

THE ROLE OF RELIGIOSITY AND ETHICAL CLIMATE ON HOTELIER: A CONCEPTUAL STUDY ON ETHICAL DECISION MAKING

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Abstract

The paper aims to explore the causes and motives behind hoteliers in ethical decision making with proposed theoretical model. Through the review of past studies, researchers employed several business ethical theories to provide significant understanding of ethical dilemma faced by hoteliers and suggested possible factors played an important role in it. Moreover, researchers believed that with the presence of religiosity on ethical decision making is greater with higher level of ethical climate.

Keywords: religiosity, ethical climate, ethical decision making

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Introduction

Over the past decades, the world has witnessed several eye catchy corporate scandals, such as the collapse of Xerox, Enron in the State, One Tel in Australia, SK Global in South Korea. These unethical scandals have gained the significant attention of the society towards the business ethical practices at the workplace (Ananthram, S., & Chan, 2016). This is applied to the hotel industry too. Through the study of Ho, Zhao & Dooley (2016), inside theft in hotel industry was both rampant and costly since in the 1990's and Wijesinghe (2013) acknowledged that around 40% of hotel employees reported that they had involved in unethical practices while they are working at the hotel industry. For exam, the financial controller of the Stafford Hotel, in London, was jailed after embezzling more than \$500,000 to pay for his gambling debts ("Stafford Hotels," 2009). A 2010 report showed the average loss due to embezzlement in the U.S. is \$385,000 and it typically takes four and half years to uncover (Honesty," 2010).

The hotel and tourism industry in Malaysia has witnessed great expansion, thus playing an important role in the country's economic growth. The total number of tourist arrivals for 2010 was 24.6 million with an approximate receipt of 18 billion USD, and total hotel rooms of 168,844 (Honesty," 2010). However, the Malaysian hotelier cannot be complacent and needs to find ways to remain competitive. Singapore, Thailand, and Indonesia surround Malaysia and offer similar tourism products and services. Additionally, the Malaysian hotels' workforce is diverse in terms of ethnicity, culture, language and

religion (Honesty,” 2010). The unpredictable changes in customer preferences, the appearance of new tourist destinations, the competitiveness of the market, the demand for manpower due to globalization, and the changes in demographic, economic, and technological evolutions enhance the existing challenges to win customers (Buciuniene and Skudiene, 2008). Thus, apart from rigorous marketing endeavours, identification of quality management practices and their proper implementation could help Malaysian hoteliers prosper.

An excellent opportunity and new challenge are given to scholars to investigate ethics in of first line managers within these countries, especially during the period of their transition from a planned to market economy, and also where corruption is somewhat higher. According to Burgess and Mullen (2002), the failure of business ethics over the last few years; transition from planned to market economy, privatization and globalization are expected to make the issues of ethics more vital than ever before in these developing countries. Privatization of state owned enterprise, liberalization of trade and finance, restructuring companies, and the entry of foreign direct investment are generally considered to be the most essential features of changing from planned to market economy. Such changes certainly put great pressure on of first line managers in particulars within organization to be aware of ethical issue that they might encounter during the time of that change.

In recent decades, numerous empirical studies have been conducted on the subject of ethical decision making, cognitive moral development and ethical issues within the business context (e.g., Brandon, Kerler Iii, Killough, and Mueller, 2007; Buchan, 2005; Doty, Tomkiewicz, and Bass, 2005; Sweeney and Costello, 2009;). Therefore, this study attempts to investigate the relationship between hoteliers’ ethical decision making with hotel’s ethical climate and the religiosity.

Literature Review

Ethical decision making is defined as “a process by which individuals use their base to determine whether a certain issue is right or wrong” (Carlson et al., 2002, pp. 16-17). Jones (1991) adds that ethical decision is both legal and morally acceptable to the larger group. Lau (2010) argued that ethical decision making in the workplace entails individual morality and work related judgment. He concluded that the characteristic of ethical decision making consist of 1) the decision influences two or more values; 2) the individual is encountered with a dilemma; and 3) the process is filled with uncertainty, and unknown outcomes a wait. These characteristics show the difficulty and complexity in the nature of ethical decision making process (Musbah, Cowton, & Tyfa, 2016; Kashif, Kashif, Zarkada, Zarkada, Thurasamy, & Thurasamy, 2017; Lehnert, Park, & Singh, 2015).

