

# The Effects of Person–Organization Ethical Fit on Employee Attraction and Retention: Towards a Testable Explanatory Model

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**ABSTRACT.** An exploratory model is presented as a heuristic to indicate how individual perceptions of corporate reputation (before joining) and corporate ethical values (after joining) generate specific individual organizational senses of fit. The paper suggests that an ethical dimension of person–organization fit may go some way in explaining superior acquisition and retention of staff by those who are attracted to specific organizations by levels of corporate social performance consonant with their ethical expectations, or who remain with them by virtue of better personal ethical fits with extant organizational ethical values. Specifically, the model suggests that individual misfits that arise from ethical expectations that either exceed or fall short of perceived organizational ethical performances lead to problematic acquisition and retention behavioural outcomes.

**KEY WORDS:** ethics, person–organization fit, attraction, retention, corporate social responsibility, corporate social performance

There can be little doubt that for more than half a century there has been increasing public concern about business' social performance (Carroll and Buchholtz, 2000; Farmer and Hogue, 1973), and, that many employees today prefer to work in an ethical organizational environment (Jose and Thibodeaux, 1999). Studies on the benefits of corporate social responsibility (CSR) and corporate social performance (CSP) have increasingly suggested a relationship between these factors and a company's reputation (Carroll and Buchholtz, 2000; Farmer and Hogue, 1973; Grayson and Hodges, 2004; Orieseck, 2005), and employee attraction and

retention (Cherenson, 2001; CSR Europe, 2005; Judge and Cable, 1997). One benefit of a positive organizational reputation is an increased ability to attract employees (Judge and Cable, 1997). Similarly, employees with compatible ethical values to those of their employers are known to fit more completely, and to have higher retention propensities, than those who perceive a mismatch between their own ethical orientations and those of their employers.

This paper traces the trend in public emphasis and focus on CSP over time and presents a tentative ethical organizational fit model as a possible explanatory. In particular, this paper focuses on the effects of individual perceptions of CSP and ethical senses of person–organization fit on (1) the attractiveness of organizations to potential employees and (2) on employees' retention behaviour. In doing so, this paper suggests an explanatory mechanism underlying the effects of corporate social responsibility and corporate reputation on the relationship between CSR, CSP and CR on the one hand, and the acquisition and retention of staff on the other based on *individual perceptions of ethical-organizational fit*.

In building our model, we have taken the stance that individual perceptions of ethical-organizational fit depend on individual's perceptions of their company's ethical orientation and CSR-derived corporate reputation. Individual differences in perceptions of ethical fit are seen to derive from differences in levels of moral development (Kohlberg, 1981) although it is recognized that, once employed, specific leadership and company socialization processes can themselves enhance individuals' moral

reasoning (Clark and Leonard, 1998; Hunt et al., 1989; Singhapakdi et al., 1999).

Throughout this paper, we use the following definitions. Robbins (1994, p. 123) defines corporate social responsibility (CSR) as “a business firm’s obligation, beyond that required by the law and economics to pursue long-term goals that are good for society”. Expanding this definition, Boone and Kurtz (1994, p. 54) stated that “social responsibility is management’s acceptance of the obligation to consider profit, consumer satisfaction and societal wellbeing of equal value in evaluating the firm’s performance.” The concept of Corporate Social Performance (CSP) is defined in this paper largely in terms of the ethical and discretionary aspects of Carroll’s (1979) model, which embraces a proactive responsiveness to social performance expectations, as this definition fits in with the ethical expectations and perceptions aspects integral to the model we develop later in the paper. Before doing this, a review of the increasing public concern about business’ social performance over time is necessary.

### The actual and expected corporate social performance gap

Carroll and Buchholtz (2000) offer a theoretical model indicating the relationship between actual and

expected corporate social performance over time. The model is illustrated in Figure 1.

