesses, paving the way for ethical advancements by providing targeted support in areas where employees and organisations have faced challenges. There are case study examples showing organisations that have responsibly utilised AI and achieved remarkable success while upholding their ethical standards. For example:

H&M: the Swedish brand is known for incorporating AI into its supply chain operations. The company utilises an AI-based system and sophisticated analytics to anticipate consumer purchasing preferences by tapping into a wide range of both internal and external data sources (Rathore, 2019). This AI system efficiently manages inventory and even decides the variety and quantity of apparel to stock at specific locations based on past performance data. By accurately forecasting demand, H&M reduces waste and excess stock, thus promoting sustainability in the fashion industry (Rathore, 2019). Additionally, this has led to a notable decrease in their surplus inventory levels and a 7% reduction in operational expenses.

Similarly, IBM has been celebrated for designing responsible, ethical AI, which has been beneficial to organisational success. IBM does this by adopting a multidimensional and multistakeholder approach to help mitigate AI bias. This approach prioritises principles like fairness, openness and trust. Particularly notable is the involvement of individual IBM employees in industry organisation initiatives, such as the IEEE's Ethics in Action Initiative, the Future of Life Institute, the AAAI/ACM conference on Artificial Intelligence, Ethics, and Society, and AI for Good. Additionally, the company organises training and development for its staff on responsible use of AI (World Economic Forum, 2021). This not only has a huge impact on employee motivation in that the staff see themselves as co-creators of something innovative, but it also strengthens consumer trust and loyalty, thus fuelling a desire for improvement among staff and consequently helping to foster an effective ethical work climate.

However, although AI can have a positive influence on organisations, it also raises some ethical issues. Its use in decision-making processes may require particular scrutiny (Osasona *et al.*, 2024). The complexity of algorithms may bring up questions on accountability, transparency and bias, depending on how the organisational AI application has been developed or trained.

For example, Amazon's sexist AI tool, largely trained using data from male applicants, was found to discriminate against women in the company's hiring process. Further, AI-driven decision-making processes can be complex and difficult to interpret, making it harder to understand how and why specific decisions are made. As a result, when AI makes decisions, attributing accountability for them may be a complex ethical issue. Therefore, establishing an accountability framework is critical to ensuring that those involved share the responsibility for the consequences of AI-driven decisions (Osasona *et al.*, 2024). Organisations, then, need to ensure that a balance exists between the benefits and costs of adopting AI and that its decisions are ethical and advance the interests of all stakeholders (Cooper, 2012).

Moreover, Bailey *et al.* (2019) argue that although AI can process large amounts of data, thus reducing the time taken to complete a task, this raises significant concerns about privacy, consent and surveillance, all of which have consequences for employee autonomy. The use of AI may result in information being used in ways that were never envisaged when it was first collected. Personal data may be collected, like employees' biometric data, movements, details about their health such as heart rate and blood pressure, and tracking of their other digital activities. Employees may feel that this is an invasion of their privacy, especially if no consent was requested or given for the gathering and use of such information (Lane *et al.*, 2024). Walsh *et al.* (2020) highlight concerns regarding how biases in AI data collection can result in systematic injustices; for example, in some organisations' AI-driven recruitment practices, the AI is designed to favour certain attributes (Dastin, 2018), as in the Amazon example above.

Faulty and biased AI can have negative outcomes for organisations if not properly managed. Porter (2021) points out that such consequences may include the breaking of rules and cause damage both to employees and to the organisation's image. In the last decade, Facebook has gained notoriety for the challenges it has faced in creating a sustainable ethical work environment and for its unethical practices. In particular, as a result of the 2018 Cambridge Analytica scandal, it was revealed that millions of Facebook users' data had been harvested without their consent, which raised issues of privacy and led to greater scrutiny of Facebook's ethical practices (Reiman el al., 2021). Additionally, the company's lack of transparency regarding its recommendation and filtering algorithms and its use of AI in general has been questioned (Lauer, 2021). The leadership at Facebook has also struggled with navigating the ethical implications of its business model, which heavily relies on data collection and targeted advertising, and repeatedly prioritises profit over safety (Hao, 2021). The company's inability to appropriately address concerns about its effects on privacy, democracy and social cohesion has adversely affected its ethical work climate (Lauer, 2021). Further, complex AI like deep neural networks produces results that are difficult and unexplainable. In some instances, this can impact the trust and confidence people put in AI, making them reluctant to provide informed consent to the use of their data and instead inspiring resistance, which can impact negatively on a company's performance (Lane *et al.*, 2024).

