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Modeling ethics: The impact of management actions on restaurant workers' ethical optimism

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Abstract

Unethical behavior is a significant problem for all members of society. One of the ways workers learn acceptable ethical behavior is by observing successful members of the organization. This paper examines the actions of management and the subsequent affect on the ethical optimism of workers in the restaurant industry. Ethical optimism refers to the belief that if an individual behaves ethically they will enjoy success within the organization. Beyond extending the work on ethical optimism this study produced several results of particular interest. Significant differences were identified between ethnic groups, men and women, and length of employment of workers.

Keywords: Ethical optimism; Restaurants; Management actions

1. Introduction

Unethical behavior in business is a significant problem for all members of society. Ethical practices and ethical behaviors of individuals within organizations are of serious concern to practitioners and researchers (Cooke, 1991; Kidder, 1992; Smith, 1990, 1992). Corporate wrongdoing has cost individuals millions of dollars along with their careers (e.g. Arthur Anderson, Enron, Tyco, etc.). Individuals are concerned about the inappropriate behavior of corporations, and managers are also concerned about the ethical actions of their employees (Romani, 1998).

One of the ways workers learn which task behaviors will produce success in organizations, and build their self-efficacy, is by observing others who model the desired behaviors (Bandura, 1977; Gist, 1987). It should not be surprising that when workers observe the ethical behaviors of those they perceive as successful in their organizations; these behaviors influence their own ethical behavior (Deshpande, 1996a). When such observation results in the perception that ethical behavior is associated with personal success in the organization, the individual is said to be ethically optimistic (e.g. Hunt et al., 1984). Research around ethical optimism has been singularly focused on managers' beliefs and behaviors and their subsequent influence, but there has been no such work in one of the environments' most laden with the opportunity for line employees to behave unethically—the restaurant industry.

The hospitality industry in general and the restaurant industry specifically, present many opportunities for unethical behavior (Reynolds, 2000). The need for employees to work, hoping to receive gratuities based upon the whim of the customer, is but one example of a situation in which employees may be tempted to behave unethically. Other situational variables contributing to the potential for unethical behavior are the presence of alcohol, late hours of operation and large sums of cash (Reynolds, 2000). As the restaurant industry grows, so do concerns for related ethical issues. These concerns are evidenced by a small but growing body of research developed over the past decade (see Hall, 1993; Reynolds, 2000; Upchurch, 1993, 1998; Weinstein, 1999).

According to a study conducted by Loss Prevention Specialists, restaurant employees perceived themselves as follows: (1) dishonest 13%—will attempt theft regardless, (2) basically honest 21%—will never steal and (3) 66%—will steal if others do so without repercussions

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(Kessler International, 1999). Unethical acts by restaurant industry employees manifest in several areas, and such acts are committed by both managers and employees. One of these areas is internal theft. The average annual theft per employee is $218 according to the Fourth Annual Survey of Restaurant and Fast Food Employees (Restaurants, 1999). Other unethical acts committed by restaurant employees are: (1) charging guests for food or drinks not served to them, (2) sabotaging products served to guests by contaminating them with bodily fluids, (3) hiding service charges applied to guest checks so that the server may receive two gratuities, (4) drinking alcohol while working, (5) using or selling drugs in the workplace, (6) not charging for products served to guests, (7) stealing products from the restaurant such as food and alcohol, (8) stealing tips from other employees, (9) accepting bribes from purveyors to ''push'' their products, (10) changing credit card charges after the guest has signed the voucher and (11) intentionally destroying restaurant property to sabotage management (Kincaid, 2002).

While some of the unethical behaviors described may be attributed to a restaurant company, the company may be distinct from its employees in that only individuals choose to behave unethically, whether or not the behavior is supported by the company. Loucks (1987) states that it is not the company that behaves ethically or unethically, but rather the individuals employed by the company who are responsible for ethical behavior. ''Business decisions are made by individuals or by committees; thus the ethics of business in reality are the ethics of the individuals who make business decisions'' (Fritzche, 1991, p. 842). Clearly, if individual employees choose to act unethically, their behavior may adversely impact the organization (McDonald and Zepp, 1990). It is, therefore, in management's best interest to try to influence workers' ethical behavior, and one of the most powerful ways to influence such behavior is behavior modeling (Deshpande, 1996a).

This study fills a gap in the hospitality literature around ethics in that it examines the impact of managers' behaviors on subsequent employee ethical optimism. Specifically, we explore the degree to which managers' actions influence employee ethical optimism in restaurant settings. Additionally, this study contributes to the body of work conducted in empirical ethical research as called for in earlier studies (Ford and Richardson, 1994; O'Fallon and Butterfield, 2005; Randall and Gibson, 1990). The variations in ethical optimism dimensions associated with the demographic profile of the respondents were also examined to better understand the background variables influencing the concept.

2. Literature review

The practices of individuals who are perceived to be successful within an organization can influence ethical behavior (Deshpande, 1996a). If it is believed that unethical behavior is necessary to enjoy success, such a perception could provide strong motivation to act unethically (Hunt et al., 1984). Among the factors that can influence ethical behavior is the set of practices of successful members within the organization. Previous research by Hunt et al. (1984) and Vitell and Davis (1990) indicated that examination of the relationship between success and unethical behavior is critical to the organization. Successful managers and employees serve as role models within the organization (Paine, 1994). Any unpunished unethical behavior sends a message to other organizational members that unethical behavior is acceptable. Conversely, if organizational members perceive that ethical behavior is necessary for success, such a perception, referred to as ethical optimism, will be a strong motivator for members to engage in ethical behavior (Hunt et al., 1984; Vitell and Davis, 1990; Deshpande et al., 2000).

The actions of top management reprimanding unethical behavior can significantly reduce ethical problems. Hegarty and Sims (1979) found that unethical behavior tends to decrease as organizational support for ethical behavior increases. A study of marketing researchers revealed that actions of top management in reprimanding unethical behavior significantly reduced ethical problems (Hunt et al., 1984). Other work examining middle managers in a non-profit, charitable organization, showed a strong relationship between perceived success and ethical behavior (Deshpande, 1996b). Deshpande's study found a lower level of ethical optimism present in the studies by Hunt et al. (1984) and Vitell and Davis (1990).

Hunt et al. (1984) studied ethical problems of marketing researchers. Specifically, they sought to identify the major ethical problems of marketing researchers, determine how extensive the problems of marketing researchers were, and ascertain the effectiveness of top management actions in reducing the ethical problems of marketing researchers. In order to respond to these questions, they created a 13-item measurement scale. In their study, Hunt et al. (1984) found that only a small percentage of marketing researchers believed it necessary to compromise one's ethics to succeed. Moreover, they found that successful managers were not perceived to be less ethical than unsuccessful managers. However, when specific unethical behaviors were identified, a larger percentage of respondents believed that successful managers engaged in these unethical behaviors.

Significant differences in perceived unethical behaviors between in-house researchers and agency researchers on each of the specific behaviors were found (Hunt et al., 1984). In-house researchers reported higher percentages of unethical behavior for successful managers than agency researchers. In attempting to explain this difference, Hunt et al. suggested that the nature of the practices and the size of the organization may contribute to the perceptions of unethical behavior. They offer that specific practices may exist within larger, multi-layered bureaucratic organizations that do not exist within a smaller organization with fewer levels. Thus, the specific unethical actions are less likely to lead to success in a smaller organization.