

Article



# Ethical Climate and Job Attitude in Fashion Retail Employees' Turnover Intention, and Perceived Organizational Sustainability Performance: A Cross-Sectional Study

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**Abstract:** The relationship between the fashion retail industry's working environment and the high rate of employee turnover has been highlighted as one of the key concerns for negative organizational performance in both the short and long term. This relationship creates a need to investigate the ethical climate within fashion retail businesses, employees' attitudes toward their jobs, and employees' turnover intention, as these factors can influence organizations' performance including their likelihood of achieving the triple bottom lines of sustainability. Based on social exchange and human and social capital theories, this study investigated how employees' ethical climate and turnover intention are affected by both individual- and organizational-level factors, and their impact on the triple bottom lines of organizational sustainability performance. This study empirically tested a structural model based on the survey responses from 278 U.S. fashion retail employees. The findings show that an ethical climate can enhance employees' job attitude as well as all three dimensions of organizational sustainability performance-financial, social, and environmental. Creating an ethical climate in an organization can decrease employees' turnover intention, but also employees' attitudes towards their jobs lowers their turnover intention. The study's findings reveal that not only can employees' attitudes toward their jobs impact organizational sustainability performance, but creating an ethical working environment is another important way to improve organizational sustainability performance.

**Keywords:** organizational sustainability performance; ethical climate; job attitude; turnover intention; retail industry

# 1. Introduction

The fashion retail industry is an important segment of the global fashion supply chain. Retailers perform at the most downstream location within the supply chain, interacting directly with consumers [1]. The close proximity to consumers also heightens the need to meet today's consumers' wants and needs for sustainability. Unfortunately, the fashion retail industry is still criticized for its negative social and environmental impact, often stemming from its high rate of employee turnover and competitive market environment [2,3]. To combat these criticisms and improve sustainability performance, many of today's fashion retail businesses both voluntarily and involuntarily integrate social and environmental practices and policies into their business models [4]. Organizational sustainability performance is defined as a dynamic process that necessitates achieving short-term performance (meeting current needs) without compromising long-term performance (meeting future

needs) of the triple bottom lines—financial, social, and environmental [4]. However, most of these sustainability initiatives primarily focus on products or services or consumer behavior, and only limited attention has been paid to the role of employees in meeting companies' sustainability goals [5]. Employees are important conduits to implementing and achieving a variety of organizational goals toward sustainability. Accordingly, human and social capital theories brought great attention to the development of research related to turnover in many industries and suggested that turnover negatively influences organizational sustainability performance [6]. To positively influence competitive advantages over the long term, many organizations have recognized the value of ethical climate in enhancing an organization's image and reputation, as well as its sustainability performance [7,8]. However, little is known as to how employees' attitudes, perceptions of ethical climate, and turnover intentions affect fashion retail businesses' sustainability performance.

#### The U.S. Fashion Retail Industry and Employment Issues

Overall, the fashion industry is of great economic importance in terms of trade, employment, investment, and revenue throughout the world. The U.S. fashion industry accounts for US\$1.2 trillion of global economic activity, and the United States alone spends more than US\$250 billion annually on fashion-related products and services [9]. More specifically, in the U.S., retail is the largest employer, with nearly 15.7 million employees [10]. Under the retail industry umbrella, apparel and accessories retail stores are the third largest employers after general merchandise stores and vehicle and parts dealers, accounting for 1.4 million workers [11]. Employment in retail is projected to grow 7% between 2014 and 2024 [11].

As a sector within the supply chain, retail employees, including salespersons, cashiers, stock clerks, order fillers, and supervisors of retail sales workers, account for over 10 million employment positions in the U.S. retail trade industry [12]. These retail employment positions require working in retail stores, standing for long periods of time, and being assigned varied working hours even during holidays and weekends. Thus, retail employment is characterized by a high degree of casual, part-time, and seasonal employment [9]. Approximately 70% of retail employees are working full-time, and 68% of part-time employees want to work less than a full-time schedule [13]. More interestingly, nearly half of part-time retail employees are under the age of 25, while 20% of part-time retail employees are age 55 or older [13].

Therefore, retail employees' turnover rate has increased, with a 73.7% turnover rate in 2013, which is 15.9% above the national average [14]. This trend toward accelerated turnover is expected to continue [14]. The average fashion retail sales employee in the U.S. makes an annual income of less than US\$30,000 [11]. However, the cost of replacing an employee making less than US\$30,000 per annum is about 16% of that person's annual wage [15]. To prevent high turnover among retail employees, some retailers, such as Gap, TJ Maxx, Marshalls, and Uniqlo, have raised their wages [15]. In short, the fashion retail industry's working environment and high rate of employee turnover were cited as one of the key reasons for negative organizational performance, including sustainability, in both the short- and long-term [16].

Moreover, a work culture that supports and encourages ethical behavior is identified as another key antecedent of employees' turnover intentions and the sustainability performance of organizations [2,17,18]. The collective effect of organizational employees' ethical perceptions is found to generate shared ethical work norms within a work environment, in turn positively stimulating individuals' attitudes toward their jobs and the organization, and influencing ethical decision-making processes within the organization [17,19]. Many organizations recognize the value of ethical practices in enhancing their image and reputation, and subsequently the potential to positively increase their long-term competitive advantage [17,20]. Yet, few studies are available to on how employees' job attitude, ethical climate, and turnover intention affect fashion retail businesses' sustainability performance. Consequently, this study was designed to understand the underlying relationships between fashion retail employees' turnover intention, its antecedences and its impact on fashion retail businesses' sustainability performance.

## 2. Literature Review

#### 2.1. Organizational Sustainability Performance

An organization's sustainability performance is an important measure to consider because many of today's organizations are under pressure to report on their sustainability efforts [21]. Corporate sustainability performance can positively impact an organization's reputation, its relationships with stakeholders, and even employee productivity [22]. Thus, organizational sustainability performance literature often cites human capital theory. Human capital is defined as "productive wealth embodied in labor, skills and knowledge" which includes any stock of knowledge or the innate or acquired characteristics a person possesses that contributes to his or her economic productivity and organizational performance [23]. Eccles et al. [4] found that organizations with high levels of sustainability performance. It may be that high levels of sustainability performance provide more benefits to employees, attract better human capital, and encourage product and process innovations to remain competitive, given the additional environmental and social constraints [4].

