The effects of employees' business ethical value on person–organization fit and turnover intent in the foodservice industry

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ARTICLE INFO

ABSTRACT

Given the growing importance of ethical values and social responsibilities in the workplace, the purpose of this study was to investigate interrelationships among employees' business ethical value, person–organization fit and turnover intent in the foodservice industry. A total of 788 employees in Korea participated. The results showed a positive relationship between employees' perceptions of business ethics and their person–organization fit. Participants expressing a high person–organization fit were less likely to leave their positions. These findings have important implications for creating and facilitating an ethical business environment in the foodservice industry. Limitations and future research directions are also discussed.

1. Introduction

Due to the growing concern about ethical issues in the workplace, many organizations have institutionalized ethics in the form of regulations and codes. For example, international organizations, such as OECD, UN and WTO, have enhanced their ethical environments and requirements for economic activities. Furthermore, in order to encourage companies to do good deeds the Ethics Round, international movement reinforcing business ethics has emerged. In the increasingly conscience-focused marketplaces of the 21st century, Ethics Round aims to regulate the introduction of products and services into the global market by unethical companies. Along the same line, the New York Stock Exchange (NYSE) and NASDAQ tend to list only companies that have an established formal code of ethics for their organizations (Paine et al., 2005). It seems that the phrase "good ethics is good business" has become a common belief (Pettijohn et al., 2008).

Since Goodspaster (1983) applied the concept of personal ethics in social life to specific business management circumstances, the importance of ethical business values has been well documented. Previous studies found that companies with a high level of ethical values and social responsibility tend to be more profitable than others (Hammond and Slocum, 1996; Waddock and Smith, 2000). Hyman and Curran (2000) emphasized employees' participation in

creating an ethical business environment in order to enhance both employee and customer satisfaction. Furthermore, it has been widely recognized that an employee's perception of ethical values enhances the development of person–organization fit (Laufer and Robertson, 1997; Valentine et al., 2002), and eventually lowers turnover intent (Shafer, 2002; Peterson, 2003; Jaramillo et al., 2006). The costs of carrying out social responsibilities have been understood as being offset by the profits created from improved working morale and productivity of employees (Pettijohn et al., 2008).

In particular, the issue of ethics in the foodservice industry has become increasingly important, as eating out has become an integral part of our daily lives. Due to the inherent industry characteristics of inseparability and intangibility, hospitality industry management must attend to ethical issues more carefully than other industries (Stevens and Fleckenstein, 1999). Since employees in the foodservice industry directly affect customers' health and hygiene through the foods they make and serve, companies must carry out their social responsibilities and duties faithfully (McCabe et al., 2006). Whether or not the foodservice industry emphasizes ethical practices, restaurant employees' behavior is important due to the possibility of threatening customers' health through unethical decision-making in terms of food stability (Walczak and Reuter, 2004). Schwepker and Hartline (2005) emphasized that unethical behavior generally occurred in order to correct or hide a mistakes or, in the case of employees in contact with customers, to promote corporate performance. Although the ethical climate of an organization significantly influences a service provider's attitudes (Babin et al., 2000; Weeks et al., 2004) and behavior (Schneider and Bowen, 1985), little research has been conducted on the role of business

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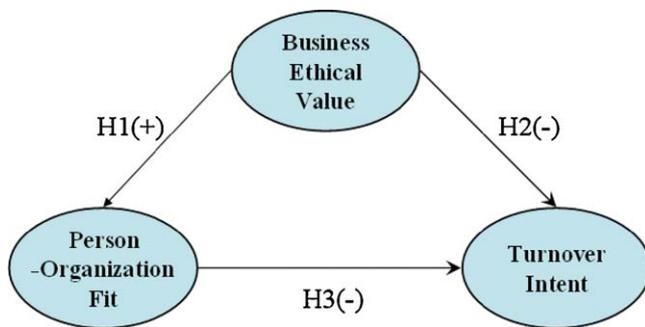[2] Tel.: +82 2 961 2185; fax: +82 2 964 2537.

Fig. 1. A proposed model of business ethical value, person–organization fit, and turnover intent.

ethical values or climates in the people-dependent foodservice industry.

Business managers have long been recognized the significance of ethical values and social responsibilities in relation to maximizing profits. However, they have tended to consider business ethics an external restriction, along the lines of legal regulations or social norms, rather than voluntarily emphasizing ethical management. Therefore, the matter of business ethics has long been a concern for a number of executives who are sensitive to social pressures or ethical sensibilities. However, if an empirical report demonstrated the associations between business ethics and management performance, we expect that the findings would motivate companies with a clear sense of social responsibility to willingly engage in ethical management practices rather than viewing them as a forced response to external pressures. This would enhance business interests in ethical competitiveness. Thus, the purpose of this study is to identify the associations among business ethical value, person–organization fit and turnover intent that have not been fully explored in the foodservice literature (see Fig. 1). The present study also contributes to theoretical knowledge about ethical management. This knowledge can potentially help enhance business performance by improving business ethics in the foodservice industry.

