

## **Predicting Ethical Behaviors—Utilitarianism via Situational Factors among Healthcare Employees: An Empirical Investigation in a Private Hospital in Kuwait**

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### **Abstract**

*The aim of this study was 1) to examine the association among ethical behaviors and situational factors, 2) to examine which factors of the situational ones are significant predictors of ethical behaviors. One hundred and seventy employees participated in this study. The results discovered a positive association exists among ethical behaviors and five situational factors, including type of industry, codes of conduct presence, top management's ethical behavior, rewards, and sanctions, and position type. Furthermore, the results revealed that, the industry type was the only situational significant predictor of ethical behaviors. Consequently, implications and directions for future studies were furnished.*

**Keywords:** Ethical Behaviors, Utilitarianism, Situational Factors, Healthcare, Hierarchical Multiple Regression, Kuwait

### **1. Introduction**

As part of organizational social responsibilities—OSR, organizations should always conduct their business practices ethically. The practice of engendering, promoting, and supporting organizational ethical work climate by top management is critical to the success of the organization. This is because, such practices affect the process of organizational goal achievement (Davis, 2006), the organizational standards of quality and productivity (Stainer & Stainer, 1995), the organizational rate of turnover (Schwepker, 1999), the organizational financial outcomes (Wah, 1999), and the level of employee job satisfaction (Schwepker & Hartline, 2005).

Lately, according to Knights and O'Leary (2006), scrutinizing the ethics of top management is becoming more prominent. Moreover, Minkes, Small, and Chatterjee, (1999), asserted that, adhering to ethical rules and standards is among the top management roles and responsibilities within the organization. Thus, organizations should not neglect their employees at all levels within the organization, including their top management personnel code of conduct. According to Barnes and Powers (2006), ethical organizations inflict ethical work environment and customer satisfaction. As a consequence, inflicting ethical behaviors creates a constructive workplace which in return, improves many outcomes of the organization (Koh & Boo, 2001).

According to Ford and Richardson (1994), and O' Fallon and Butterfield (2005), there are certain situational factors that affect one's behavior. The effect can be sometimes ethical where in some other times unethical. Thus, based on the situation and its effect, normally individuals act accordingly. These factors include peers ethical behavior, top management ethical behavior, fear of top management power, rewards and sanctions, code of conducts presence, ethical decisions vs. ethical dilemmas, constructive ethical environment, organization size, industry type, position type, and competition. Given the fact that these factors affect one's behavior, the purpose of this study is 1) to examine the association between ethical behaviors and situational factors; 2) to examine which factors of the situational ones are significant predictors of ethical behaviors.

## **2. Literature Review**

### **2.1. Ethics and Utilitarianism**

According to Fraedrich, Ferrell, and Pride (1989), the origin of the word ethics is 'sydha' which means custom. Moreover, ethics is about accepting standards (Alas, 2005). According to Johnson (2005), the origin of the utilitarianism concept was introduced by English philosophers named Jeremy Bentham and John Stuart Mill back in the 18<sup>th</sup> and 19<sup>th</sup> centuries. According to Northouse (2004), utilitarianism is an ethical perspective that focuses on one's behavior. Furthermore, utilitarianism promotes the fact that the decision making process should be based on the consequences of such decision (Robbins & DeCenzo, 2001). Finally, a utilitarian behavior inflicts doing the greatest good along with the minimal harm to the others (Schumann, 2001). Consequently, utilitarian behaviors are considered to be ethical.

According to the literature, many studies have examined the impact of top management ethics on organizations outcomes. For example, numerous studies reported a positive relationship between ethical top management and employees' job satisfaction (Koh & Boo, 2001; Chockalingam, Deshpande, & Joseph, 1998; Valentine & Fleischman, 2004; Joseph & Deshpande, 1997; Schwepker & Hartline, 2005). Further, Honeycutt, Siguaw, and Hunt (1995) reported that organizational ethical behaviors engendered higher organizational performance. Additionally, ethical work climate positively influences employees' code of conduct (Weber, Kurke, & Pentico, 2003).

### **2.2. Situational factors**

According to Ford and Richardson (1994), situational factors are normally concerned with situations by which, individuals' behaviors whether they are ethical or not are sanctioned. These factors include peers ethical behavior, top management ethical behavior, fear of top management power, rewards and sanctions, code of conduct presence, ethical decisions vs. ethical dilemmas, constructive ethical environment, organization size, industry type, position type, and competition.

