Factors Impacting Ethical Behavior of Hospital Employees: An Empirical Investigation

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Abstract
The healthcare sector is the engine of job growth in the United States. With the gradual aging of the US population, the demand for healthcare needs in the United States is projected to grow significantly in the next decade. This study examines the impact of various factors on ethical behavior of 177 hospital employees in the United States. Standardized regression coefficients indicate that ethical behavior of coworkers, ethical behavior of successful managers, education in ethics, professional climate, and independence climate significantly impacted ethical behavior of hospital employees. In addition, nurses reported significantly higher ethical behavior than other hospital employees. The results have many implications for researchers and health care practitioners.

Key Words: Hospitals, emotional intelligence, ethical climate, ethical behavior, doctors, nurses.
Introduction

Health care costs in the United States have been rising steadily for the last decade. Unfortunately, this increase has been larger than the rise in inflation or the GDP in the United States (Plunkett Research Ltd., 2008; National Priorities Partnership, 2008). It is expected that by 2016, health care spending in the United States will account for 20% of the GDP (Plunkett Research Ltd., 2008). Many analysts suggest that health care reform is a key condition for future economic growth and stability of the US economy. One key component of rising health care costs is defensive medicine practiced by physicians. Many doctors routinely order tests and procedures that are unwanted or unnecessary to avoid potential lawsuits. A recent study in Massachusetts revealed that nearly 80% of responding doctors reported that they practiced defensive medicine to avoid lawsuits (Lazar, 2008). This added $1.4 billion to the health care costs in the state of Massachusetts.

Besides ordering unnecessary tests and procedures, doctors in the United States have been blamed for unethical and illegal medical practices. This includes reusing syringes (Nye County Comments, 2008), prescribing controlled substances (Angier, 2007), unnecessary prescriptions (Truesdell, 2008), and healthcare fraud (Patrick, 2008). The American College of Physician Executives reported that in one of their membership surveys, nearly 33% of respondent doctors knew of a doctor who was engaged in unethical practices. Even hospitals in the United States have been accused of unethical practices like irregular billings, performing unnecessary procedures, allowing employees to wear dirty scrubs, and poor infection-control practices (Appleby, 2004; Galewitz, 2006; McCaughey, 2009). The Joint Commission on Accreditation of Healthcare Organizations (JCAHO) requires hospitals to have clear standards on patient rights, a
code of ethics, and organizational ethics. Unfortunately, while hospitals are making headway in addressing clinical ethics issues, much more can be done in the area of organizational ethics.

This paper examines factors that influence ethical behavior of hospital employees in the United States. The first part of this paper consists of a brief literature review of various predictors of ethical behavior of employees examined in this study and hypotheses that will be tested in our study. This will be followed by the methods section and the results section. Then, we will discuss the implications of this study for healthcare researchers and practitioners.

**Literature Review**

Both social learning theory and differential association theory have made a strong case to examine the impact of referent others on behavior of employees (O’Fallon and Butterfield, (2005). Social learning theory proposes that people learn new behavior by witnessing behavior of closely connected people (Bandura, 1977). On the other hand differential association theory proposes that the ratio of contact of ethical behavior and unethical behavior of reference group can impact ethical behavior of a person (Ferrell and Gresham, 1985). Therefore, based on these two theories, we hypothesize that:

Hypothesis 1: Ethical behavior of coworkers significantly impacts self-reported ethical behavior of hospital employees.

Successful managers within the hospital are another referent group who can impact ethical behavior of employees. This is because successful managers act as role models (Hunt, Chonko, and Wilcox, 1984). If successful managers are perceived to be ethical, an employee
would also be motivated to avoid unethical behavior (Hunt, Chonko, and Wilcox, 1984, Vitell and Davis, 1990; Deshpande, George, and Joseph, 2000). Thus, we propose that ethical behavior of successful managers or ethical optimism significantly impacts self-reported ethical behavior of employees.

Hypothesis 2: Ethical optimism will significantly impacts ethical behavior of hospital employees.