Business sustainability is defined as "adopting business strategies and activities that meet the needs of the enterprise and its stakeholders today while protecting, sustaining and enhancing the human and natural resources that will be needed in the future" ([24], p. 362). Accordingly, Lourenco et al. [21] define corporate sustainability performance as "measuring the extent to which a firm embraces environmental integrity, social equity and economic prosperity into its operations, and ultimately the impact they exert on the firm and society" (p. 417). Additionally, Eccles et al. [4] explain that organizational sustainability performance should be viewed as a dynamic process that necessitates achieving short-term performance (meeting current needs) without compromising the long-term performance (meeting future needs) of the triple bottom lines—financial, social, and environmental. In today's market environment, organizational performance in one area can affect the other two [21].

The first dimension, financial performance, refers to the general measure of a firm's overall financial health over a given period of time [25]. Without positive financial performance, an organization may not be able to continue its business operations. The second dimension, social performance, is defined as a "company's responsibilities to multiple stakeholders, such as employees and the community at large, in addition to its traditional responsibilities to economic shareholders" ([26], p. 789). According to Chen and Delmas [26], social performance commonly measures "soft" indicators related to management practices, such as labor rights protection and the transparency of social and environmental performance reporting. The third dimension, environmental performance, is defined as "the results of an organization's management of its environmental aspects or the totality of a firm's behavior toward the natural environment (i.e., its level of total resource consumption and emissions)" ([27], p. 310).

#### 2.1.1. Ethical Climate and Perceived Organizational Sustainability Performance

Addressing ethical issues has been one of the primary objectives of various ethics management initiatives [28]. Indeed, ethical climate has been demonstrated as being positively associated with various individual-level variables, such as job attitude, turnover intention, and organizational commitment [5,29]. Victor and Cullen [30] defined ethical climate as "employees' shared perceptions of what is ethically correct behavior and how ethical issues should be handled" (pp. 51–52). Reflecting upon how an organization's rules and culture interact with individual employee perspectives, employees' perception of the work environment is found to play an important role in organizational performance [31].

Though ethical climate can presumably be costly for organizations to create, it is expected to provide organizations with both short- and long-term benefits [30,32]. These benefits include exclusion of costs resulting from ethical relations with external constituents as well as employees' long-term commitment toward their organization's objectives [33]. Indeed, Paine ([33], p. 54)) claims that ethical and economic advantages go "hand-in-hand", which highlights the importance of ethical climate in organizations. Furthermore, Chun et al. [18] explain that ethical climate might produce a variety of favorable employee reactions that implicitly contribute to organizational performance. Likewise, Blome and Paulraj [34] found that ethical climate was shown to facilitate social responsibility, which measures not only social performance but also incorporate some aspects of environmental performance. In other words, highly unethical organizations may risk declined market shares, high employee turnover rates, reduced profits, and poor relationships with suppliers [35].

Discovering the role of ethical climate led to realizing the importance of increasing an organization's overall orientation towards sustainability to maximize the impact of its social and environmental performance [36]. When included in a more comprehensive organizational strategy that stresses the company's orientation towards sustainability and makes this clear to its employees, the practices being studied have a greater impact on organizational sustainability performance [36]. Thus, an ethical climate might lead to positive externalities and intangible gains that create better return-on-investment in improved organizational performance [37]. Similar relationships are expected to be found in U.S. fashion retail businesses. Therefore, the following hypothesis is proposed (see Figure 1 for research hypothesis model):

**Hypothesis 1.** *Ethical climate positively impacts U.S. fashion retail businesses' triple bottom lines—(a) financial; (b) social; and (c) environmental performance.* 

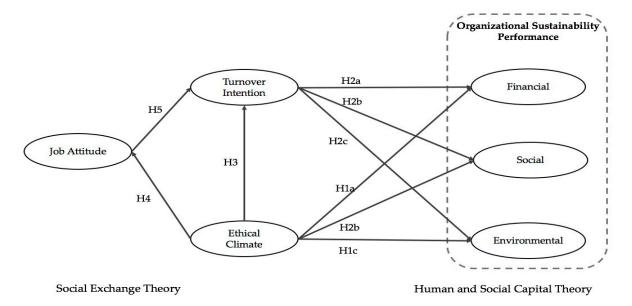


Figure 1. Research Hypothesis Model.

#### 2.1.2. Turnover Intention and Perceived Organizational Sustainability Performance

Human capital theory understands that knowledge may relate to particular costs to employers if employees with specific knowledge resign [23]. From this perspective, when employees leave an organization, that organization may experience additional costs not only from the loss of accumulated human capital but also from the loss of investment costs in employees, such as the expenditure related to training and education or a cost related to improving productivity, or both [38]. Thus, reducing turnover rates might be one of the key ways to maintain both skilled and knowledgeable workers and to increase the sustainability performance of any organization.

Lacity et al. [20] defined turnover intention as "the extent to which an employee plans to leave the organization" (p. 228). As a multi-stage process embracing attitudinal, decisional, and behavioral components, turnover intention is typically perceived to be the final stage in the decision-making process before a person actually leaves [39–41]. That is, turnover intention is considered an

show a moderate to strong correlation with behavioral turnover intentions and actual turnover behavior [40–42]. As turnover intention research shows evidence of a strong relationship with actual turnover behavior, researchers used turnover intention as a proxy for turnover behavior [43]. Particularly, substantial attention has been paid to organizational turnover intention in an effort to understand the mechanisms behind voluntary turnover behavior, which is directed at reducing turnover and its potential costs [44,45]. Indeed, Siebert and Zubanov [45] emphasize that turnover intention can result in negative consequences, such as difficulties in recruitment, training expenses, declining employee morale, and customer dissatisfaction. Some argue that recruiting and training a replacement employee can cost up to 50% of the worker's annual salary [46]. Hence, turnover intention has been the key measure to assessing an organization's performance. In particular, the researchers show that employees' low turnover intention positively affects an organization's financial performance, including sales [47],

antecedent of the actual behavior of leaving the employ of the organization [39], and many studies

On the other hand, Kodwani and Kumar [46] assert that costs due to employee turnover are not limited to monetary issues, but also hurt the employer in nonmonetary terms with the loss of knowledge and skills, loss or reduction of productivity, and new competitive pressures. In fact, turnover can exhaust the organization's social capital, which is "a resource reflecting the character of social relations within the organization, realized through members' levels of collective goal orientation and shared trust" ([38], p. 540). Jaramillo et al. [50] state that encouraging and valuing employees and their work may reduce turnover intention, which could, in turn, enhance social performance within organizations. Conversely, according to Park and Shaw [16], a high turnover rate makes it difficult for companies to build effective teams and therefore results in low social performance. Siebert and Zubanov [45] suggest that social capital is created when the relationship among people changes in ways that faciliate instrumental action. This could imply that increases in turnover cause disruptions to operational and collective functions [51].

profit [48], return on assets [49], and even customer service in the retail setting [26].

