Ethical contexts and employee job responses in the hotel industry: The roles of work values and perceived organizational support

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ABSTRACT

The hotel industry faces continual ethical dilemmas that present important, interesting and complex challenges. This study had two objectives. The first was to investigate the relationship between ethical context and job satisfaction and to examine the moderating role of work values and the mediating role of perceived organizational support in the relationship between ethical context and job satisfaction. The second objective was to examine the influence of these same variables on turnover intention. A survey of Taiwanese hotel employees showed that ethical context was a significant predictor of job satisfaction and turnover intention and that work values and perceived organizational support moderate and mediate respectively the relationship between an ethical context and job responses. These data suggested ways by which hotels can deal with ethical context, perceived organizational support, and employee work values to increase job satisfaction and decrease the turnover intention of employees.

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1. Introduction

Many studies have focused on the relationship between employee job response – job satisfaction (JS) and turnover intention (TI) – and organizational factors, including working environment, company subculture, and equal opportunity climate (e.g., Estrada and Harbke, 2008; Valentine et al., 2006; Yang et al., 2012). Previous research has also revealed significant relationships between job response and individual employee factors such as work values (WVs), personal emotions, and psychological climate (e.g., Biswas, 2010; Daehlen, 2008; Verplanken, 2004; Yang et al., 2012). Considerable effort has been expended in investigating the job-related responses of employees to perceived organizational support (POS) (e.g., Arshadi, 2011; Baranik et al., 2010; Valentine et al., 2006). Some research has focused on understanding the factors that influence ethical conduct in organizations. Most ethical decision-making models indicate that ethical conduct is influenced by a combination of contextual factors such as reward systems, rules, and codes as well as by individual characteristics such as values and cognitive development (e.g., Frell et al., 1989; Jones, 1991; Trevino, 1986). Furthermore, Trevino et al. (1998) indicated that the ethi-

cal context (EC) of organizations may influence the attitudes and behaviors of employees. Therefore, the relationship between the EC of an organization and employee job responses involving the WVs and POS of employees is an important issue.

This is not surprising, given the growing complexity of business ethics in organizations and the growing importance of business ethics in the international arena (Koh and Boo, 2001). Ethics in business is not optional; it is not only necessary but constitutes an absolute requirement for success (Payne and Dimanche, 1996). Tourism in Taiwan has increased significantly in recent years, and expanding both domestic consumption and the hotel industry itself is a major pillar of the tourism industry. Ethics is a very important issue because the hospitality industry welcomes guests from different cultures (Huimin and Ryan, 2011). Furthermore, in a dynamic and competitive hotel environment, the employee turnover rate ranges from 60% to 300% (Lee and Way, 2010; Moncarz et al., 2009; Yang, 2010). Thus, the purpose of this study was to explore several factors associated with this phenomenon, including the effects of WVs, increased POS, enhanced JS, and reduced TI.

Addressing these issues entails focusing on a series of subordinate concerns in the hotel industry. First, does any evidence suggest that organizational EC impacts employee JS and TI? Second, how do the WVs of employees moderate the relationship between the EC and job response? Third, is POS associated with the relationship between EC and job response? Because POS is associated with greater JS and is expected to mediate the negative relationship between EC and TI, this study investigated the relationship between

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EC and job responses, and examined the moderating role of WVs and the mediating role of POS.

2. Literature review and research hypotheses

2.1. Corporate ethical context (EC)

Several studies define EC as the institutionalized guidelines and values that establish a collective understanding of business ethics (Hunt et al., 1989; Trevino et al., 1998; Valentine et al., 2006; Jung et al., 2010). Trevino et al. (1998) represent EC with two multidimensional constructs: ethical climate (e.g., Victor and Cullen, 1987, 1988; Luria and Yagil, 2008) and ethical culture (Trevino, 1990). Deal and Kennedy (1982), Schein (1985), and Kincaid et al. (2008) indicate that top management support plays a critical role in a firm's ethical climate. Because EC provides a well-established decision-making environment, the ethics of organizational employees can be improved if, for example, managers receive help so that they actively communicate and support ethical standards. Regarding conceptualization, Trevino (1990) defines ethical culture as a subset of organizational culture and proposed that ethical culture has a direct influence on individual attitudes and behaviors. Additionally, Koh and Boo (2001) and Chiang and Hsieh (2012) indicate that the ethics programs of a company (e.g., ethical codes, ethics training, and institutionalized beliefs) can promote favorable attitudes and reduce the TI of employees. Nevertheless, how is EC related to the JS and TI of employees?