The gap indicated in Figure 1 has been widening since the sixties as public expectations of corporate social performance have begun to increasingly outstrip actual business social behaviour. The model presented by Carroll and Buchholtz (2000) refers to the “revolution of rising expectations,” or the notion that every succeeding generation expects to have a standard of living and quality of life better than the one before and that, therefore, business is expected to improve CSP continuously. Carroll and Buchholtz (2000) acknowledge that although the upward spiral in social expectations continues, the gap has been allayed to some degree by the increasing levels of poverty, environmental pollution and disease (notably AIDS). Such social problems have reminded the public that a constant rise in standard of living may not be realistically possible.

However, the idea that people’s expectations of CSP are *always* greater than actual business performance as suggested in the model is debatable. For example, Coldwell (2000) found in a cross-cultural study of University students in South Africa that black students’ expectations CSP exceeded their perceptions in the manner suggested by the model, but for white students the converse was found (i.e. that their perceptions of actual business social performance exceeded their expectations).

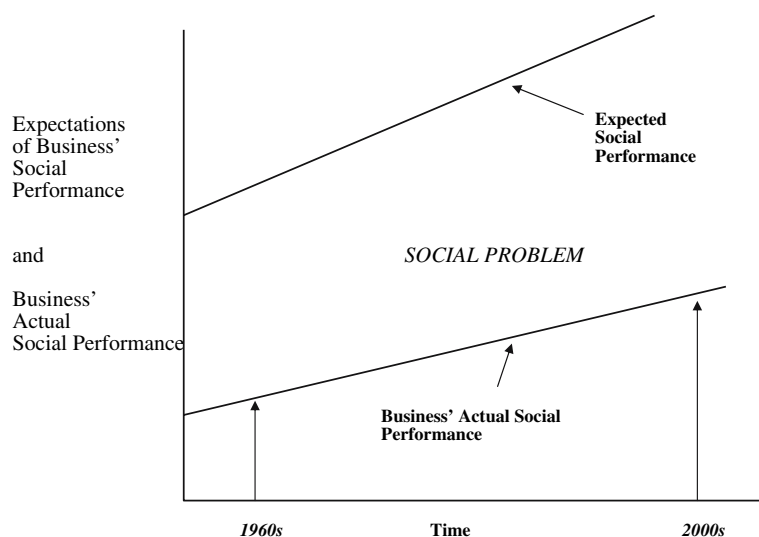


Figure 1. Society’s expectations versus business’s actual social performance (adapted from Carroll and Buchholtz, 2000).

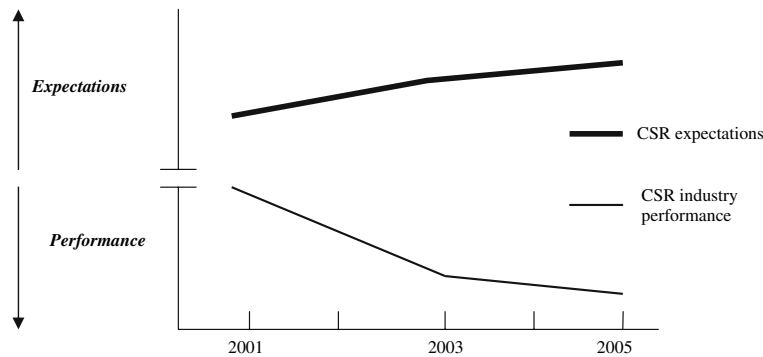


Figure 2. The gap between societal expectations of industrial CSR performance and actual performance ratings (source: GlobeScan, 2005).

Evidence for the increment in public concern about the yawning gap between public expectations of corporate social performance and actual industrial performance is indicated graphically in Figure 2. It is taken from a recent report by GlobeScan (2005, p. 3).

Figure 2 indicates the changes in the average number of responses from 2001 to 2005 made by 100 respondents in twenty countries to a series of qualitative open-ended items concerning public CSR expectations and actual CSR performance. The report states that: “Societal expectations for CSR have grown across the world. At the same time CSR performance ratings for industry sectors have been consistently decreasing since 2001.” (GlobeScan, 2005, p. 3). Such shifts upwards in public expectations of CSR relative to actual business performance have been particularly evident recently in Britain and the United States (Lewis, 2003; National Business Ethics Survey, 2003). Thus, one reason why ethical business behaviour is increasingly an issue in individual recruit attraction and employee retention is simply that, in general terms, ethical issues have gained increasing prominence in business processes. But, to what extent are *ethical issues involved in building a corporate reputation*. This aspect is discussed in detail in the following section.