Since hospitals employees have to make decisions on a regular basis that may have ethical implications, medical schools requires their students to take a course on ethics (Gordon and Parsi, 2002). Ethics is also an important topic in many nursing courses. Nurses need to know the International Council of Nurses (ICN) guidelines for ethical decision making (Fry and Johnston, 2002). In addition, the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) nursing standards requires health care organization to set up systems to enable nurses to preserve their ethical integrity (Joseph and Deshpande, 1996). Unfortunately previous research has not examined the impact of professional education to address ethical issues at work on ethical behavior of the respondents. It is the purpose of this research to do so. Accordingly, we hypothesize:

Hypothesis 3: Those employees who believe that their professional education prepared them to address ethical issues at the workplace are more likely to exhibit ethical behavior.
Previous research has shown that ethical climate of an organization can have a significant impact ethical behavior of employees (Deshpande, 1996; Victor and Cullen, 1987, 1988). Martin and Cullen (2006, 177) in their meta-analysis define a firm’s ethical climate as “a group of prescribed climates reflecting the organizational procedures, policies, and practices with moral consequences.” The early work on identifying different types of ethical climate was done by Victor and Cullen (1987, 1988). They based their classification on research in the area of ethical theory (Fritzsche and Becker, 1984; Williams, 1985), moral development (Kohlberg, 1984), and sociocultural theories of organizations (Schneider, 1983). They defined five types of ethical climate based on the type of criteria (benevolence, principle, and egoism) and level of analysis (individual, organizational, or cosmopolitan). Martin and Cullen (2006)’s meta-analysis of studies in ethical climate reported a positive relationship between a number of climate types and various organizational outcomes. Therefore we propose:

Hypothesis 4: Ethical climate types will impact ethical behavior of hospital employees.

One of the major problems that could take place in studies that use self-reported data is social desirability bias (O’Fallon and Butterfield, 2005). Previous empirical research in business ethics has reported that even in surveys where the subjects are anonymous, subjects who have a propensity to overclaim report a higher ethical conduct or behavior (Schoderbek and Deshpande, 1996). To counter this bias, previous researchers have used overclaiming scales as a control variable (Randall and Fernandes, 1991). We will control for overclaiming in our study. The other three control variables used in our study were gender, doctors and nurses. Some studies report that females are more ethical than men (O’Fallon and Butterfield, 2005). Unlike other hospital
employees, doctors and nurses often have to make decisions that have an ethical component (Loewy and Loewy, 2004; Raines, 2000; De Casterle, Izumi, Godfrey, and Denhaerynck, 2008, Robertson, 1996).

**Study Methodology**

**Sample**

The data for this study was collected in three non-profit U.S. hospitals. While two sample hospitals were in Northwest United States, the third hospital was in the Midwest part of the United States. Three hundred surveys were given out. Sixty-seven percent of subjects returned the surveys. Surveys with missing values were deleted. Finally, we were left with a useable sample of 177 subjects for our data analysis.

Table 1 presents the demographics of the sample. Twenty-two percent of the sample were doctors while 51% were nurses. Sixty-six percent of the sample consisted of females. The average age of a respondent was 44.9 and this person was a full-time White employee with work experience of around 9 years.

**Measures**

Administrators at the hospital helped in the development of items used in this study to measure ethical behavior of respondents and ethical behavior of coworkers. Our dependent
variable, ethical behavior of respondent was measured using the following four items: It is acceptable for me to take office supplies home; In order to get ahead in their future careers, I believe that one has to compromise personal ethical standards; I believe that it is acceptable on occasion to discuss aspects of cases with friends and others, not employed within their organization; and I believe that it is okay to by-pass established protocols in order to be more efficient or effective at work. Ethical behavior of coworkers was measured using the following four mirror items: Co-workers feel that it is acceptable to take office supplies home; In order to get ahead in their future careers, my co-workers believe that one has to compromise personal ethical standards; My co-workers believe that it is acceptable on occasion to discuss aspects of cases with friends and others not employed within their organization; and My co-workers believe that it is okay to by-pass established protocols in order to be more efficient or effective at work. The items for both these constructs were measured on a four-point Likert scale (4=strongly agree, 1=strongly disagree). Factor analysis established that there was only a one-factor solution for both ethical behavior of self and ethical behavior of coworkers respectively. Consequently reliability values of these two constructs were calculated. The Cronbach’s alpha for ethical behavior of self and ethical behavior of coworkers was .70 and .83 respectively.

