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Covering-Up Behaviour in Organizations
Shmuel Stashevsky and Jacob Weisberg*

Introduction

Workers’ unethical behaviour may stem from a variety of sources. In a recent nationwide study conducted in the US (McShulskis, 1997), almost half of the workers (48 per cent) reported that they responded to job pressures by acting either unethically or illegally. Moreover, 58 per cent had considered doing so at certain times during their employment. Two of the most common types of unethical behaviour are ‘cutting corners’ on quality control (33 per cent) and covering up incidents (30 per cent). ‘Cutting corners’ has to do with the individual worker and his work performance, while covering-up behaviour involves both the individual and his or her co-workers, managers, and subordinates. Covering-up behaviour is commonly perceived as workers intending to hide from supervisors their own or their co-workers’ behavioural or performance-related wrongdoings, such as, for example, hiding mistakes on the work site. When an employee observes peers behaving unethically he or she might face a dilemma – whether to disclose the misconduct or to cover up (King and Hermodson, 2000). As such, employees will strive to reduce any unfavourable consequences to themselves and to the firm. A high degree of covering-up behaviour in organizations is an indication of an atmosphere of disloyalty, betrayal, or other unethical aspects.

Beu and Buckley (2001) state that the damages from the different types of unethical behaviour are huge, since they inflict costs of billion of dollars on firms in the industry, as well as substantial damage to their

* Authors appear in alphabetical order, having contributed equally to this chapter.
image. As such, the question concerning the vulnerability of firms to unethical behaviour and covering-up behaviour is important for management. Lucas (1998) relates the covering-up syndrome to the role of vision in the company, suggesting that within companies lacking in vision, employees merely carry out what is required of them, avoiding difficulties with the help of political behaviour and concealment of errors.

In spite of the severe problem of covering-up behaviour, it has not been given sufficient theoretical or empirical attention. In fact, a review of the business ethics literature indicates the lack of a comprehensive theory dealing with the underlying causes of unethical behaviour (Grover and Hui, 1994; Randall and Gibson, 1990). This study investigates covering-up behaviour of employees while suggesting a comprehensive model and testing it empirically. The model includes personal, occupational, and organizational characteristics that relate to and influence the covering-up behaviour in organizations.

When an employee observes unethical behaviour by peers, supervisors or subordinates, he or she is likely to face the dilemma of reporting or covering up this behaviour. This type of conflict is resolved by a subjective benefit/cost analysis. King and Hermodson (2000) summarized several factors affecting the decision: the severity of the wrongdoings, the personal role responsibility, the group norms regarding peer disclosure, the perceived threat of co-workers compared with the organization’s retaliation, and the organization’s culture. Similarly, Elangovan and Shapiro (1998) argued that concealing information regarding unethical behaviour is a form of opportunistic betrayal. As with all types of betrayal in the workplace, it is expected to represent a rational behaviour, which weighs the benefits to be gained from the betrayal versus the satisfaction to be gained by remaining trustworthy. The considerations involve an evaluation of the relationship between the employee and the employer (bestowal of trust), and an evaluation of the ethical principles relating to betrayal and loyalty.

Further explanation of the covering-up behaviour is provided by the theory of self-interest, which is related to situations of conflict of interests. Based on the self-interest theory (Trevino and Youngblood, 1990), we suggest that people will cover up when the behaviour benefits them. This was applied to the employee–employer relationship via the agency theory (Beu and Buckley, 2001), which contends that employees may cover up wrongdoings from their employer when they have more information than the employer, thus reducing the chances of the covering-up being discovered. In any case, personal benefits