Managing workplace diversity: Ethical reasoning in a socio-cultural context

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Abstract

Workplaces are becoming increasingly diverse, and businesses constantly face the challenge of ensuring work ethics to strengthen competitiveness. Workplace ethics is affected not just by potential gains and losses of unethical action but also by employee morale, values and self-concept. The ethical reasoning process depends on both perception of what is ethical and the ability to justify unethical action in a given situation. In this study, we explore the role of individual, organisational and situational factors influencing the perceived degree of unethical behaviour at work. Individual socio-cultural factors include personal values, such as honesty, and socio-demographic factors, such as age, gender, education and tenure. Organisational factors are assessed through espoused values of honesty and responsibility. Finally, three situational factors are randomly introduced – low wage, boredom and perceived injustice. Two hundred and eight retail employees were surveyed to assess their personal values and the perceived degree of unethical behaviour at work. We found that honesty as a personal value changes ethical reasoning, especially when situational factors, such as low wage are introduced. Moreover, older employees tend to report more ethical behaviour in the workforce. We also concluded that declaring honesty and responsibility as organisational values could have a minor positive impact on ethical behaviour mitigating the impact of the introduced situational factors.

Keywords: Socio-cultural factors, values, workplace diversity, business ethics, ethical reasoning.

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1. Introduction

Business organisations are becoming increasingly diverse in terms of gender, generation and socio-cultural factors of their employees. With many European societies ageing and retirement age increasing, older employees stay in workforce longer, where new generations come in with different worldviews and approaches. Gender equality is improving. Globalisation and digital disruption increase worker mobility and the pace of doing business across industries. In the light of those developments, employees change workplaces more often, further increasing diversity of ethnicities, education backgrounds, cultural norms, values and attitudes. Business organisations can greatly benefit from this diversity through organisational learning, developing teams with broader competences and bringing new perspectives to leadership and decision-making. At the same time, they should successfully address the issues of business ethics in workplace.

Business ethics matters for a strong and competitive organisation. Ethical businesses can be more effective, when employees have a clear vision and can take the 'right' actions decisively. Ethical and transparent working methods also help to develop long-term external relations with stakeholders, and can contribute to organisation being perceived as an attractive employer. Unethical employee behaviour, on the other hand, can harm businesses in many ways – theft causes direct material and financial damage, misuse of working time can impair performance and subsequently lower business efficiency. Impoliteness harms relationships with customers, while disloyal behaviour can negatively affect business reputation. Unethical behaviour can also create internal tensions among employees, who act ethically, and those, who do not.

In this paper, we explore workplace diversity and ethics in retail sector. Retailers attract a highly diverse workforce and face high staff turnover. One usually does not require a very specialised education or significant previous experience to work in retail stores, thus employees represent a great mix of generations and socio-cultural backgrounds. Retailers are also significantly affected by unethical behaviour in workplace. Previous studies have confirmed theft among the key losses for retail business (John *et al.*, 2014; Moorthy *et al.*, 2015) and low-level employees in low-wage sector being a higher risk group for unethical action (Detert *et al.*, 2007; Whysall, 2008; Gill *et al.*, 2013).

Retail organisations went through a significant transformation in early 90s, when the Latvia transitioned from a centrally planned system to a market economy. Under the first, people demonstrating lower moral maturity (Riha, 1994) and shortage of supply could give a more privileged status to retail employees. In the second, businesses work in a very different way, considering customers and effectiveness. Thus, we could expect significant generational differences in workforce. At the same time, some studies found that countries, where the Soviet system was perceived as oppressive, did not share the Soviet work culture and dual morality to that same extent after independence (Rees and Miazhevich, 2008).

In this research paper we assess, what factors affect perception of ethical behaviour in the retail workforce. The purpose of the paper is to assess how honesty as a personal value affects the perceived degree of unethical behaviour at work, what is the impact of socio-demographic factors, organisational values and introduced situational factors such as low wage, boredom and perceived injustice.

2. Ethical reasoning

2.1. The 'right' choice

Studies from different fields have long sought to understand what forms a basis for an ethical decision. Ethics is constructed from many intangible aspects, and sometimes it could be complicated to determine the difference between what is right and what is wrong. In this paper, ethical reasoning refers to a decision-making process, where an individual makes a choice and internally justifies it being

the right course of action. Ethical reasoning is concerned with both – determining the 'right' course of action and justifying acting upon it.