Ethical optimism was measured using the following six items: Successful managers are generally more ethical than unsuccessful managers; In order to succeed at work, it is often necessary to compromise one’s ethics; Successful managers withhold information that is detrimental to their self interest; Successful managers make rivals look bad in the eyes of others; Successful managers look for a “scapegoat” when they feel they may be associated with failure; and successful managers take credit for the ideas and accomplishments of others. These items were measured on a four-point Likert scale (4=strongly agree, 1=strongly disagree).
Ethical optimism reveals the subject’s perceived relationship between ethical behavior and managerial success within their hospitals. This construct was previously used in a sample of marketing researchers (Hunt et al. (1984), computer professionals (Vitell and Davis, 1990), managers in non-profit organizations (Deshpande, 1996), and educational settings (Jaffe and Tsimerman, 2005). Thus a high score indicates that the subjects identify a strong connection between ethics and success. Factor analysis results established that there was only a one-factor solution for this construct. Cronbach’s alpha for ethical optimism was .82.

Education in ethics was measured using the item, “My professional education prepared me to address ethical issues at work.” A four-point Likert scale (4=strongly agree, 1=strongly disagree) was used to measure this item. Global measures of ethical climate types were used in this study (Victor and Cullen, 1987; Deshpande (1996). They are: professional climate (people were expected to comply with the law and professional standards), caring climate (the major consideration was what is best for everyone in the organization), rules climate (every one was expected to stick by organization rules and procedures), instrumental climate (people protected their own interest above all else), and independence climate (each person in the firm decided for him/herself what is right and wrong). A four-point Likert scale, with 1 representing "strongly agree" and 4 representing "strongly disagree" was used to measure the climate types.

Doctor, nurse, and female were coded as dichotomous variables (1=yes, 0=no). Social desirability bias was measured using overclaiming scales (Randall and Fernandes (1991). Hospital employees were asked to rate their degree of familiarity with different categories like movies (Forest Gump, Katherine’s Mistake), products (Kellogg’s Cornflakes, New Life Spices), TV shows (Friends, Chicago Heat), and designer labels (Ocean City, Levis) using a four-point Likert scale (4=very familiar, 1= not at all familiar). As seen above, in overclaiming scales, each
category consists of an existent/real and a nonexistent/fake item. The average scores on the fake items is the overclaiming score for each subject. A high overclaiming score indicates that the subject stated that he/she was very familiar with the nonexistent or fake items. Factor analysis was done to confirm there was only one-factor solution for the overclaiming scale. Cronbach’s alpha for this scale was .72.

Findings

Table 2 presents the reliabilities (in the diagonal in parentheses) and Pearson’s zero-order correlations for all variables considered in our study. Ethical behavior of coworkers, ethical optimism, education in ethics, caring climate, rules climate, doctor, and nurse were significantly correlated with ethical behavior of self. But as Table 2 indicates, a number of independent variables were significantly correlated with each other which can impact the significance of the hypothesized relationships (Nunnally, 1978).

A more robust test of the significance of the hypothesized relationship is regression analysis. Table 3 presents regression analysis results. Standardized regression coefficients in Table 3 indicates that ethical behavior of coworkers, ethical optimism, education in ethics, professional climate, instrumental climate, and nurses significantly impacted ethical behavior of self.
Discussion and Implications

A number of reviews of the literature on business ethics have identified a lack of studies based on theoretical grounding, formal hypotheses, and appropriate samples (O’Fallon and Butterfield, 2005; Ford and Richardson, 1994; Randall and Gibson, 1990). Not only does our research meet these conditions, it is done in an industry that plays a critical role in the US economy. Since 2001, the health care sector has created more jobs in the United States than any other sector. This sector is expected to grow bigger, thanks to an aging population and rising healthcare costs. Current scandals in the business world has shown that unethical acts by employees can tarnish the reputation of an organization, impact public trust, and impact its long term financial sustainability.