#### *The relationship between corporate social performance and corporate reputation*

A number of studies have demonstrated various causal linkages between corporate social perfor-

mance, financial performance and corporate reputation (e.g., Carroll and Buchholtz, 2000; Coldwell, 2001; Preston and O’Brannon, 1997). Although these offer different relationships between the concepts, they all establish that corporate reputation has an ethical social responsibility dimension to it. This linkage is central to our argument because corporate reputation is regarded as a potential attractor of applicants with particular ethical personal-organizational configurations, as distinct from retention (the other leg of the proposed model), which is regarded as derived from specific personal-organizational configurations with company ethical climate. With regard to the relative importance of corporate social performance *vis à vis* corporate financial performance effects on corporate reputation, Preston and O’Brannon (1997), suggested that corporate financial performance either precedes or occurs more or less simultaneously with CR. However, Carroll and Buchholtz (2000) suggested that corporate social performance is often a key causal variable in corporate reputation. There is a growing body of research that supports this suggestion. For example, Grayson and Hodges (2004) found that a company’s commitment to CSR and its actual social performance can significantly affect its reputation. The authors indicate the cases of British Telecommunications and the Co-operative Bank (UK). British Telecommunications estimates that around a third of its corporate reputation is driven by its socially responsible business endeavours, while the Co-operative Bank reports that it owes 31% of its business derived from its corporate social performance. Moreover, Orišek (2004), in developing a

Reputation Quotient (RQ) to measure corporate reputation, found that corporate social performance contributes up to 55% of the reputation quotient score in specific instances. Such evidence suggests that there is a clear relationship between corporate social performance and corporate reputation. In particular, it suggests that the ethical and discretionary elements manifested in a company's corporate social performance have a significant affect on its corporate reputation and suggests, therefore, that ethically oriented individuals are attracted to particular organizations by virtue of this aspect of their reputations.

#### *The effects of CR on employee acquisition and retention*

The literature on employee acquisition and retention is voluminous and it is beyond the scope of the paper to review it here, however, a brief outline of the basic concepts involved is warranted. 'Human Resource Management' is defined by Armstrong (2000) as the acquisition, motivation and development of human resources; 'acquisition' is defined (Armstrong, 2000) as the combined process of attracting potential recruits and selecting them for specific roles in a company. Newell and Shackleton (2000, p. 113) regard recruitment as a "process of attracting people who might make a contribution to the particular organization". Bratton and Gold (2003, p. 484) define attraction as "favourable interaction between potential applicants and the images, values and information about an organization." In this definition of attraction of potential recruits the importance of corporate reputation (images) and corporate ethical orientation (values) is clearly emphasized. With regard to the former (images) aspect, as Judge and Cable (1997) point out, job seekers often attempt to match their values with an organization's reputation.

Retention refers to organizational practices aimed at maintaining the continued employment of, in particular, valued employees. This depends to an extent on the compatibility between individual interests and personality and organizational goals (Schneider, 1987). Of course, retention is also enhanced by the process of organizational socialization, thus individual employees can be made more compatible with organizational goals and values and

more likely to remain. However, it is maintained that large mismatches between individual and organizational ethical orientations may arise after socialization because of exposed inconsistencies between perceived corporate ethical images and actual management behaviour. The essential point is that an individual's attraction to and retention in a company can be at least partly explained by individual and organizational value matches and mismatches and that some of these matches and mismatches reside in perceptions of CSR. For example, CSR Europe (2005, pp: 4–5) point out that "CSR can also have a big effect on attracting and retaining good employees. Employees want good remuneration, good prospects – but increasingly people also want to feel proud of the company they work for. Motivation is often based on values rather than cash.... Business leaders have reported encouraging results with their experiences so far: since Novo Nordisk launched their Values in Action programme which aligns their business objectives with sustainable development principles the company has seen a 5% drop in staff turnover. Similarly Sears has seen a 20% reduction in staff turnover since implementing their CSR programme".

