ENVIRONMENTAL ACTIVITIES RELATED TO SOCIAL RESPONSIBILITY AND ETHICAL CLIMATE

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The relationship between social responsibility, ethical climate, and environmental actions of firms is of increasing importance to consumers, society, and government. Increased recognition of environmental issues within organizations has resulted in support for highly publicized environmental initiatives. However, economic and competitive pressures require some defense of these socially responsible actions from a shareholder's perspective. The focus of this study is to determine how the ethical climate of the organization relates to organizational environmental behaviors and attitudes. This study examines recycling, enforced smoking policies, and the use of "green products" in the foodservice industry. Results of the study show a positive relationship between proactive environmental policies/behaviors and employees' perceptions of the ethicalness and social responsibility of the organization. Managerial implications and conclusions are provided.

INTRODUCTION

The increased interest in business ethics and social responsibility has cast speculation on the environmental claims and actions of organizations in many industries. Environmental concerns include biodegradability, the effects of pollution, excessive packaging, the use of toxic substances, and other activities that affect the earth and communities. A survey by the Ethics Resource Center (1994) concludes that "environmental violations appear to be a serious problem" (p.26) because eight percent of the 4,035 respondents believe their companies have violated environmental laws and regulations that could endanger employees or the public. Other respondents note that environmental misconduct is common in their employing organization (p.70). These results, along with governmental reports and the popular press, are a signal that organizations should take their environmental impact and initiatives seriously.

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The traditional role of business to "use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game" (Friedman 1962, p.8) has been challenged by increasing governmental regulation and consumer expectations in the 1980s and 1990s (Menon and Menon 1997, Silverstein 1994). In addition to the traditional role, social responsibility and business ethics are becoming increasingly important to organizations today. This is evidenced by the number of companies that have established ethics and legal compliance programs. These initiatives cover business practices and issues ranging from general corporate values to effects on society and the environment.

Environmental concerns, such as pollution, waste disposal, and recycling, are not only addressed in business ethics programs but are often part of business strategic planning (Lozada and Mintu-Wimsatt 1996). Environmental ethics involves accepting responsibility for the environmental impacts arising from processes and products that organizations use and market. To meet the challenges of social responsibility and ethics, companies need to

build these considerations into their corporate cultures. A commission recently established by the United States federal government to examine environmental regulation and crime suggests that all companies should integrate environmental standards into management responsibilities and operating standards (Banks 1995). Both companies and consumers are now placing increasing demands for societal and environmental awareness on organizations they patronize (Engebretson 1995; Federal Trade Commission 1992; Gaines 1995). A McKinsey survey of CEOs and board members found that 92 percent of the respondents ranked the environment as one of their top three initiatives (Walley and Whitehead 1994).

Environmental risks have been created by organizations in their quest to serve a growing world market (Shrivastava 1995). Although technological advances and an educated consumer base have afforded luxuries and product advances, the Exxon Valdez and the Bhopal incidents are examples of technology's tenuous relationship with the natural environment. Less extreme are the daily activities of organizations that contribute to landfills, pollution, and the waste stream. For many years, these "products" of organizations were treated as externalities that were not the responsibility of managers, but merely a byproduct of satisfying consumer needs. In addition, environmentally-concerned critics believe that some companies have promoted and catered to unlimited consumption without regard to the potential environmental destruction and waste (e.g., Fritsch, Schmidheiny and Seifritz 1994, Pierce 1991, Smith 1992). In contrast, Procter and Gamble, who creates one percent of all landfill waste, has been aggressively pursuing recycling and repackaging to minimize their negative effect on the environment.

One industry that draws heavy criticism for its environmental impact is the foodservice industry, which is generally comprised of all types of restaurants and many institutional providers. Although foodservice contributes only two percent of the United States' waste stream, the industry's visible logos and familiar packaging makes it "an easy target for recycling legislation" (Livesey 1991, p.19). The industry has been proactive in establishing recycling programs and changing packaging materials to meet new environmental standards and public concerns, although it still draws substantial criticism (Weinstein 1992).

Since the early 1990s, environmentally proactive restaurant chains and institutional foodservice providers have implemented environmental task forces or created formal responsibility for environmental affairs within their management structures. Many companies use an environmental audit to determine potential improvements and establish benchmarks for future studies. As a result of these audits, Wendy's, Burger King, Jack In The Box, Subway, Hard Rock Cafe, K.F.C., and McDonald's have created new policies on a variety of environmental practices. One of the greatest arguments for environmental audits and management is the necessity of "preparedness - the way unforeseen environmental issues can creep up and hit a chain with unearthly costs" (Brooks 1993, p. 56). Given the recent advent of a strategic environmental focus, academic researchers and all types of business are still discovering the benefits associated with this proactive orientation. (Menon and Menon 1997). McDonald's had enormous publicity and patronage benefits when they abandoned styrofoam clam shell containers and adopted paper wrappers. Many restaurants including K.F.C., Jack In The Box, and the Hard Rock Cafe are establishing quantifiable goals or missions for waste reduction and recycling initiatives.