In today's market environment, organizational performance in one area can affect the other two [21]. Hence, Ramus and Steger [52] assert that employees' perceptions of ethical climate and organizational support, along with the operationalization of such qualities between organizations and their employees, could contribute to effective environmental performance and employees' eco-initiative development. In other words, low turnover intention among employees can improve environmental performance by decreasing the environmental impact of the company through recycling and pollution prevention, solving environmental problems in the company, and by reducing the need for hazardous waste disposal or eliminating chemicals harmful to human health or the natural environment, or both [52]. Park and Shaw [16] found that the significantly negative effects of turnover on organizational performance was greater in human capital intensive. Similar relationships are expected in the U.S. fashion retail business sector. Accordingly, it is expected that a low turnover rate will help companies' overall social performance. Therefore, the following hypothesis is proposed:

**Hypothesis 2.** *U.S. fashion retail employees' low turnover intention increases the organization's triple bottom lines*—(*a) financial; (b) social; and (c) environmental performance.* 

#### 2.2. Ethical Climate and Turnover Intention

The impact of ethical climate on employees' turnover intentions has been researched at the organizational level [8,31,53,54]. Reflecting upon how organizational rules and culture interact with individual employee perspectives, employees' perception of the work environment is found to play an important role in turnover intention [31]. An early study by Apasu [55] emphasizes that when the degree of congruence becomes greater between individual and organizational values, it results in a lower turnover intention [56]. This finding is supported by the assertion of Sims and Keon [57] that employees who desire to work in an ethical environment are less likely to leave when they perceive their organization's work climate as ethical. If employees feel they work in an ethical climate, their work attitudes are thought to be positively affected because they may perceive these ethical organizations as having an honest and trustful work environment [50].

Indeed, positive perception of an organization's ethical climate is found to decrease turnover intentions [50,58]. O'Neill et al. [59] found that a caring ethical climate plays a significant role for employees in the hotel industry, with those perceiving an ethical climate being less likely to leave the organization. By investigating stakeholder perspectives, Stewart et al. [60] examined how employees' perceptions of ethical climate could also affect the relationship between the diversity climate and turnover intentions. However, there is a study finding a direct association between ethical climate and turnover intention among service related industry employees in Taiwan [61]. Their findings show that turnover intentions decreased among the warehouse employees of a U.S. retail organization when the environment was perceived as a highly ethical climate. Similar relationships are expected among U.S. fashion employees. Thus, the following hypothesis is proposed:

**Hypothesis 3.** Ethical climate decreases U.S. fashion retail employees' turnover intentions.

## Ethical Climate and Job Attitude

Job attitude is defined as "evaluations of one's job that express one's feelings toward, beliefs about, and attachment to one's job" ([62], p. 343). Encompassing both the cognitive and affective components of these evaluations, job attitudes are one of the most influential areas of inquiry in all of organizational psychology pertaining to "job satisfaction", or "organizational commitment" ([62], p. 342). The literature reports strong positive relationships between organizational climate perceptions and employees' job attitudes [63,64]. That is, when employees perceive their organizations as being ethical, they are likely to regard their organizations as being fair to them [65], and thus are more likely to respond with a positive job attitude [66]. Mulki et al. [8] reveal that service employees in a health department who operate in an ethical climate tend to show positive attitudes toward their jobs. Schwepker [58] found that the ethical climate was positively associated with job attitude with salespeople in a southeastern region of the United States. Similarly, Tsai and Huang [54] also found that ethical climate was an important factor influencing the overall job attitude of nurses in Taiwan. Specifically examining industrial buyers, Anaza et al. [67] found that ethical climate was a highly important influencer of employees' positive attitudes toward their jobs. Thus, the following hypothesis is proposed:

**Hypothesis 4.** *Ethical climate increases U.S. fashion retail employees' positive job attitudes.* 

#### 2.3. Job Attitude and Turnover Intention

Turnover intention research often uses the social exchange theory to explain individual-organization workplace exchange relationships [68–70]. The theory provides a basic framework to examine potential benefits resulting from effective workplace relationships for the employee, the supervisor, and the organization as a whole [70]. According to Blau [68], social exchange relationships emerge from "feelings of personal obligations, gratitude, and trust" (p. 94). That is, if employees perceive that they would personally benefit from the organization, they may respond by returning goodwill in the form of low turnover intention [71]. This can link to the group-value literature, which suggests that employees are guided to return benefits to maintain the social exchange relationship [72]. Social exchange theory also implies that there is a trade-off between the employee's short-term sacrifice and long-term compensation [72,73]. That is, similar to an economic exchange in which the expenditure and the return are relatively equal, the nature of social exchange assumes that participants begin to exchange resources, knowledge, time and emotional support in exchange for long-term benefit. In this light, Cropanzano and Mitchell [72] observed that this type of social exchange could be viewed as a type of transaction, even though it is relationship-focused.