A research study sponsored by the British United Provident Association (BUPA) and conducted by Business in the Community with the Chartered Institute of Personnel Development (CIPD, 2003) involving 1000 employees across Britain found a clear connection between CSR and positive impacts on companies' bottom lines. The research showed that CSR helped to attract, motivate and retain a diverse workforce. Finally, according to a study by the Cherson Group (2001) consisting of 800 respondents aged 18 and over, 78% said that they would prefer to work for an ethical and reputable company than receive a higher salary.

#### **Toward an explanatory model of ethical fit**

Two main aspects serve as the theoretical pillars of our proposed model. These are individual differences in moral development and their concomitant differences in perceptions of CR and organizational ethical climate.

*Individual differences in perceptions and expectations of CSP: Kohlberg's theory of moral development*

It is not the intention to present a thorough and comprehensive resume of the available literature on theories of moral development; nor is this deemed necessary as the focus is on theories having particular relevance to the business situation. Kohlberg's (1981) theory of moral development has been applied to managers and is therefore of particular relevance here.

Kohlberg's (1981) theory of moral development has been used to analyse the level of moral development of managers (Post et al., 2001; Rahim et al., 1999). Kohlberg's (1981) suggests that there are three basic stages of moral development. The first, the *pre-conventional* stage is a level of moral thinking generally found at primary school level. Here the emphasis is on obedience and punishment. The child reacts to punishment. Later at the pre-conventional level the child begins to develop a sense of individualism, instrumentalism and exchange. This stage has been called the "seeking-of-rewards-stage" (Carroll and Buchholtz, 2000).

The second, the *conventional* stage is that level of moral development generally found in society. The first level of this stage emphasizes behaviour that will gain the approval of others; a "good boy/nice girl" stage of morality (Carroll and Buchholtz, 2000). The second level is characterized by a morality centred on law and order. In other words, the individual conforms to the mores of society and the dictates of the law.

The final stage of development according to the model, the *post-conventional* stage is one that the majority of adults never attain. The first level at this stage is characterized by "...an understanding of social mutuality and a genuine interest in the welfare of others" (Barger, 2000, p. 1). The second and final level of moral development according to Kohlberg's (1981) model is "based on respect for universal principle and the demands of individual conscience" (Barger, 2000, p. 2).

*Organizational culture and ethical climate*

The concept of organizational culture is defined by Post et al. (2002, p. 132) as the: "blend of ideas,

customs, traditional practice, company values and shared meanings that help define normal behaviour for everyone who works in a company. Culture is 'the way we do things around here.' Ethical climate is experienced in most companies as "a moral atmosphere (that) can be detected. People can feel the way the ethical winds are blowing. They pick up subtle hints and clues that tell them what behaviour is approved and what is forbidden" (Post et al., 2002, p. 133). To speak of organizational ethical climate as a unitary concept is inaccurate since researchers have found multiple ethical sub-climates to existing organizations. For example, Weber (1995) found that employees behaved differently according to the particular circumstances. For instance, when employees faced public regulators and civil servants they tended to focus on behaving ethically and with integrity. When, however, they returned to their own job roles, they behaved more out of self interest or the interest of the company.

Carroll (1987) presents three models of management ethics and since managerial practices, *per se*, are an important source of moral leadership and have a significant bearing on organizational ethical climate, it is worth briefly outlining them. The first: immoral management is defined as: "...a posture that is not only devoid of ethical principles or precepts but also implies a positive and active opposition to what is ethical. Immoral management decisions, behaviours, actions, and practices are discordant with ethical principles. This view holds that management's motives are selfish and that it cares only or principally about its own or its company's gains" (Carroll and Buchholtz, 2000, p. 108). At the other extreme, "...moral management aspires to succeed, but only within the confines of sound ethical precepts – that is, standards predicated on such norms as fairness, justice, and due process. Moral management's motives, therefore, might be termed fair, balanced, or unselfish." (Carroll and Buchholtz, 2000, p.109).

