Ethical decision intention of first-line managers: Case study in Malaysia hotel industry

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Abstract
In this study, the researchers try to identify the factors that encourage/prohibit them to reason and behave ethically in order to derive a prescriptive guidance that can enhance the process, while practicing managers to develop policies and programs that strengthened employees’ ethical resolve on the job. In this study, Bratman’ Belief-Desire-Intention (BDI) model used to explain the research framework, the ethical decision intention component (ethical awareness, ethical judgment and ethical intention) are examined how their relationship towards each other. The researchers has employed survey-based approach to meet the study’s objectives and self-administrated questionnaires were used to gather data from 120 first line managers who work in 4-star and 5-star hotels in Malaysia respectively. These significance findings make a unique contribution towards the development of moral theories, as the researchers will not perceive them as individual but a comprehensive process to aware, evaluate and intend to act morally right. Through the findings of this study, it urges organizations to emphasize the importance of the ethical dilemma in their professional education at both the initial stage and through ongoing professional development.

Introduction
Past researchers (Teng & Cheng, 2021; Thomas & Kumar, 2016) acknowledged that the hotel organization has encountered numerous ethical challenges, as the competition within the industry itself is intense amidst the poor current economic recession. Hence, Teng and Cheng (2021) acknowledged that all of these factors would encourage ‘questionable and unethical management behavior’ at the workplace. They suggested that past research studies also had little regard for the ethical issues raised in the hotel industry.

Moreover, Erkutlu and Chafra (2017) acknowledged that ethics is one of the important issues raised constantly in the hotel industry, and they suggested that understanding the ethical decision intention of first-line managers should be accentuated (Goh & Kong, 2018). Scholars (e.g. Goh & Kong, 2018; Deale et al., 2018; Teng et al., 2020) point out that the hotel industry is prone to unethical acts hence often raises morally ambiguous dilemma to its employees, such as overbooking hotel rooms, theft, whistle-blowing, maltreatment and abuse of others, racial prejudices and biasness, sabotage, providing assistance to guests at sacrifice benefits or freebie, and deceptive information on restaurant menus, hotel leaflets or brochures, and misleading information on official websites (Stevens, 2011; Çelik et al., 2015; Wong & Chan, 2010; Harris, 2012). Although there are significant numbers of empirical investigations on the ethical decision intention from past literature, only a limited number of empirical researches have been undertaken on the hotel industry. This was further acknowledged by Wong and Li (2015), stating that there is very limited theoretical basis for research in the ethics of the hotel industry.

Through the review of past studies (Haynes & Egan, 2020; Lee & Ok, 2014; Bilghihan et al., 2013), most ethics research studies have focused on ethics behavioral theories which only examined the ethics perspective from the customers’ perspectives. However, there are limited studies in the recent year (Guo, 2013; Haynes & Egan, 2020; Lin, 2014) which focused on business ethics. This
study is therefore designed to integrate marketing ethics theory into the Bratman (1987) model to examine the integration ethics model based on the variable’s influences on the ethical decision. Bratman’s (1987) theoretical model is human’s reasoning process, where its mental state is characterized by three components: beliefs (B), desires (D) and intention (I). Bratman (1987) claims that when presented with an ethical problem, a person engages in a decision-making process that includes the four components listed below. The individual changes from ethical awareness (referring to the recognition of an ethical dilemma), to ethical judgment (referring to the evaluation of choices and results), to ethical intention (referring to the choosing of how individuals intend to act), and finally to ethical behavior (which is referring to the actual behavior in the situation). Thus, failure at any step in the process can result in the inability to make an ethical decision.

This study’s general objective is to extend the Bratman’s Belief-Desire-Intention (BDI) Model (1987) by including the indirect relationship through the mediating effect of ethical awareness among them in Malaysia. This study attempted to respond and fulfill the following specific research objectives (RO) in line with the current issues being discussed:

RO.1 To determine the relationship between ethical awareness and ethical judgment of hotel first-line managers;
RO.2 To determine the relationship between ethical awareness and ethical intention of hotel first-line managers;
RO.3 To determine the relationship between ethical judgment and ethical intention of hotel first-line managers, and;
RO.4 To ascertain the mediating effect of ethical judgment on the relationship between ethical awareness and ethical intention of hotel first-line managers.