According to Zey-Ferrell, Weaver, and Ferrell (1979), individuals are normally affected by the behavior of their peers. According to Ford and Richardson (1994), top management most likely to influence the decision making process of employees. In fact, this influence may be escalated when individuals fear the cohesive power of top their top management. According to Posner and Schmidt (1984), manager behaviors tend to be affected by the behaviors of their top management. When it comes to rewards and sanctions, Hegarty and Sims (1978) reported that ethical behaviors and rewards and sanctions are positively related. Additionally, Hegarty and Sims asserted that a positive association exists between ethical behaviors and constructive ethical environment. The same relationship was reported between ethical behaviors and code of conduct presence (Ford & Richardson, 1994). Regarding the type of industry, Akaah and Riordan (1989) reported that industry type has no impact on ethics. In terms of the level of organization—the organization's hierarchy, Mitchell, Lewis, and Reinsch (1992) asserted that perceptions of ethics vary depending on individuals' position levels. With reference to organizational competitiveness, Hegarty and Sims reported an indirect relationship between competitiveness and ethical behaviors. Fritzsche and Becker (1983) reported that ethical behaviors may vary depending on the actual ethical issue. Murphy, Smith, and Daley (1992) attested that smaller organizations tend to be more ethical than larger ones. Finally, based on the literature review above, the purpose of this study is 1) to examine the association between ethical behaviors and situational factors; 2) to examine which factors of the situational ones are significant predictors of ethical behaviors.

## **3. Methods**

### **3.1. Operationalization and Measurements**

For the purpose of this study, the situational factors were measured using the author's previously used scale. This scale includes 11 questions that measure the influence magnitude of each factor on ethical behaviors. In this study, this scale had a scale reliability of 0.8. For measuring ethical behaviors—utilitarianism, part of the ethical work climate questionnaire developed by (Victor & Cullen, 1988) were used. This part is called caring and consists of 7 questions with a scale reliability of 0.85 (Cullen, Victor, & Bronson, 1993). Both instruments used a 4-point scale which includes strongly disagree=1, disagree=2, agree=3, and strongly agree=4.

### 3.2. The Research Questions

This aim of this study was:

1. To examine the association between ethical behaviors and situational factors.
2. To examine which factors of the situational ones are significant predictors of ethical.

### 3.3. Research Context, Subjects Selection, and Data Analysis

The study was conducted in a private hospital in Kuwait. Due to logistical internal and external factors, 170 employees voluntarily participated in this study. The targeted employees had different professional backgrounds and different levels within their professions, and they were assured their privacy and confidentiality rights by the researcher. Using SPSS, the data were analyzed using correlation and hierarchical multiple regression analyses.

## 4. Results

### 4.1. Demographics

Out of 166 subjects, 30.6% were males, 67.1% were females, and 2.4% were missing values. Out of 168 subjects, 38.8% were from 18-30 years old, 49.9% were from 31-40 years old, 11.2% were from 41-50 years old, 2.9% were from 51-60 years old, and 1.2% were missing values. Out of 165 subjects, 10% were physicians, 72.5% were nurses, 5.3% were administrative, 4.1% were non-administrative, and 2.9% were missing values.

### 4.2. Result of the First Research Question

Table 1 shows the result of the correlation test among ethical behaviors and the situational factors examined in this study. According to the table, among the 11 factors examined, only 5 factors correlated positively with ethical behaviors. These factors include type of industry ( $r=0.291$ ,  $\text{sig}=0.000$ ,  $r\text{-square}=8.46\%$ ), codes of conduct presence ( $r=0.251$ ,  $\text{sig}=0.001$ ,  $r\text{-square}=6.3\%$ ), top management's ethical behavior ( $r=0.211$ ,  $\text{sig}=0.006$ ,  $r\text{-square}=4.45\%$ ), rewards and sanctions ( $r=0.175$ ,  $\text{sig}=0.022$ ,  $r\text{-square}=3.06\%$ ), and position type ( $r=0.159$ ,  $\text{sig}=0.038$ ,  $r\text{-square}=2.52\%$ ). The r-square value is the value—magnitude by which the factor accounted for the variation in ethical behaviors.