Amoral management comprises two distinct types: *intentional amoral management* where management deliberately does not factor ethical aspects into their decisions, actions or behaviour and *unintentional amoral management* where management casually or carelessly overlooks ethical issues entirely (Carroll, 1987).

In short, organizational ethical climate can be regarded as a complex system comprising a blend of

mutually reinforcing values that combine distinct managerial attitudes and behaviours in an environment where employees have a clear idea of the way things are done in the organization and the kinds of behaviour expected of them.

#### *Attraction and person–organization fit*

It has been shown by many researchers that the goodness of fit between individuals and the organizations they work for has a significant and strong bearing on employee acquisition and retention (see, for example, Cable and Judge, 1996, 1997; Chatman, 1991; Ehrhart and Ziegert, 2005; Kristof, 1996; Schneider, 1987; Schneider et al., 1998; Turban and Keon, 1993; Van Vianen, 2000). Although Person–Organization (PO) fit has been variously defined by researchers, several elements bind the research together. At the heart of all conceptualizations is an acceptance that the focus is on two domains – the individual and the organization – and how they interact. In addition, researchers either focused on how features of the two domains were similar (e.g. by looking at how the values of the two domains were similar), or how the one of the parties fitted into the other (e.g. how an individual fitted into the organization, or how an organization supplied the needs of the individual).

Following Schneider's (1987) idea that organizations attract, select and retain people who share their values, research has looked at these phases from a PO fit perspective. Turban (2001), for example, showed that applicants' familiarity with the recruiting organization is positively associated with attraction to the firm. Indeed, he found that familiarity had both direct and indirect effects on the attractiveness of potential employers. Judge and Bretz (1992) found that value alignment between students and the hypothetical organizational settings was positively related to their intended job choice decisions. Cable and Judge (1996) showed that applicants choose to join organizations that they believe they will fit. Lievens, Decaestecker, Coetsier and Geirnaert (2001) conducted a replication study drawing together findings from earlier studies. They were unable to replicate the finding that pay perceptions influenced job choice, but did show that decentralised organizations were attractive to applicants.

In summary, these studies indicate that the attractiveness of an organization is influenced by perceptions of them. In particular, Cable and Judge (1996) demonstrated the importance of applicants' perceptions of their value alignment with potential employers in shaping their recruitment choices. Importantly for our current argument, the value measure used by Cable and Judge (1996) includes those of 'taking individual responsibility', 'fairness', 'tolerance', 'a clear guiding philosophy', 'being socially responsible' and 'having a good reputation' thereby providing evidence that PO fit on ethical grounds influences the attractiveness of potential employers.

#### *Retention and person–organization fit*

There have been a large number of studies in the PO fit and related literatures supporting Schneider's (1987) proposition that organizations retain those people who share their values. Chatman (1991), for example, using an earlier and fuller version of the tool used by Cable and Judge (1996), demonstrated that the value congruence between employees and employers is positively related to job satisfaction, organizational commitment, intent to stay and actual retention. She also demonstrated that people are not just attracted to organizations where they believe they will fit in, but that once they join, they become further socialized to organizations' values.

Sheridan (1992) demonstrated that organizational culture values have a significant influence on retention rates. He also found that newcomers voluntarily quit their jobs at a much faster rate than those in organizations whose culture emphasised interpersonal relationship values. Van Vianen (2000) also studied the effects of PO fit on newcomers' commitment and turnover intentions. She revisited Schneider's model and reassessed the organizational dimension that the participants (i.e. newcomers in this study) should be measured against. Whereas previous studies (e.g., Cable and Judge, 1996; Chatman, 1991) compared the values of newcomers, applicants or employees with the values of the organization as perceived by organizational members (e.g., interviewers, senior executives, other employees), she conceptualised the organizational reference group to focus on organizational members'



values to create the construct of person–people (PP) fit. Van Vianen's results revealed that newcomers' PP fit is related to their commitment and turnover intentions.