Literature Review and Hypotheses Development

Bratman’s Belief – Desire – Intention Model (BDI Model)

In Bratman’s study (1987), he divided the “Desire – Belief – Intention” model (refer to Figure 1) into four key elements: the methodological priority of intention in action, the desire belief theory of intention in action, the strategy of extension, and the reduction of future directed intention to appropriate desires and beliefs. The methodological priority of intention in action suggested that the concept and focus of the theory is intentional action and the role of intention in action. This leads to the second key element – desire belief theory of intention in action. This key element suggested that whether an action was performed intentionally depends upon facts about the relation of the action in question to the desires and beliefs of the agent. The third key element – intention, is, intentional action in association to desires and beliefs of an agent, and actions standing in pertinent relations to those desires and beliefs. Intention in action is to be understood via two mental states – desires and beliefs. Desires include a wide array of what Bratman defined as “pro – attitudes”, such as wanting, judging something to be desirable, caring about something, etc. Beliefs are attitudes directed at something.

![Figure 1. Bratman’s Belief – Desire – Intention (BDI) Model (1987)](image)

Agents’ beliefs are those propositions about the world that represent the world. For example, the agent may think that all the birds will fly. The agent’s wishes represent the state that the agent considers positive and hopes to achieve. For example, a thirsty person may have a desire to drink water. The agent’s intention comes from rational thought and is the action that the agent plans to follow. For example, a golfer may attempt to hit a golf ball in the middle of the fairway.
The purpose of using this model for this study is to stimulate practical reasoning, which is “argument, intelligence, or insights directed a practical and especially a moral outcome”. Behavioral, normative and control beliefs can be embedded as belief within a BDI model. The practical reasoning procedures that process behavioral, normative and control beliefs to yield attitudes towards a behavior, social norms and perceived behavioral control can be implemented as plans.

**Ethical Awareness and Ethical Judgment**

In the study by Jones (1991), it acknowledged that ethical awareness assists the individual to recognize that his/her decision can influence others and they have to have a choice in the matter. This will lead them to the next level – to make ethical judgments, to evaluate and examine the degree to which the decision outcome is ethically right or wrong. This definition is further enhanced by Butterfield’s et al. (2000) study, where it was acknowledged that ethical awareness refers to a person's awareness at a point when they are confronted with ethical concerns that require them to make a decision that may harm their own interests as well as the interests of others in a way that is inconsistent with one or more ethical value standards.

Besides that, ethical awareness is a powerful predictor of ethical judgment, according to traditional ethical decision-making theorists (e.g. Rest, 1986; Jones, 1991). In the past, the connection between ethical awareness and ethical judgment has not been fully studied. O’Fallon & Butterfield, 2013; Suhakim & Arisudhana, 2017). However, based on these past studies, the findings consistently indicated that ethical awareness positively influences ethical judgment. It showed that when an individual encountered ethical dilemma, he/she would first become aware and recognize as such, followed by making an ethical judgment regarding the raised issue. This can explain for the higher level of the individual’s ethical awareness, with reply of a more positive ethical judgment. Thus, the following hypotheses posited based on the review of past studies:

**H1:** Ethical awareness is significantly related to ethical judgment of hotel first-line managers.

**Ethical Awareness and Ethical Intention**

Jones (1991) suggests using conscience as a variable to understand how one's behavior affects others. It is about the different actions that can be taken and how these actions affect the perception of the parties involved. Therefore, a person must first realize that this situation is constituted by moral influence, and then determine the effect and influence of this situation on all affected parties. Finally, identify alternative measures and evaluate the potential results.

In the study of Rest (1986), ethical awareness stood merely moderately correlated with ethical intention. However, the effect of ethical awareness on ethical intention has not been clearly demonstrated in the literature on hospitality ethics. In terms of the relationship between ethical awareness and ethical intention, the findings are equivocal. (Aquino et al., 2009; Markus & Kunda, 1986).

Individual will aware a behavior as being immoral and will tend to act more morally when they aware the issue to be important and vice versa. Therefore, the following hypothesis was stated:

**H2:** Ethical awareness is significantly related to ethical intention of hotel first-line managers.

**Ethical Judgment and Ethical Intention**

Ethical judgment is one of the important factors in behavioral intention formation towards a certain ethical dilemma, as it is an integral component of an individuals’ attitude toward this ethical issue. Many past researchers (e.g. Hunt & Vitell, 1986; Jones, 1991; Rest, 1986; Trevino, 1986) included ethical judgment in their ethical decision making model, especially when ethical judgment is used to examine the ethical intention (Nguyen & Truong, 2021; Hunt & Vitell, 1986).