Among the benefits that employees seek from workplace exchange relationships, employees' attitudes towards their jobs has been well-researched in relation to turnover intention [8,74–76]. Mobley [76] reveals that a positive job attitude could elicit a sequence of cognitive and behavioral processes leading to the decision to resign from or remain with a company. Moreover, Kahneman and Tversky [77] propose a prospect theory which explains that a decision differs according to whether decision-makers frame the outcome as a gain or a loss. Accordingly, in the context of work-related consequences, a positive job attitude is thought to be a major contributing factor in employees' turnover intentions [20,78]. Individuals evaluate their current situation through personal preferences for job attitude, and as discrepancies between expectations and reality are evaluated as being significantly different, this can result in changes to the employee's turnover intention [74]. That is, when employees are satisfied with their jobs, they tend to perform better and are less likely to engage in counterproductive behaviors [75]. Accordingly, screening 38 studies as a meta-analysis, Choi and Kim [79] found a significant relationship between job attitude and turnover intention. This relationship is expected to be found with U.S. fashion retail employees. Therefore, the following hypothesis is proposed:

Hypothesis 5. Job attitude decreases U.S. fashion retail employees' turnover intentions.

# 3. Methods

#### 3.1. Data Collection

To test feasibility, equipment, and methods, an initial pilot study was conducted, which is a small-scale preliminary study of the larger research design [80]. To ensure a reasonably effective size for a pilot study, Moore and his colleagues [81] recommend at least 12 participants for pilot studies with a primary focus on estimating average values and variability for planning larger subsequent studies. Our pilot study was conducted with members of the relevant population and was completed by 12 participants who fit into the study's sample frame. No difficulties or issues relating to measurement items were reported. Moreover, all participants found that the instructions and wording of the survey were easily understood. Thus, no modification was made prior to the final survey.

Once the approval of the University's Institutional Review Board was granted, participants were recruited in Spring 2016 through Qualtrics-a professional survey company in Provo, UT, U.S. Qualtrics, which recruits from a diverse population of over 30 million people every month, is recognized as the premier online survey platform for customer, market, and employee insights across all industries. In order to recruit appropriate participants for this study, a Qualtrics representative undertook various recruitment processes among panel companies that Qualtrics typically uses [82]. Moreover, age, gender, and level of education were asked as quota questions. Also, prior to administering the formal survey, the Qualtrics representative reviewed the survey and added a marker question to improve the quality of the data namely, "I will answer neither for this line". Once respondents joined a panel and entered all of their information, that information was cross-verified with social media avenues, third-party credit verification, LinkedIn (https://www.linkedin.com), IP addresses localization, etc. To fit the needs of study objective, participants were required to be over 18 years of age and, more importantly, to be employees fulfilling the functions of individuals who are employed in the fashion retail industry. Thus, five screening questions were added, and in order to proceed to the survey questions, the participants were required to respond in the affirmative to all five screening questions. The five screening questions include, "Are you 18 years old or above?", "Are you working full-time in the U.S.?", "Have you worked more than one year with your current company?" "Does your company have more than two employees?", and the fifth question provided participants with a definition of the fashion retail industry, namely, "an industry that engages in retail merchandises related to fashion clothing, fashion accessories and fashion shoes, and ultimately markets it to target consumers". Following this statement, participants were asked, "Do you work full-time in any categories that are listed above or related to fashion retail?" To proceed to the survey questions, the participants were required to respond to all five screening questions in the affirmative. Qualtrics collected responses and the researcher paid US\$11.75 per response. Data collection was conducted over a period of approximately two weeks. A total of 401 participants started the survey, but only 309 responses were completed and capable of being used for further data analysis.

## 3.2. Instruments

The survey questionnaire consisted of five parts, measuring (a) job attitude; (b) ethical climate; (c) turnover intention; (d) perceived organizational sustainability performance; and (e) demographic variables. All items were measured on a 5-point Likert scale ranging from (1) strongly disagree to (5) strongly agree. By conducting a comparison study of Job Descriptive Index (JDI) and INDSALES for job attitude, Futrell [83] argues that INDSALES should be considered for the measurement of salesforce job attitude which could fit to retail employees' job satisfaction. Moreover, the author indicates that INDSALES would have higher internal reliability than JDI. Thus, job attitude was adopted from Schwepker [58], who used a 3-item scale including, "My work gives me a sense of accomplishment" and, "I am really doing something worthwhile in my job". Ethical climate items were adopted from Huang et al. [84], who used a 14-item scale. Those items included, "What is best for everyone in my company is the major consideration here", and, "In my company, people protect their own interests above all else". Turnover intention items were adopted from Brashearet al. [29], who used a 6-item scale. Examples of items on this scale included, "I often think about quitting my present job", and "I intent to quit my present job".

By taking into account environmental integrity, social equity, economic prosperity, and ultimately the impact they exert on the firm and society [16], perceived organizational sustainability performance is measured using three dimensions: financial, social and environmental performance. First, the financial performance scale was adopted from Choi and Yu [85], who used a 3-item scale. Those items included, "I am aware that our company has a competitive advantage in its sales and profit growth", and, "I am aware that our company has a competitive advantage in its brand value". Due to lack of existing reliable scales for organizations' social and environmental performance, the study created new scales using the exploratory study of Eccles et al. [4]. They recommend certain items for

measuring environmental and social policies that have been implemented by a variety of organizations and companies. Related to social performance, a 3-item scale was included with items such as, "I am aware that my company has a policy to strive to be a good corporate citizen", and, "I am aware that my company has a policy to respect business ethics". Moreover, a 3-item scale related to environmental performance read as follows: "I am aware that my company has an initiative to reduce, reuse, and recycle", and, "I am aware that my company has a policy to improve its energy efficiency".

## 4. Results

## 4.1. Data Screening

Prior to testing hypotheses in this study, it was necessary to check the data screening techniques and assess the basic assumptions in IBM Statistical Package for the Social Sciences 22 (SPSS, Armonk, NY, USA), such as missing data, outliers, multicollinearity, and normality. Outliers were evaluated for response patterns that recorded either being all "1" or "5" on all 40 measurement items, and three datasets were excluded from further analysis. Multivariate outliers are observations that are inconsistent with the correlational structure of the dataset, and can be identified with Mahalanobis distance [86]. Mahalanobis distance measures the distance of a data point from the calculated centroid of the other cases where the centroid is calculated as the intersection of the mean of the variables being assessed. The Squared Mahalanobis distance of 40 items was evaluated, with 73.40 critical value as the cut off, if potential multivariate outliers existed in the SPSS. Twenty-eight responses were detected as multivariate outliers exceeding the critical value (>73.40), and were excluded from further analysis. Multicollinearity was measured in a multiple regression model by observing the correlation matrix for high-correlation coefficients (>0.9) between predictor variables [86]. The items possessing multicollinearity with values of variance inflation factor (VIF) that exceeded 10 and tolerance that surpassed one were further evaluated, but no multicollinearity was found among the measurement items; therefore, they were included in the data analysis. For normal univariate distribution, values for asymmetry and kurtosis between  $\pm 2$  were considered acceptable [86]. Overall, non-normality did not hinder this data analysis, and was determined as the measured variable in the model. After basic assumptions were evaluated, 278 data were analyzed in total. Then, the two-step approach was employed to conduct empirical data analysis using structural equation modeling [87].