2.2. Ethical context (EC) and job responses of employees

Several research studies have reported a significant relationship between individual JS and perceptions of aspects of a firm's organizational climate (Friedlander and Margulies, 1969; Johnson and McIntye, 1998; Kaczka and Kirk, 1968; Ostroff, 1993; Schneider and Synder, 1975; Yang, 2010). In fact, JS may be both intrinsic, derived from internally mediated rewards, and extrinsic, resulting from externally mediated rewards (Walker et al., 1977). Based on their definition, it appears that organizational climate may have a significant impact on employee JS. Moreover, using a sample of leaders working in Indian companies, Viswesvaran et al. (1998) found that top management's ethical orientation was positively related to employees' JS with supervisors. Koh and Boo (2001) also indicate a link between EC and occupational advancement, which are positively related to JS among supervisors in Singapore. Other research (e.g., Fritz et al., 1999; Hunt et al., 1989) has also indicated that a company's EC is positively related to employees' organizational commitment, which, along with JS, can reduce employee TI (Hom and Griffeth, 1995). Previous studies have not revealed how the presence of an ethical environment influences individuals once they are employed, but the limited research that is available does suggest a link between EC and employee attitudes. Therefore, the following hypotheses were proposed:

Hypothesis 1. A positive relationship exists between employee perception of corporate EC and their JS.

Hypothesis 2. A negative relationship exists between employee perceptions of corporate EC and their TI.

2.3. Work values (WVs) and job responses

Values can be used to characterize an individual as well as to describe a group, work unit, or organization. An individual's values may be part of that person's self-concept and thus be used by that person to describe himself or herself (Verplanken, 2004). Liang (2012) refers to WVs as "evaluative standards associated with work or the work environment that are used by individuals to determine what is "right" or to assess the importance of preferences (p. 254)". Chen and Choi (2008) and Gursoy et al. (2013) provide empirical evidence of different WVs held by employees of North American hotel organizations. Understanding employee values is thus an important issue. Previous research has indicated that personal values may determine an individual's attitudes (Maio and Olson, 1994), personal norms (Thogersen, 1999), or choices and behavior (Verplanken and Holland, 2002). In Western society, many studies have explored JS and employee WVs (Tuch and Martin, 1991). Because Taiwan's culture is different from that of most Western countries in terms of the dimension of individualism versus collectivism (Hofstede, 1984; Marsh, 1996), Cheung and Scherling (1999) investigate relationships between the WVs and JS of Taiwanese employees based on the four facets of WVs: task value, team value, reward value, and status value. Additionally, McFarlin and Rice (1992) indicate that employee perceptions of promotion opportunities moderate processes related to JS. Schwepker (2001) reports a relationship between ethical climate and JS and TI among salespeople. Therefore the following additional hypotheses were proposed:

Hypothesis 3. WVs moderate the relationship between EC and JS.

Hypothesis 4. WVs moderate the relationship between EC and TI.

2.4. Ethical context (EC), perceived organizational support (POS), and job response

Organizational support theory maintains that employees' global beliefs concerning the extent to which their organization values their contributions and cares about their well-being determine their perception of that organization's readiness to reward increased work effort and meet socio-emotional needs (Eisnberger et al., 1986; Shore and Shore, 1995). Furthermore, according to organizational support theory, the development of POS is encouraged by employees' tendency to assign human-like characteristics to the organization (Eisnberger et al., 1986). Three general forms of treatment received from an organization (fairness, supervisor support, and organizational rewards or job conditions) should increase POS. Settoon et al. (1996) investigate these relationships by examining the relative contribution of indicators of employee–organization exchange and subordinate–supervisor exchange based on social exchange theory. In basing their study on organizational support theory, Rhoades and Eisenberger (2002) indicate that addressing the psychological processes underlying POS should yield favorable outcomes for both employees (e.g., increased JS) and the organization (e.g., reduced turnover). Edmondson and Boyer (in press) indicate that perceived supervisor support is positively related to JS and negatively related to employee TI. A meta-analytic study shows that POS is the mechanism expected to mediate the relationship between an EC and individual's JS and TI (Valentine et al., 2006). Thus the following hypotheses were proposed:

Hypothesis 5. POS mediates a positive relationship between EC and employee JS.

Hypothesis 6. POS mediates a negative relationship between EC and employee TI.

Fig. 1 shows the postulated research model based on the discussion above.