Past empirical research studies (Haynes & Egan, 2020; Lehnert et al., 2015; Mudrack & Mason, 2013) have suggested that if an individual believes that a certain behaviour is highly ethical and believes that others have accepted the behaviour, the behaviour is more inclined than others to conceal the intention to perform the behaviour (Chang, 1998). Past studies (Barnett & Valentine,
2004; Cruz et al., 2000; Culiberg & Mihelic, 2016; Krebs et al., 2014) suggest that there is a positive correlation between the judgment of whether peer reporting (a form of moral judgment) is ethical and the intention to report unethical behaviour. They acknowledged that if an individual believes in the ethicality of decision making tend to have higher intention to report a wrongdoing committed by their colleagues or peer groups. Similarly, whistle-blowers are less likely to establish the intention to do so if they consider it is unethical. Thus, the ethical intention of an individual to make ethically good or wrong decisions is influenced by their judgment of whether or not to engage in that behaviour in the setting of this study. Hunt and Vitell (1986) and Cherry (2006) acknowledged that ethical judgment serves as an immediate antecedent to intention to which it has a strong relationship (Culiberg & Mihelic, 2016; Krebs et al., 2014). Thus, the following hypothesis is posited:

H3: Ethical judgment is significantly related to ethical intention of hotel first-line managers.

Mediation Effect of Ethical Awareness

Based on the EDM theorists (Rest, 1986; Jones, 1991; Hunt & Vitell, 1986 etc.), it was suggested that there is an indirect relationship between moral intensity and ethical intention. As stated by Rest (1986) and Jones (1991) in both of their development models, there is no link between ethical awareness and ethical intent. This can be explained by the moral intensity of a circumstance being determined by an individual's collective appraisal of these traits. This has an impact on his or her ethical awareness, ethical judgment and intentions. Because ethical dilemmas are more frequently compared to those of lesser moral intensity, the greater moral intensity issue is usually noticed and aware of, resulting in a positive association between moral intensity and ethical awareness. Furthermore, high-moral-intensity concerns have a positive relationship with an individual’s ethical intention to behave ethically right. Consistent with the existing theories (Rest, 1986; Hunt & Vitell, 1986; Jones, 1991), this study postulates an additional positive relationship between moral intensity and ethical intention with the intervening effect of ethical awareness and ethical judgment.

However, there were limited research studies (Yang & Wu, 2009; Lincoln & Holmes, 2011) focused on the intervention effect between these two variables, or, most researchers did not investigate further whether the influences of moral intensity were direct or mediated by ethical awareness and ethical judgment. Given the limited evidence provided by past studies, the following hypotheses were postulated:

H4: Ethical awareness will be the mediator between ethical judgment and ethical intention of hotel first-line managers.

Proposed Theoretical Framework

Based on the reviews of the relevant theories, every complete motivating reason for action is a combination of beliefs and desires. Two basic types of mental states play a crucial and irreducible role in the explanation of action. The BDI model takes beliefs and desires as representing two basic types of mental states: cognitive and non – cognitive or conative states, respectively. Any kind of cognitive attitude is taken to be a form of beliefs, and any kind of conative attitude, a form of desire. Beliefs and desire are grouped because of their similarities in their respective representational and cognitive roles, giving the information about the world that is needed in order to act, or play a conative role (Musbah et al., 2016). The prime examples of these mental states are taken to be beliefs and desires, respectively. However, the BDI model takes the basic characteristics of these two mental states and extends them to other kinds of conative and cognitive propositional attitudes, without taking into account the differences that these other attitudes may have with beliefs and desires proper (Dubinsky & Loken, 1989). This move of extending the labels of beliefs and desires to other similar mental states has brought another step in the strategy of many supporters of the model when explaining other intentional motivating states: the extension of the model and the reduction of other mental states such as, for instance, intentions or emotions to complexes of beliefs and desires. If any complete motivating state is a combination of beliefs and desires, then, other reasons for action may also be explained in belief – desire terms.
In this vein, it is confirmed that internally, ethical development evolved to become an ethical judgment autopilot. This suggested that individuals tended to behave in ways that were influenced by their own values and could interact with their external environment. Furthermore, ethical judgment is influenced by social circumstances, which include elements such as logical relationships, agreement, and mutual regard among individuals. Based on these explanations, past researchers (e.g. Rest, 1986; Jones, 1991) suggested that individuals tended to have multiple considerations in order to make ethical judgments.