While AI use can lead to the above issues, it can also support ethical compliance in firms. By automating systems that detect, prevent and monitor such breaches, AI can improve accuracy and have a positive impact on compliance-related issues. Researchers have found that incorporating AI significantly increases efficiency, reduces the time needed for regulatory audits and enhances an organisation's capacity to identify and prevent compliance breaches (Jain et al., 2024). Also, automated compliance encourages transparency in reporting systems, which promotes stakeholder trust and accountability. As such, by integrating AI into project governance, organisations can not only streamline their monitoring processes but also develop a more adaptive governance structure that is capable of responding to dynamic project environments (Thompson, 2023). AI-driven compliance systems also provide objective reviews based on data analysis, lowering the probability of an oversight and ensuring that compliance measures are uniformly applied. Thompson (2023) further highlights that AI can provide immediate system alerts when deviations occur. These enable employees to take corrective action immediately, enhancing the organisation's effectiveness and performance by adapting to change and addressing issues as they arise.

Leadership and an Ethical Work Climate

There needs to be ethical leadership in place for an ethical work climate to happen. Supraitno (2024) contends that when leaders and their subordinates have a strong and solid understanding of each other, the performance of both employees and the organisation improves. The argument is that such an understanding means that employees will be more willing to participate in activities that further the achievement of organisational goals. The types of leadership style adopted lead to various organisational outcomes. Leadership styles such as authentic and ethical leadership are associated with positive employee performance. Researchers have argued that authentic leadership is effectively linked to positive job outcomes (Brandt *et al.*, 2019; Torlak & Kuzey, 2019). Likewise, others have noted that ethical leadership is positively related to job performance (Yang & Wei, 2017; Sharma & Sharma, 2024). The belief is that effective leadership can foster a sense of shared values and norms among leaders and their subordinates,

encouraging employees to engage in voluntary behaviours that enhance overall performance (Pureza & Lee, 2020; Liao & Zhang, 2020). The example of Satya Nadella's leadership at Microsoft illustrates how ethical leadership through AI can result in positive employee outcomes such as higher levels of creativity and innovation (Prakash, Bisla & Rastogi, 2021). Nadella's visionary leadership and proactive strategies contributed to a significant increase in Microsoft's profitability (Ribeiro et al., 2021).

Regulatory Environment and Ethical Leadership

While AI and leadership are important, government policies and regulations are equally central to creating an ethical work climate. Munn (2023) notes the significant numbers of AI guidelines and codes of ethics that have been released in both the public and private sectors over the last several years; over 50 of these have been produced by government agencies, including national frameworks from countries such as the UK, Japan, the USA, China, Mexico, Australia, India and New Zealand, among others. Notable examples include the EU's AI Act and its standard setting, Deutsche Telekom's Guidelines for Artificial Intelligence, the Beijing AI Principles, the Institute of Electrical and Electronics Engineers' Ethically Aligned Design, DeepMind's Ethics and Society Principles and the Vatican's AI Principles, also known as the Rome Call for AI Ethics. Currently, the list of AI Principles maintained by AI Ethicist has expanded to over 80 entries, with more being added continuously (Del Pero et al., 2022; Munn, 2023). However, despite the passing of such legislation, the rapid and continuous development of both current and future models of AI makes it difficult for regulation to keep pace. This gap in legislation could result in unethical practices in the workplace. In most cases, employees are the ones at the receiving end of the unethical practices associated with AI, which impact their privacy, equal treatment, dignity, accountability, safety and security. However, although there is a need for specific AI legislation, non-specific instruments have also been helpful. For example, due to AI's reliance on data, data protection policies often apply to its use in the workplace. The European Union's General Data Protection Regulation (GDPR), which came into force in 2018, represents a significant legal framework in this context (Del Pero et al., 2022). The GDPR governs the processing of personal data belonging to EU citizens and establishes a set of compliance requirements that organisations must adhere to. Non-compliance with the GDPR can result in substantial legal consequences, which underscores the critical importance of following these regulations. Other examples, like Germany's Data Protection Act and its general right of personality, limit the monitoring of employees at the workplace; employers are

