

THE ANALYSIS OF UNETHICAL BEHAVIOR AMONG EMPLOYEES IN ENTERPRISES – A PILOT STUDY IN THE AUTOMOTIVE INDUSTRY

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Abstract:

Transformations that have been taking place in Polish economics in the space of the last twenty years caused a great number of positive changes in many companies as well as significant drawbacks in the organizational behavior. Therefore, it seems vital to determine the factors which influence the negative aspects of organizational behavior.

The aim of this paper is to analyze the results of pilot study on unethical behavior of employees that was carried out in small and medium-sized enterprises of automotive industry in the Lublin Province. The survey was conducted between January and May 2012. The group of 115 employees was the subject of the study. The obtained results clearly indicate numerous cases of unethical behavior among employees of the industrial sector, i.e. corruption, fraud sales or the use of manipulation techniques towards clients. On the basis of the study the following conclusions ensue:

- 1) unfair competition and difficult market situation is a strong impulse that causes the violation of law and violation of ethical norms by the company
- 2) many employees are aware of their unethical behavior but they usually put it down to a low level of income or negative conduct of their superiors. However, what is important here is that the respondents perceive the industry as the place where unethical behavior can be eliminated and ethics restored. Moreover, they claim that there is every possibility to run the company where both ethical values and respect for people and the environment are still vital issues.

Companies using honesty as their best policy receive broad acclaim and good reputation. Business ethics, being an important element in the strategy of the organization, is a great asset for contemporary business and largely determines its success on the market. But the decisive role in shaping the appropriate ethical attitude is determined by owners and managers, for it is ethics that is an important foundation of corporate responsibility, as it constitutes the obligation of employers and staff to act according to the principles of legal and social norms.

The conducted pilot study is the part of thorough research carried out by the authors in the presented paper.

Keywords: unethical behavior, organizational behavior, ethics in business.

1. UNETHICAL BEHAVIOR OF EMPLOYEES

The process of socio-economic change and rapidly changing environment in Poland, which took place in the span of the past 20 years, has exerted considerable influence on the functioning of organisations. The process led to numerous positive shifts, especially in the domain of small and medium enterprises. However, the process has also revealed a number of negative phenomena. Today, the rise of competitiveness in business and desire of becoming successful by any means necessary have driven many people to resort to unethical business practices. Some businessmen assume that when it comes to business there are no hold barred. Even highly qualified and well-educated individuals resort to unethical practices seeing these as an essential element of keeping up with the market. In addition, such people do not view such practices as objectionable. Such behaviour may be stimulated by the following factors: dominating culture in a particular organisation, lack of trust within an organisation, disapproval or non-compliance with particular values, poor legal and organisational regulations and inappropriate conduct of superiors. Barsky claims that fashionable and at the same time necessary formulation of objectives, especially as regards efficiency, frequently occurs at the expense of ethics [Barsky, 2008, pp.63-81]. It is estimated that managements' pressure is one of the most important factors driving employees to resort to unethical practices. In cases where managers set unrealistic and unattainable objectives, they give a clear signal that means are not significant as long as the end result is accomplished. Employees who wish to meet managements' expectations find themselves under pressure and resort to objectionable practices (Bazerman, 2011).

1.1 General information

The objective of the paper is the presentation of pilot research results conducted in 2012 in the automotive industry in Lublin region and connected with the evaluation of employees' ethics. This branch of economy in Poland has been blooming. However, the situation is being complicated by strong competition, low mark-up and economic slow-down leading to diminishing car and spare parts sales¹. As a consequence, various methods of gaining clients are being implemented. It turns out the methods are not ethical in every case.

A survey questionnaire addressed to 115 respondents from automotive industry constituted the research tool implemented for the purpose of the study. The questionnaire consisted of 21 questions- 15 pertained to the studied issue, 6 constituted demographics.

Survey encompassed 97 men (84,3%) and 18 women (15,7%). The most numerous respondent group consisted of spare parts distributors' employees (29,6%). Distributor-workshops employed 26,1% of respondents, automotive industry wholesalers employed 23,5% and service workshops employed 18,3% of respondents. 3 respondents did not state their workplace, which amounted to 2,5% of all respondents.