This suggested that people acted in ways that were influenced by their own values and could interact with their surroundings. In a study, Kohlberg (1981) defined ethical judgment as the thinking of the ethical evaluation of some events, which are proceeded by any congenital conduct. Ethical awareness is not just an application or implementation of a system or prevailing law, but underlying a logical choice between the right and wrong evaluation with ethical judgment, and finally justifying this course of action taken. Piaget (1965) acknowledged that ethical judgment is one of the significant components contributing towards the failure of individuals engaging in ethically right behavior. Rest (1986) further developed a model of Cognitive Moral Behavior. His model has gained widespread acceptance, and various research have studied it utilizing the model's theoretical assumptions. However, ethical judgment is influenced by ethical awareness, which is the main method in this model. Being conscious of an ethical dilemma, on the other hand, entails understanding that an ethical issue is at stake in a certain scenario. The process of determining the most morally justifiable course of action from the choices comes before judgment (Blum, 1991; Rest, 1986). Rest (1986) also stated that ethical judgment is merely one aspect of moral psychology. In his Four Component Model of Moral Behavior, he clearly adds ethical awareness, which he refers to as 'ethical sensitivity' (Rest, 1986).

The process of determining the most morally justifiable course of action from the choices comes before judgment. Rest also stated that ethical judgment is merely one aspect of moral psychology. In his Four Component Model of Moral Behavior, he clearly adds ethical awareness, which he refers to as "ethical sensitivity".

This study will extend the general ethical decision-making model based on these models, in order to suit the local environment and contribute to the business ethics literature. Hunt and Vitell (1986) suggested this to examine the role of ethical awareness in the link between ethical judgment and ethical intention among first-line managers (refers to Figure 2 Research Framework). Thus, the relationship between first-line managers' ethical judgment and ethical intention will be considered as a mediator between ethical awareness. Furthermore, very few studies had focused on investigating the mediation role of ethical awareness on the relationship between ethical judgment and first-line manager's ethical intention.

![Figure 2. Research Framework](image_url)

**Research Methods**

The survey technique was employed for this research study. The survey questions consisted of three sections. First section consisted of two (2) fictitious ethical scenarios from Stevens (2001) to measure how the first-line managers make their ethical awareness, ethical judgment and ethical intention: one scenario dealt with the sharing of information with ex-colleagues/friends (breach of
confidentiality) and the other dealt with accepting gifts from customers (bribery). Hughes and Huby (2002) acknowledged that these scenarios can help to reduce the respondents’ social desirability by asking them to react to a hypothetical scenario character. At the same time, if a typical questionnaire is used, due to the sensitive nature of ethical issues on humans, the results of the study could be restrained.

For this study, the target population consisted of all hotel first-line managers who worked in the hotels registered with the Malaysia Association of Hotels (MAH). There were 2078 registered hotels as of September 20, 2020. Of these, 254 hotels were rated as 4–star and 5-star, respectively. After conducting a careful screening and cleaning of the returned questionnaires, 120 usable responses were retained for the analysis in this study. The usability of responses yielded about 93% from the total number of questionnaires distributed. Of the total usable responses, male and female respondents contributed 60 sets of data each respectively. The non–useable (10 sets) responses were mostly attributed to their incompleteness or those that were contained errors.

In terms of age group, the majority of respondents were from the age group of 31 years to 40 years (47.67%), followed by the age group of 41 years to 50 years (23%), age group below 30 years (15.33%), and the minority group was from the age group of 51 years and above (14%). Five hotel departments were involved in this data collection, including front office (16.68%), food and beverage (26.68%), housekeeping (20.00%), security (6.67%), engineering (8.33%) and administration (21.67%).

In accordance with the scope of the current research, researchers employed structural equation modelling to examine the relationship between ethical awareness on ethical intention with the mediating effect of ethical judgment. Researchers used Smart PLS software (SmartPLS Version 3.0) to examine the proposed research hypotheses. From the PLS – SEM analysis, both measurement model and structural model were used to discussed. Measurement model used to relate the constructs of the measurement while the structural models related to the constructs to each other. Besides that, researchers employed the Baron and Kenny’s (1986) technique to examine the mediation. According to Baron and & Kenny, three conditions are essential to develop mediation. Firstly, ethical awareness as the independent variable is significantly related with the ethical intention, the dependent variable. Secondly, ethical awareness is significantly related with ethical judgment, the mediator variable. Last but not least, the ethical judgment should be significantly related with ethical intention. Moreover, full mediation exists if ethical awareness exhibits zero or insignificant effect on the ethical intention after the intervening of ethical judgment.

