Organizational Ethics and its impact on Employee Engagement and Job Satisfaction

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Abstract—The objective is to analyze how ethical practices within an organization influence the psychological and emotional involvement of employees in their work, as well as their overall satisfaction with their job roles. A descriptive research design has been adopted. The population targeted in this study includes employees working in education sectors in Gwalior division. A sample size of 100 working professionals was selected for the study. Data collection was carried out using a structured, close-ended questionnaire administered online via Google Forms. The questionnaire comprised two main sections. The first section gathered demographic information such as age, gender, organizational sector, job role, and years of experience. The second section evaluated data related to variables of the study. The data collected were analyzed using the SPSS software. To assess the reliability of the scales used, Cronbach's Alpha was calculated for each construct. Further, regression analysis was conducted to determine the predictive effect of organizational ethics on both engagement and satisfaction. The research found a positive and significant relationship between ethical organizational practices and both employee engagement and job satisfaction.

Keywords—Organisation, Ethics, Employee Engagement, Job Satisfaction, Commitment

I. INTRODUCTION

In today's competitive business environment, organizations are increasingly recognizing the importance of ethical practices as a foundation for sustainable success. Organizational ethics, which encompass the values, principles, and standards guiding employee behavior and decision-making, play a critical role in shaping workplace culture and employee attitudes. Ethical conduct within organizations not only fosters trust and transparency but also contributes significantly to the psychological well-being of employees.

Employee engagement and job satisfaction have emerged as key indicators of organizational health and performance. Engagement refers to the emotional and intellectual commitment employees have toward their work and organization, while job satisfaction reflects the level of contentment employees feel about their roles and work environment. Both are vital for enhancing productivity, reducing turnover, and fostering innovation. However, despite the growing emphasis on employee-centric strategies, many organizations still struggle with maintaining high levels of engagement and satisfaction.

Recent research suggests that organizational ethics may be a powerful determinant influencing these factors. Ethical workplaces create environments where employees feel respected, fairly treated, and valued, which in turn promotes higher engagement and satisfaction. Conversely, unethical practices can lead to mistrust, disengagement, and dissatisfaction, negatively impacting overall organizational effectiveness.

This study aims to explore the effect of organizational ethics on employee engagement and job satisfaction. By examining employees' perceptions of ethical climates and their relationship with engagement and satisfaction levels, this research seeks to provide insights into how organizations can leverage ethical frameworks to enhance employee motivation and well-being. The findings are expected to offer practical implications for leaders and human resource professionals in designing policies and practices that nurture an ethical and supportive work culture.

II. REVIEW OF LITERATURE

Organizational ethics defined as the principles, values, and standards that guide behavior in the workplace play a crucial role in shaping employee experiences and outcomes. One significant

dimension explored in the literature is the relationship between ethical leadership and employee engagement.

Farisi et al. (2024) emphasized that ethical leadership, when combined with organizational support, significantly boosts both employee engagement and organizational citizenship behavior. Their research underlines the fact that ethical behavior from leaders not only builds trust but also encourages employees to go beyond their defined roles, increasing their emotional and psychological commitment to the organization.

Gill, Danish & Ramzan (2023) found that ethical leadership enhances employee engagement by minimizing perceptions of organizational politics, especially among individuals with a strong internal locus of control. This suggests that ethical leaders help foster environments where employees feel more empowered and focused on performance. Similarly, In terms of job satisfaction, ethical climate has been shown to be a vital determinant. A study published in Sustainability revealed that in healthcare settings, particularly among nurses, job satisfaction improves when ethical values are practiced consistently and when trust among colleagues is strong. This finding reflects how ethics and interpersonal relationships are deeply intertwined in professional satisfaction.

Bai and Vahedian (2023), in their research on digital workspaces, concluded that ethical organizational practices and commitment play a significant role in reducing psychological stressors such as nomophobia, thereby increasing job satisfaction. This is particularly relevant in the context of post-pandemic hybrid work models where maintaining ethical communication and digital boundaries is essential for employee well-being.

The role of spiritual and cultural ethics in fostering job satisfaction has also been explored. Bai et al. (2023) highlighted that spiritual intelligence, when aligned with an ethically sound environment, enhances job satisfaction, particularly among women in the workforce. Their study suggests that inclusive, ethically aware workplaces that respect personal and spiritual identities lead to a more engaged and satisfied workforce. Azhari et al. (2023) further supported this idea by studying public service employees and showing that Islamic work

ethics positively influence employee engagement and satisfaction. These culturally grounded ethical frameworks help in creating environments of trust, respect, and collective responsibility.

Sesari, Sarro, and Rastogi (2024) discovered that interpersonal fairness significantly impacts job satisfaction among software professionals, particularly those from marginalized backgrounds. When employees perceive fairness in interactions and opportunities, they are more likely to feel satisfied and valued in their roles. Madalina (2023) confirmed that job satisfaction serves as a strong predictor of employee engagement, suggesting that ethical treatment of employees leads not only to greater contentment but also to higher productivity and retention.