Our research indicates that ethical behavior of coworkers was the most important determinant of ethical behavior of employees. Ethical optimism or behavior of successful managers also significantly impacted ethical behavior of respondents. This provides strong support to both social learning theory and differential association theory. Both theories stress that referent others have a strong impact on behavior of employees (O’Fallon and Butterfield, 2005). Clearly unethical behavior by peers and/or successful managers puts an employee in a very demanding state of affairs. The different options that are faced by the employee include doing nothing, reporting it to a superior, or go with the flow. Our results suggest that the responds are selecting the third option.
Our results also suggest that professional education in ethics has a significant impact on ethical behavior of employees. This implies that more attention should be paid by medical schools on professional ethics in their curriculum. Mandatory ethics training by hospitals for all new employees may have an impact on ethical behavior. In addition it is important to have processes in place to ensure attention is paid to ethical considerations as a part of the decision making process used by hospital employees (Cordeiro, 2003; Somers, 2001).

Both professional and instrumental climate had a significant impact on ethical behavior of employees. It is not surprising that a climate that expects people to comply with the law and professional standards reinforces ethical behavior. On the other hand, in our study, a climate where people protect their own interests had a significant positive impact on ethical behavior too. Previous research has shown a weak relationship between independence climate and organizational outcomes in other industries (Martin and Cullen 2006). Hospital administrators can impact ethical behavior by recruiting and actively rewarding those employees who exhibit ethical behavior (Cordeiro, 2003). Human Resource department can look for employees with traits like empathy, honesty, and self-management which previous research has shown are more likely to make ethical decisions.

Our research indicates that nurses are more likely to make ethical decisions. This is good news because nurses function on the front line of healthcare and face more ethical issues than any other medical profession (Loewy and Loewy, 2004). While our research examined ethical decision making of doctors and nurses, it did not examine ethical decision making of hospital administrators. Hospital administrators set policy on health care and their decisions have serious implications on how patients are treated within the health care setting. Future research must examine ethical issues related to hospital administrators.
TABLE I

Demographics of the Sample

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Range</th>
<th>S.D.</th>
</tr>
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<tbody>
<tr>
<td>Doctor (1=yes, 0=no)</td>
<td>.22</td>
<td>0-1</td>
<td>.41</td>
</tr>
<tr>
<td>Nurse (1=yes, 0=no)</td>
<td>.51</td>
<td>0-1</td>
<td>.50</td>
</tr>
<tr>
<td>Gender (1=female, 0=male)</td>
<td>.66</td>
<td>0-1</td>
<td>.48</td>
</tr>
<tr>
<td>Age (in years)</td>
<td>44.59</td>
<td>22-69</td>
<td>11.28</td>
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<tr>
<td>Job experience (in years)</td>
<td>8.80</td>
<td>0-36</td>
<td>7.95</td>
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<td>At least a Bachelor’s degree</td>
<td>.59</td>
<td>0-1</td>
<td>.49</td>
</tr>
<tr>
<td>Full-time (1=yes, 0=no)</td>
<td>.88</td>
<td>0-1</td>
<td>.33</td>
</tr>
<tr>
<td>Race (1=whites, 0=nonwhites)</td>
<td>.70</td>
<td>0-1</td>
<td>.46</td>
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</table>
TABLE II