Results and Discussion

Results regarding the measurement model are as shown in Table 1. From Table 1, the Goodness – of – Fit Statistics indicated it is at the acceptable level (Cheung & Rensvold, 2002). Moreover, all the items are having the factor loadings bigger than .50 value and all AVE are excess of the .50. Besides that, the composite reliability was insured based on Fornell and Larcker (1981). Thus, it can be concluded that the construct validity was insured in addition to fit indices.

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Item</th>
<th>Std. Fac. Load</th>
<th>AVE</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical Awareness (EA)</td>
<td>EA1</td>
<td>0.70</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EA2</td>
<td>0.84</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EA3</td>
<td>0.79</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EA4</td>
<td>0.83</td>
<td>0.89</td>
<td>0.92</td>
</tr>
<tr>
<td></td>
<td>EA5</td>
<td>0.77</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EA6</td>
<td>0.86</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethical Judgment (EJ)</td>
<td>EJ1</td>
<td>0.97</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EJ2</td>
<td>0.97</td>
<td>0.98</td>
<td>0.97</td>
</tr>
<tr>
<td>Ethical Intention (EI)</td>
<td>EI1</td>
<td>0.88</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EI2</td>
<td>0.92</td>
<td>0.95</td>
<td>0.90</td>
</tr>
<tr>
<td>Goodness-of-Fit (GoF)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$\chi^2$ = 415.99, df = 132, $\chi^2$/df = 3.15, RMSEA = .07, CFI = .98, NFI = .98, IFI = .98</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 1. Measurement Model
In order to examine the structural model for this research, the authors used three criteria: 1) path coefficients ($\beta$); 2) path significant ($p -$ value); and 3) variance explained ($R^2$). Based on Table 2, EA is having significant relations with EJ ($\beta = .622; p < 0.000$) and EI ($\beta = .779; p < 0.000$). Thus, both H1 and H2 are supported in this study. Besides that, EJ also found significantly related with EI ($\beta = .219; p < 0.000$).

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Path</th>
<th>Mean</th>
<th>SD</th>
<th>$R^2$</th>
<th>$f^2$</th>
<th>$Q^2$</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>EA $\rightarrow$ EJ</td>
<td>0.622</td>
<td>0.092</td>
<td></td>
<td></td>
<td></td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>EA $\rightarrow$ EI</td>
<td>0.779</td>
<td>0.044</td>
<td>0.468</td>
<td>0.069</td>
<td>0.261</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>EJ $\rightarrow$ EI</td>
<td>0.219</td>
<td>0.083</td>
<td>0.601</td>
<td>0.555</td>
<td>0.451</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Based on Table 2, the highest explained variance is EI ($R^2 = 60.10\%$) followed by EJ ($R^2 = 46.80\%$). Hair et al. (2013) suggested that the $R^2$ values of 0.75, 0.50, or 0.25 for endogenous latent variables, can, as a rough rule of thumb, be respectively represented as substantial, moderate or weak. Thus, from Table 2, EI had the highest levels of predictive accuracy while EJ had the lowest level of predictive accuracy.

In the path coefficient for the model 1, EA ($\beta = 0.622, p > 0.001$) showed the strongest direction path effect on EJ. While in the model 2, EA ($\beta = 0.779, p > 0.001$) showed the strongest direction path effect on EI, followed by EJ ($\beta = 0.219, p > 0.001$).

In examining the SEM model for the predictive relevance of the relative construct, researchers use the $Q^2$ statistic to measure it (Olalere, 2013, p.88). Based on Table 2, the highest predictive value is EI, which is 0.451; while the lowest predictive value is EJ, which is 0.261. As the $Q^2$ values are greater than zero, it indicated that both constructs have predictive relevance. Olalere (2013, p.91) suggested that the $R^2$ value helps in shaping the predictive relationship among constructs; while $Q^2$ serves in shaping the precision of that predictive relationship between endogenous constructs in the model. The $Q^2$ values for all constructs are noticeably above zero, thus they support the predictive relevance for these two endogenous latent variables.

Fairchild and McQuillin (2010) suggested that it is important to examine the effect size f square ($f^2$) when illustrating the analysis results, as it provides details of non–significant findings and a comprehensive understanding when demonstrating the practical side of statistically significant effect. Based on Table 2, the findings indicated that EJ ($f^2 = 0.555$) has a large effect of EI, while EA ($f^2 = 0.069$) has a small effect of EI.