#### 4.2. Demographics

Sample characteristics were as follows: 145 participants were female (52.2%) and 133 were male (47.8%). Participants were young, in general, with 93 participants in the range of 18 to 24 years of age (33.5%), 98 between 25 and 44 years of age (35.3%), 83 between 45 and 64 years of age (29.9%), and 4 being 65 years of age or older (1.4%). Most participants' educational backgrounds included at least some higher education; only 68 reported their level of education as high school graduate or less (24.5%). For the remainder, 70 attended some college (25.2%), 82 had received an associate's or bachelor's degree (29.5%), 51 held a master's or professional degree (18.3%), and 7 had earned a doctoral degree (2.5%). As to marital status, 133 participants were married (47.8%), 113 never married (40.6%), 26 were divorced (9.4%), 4 were widowed (1.4%), and 2 were separated (0.7%). With respect to ethnicity, the majority of participants were White/Caucasian with 185 (66.5%), followed by 38 Hispanic/Latinos (13.7%), 29 Black/African Americans (10.4%), 17 Asians (6.1%), and 4 Others (1.4%).

In addition, of the 278 data, the majority of participants, 182, worked in privately-owned retail (65.5%), while 73 participants worked in publicly-owned retail (26.3%). The remaining 23 participants (8.3%) did not know whether their employment was in privately or publicly-owned retail. Participants worked in companies of varying sizes: 41 worked in companies having between 2 and 10 employees (14.7%); 75 between 11 and 50 employees (27%); 82 between 51 and 250 employees (29.5%); 28 between 251 and 500 employees (10.1%); and 52 over 501 employees (18.7%). In terms of job responsibilities,

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114 of the participants have work relating to sales (41%), followed by 81 in store management (29.1%), 51 in buying or merchandising (18.3%), 16 in human resources (5.8%), and 16 in various other areas (5.8%), such as creative design, department leadership, marketing, wholesale, quality assurance, and logistics. Relating to income level in 2015, 102 participants (36.7%) reported an earned income in the range of US\$25,001–US\$50,000, followed by 74 participants (26.6%) earning US\$50,001–US\$75,000; 39 participants (14%) earning US\$75,001–US\$100,000; 35 participants (12.6%) earning US\$100,001 or more; and 28 participants (10.1%) earning US\$25,000 or less.

## 4.3. Measurement Model

Prior to examining hypothesis relationships, the original a priori measurement model of variables in the hypothesized structural model was condensed and specified over several iterations to reduce standardized residuals and obtain acceptable model fit by using Mplus 7 [87]. In consideration of modification indices, covariance relations were added, and items were deleted one at a time. Through this process, ten items were removed due to low factor loadings and high correlation.

A cross-sectional study in organizational research can lead to a false internal consistency, and/or cause systematic measurement errors that either inflate or deflate the observed relationships between constructs [88]. According to Podsakoffe et al. [89], under the circumstance of single source data collecting in same context, it is important to evaluate common method variance (CMV) conducting "single-factor-approach" (p. 898). According to Harman's [90] single-factor method, single-factor analysis has been evaluated and revealed its variance as 33.41%. Moreover, single-factor solution's fit indices revealed to be a poor fit with a comparative fit index (CFI) of 0.59, a tucker lewis index (TLI) of 0.53, a root mean square residual (RMSEA) of 0.17, and the standardized root mean square residual (SRMR) of 0.12.

On the other hand, the nested model comparison was examined with a  $\chi^2$ , by comparing a single-factor solution ( $\chi^2 = 1704.07$ , d.f. = 187; *p*-value < 0.000) with the research model (272.776, d.f. = 172; *p*-value < 0.001) [87]. Based on the result of  $\Delta X^2 = 1431.27$  and  $\Delta d.f. = 15$ (*p*-value < 0.000), the two models were different, indicating that the single-factor solution results in a substantial worsening of the overall model fit. Consequently, the measurement model of all latent variables in the hypothesized structural model had an  $X^2$  value of 290.68 (d.f. = 190; *p*-value < 0.001), a corresponding CFI of 0.97, a TLI of 0.97, an RMSEA of 0.04, and an SRMR of 0.04 at acceptable levels of model fit. Although the *p*-value of  $X^2$  was less than 0.10 due to a high sample size, all other fit indices showed an acceptable fit. The loadings for all the factors were high, above 0.60, and corresponding standardized estimate/standard error (est./s.e.) values were statistically significant (see Table 1).

Furthermore, the convergent and discriminant validity of the measurement model was checked with the average variance extracted (AVE). First, the overall AVEs of all latent constructs within the measurement model satisfied the criteria of the convergent validity, as the AVE of each latent construct was evaluated with a cut off criterion of 0.50 or higher [91]. Second, discriminant validity was evaluated with AVE estimates and the correlation matrix (see Table 2). All values of the square root of the AVE of paired constructs exceeded the correlation estimates between these constructs, which satisfied the discriminant validity of the measurement model [91]. Overall, the reliability of the measurement model was supported as the scales included in this model exhibited acceptable reliability with Cronbach's  $\alpha$  over 0.70 [91]. Cronbach's  $\alpha$  value ranged from 0.78 (ethical climate) to 0.93 (job attitude) while composite reliability ranged from 0.81 (social performance) to 0.93 (job attitude). Consequently, by evaluating all model fit indices, reliability and validity, the measurement model was confirmed. Detailed information is listed in Tables 1 and 2.