required to justify the processing of employee data on the basis of a legitimate interest (Del Pero *et al.*, 2022).

Challenges of Promoting an Ethical Work Climate

While in recent times many have begun to call for an ethical work climate, not everyone believes in the business case for this. However, by using AI and ethical leadership, organisations can leverage such a climate to improve their performance. Researchers have argued that although AI enhances operational efficiency in organisations, it has at the same time inadvertently promoted disengagement and distrust among employees (Jackson & Panteli, 2023). Due to AI, employee monitoring has been amplified, leading to diminished employee morale and an unexpected escalation in unethical conduct. Employee monitoring raises ethical concerns, notably the violation of privacy (Rudiyanto et al., 2023). When employees think that their personal space and privacy rights are violated, it incites feelings of intrusion. Employee monitoring, therefore, can signify a lack of trust, promoting an environment of suspicion that corrodes morale and job satisfaction. Further, because of AI, employees have become more fixated on appearing task-focused for compliance purposes rather than on being productive (Rudiyanto et al., 2023). This paradox led to serious consequences in 2017 at MetLife, a life insurance firm, when excessive monitoring led employees to follow protocol so rigidly that the organisation failed to provide benefits to 13,500 customers who were entitled to them (Rudiyanto et al., 2023).

Also, trusting in AI to make informed decisions can reduce employee autonomy and agency (Del Pero *et al.*, 2022). This may hinder creativity and innovation, notably when AI-based hiring results in the standardisation of employee profiles (Del Pero *et al.*, 2022). Further, relying on AI for data can lead to organisations conflicting with data protection regulations. For example, cases brought under Article 22 of the EU's GDPR have forced companies to reveal the data that has been used in their AI systems or to reinstate individuals whose dismissals were solely based on algorithms. To mitigate these challenges, organisations should work towards fairness, transparency, accountability and trust in workplace interactions and relationships. Also, conforming to regulations reduces the chances that use of AI will undermine a company's efforts to create an ethical workplace.

The Ethical Work Climate and Its Influence on Employee Performance

The concept of employee performance has received considerable attention in research. Many definitions have been coined to expound on its meaning. Scholars like Bataineh (2017) provide

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a simple definition of employee performance, regarding it as a combination of an employee's effectiveness and efficiency in meeting stakeholders' daily expectations. In the context of social and economic benefits, researchers argue that a high level of employee performance is important in ensuring a business is successful. Szabó et al. (2017) highlight that at present, organisations are affected by factors such as market changes due to globalisation; therefore, to remain competitive they need to continually improve themselves to ensure sustainable performance levels. Enhancing employee performance is a key part of this for the most successful companies (Chiboiwa et al., 2024; Szabó *et al.*, 2017).

Anitha (2013) and Chiboiwa et al. (2024) posits that employee performance relies heavily on organisational actions such as policies and practices. These actions influence the work environment as well as employee behaviour and performance. A good work climate represents conditions under which employees feel calm, safe and comfortable when doing their work, which increases their motivation (Hicklenton et al., 2019). This encourages employees to adapt to processes within organisations, advance their capabilities and become engaged in matters that improve the organisation. In other words, the work climate in organisations influences the behaviour of employees who work within them.