These studies represent a large literature that demonstrates the power of PO fit and, in particular, value congruence to influence tenure decisions. This influence extends to the fit between employees and employers and also to the value alignment between colleagues. Where there is fit, there is increased attraction between the parties and therefore increased tenure.

### **Company ethical climate and fit: an analysis of some evidence and the development of a tentative model**

The relationship between self-organization ethical fit and satisfaction is indicated in a recent study in a National Business Ethics Survey conducted in America (National Business Ethics Survey, 2003). The study examines the associations between organizational satisfaction and four indices of ethics in the workplace; these are:

- Actions of top management
- Actions of supervisors
- Actions of co-workers
- The presence of formal ethics programmes

The first two indices, the effects of top management and supervisors are of particular relevance as it is management that often articulates and personifies the ethical orientation of a company. The investigation found that 98% of employees who saw top management performing ethics-related actions across four domains (talking about ethics at work, keeping promises and commitments, keeping employees informed and modelling ethical behaviour) were more satisfied with their organization than those who did not. The association with overall organizational satisfaction diminished progressively as senior management were seen to perform fewer ethical actions, from 88% among those who saw senior management as performing several ethical actions, to 33% who saw senior management as performing no ethical actions or those who only spoke about ethics without doing anything.

The same picture emerged from employees and their perceptions of their supervisors. In other words, 97% of employees who perceived their supervisors as demonstrating four ethical actions (talking about ethics at work, keeping promises and commitments, supporting employees who follow ethical standards and modelling ethical behaviour) were satisfied with the organizations they worked for. Again the percentage of employees feeling overall organizational satisfaction declined with perceptions of supervisory ethical behaviour, with 80% of employees satisfied where supervisors were seen as exhibiting some ethical actions, and 26% of employees satisfied with the organization where supervisors were seen as exhibiting no ethical behaviours or who merely talked about ethics without ethical action. These findings indicate quite clearly that ethics-related actions by senior management and supervisors have a positive bearing on employees' overall organizational satisfaction.

We noted earlier that people's expectations for socially responsible behaviour had risen quite significantly over the past 30 years; here we note that socially responsible/ethical behaviour in organizations by management is associated with employees' overall satisfaction with the organization. In other words employees, in the study cited, appear to fit in better with an organization that has an ethical climate and management that conducts itself in an ethical manner. Of course, as indicated in earlier sections of the paper, there can be expected to be quite substantial individual employee differences in ethical orientation and development, just as there are differences in the ethical climate of individual companies and their management. So PO ethical fit can be expected to vary and be more or less compatible, depending on specific individual-organization configurations, although over time as we have seen the general trajectory of businesses' social expectations have been continuously upward. Table 1 indicates a model showing possible fit outcomes arising from similarities and differences between individual and organizational ethical orientations. The model can be applied to both *intra*- and *extra*-organizational fit. In other words, the model can be applied to potential recruits, looking, as it were, from the outside of a company in terms of its attractiveness as a potential employer. The model

TABLE I  
Organizational individual/company ethical fit matrix

		<i>Organizational Ethical Climate/Ethical Orientation (P = Perceptions)</i>		
		<b>Principle (justice, fairness rights)</b>	<b>Social (societal laws and customs)</b>	<b>Ego (company interest)</b>
<i>Individual Ethical Orientation (E = Expectations)</i>	<b>Principle/Post-conventional</b>	Fit (E = P)	Ambivalent misfit (E > P)	Misfit (E > P) *
	<b>Social/Conventional</b>	Ambivalent misfit (E < P)	Fit (E = P)	Ambivalent misfit (E > P)
	<b>Ego/Pre-conventional</b>	Misfit (E < P) *	Ambivalent misfit (E < P)	Fit (E = P)

can also be applied to in-company employees to configure individual propensities to leave from individual/organizational ethical mismatches.