	Standardized Estimate	Standaro Error
<b>Job attitude</b> (Cronbach's $\alpha = 0.93$ , <i>CR</i> <sup><i>a</i></sup> = 0.93, <i>AVE</i> <sup><i>b</i></sup> = 0.81)		
$X_1$ : My work gives me a sense of accomplishment.	0.91	0.01
$X_2$ : My work is satisfying.	0.93	0.01
$X_3$ : I am really doing something worthwhile in my job.	0.86	0.02
Ethical climate (Cronbach's $\alpha = 0.78$ , CR <sup>a</sup> = 0.90, AVE <sup>b</sup> = 0.57)		
$X_4$ : The most important concern is the good of all the people in my company as a whole.	0.86	0.02
X <sub>5</sub> : What is best for everyone in my company is the major consideration here.	0.85	0.02
$X_6$ : My major concern is always what is best for the other person.	0.60	0.04
X <sub>7</sub> : In my company, the law or ethical code of the profession is the major consideration.	0.84	0.04
X <sub>9</sub> : Everyone is expected to comply with the company policies and standards over and above other considerations.	0.61	0.05
$X_{12}$ : Employees are expected to do anything to protect my company's financial interests, regardless of the consequences.	0.82	0.12
$X_{13}$ : In searching for the company's financial interests, there is no room for one's own personal morals or ethics in this company. ( <i>R</i> )	0.64	0.10
<b>Turnover intention</b> (Cronbach's $\alpha = 0.90$ , <i>CR</i> <sup><i>a</i></sup> = 0.90, <i>AVE</i> <sup><i>b</i></sup> = 0.70)		
$X_{18}$ : I often think about quitting my present job.	0.89	0.02
$X_{19}$ : I intend to quit my present job.	0.87	0.02
$X_{20}$ : I often think about an alternative job.	0.77	0.03
$X_{23}$ : I am constantly searching for a new job.	0.81	0.02
Sustainability performance		
<b>Financial performance</b> (Cronbach's $\alpha = 0.87$ , <i>CR</i> <sup><i>a</i></sup> = 0.87, <i>AVE</i> <sup><i>b</i></sup> = 0.70)		
$Y_1$ : I am aware that my company has competitive advantages in its sales and profit growth.	0.85	0.02
Y <sub>2</sub> : I am aware that our company has a competitive advantage in cost saving and efficiency.	0.88	0.02
$Y_3$ : I am aware that our company has a competitive advantage in its brand value.	0.78	0.03
<b>Social performance</b> (Cronbach's $\alpha = 0.81$ , <i>CR</i> <sup><i>a</i></sup> = 0.81, <i>AVE</i> <sup><i>b</i></sup> = 0.70)		
Y <sub>4</sub> : I am aware that my company has a policy to strive to be a good corporate citizen.	0.86	0.03
$Y_5$ : I am aware that my company has a policy to respect business ethics.	0.78	0.03
<b>Environmental performance</b> (Cronbach's $\alpha = 0.86$ , <i>CR</i> <sup><i>a</i></sup> = 0.84, <i>AVE</i> <sup><i>b</i></sup> = 0.63)		
$Y_7$ : I am aware that my company has an initiative to reduce, reuse, and recycle.	0.78	0.03
$Y_8$ : I am aware that my company has an initiative to reduce the negative environmental impact of its products.	0.80	0.03
<i>Y</i> <sub>9</sub> : My company has a policy to improve its energy efficiency.	0.81	0.03

Table 1. Confirmatory Factor Analysis for the Measurement Model, and Scale Reliability (N = 278).

Note:  $CR^a$  = Composite Reliability;  $AVE^b$  = Average variance extracted; (R) = *Reverse-coded*. Goodness-of-Fit Indices,  $X^2$  = 290.68, d.f. = 190, p-value = 0.001; CFI = 0.97; TLI = 0.97; RMSEA = 0.04; 90% C.I. RMSEA = 0.03 0.05; SRMR = 0.04.

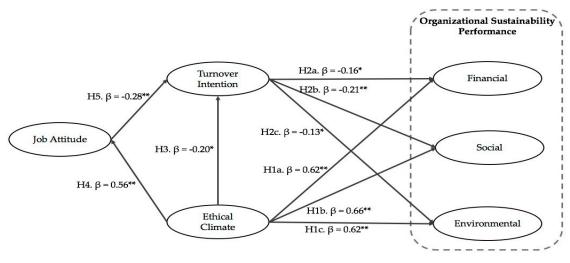
			Correlation	าร		
_	1	2	3	4	5	6
1. Job attitude	0.90					
2. Ethical climate	0.48 **	0.75				
3. Turnover intention	-0.36 **	-0.33 **	0.84			
4. Financial performance	0.39 **	0.57 **	-0.34 **	0.84		
5. Social performance	0.36 **	0.59 **	-0.37 **	0.65 **	0.82	
6. Environmental performance	0.38 **	0.52 **	-0.31 **	0.59 **	0.60 **	0.7

Note: The diagonal values in bold represent the square root of the AVE of each construct, and off-diagonal elements are the correlations between constructs; \* p < 0.05, \*\* p < 0.001.

# 4.4. Strucutral Model

The structural model reported its goodness-of-model-fit indices to be  $X^2 = 294.76$  (d.f. = 193, *p*-value < 0.000), CFI = 0.97; and TLI = 0.97; RMSEA = 0.04, and SRMR = 0.04, suggesting acceptable levels of model fit (see Figure 2). Hypothesis 1a through 1c examined the impact of ethical climate on perceived organizational sustainability performance. Hypothesis 1a posited a positive effect of

ethical climate on perceived financial performance. Analysis results indicated that it was statistically significant (H1a: standardized coefficients  $\beta = 0.62$ ; *p*-value < 0.001). Hypothesis 1b assessed the positive influence of ethical climate on perceived social performance. This relationship was shown as statistically significant (H1b:  $\beta = 0.66$ ; *p*-value < 0.001). Hypothesis 1c examined the positive relationship between ethical climate and perceived environmental performance. The result indicated that it was statistically significant (H1c:  $\beta = 0.62$ ; *p*-value < 0.001).



Social Exchange Theory

Human and Social Capital Theory

**Figure 2.** Hypotheses Testing for the Structural Model. Goodness-of-Fit Indices:  $X^2 = 294.76$ , d.f. = 193, *p*-value = 0.001; CFI = 0.97; TLI = 0.97; RMSEA = 0.04; 90% C.I. RMSEA = 0.03 0.05; SRMR = 0.04; \* *p* < 0.05, \*\* *p* < 0.001.