Reliabilities and Pearson’s Zero-Order Correlations

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<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<th>10</th>
<th>11</th>
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<tr>
<td>Ethical beh of self</td>
<td>(.70)</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethical Beh coworkers</td>
<td>.575**</td>
<td>(.83)</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethical optimism scale</td>
<td>.452**</td>
<td>.516**</td>
<td>(.82)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Education in ethics</td>
<td>.251**</td>
<td>.064</td>
<td>.088</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional climate</td>
<td>.110</td>
<td>.038</td>
<td>.092</td>
<td>-.028</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Caring climate</td>
<td>.170*</td>
<td>.094</td>
<td>.151*</td>
<td>.087</td>
<td>.133</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rules climate</td>
<td>.158*</td>
<td>.142</td>
<td>.135</td>
<td>.175*</td>
<td>.198**</td>
<td>.187*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instrumental climate</td>
<td>.000</td>
<td>-.162*</td>
<td>-.125</td>
<td>-.148*</td>
<td>-.129</td>
<td>-.192*</td>
<td>-.11</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independence climate</td>
<td>.057</td>
<td>-.039</td>
<td>.004</td>
<td>.119</td>
<td>-.224**</td>
<td>.073</td>
<td>.01</td>
<td>.133</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Doctor</td>
<td>-.237**</td>
<td>-.012</td>
<td>-.155*</td>
<td>-.074</td>
<td>-.022</td>
<td>-.086</td>
<td>-.04</td>
<td>-.211**</td>
<td>.027</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nurse</td>
<td>.183*</td>
<td>-.034</td>
<td>.048</td>
<td>.095</td>
<td>-.074</td>
<td>-.152*</td>
<td>-.085</td>
<td>.197**</td>
<td>-.048</td>
<td>-.558**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>.197**</td>
<td>-.013</td>
<td>.208**</td>
<td>.097</td>
<td>.096</td>
<td>-.016</td>
<td>.094</td>
<td>.000</td>
<td>-.177*</td>
<td>-.532**</td>
<td>.286**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Overclaiming scale</td>
<td>-.054</td>
<td>-.169*</td>
<td>-.294**</td>
<td>.104</td>
<td>-.113</td>
<td>.039</td>
<td>-.033</td>
<td>-.035</td>
<td>.164*</td>
<td>.037</td>
<td>-.101</td>
<td>-.082</td>
<td>(.72)</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed); * Correlation is significant at the 0.05 level (2-tailed), N=177
TABLE III
Regression results

<table>
<thead>
<tr>
<th>Variables</th>
<th>Beta</th>
<th>t</th>
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</thead>
<tbody>
<tr>
<td>Ethical Behavior of coworkers</td>
<td>0.51**</td>
<td>7.71</td>
</tr>
<tr>
<td>Ethical optimism scale</td>
<td>0.15*</td>
<td>2.16</td>
</tr>
<tr>
<td>Education in ethics</td>
<td>0.17**</td>
<td>2.93</td>
</tr>
<tr>
<td>Professional climate</td>
<td>0.12*</td>
<td>2.03</td>
</tr>
<tr>
<td>Caring climate</td>
<td>0.09</td>
<td>1.49</td>
</tr>
<tr>
<td>Rules climate</td>
<td>0.01</td>
<td>0.17</td>
</tr>
<tr>
<td>Instrumental climate</td>
<td>0.12*</td>
<td>1.99</td>
</tr>
<tr>
<td>Independence climate</td>
<td>0.07</td>
<td>1.20</td>
</tr>
<tr>
<td>Doctor</td>
<td>-0.02</td>
<td>-0.27</td>
</tr>
<tr>
<td>Nurse</td>
<td>0.14*</td>
<td>2.04</td>
</tr>
<tr>
<td>Female</td>
<td>0.12</td>
<td>1.65</td>
</tr>
<tr>
<td>Overclaiming scale</td>
<td>0.09</td>
<td>1.45</td>
</tr>
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</table>

Adjusted R square | 0.49
N                  | 177

** p≤.01, *p≤.05
References


Hanson, S. (2005), ‘Teaching Health Care Ethics: Why we should teach nursing and medical students together’ *Nursing Ethics* 12 (2): 167-176.