**Mediating Effect of Ethical Awareness**

Based on the review of past studies, EJ were hypothesized to mediate the relationship between EA and EI. Thus, besides the intention to discover the path coefficients, this study also attempted to examine the significant and important indirect effects of this relationship. According to Baron and Kenny (1986), in order to examine the effects of mediation, four conditions need to be fulfilled. Following are the conditions and results of data analysis in this study.

Condition 1: The independent variable (x) significantly influenced the dependent variable (y). In this study, EA (x) significantly influence EI (y) ($\beta = 0.779, p < 0.001$). Hence, the first condition was fulfilled.

**Table 3. Mediating Effect of EA on EJ and EI**

<table>
<thead>
<tr>
<th>Direct Effect</th>
<th>Indirect Effect</th>
<th>Total Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>EA $\rightarrow$ EI</td>
<td>EA $\rightarrow$ EJ $\rightarrow$ EI</td>
<td>EA $\rightarrow$ EI</td>
</tr>
<tr>
<td>0.779</td>
<td>0.263***</td>
<td>0.475***</td>
</tr>
</tbody>
</table>

Note 1: $p < 0.001$  
Note 2: EA: Ethical Awareness; EJ = Ethical Judgment; EI = Ethical Intention

Condition 2: The independent variable (x) significantly influenced the mediator (m). Based on Table 3, EA (x) was found to significantly influence EJ (m) ($\beta = 0.622, p < 0.001$). Thus, this fulfilled the second condition.
Condition 3: The mediator (m) significantly influenced the dependent variable (y). From Table 3, EJ (m) significantly shows its influence on EI (y) ($\beta = 0.219$, $p < 0.001$). The third condition was fulfilled.

Condition 4: From Table 3, the effect of EA was shown to have reduced when EJ was added to the regression equation. The unstandardized coefficient ($\beta$) was decreased from 0.779 to 0.475, but remained as statistically significant at $\alpha = .000$. Hence, it fulfilled the fourth condition. As a conclusion EJ partially mediated the relationship between EA and EI (refers to Figure 3).

![Figure 3. Mediation Model](image)

**Ethical Awareness and Ethical Judgment of Hotel First-Line Managers**

The statistical findings showed that there is a relationship between ethical awareness and ethical judgment of hotel first-line managers. It was indicated through the sensitivity of the ethical issues that can affect their ethical judgment to make decisions that are more ethical. When first-line managers become aware of an ethical issue, they tended to respond to ethical consideration, evaluate and assess the priority of various alternatives considered, before the action is taken. It is important for first-line managers to be aware of the ethical issues in order to assist them distinguish between the ethically right or ethically wrong behavior, in accordance with the organizational rules and regulations.

The findings showed that the relationship between ethical awareness and ethical judgment was relatively high. Thus, first-line managers were apparently more cautious while solving the ethical crisis (Haynes & Egan, 2020). As stated earlier in literature review session, the ethical decision intention process begins with ethical awareness; as this component is known to increase the manager’s consciousness to evaluate, respond and act ethically in the face of ethical dilemma. Thus, it can explain the rationale why there was a high relationship between ethical awareness and ethical judgment. The development of first-line managers’ ethical consciousness is a cognitive process where it established how in an ethical dilemma he/she would think, as well as decide what is ethically right and ethically wrong in those particular situations (Suhakim & Arisudhana, 2017).

Even if a person has a higher level of post–conventional ethical awareness, he or she may not act more ethically since other personal, societal, and cultural factors influence his or her decision intention. In fact, in the studies by Suhakim and Arisudhana (2017), it was found that socially learnt factors affected the level of ethical awareness of respondents, when they were confronted with a hypothetical independence dilemma. As a result, persons with post–conventional thinking may require additional social learning and ethical influences in order to put their ethical reasoning into practice. Some ways to encourage the application of higher ethical awareness could be through education and ethical organizational contexts.

The findings have implied that despite the cost of an action following ethical obligations, duties, responsibilities and ideologies, would contribute to the ethical intention of first-line manager and to their ethic awareness. If one does not fully understand the principles, rules and regulations of the profession, a person can act consciously or unconsciously in an unethical way. Therefore, front-line managers must be trained in their professional principles from the entry level throughout their working lives.
Ethical Awareness and Ethical Intention of Hotel First-Line Managers

From the findings, it indicated that there is a significant relationship between ethical awareness and ethical intention. This suggested that individual make the interpretation of a situation in terms of what actions are possible, and who would be affected by each step. It can be explained that manager with relatively higher levels of ethical awareness are more likely intend to identify and report an unethical behavior. This is consistent with the findings of Toti et al. (2021) where individuals generally sensitive to ethical issue, they tended to have strong intention to develop ethical decision.