In scope of this article, the 'right' depends on the perspective of ethics. Traditional ethical theories are often broadly divided into three types: 1) consequentialist or teleological theories, which are primarily concerned with the result, 2) non-consequentialist or deontological theories, which are primarily concerned with the intent, and 3) agent-centred or virtue ethics, which consider characters of individuals rather than morality of actions (Boatright, 1997; Fisher and Lovell, 2009; Jonsson, 2011; Belak and Rozman, 2012). Here we would also like to note that ethics is just one of the socio-cultural systems affecting decision-making, along with others systems, such as the legal system or religion, which could also play a role determining the 'right' way. There could be situations, where a particular decision would be legal, however considered unethical, or, vice-versa, an illegal solution could present an ethically right approach for a certain individual.

Consequentialist theories and teleological ethics consider the result. Per these theories, an action is not good or bad, but the result is either positive or negative to the stakeholders. Teleological ethics links morality and efficiency, and is strongly related to rational decision-making and utilitarianism in the economic science. The right behaviour maximises benefits and increases satisfaction, while the wrong behaviour reduces them. Ethical reasoning in this framework focuses on the future effects of the given choices, pragmatically considering all stakeholders, who will be directly or indirectly affected.

Non-consequentialist or deontological ethics, on contrary, is based on universal principles regardless of circumstances and outcome. Thus, these theories are more concerned with intent rather than outcome of an action. Ethical behaviour is determined by a duty or by considering the rights of others. In this framework, ethical reasoning focuses on ethical obligations and determines actions that are always right or always wrong.

Agent-centred or virtue ethics is based on socially desired personal traits as fundamentals for making decisions. Values are socially constructed and develop early in childhood (Hofstede 2001); they depend on the context and change over time. Authors that study aspects of moral ethics in international corporations distinguish such values as honesty, responsibility and fairness (McCloskey, 1998; Bertland, 2009; Jonsson, 2011; Moore, 2013). Ethical reasoning in this framework assesses positive or negative traits that can provide motivation in each situation. This also gives basis to different choices considering different social roles.

Many real-life situations could, however, present multiple conflicting ethical considerations. Behavioural ethics studies, how individuals actually decide and behave under ethically challenging circumstances. It explains individual behaviour considering universal moral standards (Trevino *et al.*, 2006), and contradicts intuition with social welfare (Bazerman and Gino, 2012). Behavioural ethics recognises that moral principles might not be fixed, and behaviour could be strongly influenced by the context.

Concerned with conflicting ethical considerations, Kohlberg adopted a moral reasoning theory, which focuses on the cognitive process used by individuals to guide them in decision-making. According to Kohlberg's theory, moral reasoning has six stages, each of them responds to ethical dilemmas more adequately than the previous (Kohlberg, 1969). Ethical reasoning was then operationalised in Rest's (1979) defining issues test, which measures ethical development using the six Kohlberg's stages. Rest further constructed four states component cognitive model of ethical decision-making to examine the development of individual moral thought processes and behaviour. To be morally mature, an individual must develop four basic psychological processes – moral sensitivity (interpreting the situation), moral judgment (understanding the 'right' action), moral motivation (prioritising moral values) and moral character (having courage to take a moral action) (Rest, 1983).

The aforementioned models highlight the broader scope of ethical reasoning. In real-life decision-making situations, the 'right' action could be ambiguous and subject to human biases, such as

overconfidence bias about the likelihood of success, that could affect assessment of the end results of the available choices. And even theoretically knowing the 'right' course of action, individuals might have other priorities or might not be sufficiently motivated to take an action. In those situations, individuals could seek factors justifying their chosen approach. That makes unethical action more likely in situations, where it would be easy to generate justifications (Gino and Ariely, 2012, Treviňo *et al.*, 2014).

2.2. Influencing factors

Several factors influence ethical decision-making and behaviour in business environment. In this paper we follow Kish-Gephart *et al.* (2010) and Weaver's (2014) approach proposing three levels: individual factors, organisational factors and specific situational factors.