An ethical work climate is a contextual element shaping employees' personal awareness of moral environments, which in turn relates to a positive organisational climate (Chernyak-Hai & Tziner, 2014). Thus, it is a core driving factor for sustainable business that supports long-term growth, development chances and financial viability in order to reinforce positive environmental and social impacts (Dey *et al.*, 2022).

Fein *et al.* (2023) argue that the ethical work climate in modern working environments has received comparatively little attention, particularly in the context of emerging technologies. However, some researchers have pointed out the positive outcomes associated with it (Williams & Anderson, 1991; Schwepker, 2001; Cullen, Parboteeah & Victor, 2003; Ötken & Cenkci, 2012). These studies focused on advantages such as greater job satisfaction and reduced turnover intentions, a higher level of commitment to the organisation on the part of employees, organisational citizenship behaviour and improved leadership. The social information-processing theory of Salancik and Pfeffer (1978) provides a possible explanation of how an ethical work climate leads to more favourable employee outcomes (Teng 2021). The theory suggests that employees will pick up on significant information and cues from the workplace environment to understand how to behave appropriately in that environment. If we apply this

theory to the context of the ethical work climate, employees would then gather cues from their work environment and make decisions on that basis, leading them to immerse themselves in ethical work practices; by observing, experiencing and interpreting various ethical practices in the organisation, they are inspired to display ethical behaviours in their own performance.

The literature suggests that an ethical work climate positively influences employee satisfaction. When employees are satisfied with their jobs, they engage themselves in extra-role actions such as those associated with organisational citizenship behaviour, or OCB (Chiboiwa et al., 2011). When employees engage themselves in OCB, their performance improves. The general assumption here is derived from social exchange theory, which posits that a strong social exchange relationship between management and employees will likely result in positive sentiments such as employee satisfaction, and that this in turn will motivate employees to go the extra mile in the conduct of their duties (i.e., engage in OCB). Amabile et al. (1996) highlighted that the work environment impacts an employee's psychological state, and can thereby inspire them to work extra hard and come up with novel ideas. The cognitive mechanism stimulated by the work environment encourages employees to pay more attention to the value of their work, leading them to produce and apply new ideas to find alternative ways of realising the organisation's objectives (Shafique et al., 2020). Researchers argue that elements of an ethical work climate such as ethical leadership are likely to influence employee satisfaction through increased intrinsic motivation, psychological empowerment and knowledge-sharing, which in turn impact performance by leading to OCB in the form of employee creativity and innovation in the workplace (Shafique et al., 2019).

Researchers have proposed that OCB is a product of an ethical work climate (Teng et al., 2021; Navid Hamidi *et al.*, 2017). Their argument is that when employees are aware of an organisation's ethical actions, they will reciprocate these actions by going the extra mile in their duties, which ultimately influences their overall performance. Employees play a critical role in implementing organisational values, goals and objectives. As such, perceptions of positive ethical events at work will likely result in behaviour that influences their performance (Navid Hamidi, Ghasemi, Hajrajabi, & Esmaeili Givi, 2017). Empirical evidence has also confirmed the positive correlation between an organisation's ethical work climate and OCB (Leung, 2008; Navid Hamidi *et al.*, 2017; Teng et al., 2021). Some examples of this are given below.

Starbucks is an example of an organisation that has enhanced employee performance by fostering an ethical work climate. The organisation's leaders believe in doing things 'the right

way' and doing so ethically (Baldonado, 2022). As a result of this robust leadership, in 2020 the organisation reported an annual revenue of \$23.5 billion. Starbucks has enhanced employee performance by having policies in place that support ethical conduct (Baldonado, 2022). For example, these include frameworks such as the Making the Right Decision Framework, which assists employees in making effective decisions ethically (Starbucks Standards of Business Conduct, 2021). Additionally, the organisation has a 'Standards of Business Conduct' policy, which serves as a guide for daily decision-making and helps ensure compliance with the company's legal and ethical responsibilities throughout the organisation (Starbucks Standards of Business Conduct, 2021). While the organisation has enhanced its employee performance, this has also impacted its brand, leading to Starbucks's current position among the top companies in the world and to its receiving top accolades such as inclusion in the Ethisphere Institute 2021 World's Most Ethical Companies (Starbucks, 2021).