The purpose of this paper is to examine the environmental attitudes and behaviors of business organizations in light of their corporate social responsibility and ethical climates. Both ethical climate and social responsibility are well-known constructs in the business ethics literature (c.f., Victor and Cullen 1988; Carroll 1991), although there have been no known attempts to link them with specific environmental attitudes and actions. We conducted our study in the foodservice industry, which has a reputation for contributing to environmental waste and other social excess. Therefore, this paper will contribute to our understanding of 1) how different levels of social

responsibility and ethical climate are linked to environmental actions and attitudes, and 2) specific relationships between ethics, social responsibility, and environmental issues in the foodservice industry.

SOCIAL RESPONSIBILITY, ETHICAL CLIMATE, CORPORATE PERFORMANCE, AND ENVIRONMENTAL ISSUES

In the 1990s, increased competitiveness forced most businesses to look beyond their normal spheres of interest to consider those of customers, shareholders, members of the community, and the environment in general. The ongoing trend toward greater corporate social responsibility is prompting investors to put their money into companies that support common values, ethical business practices, and social objectives (Gaines 1995). Many companies have implemented these objectives by reducing the impact of production technology, reducing waste, donating to charities, raising environmental awareness, and initiating other community projects (Vyakarnam 1992). Some critics have noted that these actions may actually be self-serving activities and taken to hide real environmental problems of the firm (Gray-Lee, Scammon, and Mayer 1993). However, in most cases, these actions are indicative of corporate social responsibility and the willingness to create a positive impact on the organization's natural and social environment (Carroll 1991).

Corporate Social Responsibility

Carroll (1991) describes corporate social responsibility as the economic, legal, ethical and philanthropic responsibilities of organizations. These dimensions reflect differences in corporate objectives, resource allocations, organizational actions, and importance of stakeholder groups. The economic dimension addresses the need to earn a profit, which is required of business by society. Maximizing sales, minimizing costs, and making intelligent strategic decisions are all examples of typical economic and profit-oriented activities. This level of social responsibility tends to focus on stockholders and to some extent, employees, as the primary stakeholders for the business.

The legal dimension deals with adherence to the law and is also required by society. Companies must obey all laws and play by the acceptable "rules of the game." Primary stakeholders for the legal dimension include the government, employees, and others for which a company must fulfill contractual obligations. Meeting both the legal and economic responsibilities are required by society, although McGuire (1963) notes that "the corporation has ... certain responsibilities to society which extend beyond these (profit and legal) obligations" (p.144).

The ethical dimension involves an organization's responsibility to do what is right, just, honorable, fair, and to minimize harm to all stakeholders. Ethical behavior is expected by society and usually reflects the belief that the law is the "floor" for good behavior and that companies should obey both the letter and spirit of the law. Organizations that focus on the ethical dimension often display ethical leadership in their industry by developing codes of ethics, implementing business ethics programs and training, and maintaining a strong ethical climate in the firm.

Finally, philanthropic activities are voluntary and generally involve benevolent and humanitarian acts. These activities are desired of business by society and usually take the form of corporate contributions, community involvement, and programs supporting education and community improvements. In general, an organization striving toward corporate social responsibility should "make a profit, obey the law, be ethical, and be a good corporate citizen" (Carroll 1993, p. 35).

Ethical Climate

Employees bring a set of values and ethics to their organization but they are also heavily influenced by the prevailing norms and culture of the organization. Victor and Cullen (1987) characterize these norms and values as the "ethical climate" of the firm, which they formally define as "perceptions of what is ethically correct behavior and how ethical issues should be handled" (p.52). Ethical climate is the part of the corporate culture that guides employees in both recognizing and resolving ethical issues. Codes

of ethics, training programs, the values of managers and co-workers, and organizational objectives and priorities are all manifestations of the ethical climate. Thus, ethical climate is a significant dimension of the total work climate.

Certain types of work climate have been found to relate to increased job performance and satisfaction among employees (Downey, Hellreigel, and Slocum 1975). In addition, employees' perceptions of climate can produce behavioral outcomes, by informing individuals that specific types of behavior will lead to successful achievement of individual and organizational goals (Field and Abelson 1982). Herndon's (1991) dissertation research of a retail sales force indicates that those salespeople who perceived the corporate culture as ethical are likely to be committed, satisfied and unlikely to leave the organization. Victor and Cullen (1988) propose that individuals who fail to fit in an organization's ethical climate will probably leave the organization whereas others may simply operate in a "zone of indifference" (Barnard 1938). Both cases have real consequences to organizations in terms of turnover costs and employee productivity.