Hypothesis 2a through 2c examined the relationship between turnover intention and perceived organizational sustainability performance. Hypothesis 2a posited a negative influence of turnover intention on financial performance. Analysis results indicated that it was statistically significant (H2a:  $\beta = -0.16$ ; *p*-value < 0.05). Hypothesis 2b assessed the negative influence of turnover intention on perceived social performance. This relationship was shown as statistically significant (H2b:  $\beta = -0.21$ ; *p*-value < 0.001). Hypothesis 2c examined the negative relationship between turnover intention and perceived environmental performance. The result indicated that it was statistically significant (H2c:  $\beta = -0.13$ ; *p*-value < 0.05).

In addition, hypothesis 3 assessed the negative relationship between ethical climate and turnover intention. Analysis results indicated that it was statistically significant (H3:  $\beta = -0.20$ ; *p*-value < 0.05). Hypothesis 4 investigated whether ethical climate could positively influence an employee's job attitude. This relationship was also shown as statistically significant (H4:  $\beta = 0.56$ ; *p*-value < 0.001). Hypothesis 5 predicted a negative relationship between job attitude and turnover intention. The result supporting this hypothesis was statistically significant (H5:  $\beta = -0.28$ ; *p*-value < 0.001).

## 4.5. Further Analysis of Indirect Effects

In addition to hypothesized relationship testing, the results of our analysis also recognized the indirect effects of relationships in this study (see Table 3). First, turnover intention was influential in the relationship between job attitude and perceived organizational sustainability performance. Turnover intention indeed mediated the relationship between job attitude and perceived financial performance (standardized parameter estimate = 0.044; *p*-value < 0.05), and between job attitude and perceived social performance (standardized parameter estimate = 0.058; *p*-value < 0.05). However, turnover intention was shown to be statistically insignificant between job attitude and perceived environmental performance.

Relationship	Direct Effect	Indirect Effect <sup>a</sup>	Indirect Effect <sup>b</sup>	Total Effect
$JA \rightarrow FP$		0.04 *		0.04
$JA \rightarrow SP$		0.06 *		0.06
$JA \rightarrow EP$		0.04		0.04
$EC \rightarrow TI$	-0.20 *	-0.16 **		-0.36
$\text{EC} \rightarrow \text{FP}$	0.62 **	0.03 *	0.03 *	0.68
$\mathrm{EC} \to \mathrm{SP}$	0.67 **	0.04 *	0.03 *	0.73
$\mathrm{EC}  ightarrow \mathrm{EP}$	0.62 **	0.03	0.02	0.67

<b>Table 3.</b> Standardized Effects Decomposition: Direct, Indirect, and Total Effects ( $N = 278$ ).
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Note: *a*: turnover intention mediates between relationships; *b*: both job attitude and turnover intention mediate between relationships; \* p < 0.05, \*\* p < 0.001.

On the other hand, turnover intention was shown to have mediating effects between ethical climate and perceived organizational sustainability performance. Not only did turnover intention mediate a relationship between ethical climate and perceived financial performance (standardized parameter estimate = 0.03; *p*-value < 0.05) but job attitude also mediated between ethical climate and perceived financial performance (standardized parameter estimate = 0.03; *p*-value < 0.05). These mediating effects enhanced the total effect of the relationship between ethical climate and perceived financial performance (standardized parameter estimate = 0.03; *p*-value < 0.05). These mediating effects enhanced the total effect of the relationship between ethical climate and perceived financial performance (standardized parameter estimate = 0.68; *p*-value < 0.001).

Moreover, turnover intention mediated a relationship between ethical climate and perceived social performance (standardized parameter estimate = 0.04; *p*-value < 0.05), and job attitude was also shown to mediate between ethical climate and perceived social performance (standardized parameter estimate = 0.03; *p*-value < 0.05). These mediating effects also enhanced the total effect of the relationship between ethical climate and perceived social performance (standardized parameter estimate = 0.73; *p*-value < 0.001). Therefore, the indirect effects of turnover intention (standardized parameter estimate = 0.05; *p*-value = 0.052) and job attitude (standardized parameter estimate = 0.03; *p*-value = 0.052) and job attitude (standardized parameter estimate = 0.03; *p*-value = 0.092), and between ethical climate and perceived environmental performance were shown to be statistically insignificant.

## 5. Discussions and Conclusions

Given that fashion retail businesses often create negative perceptions amongst the public in relation to sustainability, stemming from high turnover rates and competitive market environments, this study investigated what influences companies' sustainability performance from the employees' perspective. According to social and human capital theories, employees are the key to success in any organization [38]; therefore, the study hypothesized that the low turnover rate within organizations with ethical climates would help achieve superior organizational performance, including social and environmental dimensions.

The result of a nationwide survey study using U.S. fashion retail employees as a sample framework found that that employees' positive attitude toward their jobs not only reduced their turnover intention, but also that their organizations' environment or climate could reduce employees' turnover intention. As job satisfaction had been known to be a major contributing factor for employees' turnover intentions in various domains and disciplines [8,74], this study supports the theory that positive job attitude is important to employees' turnover intention. Moreover, as ethical climate and turnover intention have also been found to be highly influential for organizational performance in service-related industries [8,53], the results of this study support the notion that ethical climate is significantly important in lowering employees' turnover intentions and increasing positive job attitudes. These findings provide a strong support for Blaus' [68] social exchange theory. That is, if employees feel satisfied with their jobs and work in a perceived ethical environment, their attitude toward turnover intention tends to decrease [58].

Interestingly, this study found that ethical climate not only lowered employees' turnover intention but also positively affected employees' job attitude. Similarly, previous studies posited that ethical climate could influence a number of outcomes, such as employees' job attitude [31,50], turnover intentions [8], and organizational citizenship behavior [54]. This finding carries an important message: that it is critical to build the perception of an ethical work environment for employees and that this can reduce the negative attitude of turnover intention while encouraging employees' positive attitudes toward their jobs. This may be because if employees perceive their working environment to be more ethical and perceive their employers as doing right thing voluntarily rather than out of obligation, it may have a significant positive influence on job attitude as it places great importance on the meaningfulness of work. Likewise, for the fashion retail industry where businesses are highly involved with people, it is strongly recommended that the expectations of employees be outlined by developing written standards of ethical workplace conduct, providing training to ensure awareness of these expectations, and equipping managers to reinforce the company's values through their actions.