Another example is that of the Royal Caribbean Group, which operates cruises worldwide and has over 85,000 employees. In 2021 the company reported an annual revenue of \$2.21 billion (Baldonado, 2022). The organisation has introduced measures to maintain ethical standards in the workplace. This priority is also enshrined in the company's core values of striving for integrity, fairness, honesty, and trustworthiness (Baldonado, 2022). As part of these core values, employees are also encouraged to speak up whenever they suspect misconduct or a violation of those values. The organisation also has frameworks in place which foster an ethical environment, such as the Code of Business Conduct and Ethics (Baldonado, 2022). This has made a positive impact on the company's overall performance.

Discussion and Conclusion

While the issue of ethical work climate has been around since the 1930s, increasing use of emergent technology such as AI in organisations has lent greater urgency to calls for a more ethical climate in today's workplace. Although the need for ethical workplaces is on the rise, few studies have examined this topic. Thus, the current study examines the effect of an ethical work climate on employee performance by drawing on relevant secondary data. The study's findings show that an ethical work climate driven by increasing technology use can bolster employee performance.

The study uncovered that an ethical work climate has the potential to promote satisfaction, cognitive ability and organisational citizenship behaviour among employees, as is consistent

with the tenets of social exchange theory. Studies have suggested that satisfied employees have an improved cognitive ability, increasing their potential to develop innovative ideas that will help increase employee performance. Additionally, satisfaction also bolsters organisational citizenship behaviour, making it more likely that employees will engage in extra tasks and pursue innovation. The study makes a business case for the need for an ethical work climate in the workplace, especially in organisations that introduce AI use. It is particularly important to make this case, as many organisations avoid promoting an ethical work climate for fear of the cost implications. Studies suggest that many businesses pay minimal attention to such issues, observing that minimum only in order to avoid paying fines for violating government guidelines. The current study shows that organisations can also use AI to facilitate an ethical work climate. In such cases, AI used effectively is like a double-edged sword; it drives a greater need for an ethical work climate, while at the same time supporting its attainment.

The current study has both theoretical and practical implications. Theoretically, the study suggests that by creating an ethical work climate, organisations can elicit exchange behaviour from employees in the form of improved performance. Exchange behaviour and performance are driven by organisational citizenship behaviour inspired by the employee satisfaction derived from ethical work climate. On that basis, therefore, the study also seeks to set about establishing the business case for an ethical work climate. In a practical sense, organisations seeking to make a profit should embrace the goal of improving their ethical work climate. By so doing, these organisations can not only make financial gains, but also create a healthy work environment. Organisations seeking to deploy AI to enhance service delivery or product development can also utilise it to bolster an ethical work climate, and the use of such AI may make this all the more necessary.

Limitations and Future Eco-leadership Research

The current study is not without its limitations, despite its contribution to this field of knowledge. In particular, we note that one key limitation is that it does not provide any empirical evidence to support its claims. We suggest that future empirical studies should examine the outcomes of the relationship between ethical work climate and employee performance.

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KEY TERMS AND DEFINITIONS

Ethical Work Climate: a set of shared formal and informal perceptions of procedures and policies which shape expectations for ethical behaviour within an organisation.

Employee Performance: a combination of an employee's effectiveness and efficiency in meeting the daily expectations of the stakeholders.

Emerging Technologies: technological advancements used by businesses to alter and improve work processes.

Artificial Intelligence: Artificial Intelligence involves using digital technology to perform work activities commonly thought to require human intelligence.