Research indicated that the least numerous respondent group consisted of persons below 24 years of age (8,7%). Next, also the least numerous group consisted of people above 38 years of age (14,8%). The most numerous respondent group encompassed people between 33-38 years of age (39,1%), including 6,9% of women and 32,2% of men, and people between 25 and 32 years of age (37,4% of the total number of respondents), including 5,2% of women and 32,2% of men.

As regards respondents' place of residence, the majority of them resided in villages and towns with the population below 50 thousand citizens (36,5% each). 17,4% of respondents resided in towns with the population between 50 and 100 thousand. 9,6% of respondents resided in cities with the population of 100 thousand and more.

The majority of respondents (51,1%) had vocational and secondary education, 37,4% graduated from universities and higher education schools (bachelor's or master's degrees). 2 respondents stated their level of education as primary.

Next question regarding demographics pertained to professional experience. The most numerous respondent group consisted of people with 1 to 5 years of experience (35,7%). Next respondent group consisted of people with 5-10 years of experience (33,9). 20,8% of respondents claimed to have more

¹ Information about polish automotive industry: www.motoryzacja.wpolsce.pl/pliki/raport_SDCM.pdf (20.02.2013)

than 10 years of professional experience. The least numerous respondent group (9,6% of respondents) encompassed people whose professional experience was lower than 12 months.

1.2 Results of the research

In automotive industry unethical behaviour of employees exerts negative influence upon immediate and distant surroundings. Human factor plays a considerable role and its significance is crucial for the understanding of employees' objectionable behaviour. The researched issue focuses around employees' behaviour in terms of: business ethics, ethics' place in the researched industry, employees' behaviour as regards ethical standards and development of interpersonal relations within an organisation.

Research indicated that majority of respondents understand the concept of ethics in business (60%). 22,6% of respondents were unable to state their opinion explicitly and 17,4% did not understand the notion of ethics in business. Taking into account the fact that 40% of respondents do not understand the concept of ethics in business or cannot give an explicit answer may indicate the existence of an information gap resulting from being unfamiliar with the issue.

In relation to the question on the place of ethics in automotive industry, 60% of respondents gave a positive answer. Remaining respondents did not have an opinion on the issue or were sceptical (40%). These results closely correspond with the previous survey question.

Majority of respondents is of the opinion that competition and market situation forces companies into breaking ethical standards (61,7%). 18,3% of respondents claim that competition and market situation favour the promotion of ethical practices. The remaining 20% could not clearly state whether competition and market situation influence ethical behaviour in business.

29 respondents admitted to conforming with commonly accepted ethical standards which constitutes 25,2% of all respondents. 74 respondents claim they usually act ethically (64,3%). When answering the question, 11 respondents indicated they did not follow such standards in their everyday work.

Next question from the survey was connected with reasons for objectionable behaviour among employees. The greatest number of respondents indicated dishonest competition (31 people) and low earnings (21 people) as key factors behind the issue. Some respondents selected 2 or 3 options. 11 respondents pointed out to low earnings and dishonest competition and low earnings, dishonest competition and high sales plans. 10 respondents claimed that high sales plans influence the occurrence of objectionable behaviour among employees. 22 respondents gave no answer to the question.

One of the important aspects which respondents were surveyed on was exploitation i.e. situation where one of the parties exploits the other, who frequently finds itself in a difficult situation. Quite frequently the phenomenon reflects the employer-employee relationship where the latter is the party in the disadvantageous position.

When asked about the phenomenon of exploitation in the workplace, 60% of respondents claimed to have experienced it, 21,7% have not and 21 respondents did not give their answer. Next question is directly associated with the above and in case of a positive answer allows for the reason for exploitation to be revealed. Among all provided answers regarding the reason for exploitation, maximum 3 potential reasons could be selected:

- unpaid overtime,
- illegal or the so called junk contract work,
- work outside normal scope of duties
- threats of being made redundant,
- clearly unrealistic sales plans.

The greatest number of respondents selected the first three reasons. Other combinations of answers were more diverse and did not explicitly state the main reason behind exploitation. Furthermore, it ought to be noted that 40 respondents did not provide answers. Having interpreted answers to the question, one can infer that employers' desire to reduce costs of employment directly implicates objectionable behaviour.