Ethical Awareness: Ethical awareness is the fundamental stage in ethical decision making process, as aware an ethical issue as morally presumably helps to initiate ethical decision making. According to Butterfield, et al (2000), ethical awareness is known as individual’s recognition that his / her potential decision or action could influence the interest, welfare, or expectations of the self or others in a way that may conflict with others ethical principles. Through the definition, ethical awareness consists of three key components: awareness of the decision maker, the decision or action, and individual who will be affected.

Ethical Judgment: It is the second stage of ethical decision making process. According to Trevino (1986), ethical judgment is known as cognitive process in which an individual determines which courses of action are morally right or wrong. The main idea of ethical judgment is the cognitive skills that used by the decision maker when faces an ethical issue to distinguish between right and wrong. Murphy (2007) acknowledged that deciding between the right and wrong is important in ethical judgment stage that if the individual does not have actual choice of right or wrong, the individual's judgment cannot actually be explained as ethical. Once an individual realize that there is an ethical issue is a given situation, the ethical judgment ought to be more likely to be triggered (Rest, Narvaex, Thoma and Bebeau, 1999). Besides that, Lau (2010) acknowledged that the process of ethical judgment is theorized to depend on internalized moral standards. These standards can be affected by individual variables, organizational variables, and the characteristics of the issue itself.

Ethical Intention: Ethical intention is the third stage of Rest's ethical decision making model. Sweeney and Costello (2010) suggested that once individual makes an ethical judgment, he / she formulates an intention to behave ethically based on an assessment of the "right" choice in opposition to other alternatives. Ajzen and Fishbein (1980) defined intention as the subjective probability that a given behavioural alternative will be performed. They conclude that intention is an essential determinant of behaviour.

Ethical Behaviour: It is the final stage of ethical decision making process. Rest (1986) defined ethical behaviour is where an individual engages in a proper action as a result of his / her intention. It is the outcome of multiple and complex process.

Trevino's (1986) Interactionist ethical decision making model

Trevino's theory (Figure 1) implies that ethical decision making is the result of the interaction between individual and situational components, with the individual's way of thinking about ethical dilemmas being moderated by individually and situationally based moderators.

This model posits that ethical decision making in organizations is explained by the interaction of individual and situational components. The individual reacts to an ethical dilemma with cognitions determined by his or her cognitive moral development stage. The individual's cognitive moral development stage determines how an individual think about ethical dilemmas, his or her process of deciding what is right or wrong in a situation. However, cognitions of right and wrong are not enough to explain or predict ethical decision making behavior. Additional individual and situational variables interact with the cognitive component to determine how an individual is likely to behave in response to an ethical dilemma. Three individual variables, ego strength, field dependence, and locus of control are proposed to influence the likelihood of an individual's acting on cognitions of what is right or wrong. Situational variables arising from the immediate job context and the broader organizational culture also moderate the cognition / behavior relationship. These include the organization's normative structure, referent others, obedience to authority, responsibility for consequences, reinforcement contingencies, and other pressures. Last but not least, characteristics of the job itself and the moral content of the organizational culture can have an impact on the moral development of the individual.