Ethical Judgment and Ethical Intention of Hotel First-Line Managers

In this study, ethical judgment was found to be positively significant in relation to ethical intention among hotel first-line managers in Malaysia. Past studies (e.g Jones, 1991; Rest, 1986, Haynes & Egan, 2020; Lehnert et al., 2015) have acknowledged that the linkage between judgment and behavioral intention has been postulated in EDM models. Festinger (1962) suggested that EJ which is usually used as the most common indicator of an attitude and due to its predictive validity of subsequent behavioral intentions, is a central focus of the theory of cognitive dissonance (Mudrack & Mason, 2013). As a result, consistency between EJ and EI is desirable, as it reduces stress and anxiety resulted by the conflict of having judgment – inconsistency of intention (Mudrack & Mason, 2013). As a result, consistency between EJ and EI is desirable, as it reduces tension and anxiety caused by the conflict of having judgment – inconsistency of purpose.

This study is also consistent with the previous research, where it acknowledged that ethical judgment had the largest influence in explaining self-reported behavioral intentions across a variety of scenarios (e.g., Cruz et al., 2000; Reindenbach & Robin, 1990; Barnett & Valentine, 2004). Fishbein and Ajzen’s (1977) model, showed that connection between judgment and intentions has been proven. Nguyen and Truong (2021) confirmed a positive association between morally acceptable judgments and the intention to carry out the activity.

The findings of EJ positively associated with EI, were consistent with the theory of reasoned actions (Ajzen & Fishbein, 1980), and acknowledged that when confronted with an ethical problem, people tend to act in ways that reflect their personal values. These findings back up prior EDM models that include the EJ to EI relationship, either explicitly or indirectly.

The findings have suggested that once first-line managers make an ethical judgment, they must decide what to do. A decision about what is ethically right was not the same as the decision to act on that judgment, that is, to establish ethical intention. At this stage, the first-line managers would balance the ethical factors against other factors, particularly self-interest (Mudrack & Mason, 2013). For instance, a housekeeper coordinator may determine that refusing to fire a housekeeping assistant is the “right” decision to make (ethical judgment), but may decide to fire him/her anyway (failure to establish ethical intention) for reasons of career advancement or organizational pressures. This signified that even though first-line managers are able to differentiate the ethically right or ethically wrong decision, due to the other possible factors, they might not establish the ethically right intention.

Mediating Effect of Ethical Awareness

Based on the findings, the relationship between moral intensity and ethical intention of hotel first-line managers was fully mediated by the managers’ ethical awareness and ethical judgment. However, this was inconsistent with the past studies (May & Pauli, 2002), where, moral intensity was not significant with ethical intention. However, with the effect of ethical awareness and ethical judgment, hotel first-line managers’ ethical intention was able to influence the intensity of the moral issues raised at the workplace. This showed that a higher level of ethical awareness has a positive effect on ethical judgment of first-line managers; the more ethically positive an individual ethical decision to be, the more likely he/she would intend to engage in ethically right decision.

In Rest’s (1986) study, both ethical awareness and ethical judgment were the good predictors of ethical intention. Through the findings, they were further found to support the Hunt & Vitell’s (1986) Model, where ethical awareness and ethical judgment mediated the relationship
between moral intensity and ethical intention. It also acknowledged that the effect of the link between the intensity of moral issue raised and ethical intention was tied to perceived importance. As a conclusion, this study suggested that future theorizing and empirical research studies in ethical decision intention should consider the role of mediation of ethical awareness and ethical judgment on ethical intention.

The importance of first-line managers' perceptions of society's attitudes on these ethical concerns influenced their ethical intention, according to the study. This finding corresponds to lower levels of cognitive and moral development (Kohlberg, 1981; Rest, 1986). Moreover, Barnett (2001) also acknowledged that respondents under the age of 20 thought that societal opinion will have a significant impact. The majority of respondents (47.1 percent) were first-line managers with an average age of 30 who had worked as first-line managers for less than six years, which corroborated the study's conclusions. Therefore, by taking into account the respondents' background, Kohlberg's (1981) Theory and Barnett (2001), affirm their action of being guided by perceived societal acceptance if supported.

If first-line managers believe the ethical challenge is ethically intense, they are more likely to notice it quickly. This means they feel the consequences of an unethical decision will be substantial and evident, will occur frequently, and will influence many people. Furthermore, the stronger the moral intensity, the more likely it is to encourage first-line supervisors to see the decision favorably.