Firstly, at individual level, there's certain motivation to act ethically and certain potential gain or loss of unethical action. However, ethical reasoning at this level exceeds a simple cost-benefit analysis, as personal values, attitudes and perceptions are considered. A socio-economic behavioural model, developed by Amitai Etzioni, explains individual decision-making, considering economic rationalism and ethical aspects. This model assumes that people take decisions based on their values and emotions, and only then consider empirical and rational factors. Thus, decisions are affected by two interlinked principles – pleasure and morality. Rational behaviour tends to maximise pleasure, at the same time moral principles lie at the basis of an ethical behaviour. Individuals tend not just to maximise their pleasure, but to balance both objectives – pleasure and morality (Etzioni, 1988).

Behavioural economics studies of Dan Ariely explain that individuals are very concerned with their self-concept – the way they view and perceive themselves. That is particularly true for people, who regard honestly highly as a personal value. They face dilemma between gaining from an unethical action and maintaining a positive self-concept as honest. According to Ariely, individuals seek a balance between self-interest and self-concept, and thus are likely to behave slightly unethically without reaching a point, where they would need to negatively affect their self-concept (Ariely, 2008).

Secondly, it is commonly believed that organisational environment affects ethical reasoning in the workplace (Martin & Cullen, 2006; Treviňo *et al.*, 2006; Pastoriza *et al.*, 2008). Culture, working environment, ethics programs and moral codes create so-called 'ethical infrastructure' in organisations to guide behaviour of their members (Treviňo *et al.*, 2014). Ethical infrastructure could include anything from formal codes to implied shared values, and they would help to distinguish 'right' from 'wrong' course of action. Effectiveness of ethical codes and declared values clearly depends on the extent they are enforced. However, studies have found values being an effective mechanism in case employees look for justification of unethical action – they would be less likely to act against clearly stated values in such a case (Marta *et al.*, 2012).

Thirdly, situational factors play a role, because unethical action is more likely, when it is easier to justify it. Such cases could occur, for instance, when employees are not satisfied with the management (Analoui, 1995), are treated unfairly (Bennett and Robinson, 2003), boredom (Kass *et al.*, 2001) or are underpaid (Jones and Kavanagh, 1996; Wang and Kleiner, 2005; Sharma *et al.*, 2014).

3. Method and sample

To answer the research questions, we developed a questionnaire with an experimental design for retail sector employees. Each respondent received a description of a hypothetical retailer. The description stated that it was a relatively known retail chain, which was part of an international network, had worked in Latvia for almost 20 years and aimed to become a market leader in the respective field. The description also had two sets of organisational values – the first set included honesty, responsibility and professionalism, and the second set creativity, joyfulness and product quality.

Respondents were asked to imagine that they are supervising ten people in the described retail company. They had to evaluate likelihood that their hypothetical subordinates would engage in nine predetermined unethical behaviours – misusing working time and facilities, hiding relevant information from employer or from customers, stealing, cheating customers, damaging property, as well as behaving disloyally and impolitely.

Then respondents received a randomly assigned test scenario. The first scenario mentioned that employees were underpaid, but also other employers paid similarly low wages in that industry. This was labelled as the low-wage scenario. The second scenario explained the work as very boring and tedious. This was labelled as the boredom scenario. The third scenario described that the management decided to close few shops, while increasing their own salaries at the same time. This was labelled as the perceived injustice scenario. After reading one of three scenarios, respondents were asked to evaluate the likelihood of the aforementioned nine forms of unethical behaviour again.

Such an indirect approach was chosen to avoid the social desirability bias (a tendency to report more ethical behaviour in a particular retail company). Design of the study assumed that respondents will predict ethical or unethical behaviour based on their own previous experiences and worldviews. Thus, the results would provide a sufficiently accurate basis for further analysis.

In the questionnaire, itself the likelihood of unethical behaviour was measured in a 7-point Likert scale. This scale was later transformed into three levels describing low, medium and high degree of unethical behaviour at work.

Finally, respondents were asked to rank their personal values using the scale developed by social psychologist Milton Rokeach (1973). Each respondent received 18 tags with Rokeach instrumental values – cheerfulness, ambition, love, cleanliness, self-control, capability, courage, politeness, honesty, imagination, independence, intellect, broad-mindedness, logic, obedience, helpfulness, responsibility and forgiveness. They ranked those values in order of importance.

The questionnaires were distributed to three retail chains in Latvia – an international department store, a national bookstore and a specialised store selling IT equipment. The first retailer had shops just in the capital, the other two stores – also in smaller towns. A total of 573 surveys were distributed in sealed envelopes, and 250 or 44% completed forms received back, out of them 208 were included in the final analysis.