### 4.3. Result of the Second Research Question

Table 2 shows the result of the hierarchical multiple regression analysis. As shown in the table, the factors were entered into the regression model according to their association values—the highest first. For the purpose of this study, model-5 is the main concern, and thus, by examining model-5, it clearly shows that among the five situational factors associated positively with ethical behaviors in the correlation test, only one was a statistically significant predictor of ethical behaviors, and that is, the type of industry ( $\text{beta}=0.220$ ,  $t=2.553$ ,  $\text{sig}=0.012$ ,  $\text{adjusted } r\text{-square}=9.9\%$ ). Model-5 shows the fact that having the other four factors, along with industrial type, did not make a difference at all. In fact, according to the Model summary of the hierarchical regression analysis, the industry type factor accounts for 9.9% of the variation of ethical behaviors. This means, the type of industry as a factor positively affects individuals' ethical behaviors.

## 5. Discussion and Implications

As for the first question in this study, it was to examine the association between ethical behaviors and situational factors. According to the correlation analysis, the result revealed a statistical significant positive association between ethical behaviors and five situational factors, including type of industry, codes of conduct presence, top management's ethical behavior, rewards and sanctions, and position type.

In terms of the type of industry, even though, this study shows a positive association with ethical behaviors, Akaah and Riordan (1989) reported no association at all. Nevertheless, organizations need to examine this factor further to validate the discrepancy in the results. Moreover, if the validation reveals more positive associations, then, organizations should examine how their types fundamentally affect the individuals' code of conduct. Regarding the codes of conduct presence, this study revealed a positive association between the presence of codes of conduct and ethical behaviors. This finding was supported by (Ford & Richardson, 1994). Consequently, organizations should create, maintain, promote, and communicate, a clear code of conduct policy throughout the entire organizational levels. In this study, the ethical behavior of top management also related positively with ethical behaviors. This finding is attested by (Posner & Schmidt, 1984). Thus, organizations should pay a close attention to the behavior of their top management personnel and use them as a mechanism to engender an ethical work climate. Further, rewards and sanctions positively correlated with ethical behaviors.

This result was supported by Hegarty and Sims (1978). Therefore, organizations should create and utilize a rewards and sanctions system to promote and inflict an effective ethical work environment. Furthermore, this study revealed a positive relationship between ethical behaviors and position type. This result was supported by (Mitchell, Lewis & Reinsch, 1992). Given this fact, organizations always examine individuals with different positions and levels and strive to engender their ethical code of conduct among all employees regardless of their positions and levels.

Finally, the study revealed a new finding and that is industry type as a situational factor can be used to predict ethical behaviors. Because of this finding, organizations need to investigate this further and try to understand how the type of the industry positively impacts individuals' code of conducts, in addition, what type of an industry impacts ethical behaviors most.

## **6. Conclusion and Recommendations for Future Study**

The attempt of this study was 1) to examine the association among ethical behaviors and situational factors, 2) to examine which factors of the situational ones are significant predictors of ethical behaviors. One hundred and seventy employees of a private hospital in Kuwait participated in this study. The results revealed a positive association exists among ethical behaviors and five situational factors, including type of industry, codes of conduct presence, top management's ethical behavior, rewards, and sanctions, and position type. Additionally, results revealed that, the industry type was the only situational predictor of ethical behaviors.

Recommendations for further studies include, 1) conducting a similar study in a different context, including private and government based hospitals in Kuwait, 2) conducting a similar study in a different capacity in terms of sample size, the size of the organization, number of employees, and hierarchy, 3) for the purpose of validation, conducting similar study in different parts of the world.

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**Table 1: Association between Situational Factors and Ethical behaviors**

Situational Factors		Caring
Ethical Behavior of Peers	Pearson Correlation	.082
	Sig. (2-tailed)	.289
	N	170
Ethical Behavior of Top Management	Pearson Correlation	.211**
	Sig. (2-tailed)	.006
	N	170
Fear of Power of Top Management	Pearson Correlation	.115
	Sig. (2-tailed)	.134
	N	170
Rewards & Sanctions	Pearson Correlation	.175*
	Sig. (2-tailed)	.022
	N	170
Presence of Codes of Conduct	Pearson Correlation	.251**
	Sig. (2-tailed)	.001
	N	170
Ethical Decision vs. Ethical Dilemma	Pearson Correlation	.123
	Sig. (2-tailed)	.110
	N	170
Constructive Ethical Environment	Pearson Correlation	.013
	Sig. (2-tailed)	.868
	N	170
Size of Organization	Pearson Correlation	.078
	Sig. (2-tailed)	.315
	N	170
Type of Industry	Pearson Correlation	.291**
	Sig. (2-tailed)	.000
	N	170
Position Type	Pearson Correlation	.159*
	Sig. (2-tailed)	.038
	N	170
Presence of Competition	Pearson Correlation	.039
	Sig. (2-tailed)	.618
	N	170

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

**Table 2 Hierarchical Multiple Regression Analysis**

Variables Entered/Removed <sup>a</sup>			
Model	Variables Entered	Variables Removed	Method
1	Type of Industry <sup>b</sup>	.	Enter
2	Presence of Codes of Conduct <sup>b</sup>	.	Enter
3	Ethical Behavior of Top Management <sup>b</sup>	.	Enter
4	Rewards & Sanctions <sup>b</sup>	.	Enter
5	Position Type <sup>b</sup>	.	Enter
a. Dependent Variable: Caring			
b. All requested variables entered.			