**Implication and Conclusion**

The research was conducted to examine the mediation effect of ethical judgment on ethical awareness and ethical intention of managers in their ethical decision making. From the findings, it indicated that as an individual who is conscious of ethical issues, he/she would form his/her assessment and develop the intention to acting ethically right or wrong. The findings revealed that a higher level of ethical awareness has a positive effect on ethical judgment of manager, the more ethically positive an individual judges his/her decision, the more likely he/she will intend to engage in ethically right behavior.

Moreover, the findings established that EJ is capable of mediation of the relationship between EA and EJ. Through the findings, they were further found to support the Hunt and Vitell's (1986) Model, where ethical judgment mediated the relationship between ethical awareness and ethical intention. It also acknowledged that the effect of the link between the evaluation of moral issue raised and ethical intention was tied to perceived importance. As a conclusion, this study suggested that future theorizing and empirical research studies in ethical decision intention should consider the role of mediation of ethical judgment on ethical intention.

Through the findings, it showed that the predictive ability of the intention of ethical decision was strong, suggesting that they significantly correlated with each other. Thus, it can be concluded that when confronted with ethical dilemma, first-line managers would engage in the process of decision making that involves working through these three components (Musbah et al., 2016). During the process, any failure of any component in the process could cause an ethically right decision to be taken at a halt.

As the number of unethical practices keeps getting higher in the business environment, including the hotel industry, organizational management should be more concerned about how to curb this accordingly, especially the ethical issues mostly related to their employees (Toti et al., 2021). With the findings of this study, it means that an educational effort on the consequences of unethical decision will be more significant; rather than harshly punishing and reprimanding employees. Similarly, employees' perceptions of the tolerability of "small-time" theft could be offended. If the views of "close others" could be used, this would be particularly effective. Finally, if employees can have a better understanding and awareness that the ethicality of their actions can have a harmful impact, it can help reduce the incidence of house theft (Karacaer et al., 2009).

A fundamental part of decision making is ethical judgment. To make a sound decision, or to solve a problem effectively, first-line managers should have the basic cognitive skills that allow them to complete their decision making process in a comprehensive and systematic manner. These
cognitive skills include the understanding of what the ethical problem is, the knowledge of what codes can apply to the situation, a determination of the best choice, a reflection on the best decision and the planning of how to make the decision.

To ensure that first-line hotel managers become ethically sound decision-makers, the hotel management can during the training process consider using the situational ethical framework in relevant customer service concepts. If the first-line managers can learn the applicability of ethical philosophies, then, they can be equipped with ethical knowledge to act morally throughout their duties (Reidenbach & Robin, 1990). Training managers can use multiple approaches to guide first-line managers to acquire this knowledge and understanding, such as through role playing, simulating the workplace and learning experiences. First-line managers can understand how individual and situational ethical frameworks relate effectively to concepts and frameworks of the real world through this cognitive-based learning.

In addition, managers should not make the decisions based on economic considerations only. They should teach them how to use the measurement of moral intensity to focus their analysis and help them to make a better decision. As such, they may ask the following questions: “If I make this decision, how serious will the consequences be?” “How was my decision perceived by my employees/customers?” “Will my decision have any negative impact on my colleagues and my customers?” etc.

Based on the findings, the relationship between the ethical intentions of first-line hotel moral intensity managers is fully mediated by ethical awareness and ethical judgment. For the hotel industry, therefore, the most effective arguments are to emphasize the intensity of ethical awareness and ethical judgment on the related issues (Uyar et al., 2015). It is important for government authorities and hotel managements to strengthen business ethics education to influence and enhance the ethical awareness and ethical judgment of managers, in order to reduce the unethical intention among first-line managers. If managers become more concerned about the extent of harm to society and the hotel, their awareness of unethical practices will increase, making them more ethical before making any decisions. It can therefore reduce their intention to behave unethically in the workplace.

The findings of this study provide support for ethical awareness as an influence on first-line manager’s ethical judgment regarding their intention to make ethical decisions. Thus, it suggested that researchers interested in ethical decision on illicit products, build on this research to explore these emotions and awareness along with moral intensity and ethical judgment for their influence in the intention process of ethical decision. If people further understand the role of ethical awareness in decision making on ethical dilemma, they can better understand both motivations for engaging in ethical decision and, as a result, potential methods for curtailing unethical decision intention.

References