III. OBJECTIVES OF THE STUDY

The primary objectives of this research are
1. To investigate the relationship between ethical organisational practices and job satisfaction
2. To analyse the impact of ethics on employee engagement

IV. RESEARCH METHODOLOGY

A descriptive research design has been adopted. The population targeted in this study includes employees working in education sectors in Gwalior division. A sample size of 100 working professionals was selected for the study. The inclusion criteria specified that participants must be currently employed, possess at least six months of work experience in their current organization, and fall within the age bracket of 20 to 60 years. These criteria were established to ensure that respondents had sufficient exposure to their organization's ethical environment and work culture, thereby enabling them to provide meaningful insights regarding their engagement levels and job satisfaction.

Data collection was carried out using a structured, close-ended questionnaire administered online via Google Forms. The questionnaire comprised two main sections. The first section gathered demographic information such as age, gender, organizational sector, job role, and years of experience. The second section evaluated data related to variables of the study. The data collected

were analyzed using the Statistical Package for the Social Sciences (SPSS) software. Descriptive statistics such as mean, standard deviation, and frequency distribution were computed to summarize demographic data and overall trends. To assess the reliability of the scales used, Cronbach's Alpha was calculated for each construct. Further, regression analysis was conducted to determine the predictive effect of organizational ethics on both engagement and satisfaction.

Scale Measurement

Organizational ethics were measured using items adapted from Victor and Cullen's Ethical Climate Questionnaire (ECQ), a widely accepted tool for measuring ethical work environments. Employee engagement is measured using the Utrecht Work Engagement Scale (UWES), which assesses vigor, dedication, and absorption—three key dimensions of engagement. Job satisfaction was measured using the Minnesota Satisfaction Questionnaire (MSQ), which includes both intrinsic factors (e.g., sense of

achievement, responsibility) and extrinsic factors (e.g., salary, work conditions). Responses to all sections were captured using a 5-point Likert scale, where 1 denoted "Strongly Disagree" and 5 denoted "Strongly Agree." Before full-scale data collection, a pilot study was conducted with 10 respondents to test the clarity, language, length, and structure of the questionnaire. Based on feedback from the pilot group, minor modifications were made to improve the instrument's reliability and ease of understanding. The finalized questionnaire was then distributed, and responses were collected over a period of two weeks.

V. DATA ANALYSIS

Reliability Measurement for All Variables
Cronbach's Alpha test had been applied to calculate reliability of all items of Organizational ethics, engagement and Job satisfaction from the questionnaires.

Table No. 1. Reliability Measurement for All Variables

S	Variable Name	Cronbach's Alpha	No of Items	Status
1	Organizational Ethics	.865	9	Highly Reliable
2	Employee Engagement	.843	8	Highly Reliable
3	Job Satisfaction	.831	6	Highly Reliable

It is considered that the reliability value more than 0.7 is good and it can be seen that in almost all the reliability values is quite higher than the standard value.

H1: Organizational ethics significantly affects Employee Engagement.

Table No. 2. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.634[a]	.401	.401	4.63471	2.005

a. Predictors: (Constant), Organizational Ethics

b. Dependent Variable: Employee Engagement

Table No. 3. ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11787.252	1	11787.252	548.742	.000[b]
	Residual	17571.045	98	21.480		
	Total	29358.298	99			

a. Dependent Variable: Employee Engagement

b. Predictors: (Constant), Organizational Ethics

Table No. 4. Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	17.611	1.514		11.633	.000
Organizational Ethics	.946	.040	.634	23.425	.000

a. Dependent Variable: Employee Engagement

Value of F is 548.742 which is significant at 0.0% level indicating good model fit and value of t is 11.633 which are also significant at 0.0% level. R square value is .401 with beta value .634 indicates 40.1% of variance explained by organizational ethics towards Employee Engagement. It shows 40.1% positive relationship between organizational ethics as independent variable and Employee Engagement as dependent variable.

H1: Organizational ethics significantly affects Job Satisfaction.

Table No. 5. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.705ᵃ	.497	.497	2.88623	2.134

a. Predictors: (Constant), Organizational Ethics

b. Dependent Variable: Job Satisfaction

Table No. 6. ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	6739.769	1	6739.769	809.064	.000ᵇ
Residual	6814.207	98	8.330		
Total	13553.976	99			

a. Dependent Variable: Job Satisfaction

b. Predictors: (Constant), Organizational Ethics

Table No. 7. Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	5.900	.896		6.582	.000
Organizational Ethics	.479	.017	.705	28.444	.000

a. Dependent Variable: Job Satisfaction

Value of F is 809.064 which is significant at 0.0% level indicating good model fit and value of t is 6.582 which are also significant at 0.0% level. R square value is .497 with beta value .705 indicates 49.7% of variance explained by Organizational Ethics towards Job Satisfaction. It shows 49.7% positive relationship between Organizational Ethics as independent variable and Job Satisfaction as dependent variable.

VI. CONCLUSION

The present study aimed to explore the impact of organizational ethics on employee engagement and job satisfaction. Based on primary data collected from 100 working professionals across education sectors in Gwalior division, the research found a positive and significant relationship between ethical organizational practices and both employee engagement and job satisfaction. Employees who perceived their organizations to operate ethically were more likely to feel emotionally invested in their work, motivated to perform, and satisfied with their roles. The findings strongly suggest that ethical work environments marked by fairness, transparency, accountability, and respect enhance employees' sense of belonging and trust in their organization. In turn, this boosts their enthusiasm,

loyalty, and overall job satisfaction. Furthermore, the regression analysis demonstrated that organizational ethics significantly predict both engagement and satisfaction levels, underlining the strategic importance of ethics as a core value within the workplace.

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