Seventy six percent of the respondents were female, corresponding to higher number of female retail employees in the general population, but also to higher responsiveness of female employees to participate in the research. Most of the respondents – 43% – had completed higher education, 28% – professional education, 27% general secondary education and 2% incomplete secondary education. Respondents were on average 36.2 years old – the youngest respondent was 18 at the time of completing the questionnaire, while the oldest – 64. They had been working on average for 3.9 years in their respective store.

4. Results

The overall results indicate that one could expect a rather ethical behaviour in the Latvian retail stores. Unsurprisingly, there was a strong correlation between degrees of ethical or unethical action across the surveyed forms of behaviour. Respondents found such behaviour as damaging property, cheating customers and stealing unlikely, while misusing working time and facilities were more commonly reported.
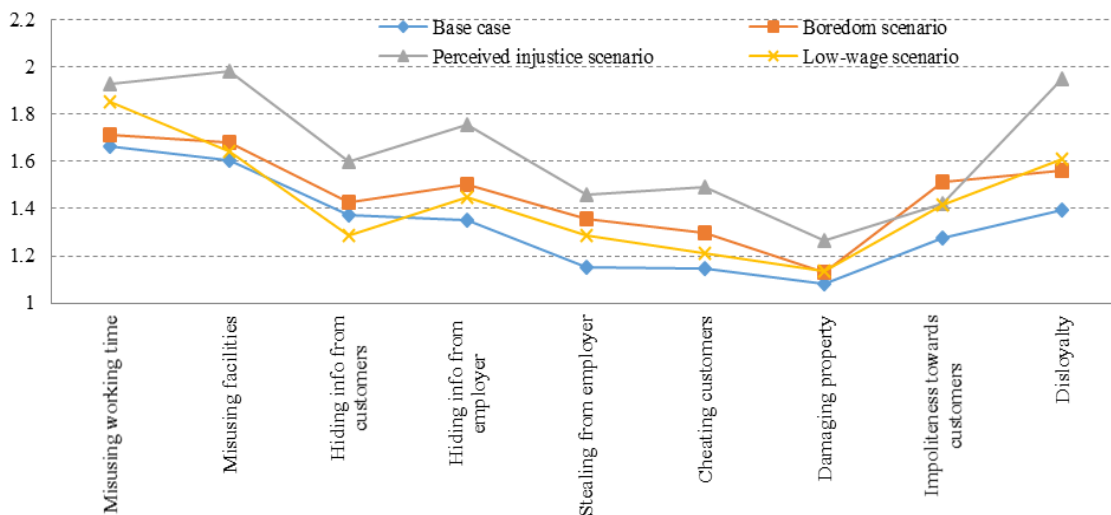
Figure 1. Likelihood of unethical behaviour

In the base case we could perceive a more ethical behaviour, and test scenarios introduced situational factors that could encourage unethical actions. The highest likelihood of unethical behaviour was observed in the perceived injustice scenario, because it introduced situational factors justifying unethical action. It would have been easier for employees to misuse resources for personal gain as well, behave disloyally and hide information from such an employer, when the management reportedly increased their own gains while closing stores.

Analysing the value ranking, we found honesty considered as the most important personal value (70% or 34% of respondents ranked this value as the first), followed by responsibility (39% or 19% of respondents ranked this value as the first) and the politeness (12 respondents or 6% ranked this value as the first). Obedience was considered the least important value among the given options, no respondent ranked it first.

We also found some company-level differences in the results – respondents from the specialised stores generally expected more ethical behaviour. However, given the small sample size, these results cannot be generalised.

4.1. Honesty and the perception of unethical behaviour at work

In the further analysis, we used non-parametric statistical techniques due to working with ordinal and not normally distributed variables, such as the rank of honesty among other values and three perception levels of unethical behaviour.

Two rank correlation methods for ordinal data we assessed – Spearman's Rho method, suggested by Wackerly *et al.* (2008), and Kendall's Tau method, suggested by Davis and Chen (2007). The last allows to calculate correlation for ordinal variables by comparing pairs of values for both dependent and independent variables, instead of ranking them individually. Both Kendall's Tau and Spearman's Rho correlation coefficients have values in the range of ⊠1 to +1. The respective values measuring the association between honesty as a personal value and the nine forms of unethical behaviour in base case and in the test scenario are displayed in Table 1.