Table 1 indicates nine theoretical combinations. This particular configuration for the model is considered most appropriate in terms of the basic tripartite theoretical segmentations of both Kohlberg's (1969) levels of moral development theory and Carroll's (1987) theory of types of moral management. The perceptions-expectations dichotomy used in relation to these tripartite divisions as theoretical explanations for particular outcomes in the model are derived from the model suggested by Carroll and Buchholtz (2000), and, more recently, the empirical findings indicated in the global corporate social responsibility monitor report (GlobeScan, 2005). The vertical axis of the model describes the three main stages of moral development indicated in Kohlberg's (1969) model which was subsequently empirically measured by Rest (1986) with the Defining Issues Test (DIT) designed to assess different levels of moral development. The horizontal axis uses a similar tripartite division to describe company ethical climate (Victor and Cullen, 1988). The vertical axis delineates ethical expectations associated with different levels of individual moral development. Thus individuals with post-conventional levels of moral development are regarded as having higher ethical expectations than those of conventional and pre-conventional levels respectively.

The model suggests that mismatches occur between individual perceptions (P) and expectations (E) of specific ethical corporate reputations and

organizational ethical climates. In other words individuals perceive organizations differently on the basis of different ethical expectations. These may be marginal, generating *ambivalent* levels of misfit (i.e. those that can be swayed in particular directions through personal circumstances and/or interest), or they may be more pronounced misfits (indicated with \* in Table 1). Table 1 also indicates fits between personal levels of moral development and perceptions and expectations of corporate reputation and organizational ethical climate. Such fits and misfits are regarded as engendering differential levels of employee attraction and retention. Personal/organizational ethical fits are expected to generate higher levels of employee attraction and retention than misfits, while ambivalent misfits are expected to generate equivocal results in this regard.

In line with Billsberry et al.'s (2005) findings, the model suggests that the propensity for misfit arising from organizational and individual value mismatches occurs when an individual has a strong, post-conventional, principle orientation and the prevailing organizational ethical climate is perceived as acting in conflict with this. The prevailing ethical climate has a vulnerability that can be easily eroded by one significant malpractice and it has both intra and extra-organizational effects.

Such a situation can arise when an erstwhile ethical company loses its moral compass. For example, the US investment bank Morgan and Stanley, as Argenti (2005, p. 3) puts it, "...has seen an exodus of top talent following changes in its leadership that led to the ousting of its chairman and CEO Phil Purcell. And one can only imagine what



the effect on recruiting will be for the once squeaky clean investment bank as it tries to attract top talent from business schools this autumn”.

The model suggests in line with the available evidence that an organization's reputation derived from its ethical orientation, both in terms of managerial practices and corporate socially responsible behaviours impact significantly on employee sense of PO fit. Evidence suggests that employee sense of ethical fit impacts both on their feelings of overall satisfaction with the organization concerned and their retention. Similarly, evidence suggests that the acquisition of talented and ethically oriented employees depends on CR which, as we have seen, is partly derived from its CSR profile. Mismatches occasionally occur in the opposite direction when an ethical company acquires an individual employee operating at, say, a pre-conventional level of development.

For example, Procter & Gamble, who are ranked top of their industrial group by the Dow Jones Sustainability index in the three areas of sustainability that it measures (social responsibility, environmental protection and economic development), emphasize the importance of ethical values in its company policies. A.G. Lafley, President and Chief Executive of the company in the Procter & Gamble employees' manual writes: "... while we value business results, we place equal value on how we achieve those results. We will not tolerate illegal or unethical behaviour" (Procter & Gamble, 2007). The Procter & Gamble recruitment and selection process is renowned for its detail and meticulousness and in those it ultimately recruits; it requires high degrees of integrity and personal standards of behaviour. In such an ethical organizational climate, any employee unable to sustain the standards demanded might be expected to feel a sense of ethical misfit and would have a high propensity to quit. Thus a person with a low ethical orientation/pre-conventional moral development would be expected to feel a sense of ethical misfit and propensity to quit in such circumstances. Similarly, a person with a highly developed ethical orientation would be less likely to join a company with an immoral CR. Hamkonds' (1997) survey of over 2000 graduate business students in the United States shows that 79% felt that companies must behave in a socially responsible manner in their environmental,

community and employment practices. Around half of the students said they would accept lower pay to work for a company they regarded as highly socially responsible and, significantly, 43% said they would not work for an employer that did not demonstrate ethically responsible conduct. As we have seen, ethically oriented employees working for a company with a moral orientation and good CR, which then becomes entangled in an immoral business practise, are likely to feel a sense of ethical misfit and harbour higher propensities to quit.