The relationship between turnover intention and each of the three dimensions of organizational sustainability performance were found to be positive in this study. Similar to previous study findings, the present study shows that high turnover intention may harm not only organizations' financial performance but also their social and environmental performance. This is an important new theoretical contribution because few studies focus on organizational sustainability performance from the perspective of low turnover intention. Moreover, because the fashion retail industry has high turnover rates compared to other industries, understanding turnover intention should be extremely important for many retail businesses [14,15]. That is, since they are less likely to move, organizations would reap the benefits of training long-term employees. This implies that any fashion retail businesses should consider ways to reduce turnover intention among employees, resulting in positive organizational performance in achieving sustainability.

This study found that ethical climate was positively associated with each of the three dimensions of organizational sustainability performance. These findings support previous studies [27] which found that ethical climate plays an essential role in stimulating organizational performance. This result emphasizes the importance of creating an ethical climate, not only in a retail environment, but also in any organization, as organizational performance measures success and achievement in any context. According to Paine's [33] argument, ethical climate could offer "hand-in-hand" advantages, not only in financial but also in social and environment performance. In other words, ethical climate could bring positive externalities to prevent costs related to ethical relations and policies while strengthening intangible gains in employees' positive attitudinal engagement and commitment in the long run. Thus, this study's results suggest that an ethical climate is critically important for encouraging employees to have positive attitudes toward their jobs and to develop organizational performance in the U.S. fashion retail industry. In other words, a working environment that is perceived as ethical is particularly critical to enable fashion retail employees to work well within their teams, departments, or organizations. To stimulate all three aspects of organizational sustainability performance, ethical climate must be embedded within the retail business environment. Accordingly, to provide an improved ethical climate, performance evaluation systems could be introduced to survey the workplace from the employee perspective. This may assist employees in developing more trusting and caring perceptions toward their organizations, which could lead to superior social, financial, and environmental performance through organizational citizenship behavior.

The study showed that turnover intention mediated the relationship between job attitude and all three dimensions of organizational sustainability performance. This relationship suggests that when employees have positive attitude toward their employment, turnover intention may decrease, which will, in turn, improve the triple bottom line for organizational sustainability performance. This implies that employees' positive attitudes toward their jobs are a central component of improving organizational sustainability performance.

Lastly, three correlations were found between financial and social performance, financial and environmental performance, and social and environmental performance. This study was one of the few to investigate the three dimensions of organizational sustainability performance. Previous studies examining sustainability performance primarily focused on the social and financial aspects of sustainability [7]. Because sustainability has begun to encompass the triple bottom lines—social, financial, and environmental—this study therefore included environmental performance to measure a more complete framework for the sustainability performance of organizations. This study's findings show that environmental performance is positively associated with financial and social performance, supporting the triple bottom line theory of sustainability. These correlations imply that all three relationships simultaneously help each other to achieve superior organizational performance [92,93]. In the past, fashion businesses have been criticized for causing a negative environmental impact and damage around the world [2]. To fulfill the profit-driven nature of the industry, many fashion retail businesses have focused solely on the financial aspect of organizational performance, often causing social and environmental problems [2,3,16]. Therefore, the results addressed the importance of including social and environmental aspects of organizational performance. If the three dimensions of organizational sustainability performance are equally or similarly weighted in evaluating fashion retail business performance, it would not only positively affect fashion retail businesses but would certainly influence other related parts of fashion supply chains. Thus, fashion retail businesses should consider evaluating organizational performance based on all three components of sustainability, including financial, social, and environmental factors, as they all seem to go hand in hand.

This study has several limitations, which may lead to future research opportunities. First, the objective of this study focused exclusively on U.S. fashion retail employees. Although the results are valuable, different findings may result in terms of the three dimensions of organizational sustainability performance in other parts of the fashion supply chain operating in other countries or in wholesales that primarily deal with manufacturers in other countries. Therefore, it is suggested that future research compare and contrast the cultural influences on outcomes of the triple bottom line of organizational sustainability performance. Second, the study employed a purposive sampling technique, and it cannot be assumed that this study is representative of the whole population of U.S. fashion retail employees. Also, in order to accommodate data collection in a timely manner, a research firm recruited panels from among their contacts to participate in the survey. Thus, it may be difficult to generally apply this study's findings to the whole population of U.S. fashion retail employees. Hence, future research could garner a larger number of participants, in addition to utilizing a randomized sampling technique.

Third, this study is one of few studies to examine organizational sustainability performance from employees' perspectives as to perceived organizational sustainability performance. Although this may provide an interesting view of organizational performance, future research can be considered to include managers' or other higher-level positions' perception of perceived organizational sustainability performance. Moreover, this study aimed to investigate influences of turnover intention on organizational sustainability performance. Although the findings of this study led an interesting point for human resources, future research could consider possibilities in the opposite direction to examine the vital role of organizational sustainability performance in the retail industry. Fifth, to investigate employees' internal attitudes toward their jobs, the items measuring their job attitudes were adopted from Schwepker's [58] INDSALES. Therefore, there are other instruments measuring job attitudes which can be used for future study and possible measurement for job attitudes include the JDI or from the Minnesota Satisfaction Questionnaire (MSQ). A multidimensional organizational commitment can also be investigated in future research as this may relate differently to turnover intention. Lastly, the study was designed as a cross-sectional study to investigate U.S. fashion retail employees. Although the common method variance was evaluated to prevent deflating or inflating the results, the work environment may influence the perception of organizational sustainability performance as a halo effect. To avoid such issues, future research could design a two-source method for manager/upper level and employee levels, or develop measurement items with different anchors. **Author Contributions:** Stacy H. Lee and Jung Ha-Brookshire were investigators for this study; Stacy H. Lee contributed to developing the main body paragraphs, and collecting and analyzing data; Jung Ha-Brookshire provided thorough review and feedback to improve the overall quality of this paper.

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