Corruption constitutes another issue respondents were surveyed on. Corruption denotes utilisation of power or authority for personal financial gains. The phenomenon encompasses embezzlement, misappropriation of public money, exploitation of sensitive information (Weber&Getz, 2004, pp.695-711). Corruption may take intra-organisation character. In such case it manifests itself in breach of rules, social standards and legal regulations (Budgol, 2003, p.136).

When surveyed on the familiarity with the phenomenon of corruption, 60% of respondents gave a positive answer, 20,8% negative and 19,2% did not provide any answer.

Next question pertained to benefits obtained from provision of sales. Respondents were asked to evaluate the intensity of the phenomenon- starting with “never” up to “very frequently” (1-5 point scale) as regards the following:

- I receive presents for sales of particular products (product groups),
- I receive bonuses for increasing sales of particular supplier,
- I am invited to networking events or trips in exchange for large purchases from particular suppliers,
- I receive support from larger companies/ wholesalers in exchange for signing trade agreements.

In response to the question “How often do you receive presents for sales of particular products (product groups)” 22,6% of respondents answered “never”, 33% in total answered “very rarely” and “rarely”. 21,8% of respondents replied “frequently” or “very frequently”. 26 respondents provided no answer.

In response to the question “Do you receive bonuses for the increase of purchases from a particular supplier” 21,7% of respondents replied “never”, 33,9% in total replied “very rarely” and “rarely”. 19,2% of respondents answered “frequently” and “very frequently”. 29 respondents provided no answer.

In response to the question “Are you invited to networking events or trips by suppliers in exchange for large purchases” 25,2% of respondents replied “never”, 26,9% in total answered “very rarely” and “rarely” and 24,3% answered “frequently” and “very frequently”. 27 respondents provided no answer.

In response to the last question “Do you receive support from larger companies/ wholesalers in exchange for signing trade agreements” 27% of respondents replied “never”, 29,6% in total answered “very rarely” and “rarely” and 17,4 replied “frequently” and “very frequently”. 30 respondents provided no answer. All answers indicate that a considerable number of sales assistants receive bonuses for sales of particular product groups. However, neither an unequivocal evaluation of the issue can be carried out nor an answer to whether this constitutes objectionable behaviour or a regular instrument used in sales can be provided. The issues requires more in-depth research.

Due to market’s saturation with products, selling techniques are ever-present in any industry. These techniques have been developed in order to draw clients’ attention to a particular product (Futrell, 2011, p.19). The basis for selling techniques, also called influence techniques, consists of psychological and social standards, most important of which is reciprocity. The concept denotes providing a favour in exchange for a favour. In business relations numerous techniques are implemented. However, it is difficult to assess unequivocally whether one is dealing with manipulation or a more advanced selling technique.

Next survey question was connected with the frequency of manipulation and selling techniques’ implementation. Majority of respondents stated they almost never used these (25,2%). 20,9% of respondents use the techniques on a daily basis, 19,1% use them once a week, 16,5% a few times a month. Remaining respondents did not provide any answers (21 people).

Next survey question is connected with the previous issue and is associated with indicating particular manipulation and selling techniques implemented by respondents most frequently. The survey enumerated the following techniques:

- competition via lower prices,
- competition via quality,
- selection of particular client groups only,
- various types of promotions,

- provision of additional services (e.g. sales + assembly),
- “double or nothing” technique,
- “last product” technique
- “best choice” technique.

Respondents were asked to select maximum three options. Answers were very diverse, however it can be noted that the following answers were selected most frequently: competition via lower prices, competition via quality, various types of promotions. 22 respondents did not provide any answers. Manipulation and selling techniques selected by respondents are commonly considered as most well-known and most frequently implemented by sales assistants, which was confirmed in the present study.

Next survey question refers to sales assistants’ work ethics. The issue was reflected in defining the following types of sales assistants’ behaviour as regards clients in sales process. Objectionable types of behaviour were described as:

- I occasionally sell products with no mark-up only to take the client over from the competition,
- I occasionally do not provide full information on the product so as not to discourage the client from making the purchase,
- I occasionally deceive clients in order to make the sale,
- I sell low-quality products priced equally to high-end products.