Table 1. Honesty as a personal value and perception of unethical behaviour at work

	Base case									Test scenario								
	Misusing working time	Misusing facilities	Hiding info from customers	Hiding info from employer	Stealing from employer	Cheating customers	Damaging property	Impoliteness towards	Disloyalty	Misusing working time	Misusing facilities	Hiding info from customers	Hiding info from employer	Stealing from employer	Cheating customers	Damaging property	Impoliteness towards	Disloyalty
Spearman Rho	,068	,108	**,145**[*]	,102	,066	**,128**[*]	,077	,061	**,167**[*]	**,162**[*]	,021	,071	,053	,068	,086	,080	,068	**,136**[*]
p-value	,150	,052	**,014**	,062	,160	,026	,122	,178	,006	,007	,376	,143	,214	,152	,097	,116	,154	,020
Kendall Tau	,054	**,084**[*]	**,114**[*]	,078	,052	**,105**[*]	,063	,050	**,132**[**]	**,125**[**]	,017	,054	,041	,055	,071	,067	,054	**,105**[*]
p-value	,143	,048	,014	,066	,167	,026	,126	,171	,005	,007	,371	,147	,214	0,147	,089	,108	,149	,020

*Statistically significant correlation with 95% confidence is marked dark grey, correlation with 90% confidence – light grey.

Source: authors' calculations

Both correlation coefficients provided similar results, with Spearman's coefficient slightly exceeding Kendall´s. At the same time, Kendall's methodology is more suitable many ties exist between the subjects. Thus, we used Kendall´s coefficient in the further analysis.

With 95% confidence we could conclude that:

- In the base case, honesty as a value is related to reporting lower likelihood of misusing facilities, such as telephone or printer, for personal gain, hiding relevant information from customers or the employer, cheating customers or behaving disloyally, and thus negatively affecting company's reputation;
- In the test scenario, honesty is related to reporting lower likelihood of misusing working time, including late attendance, taking longer breaks than allowed and idleness, as well as disloyal behaviour.

All correlation coefficients are positive; therefore, we can conclude that there is a direct, positive relationship between honesty as a personal value and the reporting of unethical behaviour; the higher employees rank honesty, the more ethical behaviour they expect from the hypothetical subordinates.

Analysing the Kendall's correlation coefficient for each test scenario separately, only low-wage scenario displays a statistically significant relationship, which is further explained in Table 2. In low-wage scenario, honesty as a value is statistically significantly linked to misuse of working time, cheating customers, impolite and disloyal behaviour with 95% confidence, and to hiding information from customers and stealing from the employer with 90% confidence.

Table 2. Honesty as a personal value in low-wage scenario

	Misusing working time	Misusing facilities	Hiding info from customers	Hiding info from employer	Stealing from employer	Cheating customers	Damaging property	Impoliteness towards customers	Disloyalty
Kendall Tau	,203[*]	,117	,154	,056	,148	,187[*]	,109	,176[*]	,226[**]
p-value	,013	,103	,052	,276	,063	,028	,136	,031	,007

*Statistically significant correlation with 95% confidence is marked dark grey, correlation with 90% confidence – light grey.

Source: authors' calculations

Therefore, it is possible to conclude that low wage is the most important of the assessed situational factors influencing perception of unethical behaviour at work. At the same time, low wage is not a reason supporting unethical behaviour, but rather even in a low-wage scenario, employees that rate honestly highly are more likely to exhibit a more ethical behaviour. Respectively, individual factors (values) are more influential than situational factors (low wage) in this case.

4.2. Socio-demographic factors and the perception of unethical behaviour at work

We developed a model to assess the impact of socio-demographic factors such as age, gender, education level and tenure. Perception of unethical behaviour was not a continuous variable and few of the socio-demographic factors were also not normally distributed, thus assumption of normality could not be fulfilled and we applied a non-parametric statistical technique – the logistic regression analysis. As explained before, the 7-point Likert scale measuring the likelihood of unethical behaviour was transformed into a three-category scale, where values 1, 2 and 3 corresponded to a low perceived degree of unethical behaviour at work, 4 and 5 – to a medium perceived degree, while 6 and 7 – to a high perceived degree of unethical behaviour at work.