Company dynamics are such that strong individual fits can become strong misfits when a company's ethical or principle based value system is perceived to be at odds with personal ethical orientation. There is thus a dynamic fluidity between strong ethical fits and misfits that cannot be adequately conveyed by the model illustrated in Table 1. The model also suggests that ambivalent misfits may occur among those with middling ethical orientations who are employed by companies with an immoral CR (of long or recent duration) because of the upward movement in public demands for CSR noted by, for example, Carroll and Buchholtz (2000). In general however, the model suggests that feelings of fit and misfit and concomitant related outcomes of organizational satisfaction and turnover respectively, occur where the mismatches between individual and organizational ethical orientations are most disparate.

The ambivalent misfit aspects indicated in the model basically refer to situations where individuals with high, middling or low ethical orientations are confronted with marginally different organizational ethical orientations. Ambivalent misfit is believed to occur, although this has not been adequately indicated so far in the empirical fit research conducted by Billsberry et al. (2005), when individuals with middling ethical orientations work in moral organizations, or when individuals with post-conventional ethical orientations work in immoral organizations. Here the fit mismatch is less and may be neutralized altogether by, for example, a more instrumental orientation to work. In other words, it may possible that those who see work as a means of obtaining the wherewithal to sustain a particular lifestyle (Goldthorpe et al., 1969), will tolerate such mismatches, so long as they remain relatively minor.

Such people will also generally conform to the prevailing organizational ethical requirements, whether higher or lower than their own, both to remain employed and to receive desired instrumental rewards. Similarly, potential recruits with marginal differences between their own levels of ethical development and their perceptions of specific corporate reputations will behave equivocally, being either attracted or repulsed on amoral rationale.

Five basic propositions emerge from the above analysis:

#### Proposition 1

Fits between individual ethical orientations and corporate ethical reputations generate positive attitudes and behaviours among potential recruits.

#### Proposition 2

Misfits between individual ethical orientations and corporate ethical reputations generate negative attitudes and behaviours among potential recruits.

#### Proposition 3

Fits between individual ethical orientations and organizational ethical climates generate positive attitudes and behaviours in employees.

#### Proposition 4

Misfits between individual ethical orientations and organizational ethical climates generate negative attitudes and behaviours in employees.

#### Proposition 5

Ambivalent misfits between individual ethical orientations and ethical climates or corporate ethical reputations generate equivocal organization-related attitudinal and behavioural outcomes.

## Conclusion and recommendations

A perennial weakness of ethical analyses of this type is that human beings have the ability to convincing bluff others of their true intentions and, in some cases, even bluff themselves of their own real motives for particular beliefs and actions. Thus, for example, an individual might hold an apparently principled approach to business whereby business itself is seen as the business of business (Friedman, 1970), when in fact operating at a pre-conventional level of moral development where such an approach is seen as the most effective route to maximise selfish gain. Notwithstanding this weakness the model provides a useful tool for analysing individual/organizational ethical mismatches that incorporates the effects of different levels of moral development on individual ethical perceptions, and a theoretical model for testing specific hypotheses.

Recommendations for future research include the need to test the validity of the model empirically. The evidence presented in this paper provides support for the potential utility of the model as an explanatory heuristic for ethical PO matches and mismatches in individual attraction and retention behaviour, but empirical corroboration is required. This would involve, *inter alia*, testing the effects of job seekers' different levels of moral development on perceptions of corporate reputations of specific organizations and the effects of different levels of moral development among employees on their perceptions of specific organizational ethical climates and their concomitant turnover and retention behaviours.

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