Some respondents selected only one type of behaviour (64 people), however 24 people selected more than one answer. 27 respondents selected none. The type of behaviour selected by respondents most frequently is sales of a product with no mark-up in order to take the client over. Such behaviour is interpreted as acquiring clients by offering lower price. The second popular answer pertained to under-informing clients as regards products. Such behaviour is frequently encountered in trade and regarded and unethical. However, the concept of providing full information and knowledge to clients is seen as ineffective. Options pertaining to conscious deceit and sales of low-quality products priced equally to high-end ones were selected by few respondents (10 and 9 respectively).

In the next survey question respondents also hinted at Internet being a tool for: sales of products and services, in order to monitor competition and prices. 50 respondents used Internet in sales of products and services, 39 respondents used it to monitor competition and 58 in order to monitor prices. Some answers combined two or three options. 26 people do not use Internet in their business.

An organisation’s success largely depends on its employees and interrelations among them. There exists a number of negative phenomena which, if present, destroy cooperation, trust and mutual respect and exert negative influence on efficiency. The negative phenomena include: stereotypisation, conflicts, lack of loyalty, internal competition, discrimination and deception. As regards the question pertaining to relations between employees and management, 59% of respondents defined the character as informal and the remaining 40,9% as formal. The high level of informal relations is characteristic for SMEs owing to better familiarity of employees and more frequent interactions between them and the management.

The final survey question requested respondents to provide evaluation of intensity of the following:

- I am loyal in relation to the employer/ employees,
- I respect my co-workers,
- I scorn my co-workers,
- I put the blame on others in order to avoid responsibility,
- I hide mistakes I made.

Evaluation of the above are presented in Table 1:

Table 1: Distribution of answers regarding frequency of phenomena (in %)

	Never				Always	No answer
I am loyal in relation to the employer/ employees	2,6	2,6	13,9	29,6	43,5	7,8

I respect my co-workers	4,3	2,6	14,8	27	46,1	5,2
I scorn my co-workers	49,6	20,8	12,2	4,3	0,9	12,2
I put the blame on others in order to avoid responsibility	33,9	32,2	13,9	6,1	2,6	11,3
I hide mistakes I made	28,7	20,8	27	10,5	4,3	8,7

Source: Author's study carried out on the basis of survey's analysis.

The first and second survey question's option regarding loyalty and respect in relation to co-workers, majority of respondents (more than 70% in both options) exhibit ethical behaviour which conforms with accepted standards. For third and fourth option, majority of respondents (above 60%) claim they "never" or "very seldom" scorn and put blame on others. In relation to the final option regarding hiding own mistakes, only 28,7% of respondents never do it.

2. SUMMARY

In conclusion, research results clearly indicate the existence of numerous objectionable types of behaviour, especially corruption, sales fraud and manipulation techniques, practiced by employees of the automotive industry. The following conclusions can be formed on the basis of the study:

- 1) external factors such as dishonest competition or difficult market situation constitute strong stimuli facilitating breach of law and ethical standards;
- 2) to a large extent, employees are conscious of their objectionable behaviour, however they justify it by referring to low earnings or objectionable behaviour of their superiors.

It is noteworthy that respondents claim that ethical behaviour can be present in the industry and objectionable behaviour can be eradicated. Respondents also state that running a business based upon ethical values and respect for others is important. Companies, and especially managers, who act ethically enjoy general public trust and good opinion. This seems to be corroborated by Ning Li and William H. Murphy's paper where they state that "*good managers are the provision for an organisation's integrity*" (Li&Murphy, 2012, 219-235). Business ethics, as an element of business strategy, constitute a big asset for a company and largely decide on its success. However, development of proper types of behaviour, to a greater degree, rests upon the owners and managers of businesses. Ethics constitute an important fundament for companies' responsibility as it is the employer's, but also the employees' obligation for acting in compliance with legal regulations and social standards. Unfortunately, not everyone is aware of this fact. The situation found confirmation in the pilot research which constitutes a fragment of a wider exploration carried out by the authors of the present paper in relation to the presented issue.

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