A multivariate regression model was developed with a categorical dependent variable measuring the perceived degree of unethical behaviour at work. The model works with probabilities, so the values of the dependent variable were adjusted to fit an interval from 0 to 1 using an S-shaped logistic curve, Figure 2.
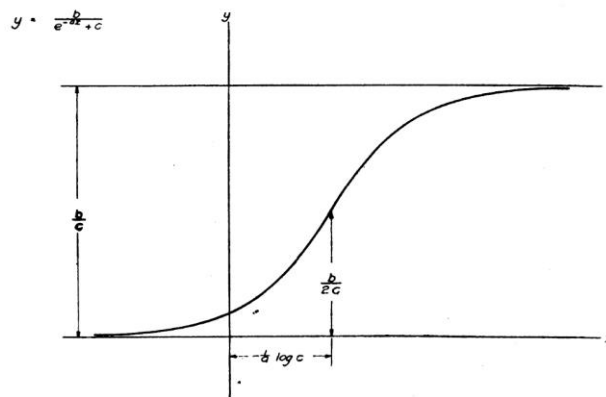

Figure 2. Logistic curve used for logistic regression
Source: Pearl, Reed, 1920

The values of the dependent variable adjusted, using the following formula:

$$p_i = \frac{1}{1 + e^{-(\alpha + \beta_1 x_1 + \beta_2 x_2 + \ldots \beta_k x_k)}} \tag{1}$$

And for mathematical easiness the model was transformed with double logarithms in both sides (2)

$$Log\ (OR) = Logit\ (pi) = \log_e(pi\,/\,(1-pi) = \alpha + \beta_1 x_1 + \beta_2 x_2 + \ldots \beta_k x_k \tag{2}$$

Coefficients of the independent variables were estimated using the Newton–Raphson algorithm.

Logistic regression analysis uses the odd ratio between the probabilities of two mutually exclusive events, in this case – two categories of perceived degree of unethical behaviour at work. Each equation can only have two mutually exclusive events, so two equations were used in the model to include all three degrees of perceived behaviour.

$$\log_e \frac{P_i^1}{P_i^0} = \beta_{10} + \sum_{h=1}^{H} \beta_{1h} X_{hi} \quad (1)$$

$$\log_e \frac{P_i^2}{P_i^0} = \beta_{20} + \sum_{h=1}^{H} \beta_{2h} X_{hi} \quad (2) \tag{3}$$

And, replacing these parameters with the real socio-demographic variables:

$$\log_e \frac{P_i^1}{P_i^0} = \beta_{10} + \beta_{11} Age_i + \beta_{12} Gender_i + \beta_{13} Tenure_i + \beta_{14} Education_i + \beta_{15} Gender_i *$$
$$Education_1 + \beta_{16} Gender_i * Education_2 + \beta_{17} Gender_i * Education_3 \tag{3}$$

$$\log_e \frac{P_i^2}{P_i^0} = \beta_{20} + \beta_{21} Age_i + \beta_{22} Gender_i + \beta_{23} Tenure_i + \beta_{24} Education_i + \beta_{25} Gender_i *$$
$$Education_i + \beta_{26} Gender_i * Education_2 + \beta_{27} Gender_i * Education_3 \tag{4}$$

Being P_i a probability of the perceived degree of unethical behaviour at work. Dummy variables were included for each category of nominal variables, such as gender and education.

Correctly classified results of the multinomial logistic regression model in the base case and in test scenarios are illustrated in Table 3.

Table 3. Correctly classified results of the multinomial logistic regression model

Base – Misusing facilities	Base – Hiding info from customers	Base – Cheating customers	Base – Disloyalty	Test – Misusing working time	Test – Disloyalty
57,21%	71,63%	87,02%	71,15%	48,56%	57,21%

* Only statistically significant results have been included
Source: authors' calculations

The model to a small degree explained misusing facilities in the base scenario with 57.21% correctly classified results, at the same time it did not include any statistically significant socio-demographic factors. The model could better explain hiding information from customers in the base case with 71.63% of the results classified correctly. Age was a statistically significant factor in this model. Cheating customers in the base case gave 87.02% of correctly classified results, and age was a statistically significant factor. Finally, disloyalty gave 71.15% of correctly classified results in the base case, and tenure was a statistically significant factor. Test scenarios together did not ensure a

sufficiently precise classification; however, low-wage scenario separately provided better results (Table 4).