2. Literature review and conceptual model

2.1. Business ethics in the hospitality industry

While there is a lack of scholarly research on ethical values or climates in the food service industry, this issue has been a topic of interest to scholars and practitioners in the hospitality industry (Enghagen, 1990; Damitio et al., 1992). For example, Whitney (1990) demonstrated that hotel industry employees need a higher ethical consciousness compared to other industries, as well as the ability to judge ethical issues according to the principles of the organization. Enghagen and Hott (1992) found that undergraduate students in college identified environmental pollution, fixture extravagance, and employment discrimination as the most unethical situations that occur in the hospitality industry. Randall and Sheila (1996) demonstrated that a hotel manager, who works in an ethical environment, makes more proactive decisions. Subsequently, Randall (1998) found that hotel staff's education levels and previous work experiences affected his or her ethical decision-making. Wong (1998) also suggested the need for a clearer job-related ethical policy for hotel employees in Hong Kong. Similarly, focusing on employees at a hotel in Croatia, Fox (2000) argued that unethical environments lead to additional organizational costs, thus an ethical working environment needs to be promoted.

2.2. Model development and hypotheses

2.2.1. Business ethical value, person–organization fit, and turnover intent

An organizational environment shaped by corporate ethical values and the enforcement of a code of ethics has been regarded as a critical factor in ethical decision-making (Newstrom and Ruch, 1975; Hunt and Vitell, 1986, 1993). Focusing on the ethical dimension of corporate values, Hunt et al. (1989) defined *corporate ethical value* as "a composite of the individual ethical values of managers and both the formal and informal policies on ethics of the organization" (p. 79). In Aguilar's (1994) study, an ethical business signified a company which deserves respect and trust from employees, customers, contracted suppliers and shareholders because they balance stakeholder's interests and business profits in decision-making processes and business practices. Similarly, Carroll and Buchholtz (2000) demonstrated that business ethical value is critical in determining right or wrong and good or evil in terms of business management behaviors and attitudes.

People tend to work for companies that enable them to best make use of their skills and competencies and which have environments that conform to their personal attributes (Kristof-Brown, 1996). *Person–organization fit* has been defined as the compatibility between individuals and organizations and is considered a critical factor in selecting where to work (Kristof-Brown, 1996). Likewise, person–organization fit can be based on the congruity between personal and organizational beliefs (O'Reilly et al., 1991; Netemeyer et al., 1997) or goals (Vancouver et al., 1994). Person–organization fit can be measured by estimating the extent to which a company supports the needs of its employees (Turban and Keon, 1993; Cable and Judge, 1994) or how closely the personality of an individual fits the circumstances of the company (Bowen et al., 1991).

Turnover intent is a preceding factor for effectively forecasting an employee's propensity for changing occupations, as well as a warning sign before an individual actually quits a job. Accordingly, it is generally conceptualized as a surrogate indicator of actual behavior (Brown and Peterson, 1993). *Turnover intent* refers to the intent of an employee to abandon his or her organizational membership and quit his or her current job (Meyer and Allen, 1984). Macy and Mirvis (1976) also defined turnover as a permanent transfer beyond organizational boundaries and distinguished it from layoffs, as well as in-house promotions or shake-ups. In a broad sense, turnover intent can be understood as the extent of an individual's turnover decisions across the boundaries of membership in a social system (Price, 1977).

2.2.2. Relationship between business ethical value and person–organization fit

Organizational studies have suggested that the adoption of ethical values helps individuals recognize their organization fit (Laufer and Robertson, 1997) and influences employees' affections for a company (Porter and Lawler, 1966; Kohlberg, 1984; Sims and Kroeck, 1994). In an empirical study, Sims and Keon (1997) demonstrated significant associations between ethical working environments and person–organization fit in a company. Valentine et al. (2002) found that more advanced ethical values lead to better person–organization fit, since employees prefer the values of ethical businesses (Vidaver, 1998; Jose and Thibodeaux, 1999).

Furthermore, Hunt et al. (1989) noted that an organization is more likely to get favorable responses (e.g. higher productivity, integrity, fitness, etc.) from its employees when it embodies support for ethical management, which tends to solidify employment relationships and create an ethical culture or environment for employees. Overall, the existing literature suggested that an employee's perception of an organization's ethical values is an