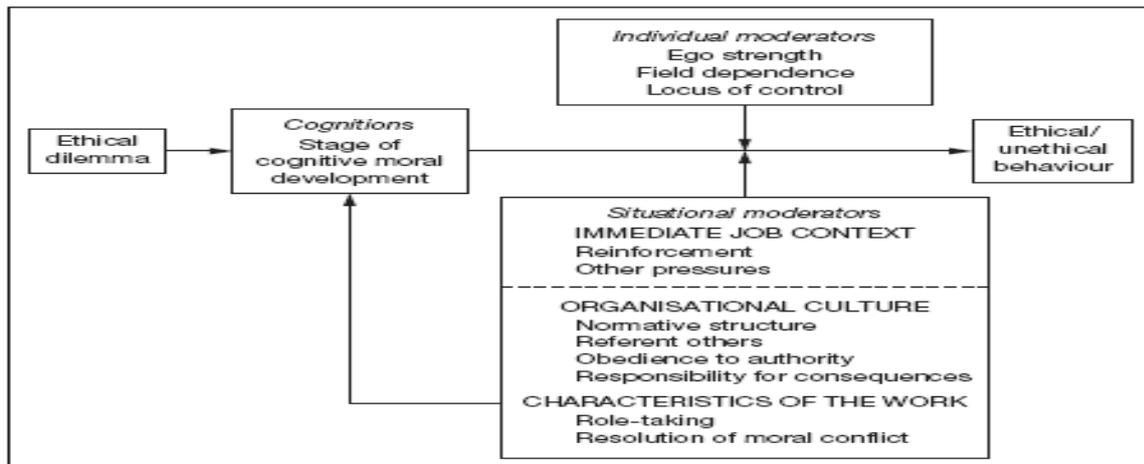


Figure 1: Trevino's (1986) Interactionist ethical decision making model

Religiosity

The relationship between religiosity and ethics has not been thoroughly researched. The studies that have covered this relationship have seen disagreement in the findings, but the majority of these studies have found a positive and significant relationship between religiosity and ethics. The disagreement in the findings could be partially attributable to the measurement of religion versus that of religiosity. Paragament (2002) would argue it is not religion that drives an individual's behaviour, it is "the degree to which religion is well integrated into individuals' lives," also known as religiosity. An example of such findings would be Parboteeah et al. (2008). This study looked into the relationship between three components of religion (cognitive, affective, and behavioural) and ethically suspects behaviour. Cognitive, affective, and behavioural components of religion demonstrated negative relationships with ethics. This could be attributed to the measurement of the variable. In their study, cognitive religion was measured as the belief in religion and the belief in church authorities. Belief in religion and high levels of religiosity are not the same thing (Paragament, 2002). An individual can claim a religion, but belief without practice means nothing. This sort of simple "belief" is what has been defined as extrinsic religion (Paragament, 2002; Cameron et al, 2003; Vitell, 2009).

Ethical Climate

Ethical climate is one of the important organizational factors that has been found to have some significant influences on employees' ethical decisions at their workplace. Victor and Cullen (1988, p. 101) define ethical climate as "the prevailing perceptions of typical organizational practices and procedures that have ethical content". They argue that the ethical climate at the workplace will be a crucial source for employees' information relating to the "right" or ethical actions within organizations. Martin and Cullen (2006) add that climates can be understood as shared perceptions of procedures, policies, and practices, both formal and informal, of the organization.

Victor and Cullen (1988) theorize that ethical climate within organizations differs along two dimensions; the three classes of ethical theory (egoism, benevolence, and principle) and three loci of analysis (individual, local, and cosmopolitan). By combining the two dimensions, nine types of ethical climate result (see Figure 2). It is by far the most

completely developed framework and has been used by a number of researchers (Parboteeah et al. (2008)).

		Locus of Analysis		
		Individual	Local	Cosmopolitan
Ethical Criterion	Egoism	Self Interest	Company Interest	Efficiency
	Benevolence	Friendship	Team Interest	Social Responsibility
	Principles	Personal Morality	Company Rules and Procedures	Laws and Professional Codes.

Figure 2 Victor and Cullen’s ethical climate topology

Proposition Development:

Religiosity and Ethical Decision Making:

Many studies of the relationship between religiosity and ethics have found it to be significantly positive. Parboteeah et al. (2008) found individuals that claim high or moderate levels of religious importance revealed higher levels of ethical judgment. Vitell (2009) studied the role religiosity plays in informing attitudes toward ethically questionable behaviors. In this study they found intrinsic religiousness was a significant determinate of ethical beliefs. Another study by Rashid and Ibrahim (2008) examined the effects of culture and religiosity on perceptions of business ethics and found both to be significant predictors. Choe and Lau (2010) have also corroborated these findings in their study between religious commitment and attitude toward business ethics. They found that intrapersonal religiosity was a significant predictor of business ethics (Kashif, Kashif, Zarkada, Zarkada, Thurasamy, & Thurasamy, 2017).. Given the studies mentioned above, we believe religiosity will have a significant positive impact on an individual’s intentions to act ethically. Therefore, we offer the following proposition:

P1: Religiosity will have a significant positive relationship with an individual’s ethical decision making

Ethical Climate with Ethical Decision Making

The impact of ethical climate within organizations on ethical decision making process has been investigated by several studies producing significant results (Martin and Cullen, 2006; VanSandt et al., 2006). Treviño et al. (1998) argue that previous empirical studies’ evidence proposed that a reduced number of ethical climate dimensions could be used to explain some characteristics of the ethical context within organizations. Moreover, Peterson (2004) claims that so far no research has demonstrated that all nine types of ethical climate are found within organizations. This is supported by the meta-analysis of ethical climate conducted by Martin and Cullen (2006), which concluded that not all types of ethical climate emerge within organizations. This study will investigate four out of the nine types of ethical climate within Libyan companies; these four are organization interest, social responsibility, personal morality, and law and professional code. These types have been most investigated in previous empirical ethics studies and therefore are expected to be found within Libyan companies. For example, social responsibility and personal morality may be found within countries where religion and cultural dimensions (power distance, uncertainty avoidance, and collectivism) play significant role in individuals’ ethical decisions. Also, the other two types (Law and professional code and organization interest) have been investigated in several

studies, especially in developed countries (e.g., Deconinck, 2004; Parboteeah and Kapp, 2008;).

Studies investigated recently the relationship between ethical climate and ethical decision making stages are limited (see Table 2.8). Only three empirical studies were reported by the review of this study. A study by VanSandt et al. (2006) indicated that ethical climate is a primary predictor individuals' ethical recognition. Shafer (2007) examined the impact of four types of ethical climate. These four types are egoistic/local climate, benevolent/cosmopolitan climate, principle/individual climate and principle/cosmopolitan climate. He concluded that these four types had no significant impact on ethical judgment, whereas they significantly affected ethical intention. Buchan (2005) showed no significant association between ethical climate and ethical intention.

Generally speaking, research related to the impact of ethical climate types on ethical decision making process is limited. Findings indicate that research generally supports the notion that ethical climate has a significant relationship with ethical decision making process. Hence, based on the review of past studies, following proposition is proposed:

P2 Ethical climate will moderate the relationship between hoteliers' religiosity and ethical decision making

Based on the review of past studies, researchers suggested that ethical decision making is dependent on the influences of external and internal variables of the process of ethical decision making. However, these variables may not found within the individuals in the context of organizations. Hence, researchers proposed that religiosity affect individuals' ethical decision making and it will be moderator by the ethical climate as following (Figure 3)

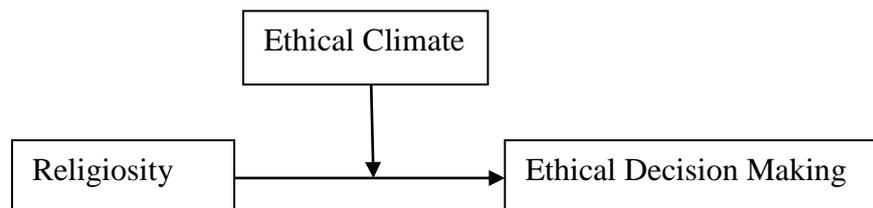


Figure 3: Conceptual Framework

Conclusions

Through the review of the past studies, researchers employed the Trevino's (1986) Interactionist ethical decision making model to provide better understanding on how does the ethical decision making process is made by the hoteliers with the influences of the religiosity and ethical climate. This indicates that the theories are underpinned by ethical principles which guided to the successful decision. Furthermore, the proposed model suggested that individuals are required to understand his/herself strengths and weakness in order to make the best decision when encounter with ethical dilemma. Nonetheless, the religiosity variables does play an important role in the decision making process with the presence of the strong ethical climate.

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