Table 4. Correctly classified results in the low-wage scenario

Misusing working time	Cheating customers	Impoliteness	Disloyalty
56,72%	88,06%	77,61%	71,60%

* Only statistically significant results have been included
Source: authors' calculations

In the low-wage scenario the regression model could be used to explain cheating customers with 88.06% of the results classified correctly and age as the most significant factor, as well as impoliteness and disloyalty, to a lesser extent misusing working time.

Coefficients of the explaining variables are displayed in Table 5.

Table 5. Coefficients of the explaining variables in the low-wage scenario

			Misusing working time	Cheating customers	Impoliteness	Disloyalty
Beta values	age	Beta 1	.114	.192	.146	
		Beta 2	.119	.192	.051	
	tenure	Beta 1				.366
		Beta 2				.213
p-values	age	Beta 1	.005	.039	.010	
		Beta 2	.010	.083	.447	
	tenure	Beta 1				.055
		Beta 2				.296

* Only statistically significant results have been included
Source: authors' calculations

All coefficients were positive, thus increasing values of variables age or tenure increased the probability with which the dependent variable takes the values 1 and 2, being 3 the base case in the logistic regression model. Therefore, the older or more experienced a worker, the more ethical actions are likely to be perceived.

Using the multinomial logistic regression model, we did not observe statistically significant differences in the perceived degree of unethical behaviour at work between male and female employees, or between employees having different completed education levels. However, the results about the role of education cannot be generalised, considering that less than 2% of the sample had not completed secondary education.

4.3. The impact of organisational values

Finally, we assessed, whether espoused organisational values affected the perceived degree of unethical behaviour at work. Each respondent received one of two organisational value sets – honesty, responsibility and professionalism or, in the second set, creativity, joyfulness and product quality. The aim was to test, whether simply declaring honesty and responsibility among the organisational values would decrease the perceived degree of unethical behaviour at work. We did not observe any impact in the base case. Impact in selected test scenarios is summarised in Table 6.

Table 6. Organisational values and the perceived degree of unethical behaviour at work

	Low-wage scenario – Impoliteness	Boredom scenario – Cheating customers	Boredom scenario – Damaging property	Boredom scenario – Impoliteness	Boredom scenario – Disloyalty
Mann-Whitney U	505.500	882.000	848.500	848.000	696.500
Wilcoxon W	1066.500	2478.000	2444.500	2444.000	2181.500
Z	-1.767	-1.650	-2.006	-1.882	-2.824
Asymp. Sig. (2-tailed)	.077	.099	.045	.060	.005

* Grouping Variable: Organisational values, only statistically significant results have been included
Source: authors' calculations

We could conclude that such declared organisational values did not have a statistically significant impact alone; however, they could mitigate influence of certain situational factors.

5. Conclusions

Business organisations can greatly benefit from successfully managing ethical issues in a diverse workforce. This is especially relevant for retail organisations, which face high employee turnover due to often unspecialised, low-wage and stressful jobs.

Ethical reasoning is concerned with both – determining the 'right' choice and justifying an action. In their decision-making process, employees consider not just self-gain and the associated risk of being caught, but also social perceptions and self-concept. Retail employees found such behaviours as damaging property, cheating customers and stealing unlikely, while misusing working time and facilities more likely. Stealing is considered unacceptable in many socio-cultural contexts, while late attendance, longer breaks and using corporate resources for personal gains would be socially much less condemned, and would allow employees to keep a positive self-concept. We should also consider, that many low-level employees would not consider such issues as productivity and would not see any direct impact of misused working time on business performance, while they would certainly understand the negative implications of theft and damaging property.

Individual, organisational and situational factors play a role in ethical reasoning. On individual level, having honesty as a strong personal value could be related to perception of a more ethical behaviour. Employees, who view themselves as very honest, might have more difficulties to justify unethical action while maintaining self-concept of a very honest person. Honesty as a strong value could also play a role against negative situational factors – we found that in low-wage scenario employees, who valued honesty, were less likely to perceive unethical behaviour. From socio-demographic factors age and tenure affected the perceived degree of unethical behaviour – the older and more experienced a worker, the more ethical behaviour was perceived. At the same time gender and education did not have a statistically significant impact.

Finally, we found that situational factors can influence perceptions – retail employees assumed the highest likelihood of unethical behaviour in the perceived injustice scenario. This scenario again made it easier to justify unethical action. And, while declaring honesty and responsibility as organisational values did not have a statistically significant impact alone, organisational values could mitigate certain situational factors.

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