<b>Model Summary</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.291 <sup>a</sup>	.085	.079	3.281
2	.339 <sup>b</sup>	.115	.104	3.236
3	.354 <sup>c</sup>	.125	.109	3.226
4	.355 <sup>d</sup>	.126	.105	3.235
5	.355 <sup>e</sup>	.126	.099	3.245
a. Predictors: (Constant), Type of Industry				
b. Predictors: (Constant), Type of Industry, Presence of Codes of Conduct				
c. Predictors: (Constant), Type of Industry, Presence of Codes of Conduct, Ethical Behavior of Top Management				
d. Predictors: (Constant), Type of Industry, Presence of Codes of Conduct, Ethical Behavior of Top Management, Rewards & Sanctions				
e. Predictors: (Constant), Type of Industry, Presence of Codes of Conduct, Ethical Behavior of Top Management, Rewards & Sanctions, Position Type				

**Table: 2 (Continued) Hierarchical Multiple Regression Analysis**

<b>ANOVA<sup>a</sup></b>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	167.255	1	167.255	15.539	.000 <sup>b</sup>
	Residual	1808.223	168	10.763		
	Total	1975.478	169			
2	Regression	226.721	2	113.361	10.826	.000 <sup>c</sup>
	Residual	1748.757	167	10.472		
	Total	1975.478	169			
3	Regression	247.463	3	82.488	7.924	.000 <sup>d</sup>
	Residual	1728.015	166	10.410		
	Total	1975.478	169			
4	Regression	248.309	4	62.077	5.930	.000 <sup>e</sup>
	Residual	1727.169	165	10.468		
	Total	1975.478	169			
5	Regression	248.351	5	49.670	4.716	.000 <sup>f</sup>
	Residual	1727.127	164	10.531		
	Total	1975.478	169			
a. Dependent Variable: Caring						
b. Predictors: (Constant), Type of Industry						
c. Predictors: (Constant), Type of Industry, Presence of Codes of Conduct						
d. Predictors: (Constant), Type of Industry, Presence of Codes of Conduct, Ethical Behavior of Top Management						
e. Predictors: (Constant), Type of Industry, Presence of Codes of Conduct, Ethical Behavior of Top Management, Rewards & Sanctions						
f. Predictors: (Constant), Type of Industry, Presence of Codes of Conduct, Ethical Behavior of Top Management, Rewards & Sanctions, Position Type						

**Table: 2 (Continued) Hierarchical Multiple Regression Analysis**

<b>Coefficients<sup>a</sup></b>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	15.422	1.193		12.929	.000
	Type of Industry	1.610	.408	.291	3.942	.000
2	(Constant)	12.838	1.600		8.023	.000
	Type of Industry	1.315	.422	.238	3.118	.002
	Presence of Codes of Conduct	1.132	.475	.182	2.383	.018
3	(Constant)	12.158	1.666		7.297	.000
	Type of Industry	1.236	.424	.223	2.914	.004
	Presence of Codes of Conduct	.918	.497	.147	1.848	.066
	Ethical Behavior of Top Management	.550	.390	.110	1.412	.160
4	(Constant)	12.107	1.681		7.204	.000
	Type of Industry	1.207	.437	.218	2.765	.006
	Presence of Codes of Conduct	.904	.501	.145	1.806	.073
	Ethical Behavior of Top Management	.511	.415	.102	1.232	.220
	Rewards & Sanctions	.106	.371	.024	.284	.776
5	(Constant)	12.139	1.764		6.884	.000
	Type of Industry	1.219	.478	.220	2.553	.012
	Presence of Codes of Conduct	.903	.503	.145	1.798	.074
	Ethical Behavior of Top Management	.510	.416	.102	1.226	.222
	Rewards & Sanctions	.115	.403	.026	.286	.775
	Position Type	-.030	.478	-.006	-.062	.950

a. Dependent Variable: Caring