Ethical climate has also been linked to many specific organizational benefits such as reduced turnover and increased job satisfaction (Dubinsky and Ingram 1984). As a result of the lack of fit between ethical climate and individual values, employees may also experience stress, dissatisfaction, and increased turnover (Victor and Cullen 1988). Despite these correlations, ethical climate, similarly to social responsibility activities, has not been clearly linked to profitability (Aupperle, Carroll, and Hatfield 1985). However, because of the practical implications arising from ethical climate research, the construct is considered very important to understanding ethical decision making in business (Herndon 1991).

Corporate Performance

Many business people may believe that if corporate social responsibility activities are well managed, overall firm profitability can be increased, as witnessed by the enormous strides made by businesses such as Ben and Jerry's, Hershey Foods, Dayton Hudson, and McDonald's. As an important member of the foodservice industry, McDonald's systematically spends a given percentage of its advertising budget supporting philanthropic and ethical activities. They actively support recycling of paper, plastic, and vegetable oil. They even experimented with developing playlands out of styrofoam packaging when consumers began to complain about its waste considerations. McDonald's restaurants go so far as to calculate the value of the publicity (i.e., free media) they get in response to their philanthropic activities such as the Ronald McDonald Houses and numerous sizable donations to charities and local communities (Prince and Denison 1992).

Although McDonald's business is both profitable and environmentally aware, the empirical evidence for the relationship between social responsibility and profitability in other corporations is still mixed. Of 18 studies over the past 21 years, nine found a positive relationship between corporate social responsibility activities and profitability. Two of the studies found no relationship between the two measures and seven studies found a negative relationship between the two dimensions (Ferrell 1992). Despite the lack of academic empirical evidence for the positive relationship between social responsibility and profitability, Clarkson (1995) asserts the strategic importance of creating social and economic wealth to all primary stakeholder groups, including employees, customers, suppliers and the public, not just shareholders. Menon and Menon (1997) also delineate the role of environmentalism in creating strategic advantages and relationships with customers.

Three recent surveys have provided practical and nonacademic evidence for the relationship between organizations' social responsibility/business ethics and consumers' attitudes and actions toward the organizations. The Walker Group of Indianapolis reported that, when price, service, and quality are equal, 90 percent of consumers are more likely to buy from the company that has a socially responsible reputation (Gaines 1995). A joint study conducted by Cone/Coughlin Communications and Roper Starch Worldwide found that 48 percent of survey

respondents cited "business practices" as a major reason for refusing to buy from a business. In addition, 29 percent of these respondents believed that firms should work hardest on environmental problems, while 22 percent felt that companies were working hardest to solve environmental issues (Gaines 1995). Finally, in a survey of 318 top executives in the U.S., 91 percent recognized the importance of being "green" and saw a strong connection between environmental conscientiousness and having the right image in the market (Sheridan 1992).

HYPOTHESES DEVELOPMENT

The literature on social responsibility and ethical climate merits some conclusions about the role of environmental issues in organizations. First, companies actively pursuing the legal dimension of social responsibility must be cognizant of laws that affect their environmental actions. Second, organizations that strive for the ethical and philanthropic dimensions are considerate of how their decisions affect the natural environment and other aspects of society. Finally, those companies with strong ethical climates are more committed to examining the internal and external risks that lead to ethical conflict, including environmental issues. The preceding literature review and discussion of ethical climate, social responsibility, and environmental issues leads to two hypotheses that were tested in this study:

H1: High levels of social responsibility will be associated with more proactive environmental attitudes and actions.

H2: High levels of ethical climate will be associated with more proactive environmental attitudes and actions.

AN EXPLORATORY STUDY IN THE FOODSERVICE INDUSTRY

This study will examine the relationship between environmental issues, social responsibility, and ethical climate in the foodservice industry. The foodservice industry was chosen as the sample for this study for several reasons. First, foodservice organizations are often cited for the enormous amount of solid waste they contribute to the waste stream (Livesey 1991; Youde and Prenguber 1991). Second, the foodservice industry is actively involved in the recycling, reduction, and reuse of solid waste and is making strides toward becoming an environmentally proactive industry (Weinstein 1992).

In addition, the foodservice industry was selected because of its accessibility and image as being greatly affected by the recent changes in the environmental arena. Because of its high visibility and large customer and employee base, the foodservice industry has the potential to become the business leader in environmental management and improvement. Feldman (1991) suggests that the solid waste problem is the biggest environmental issue facing restaurants today, with paper, polystyrene, and permanantware producing environmental hazards. Foodservice institutions are beginning to emphasize recycling, reduction and reuse although there are several problems that can stall environmental efforts. There is technological confusion about the most environmentally sound methods of packing products. For instance, there is an ongoing debate about the environmental superiority of paper versus plastic packaging in the fast food industry (Livesey 1991). In addition, the recycling and waste prevention industry is not fully developed. In many areas of the country, recycling programs are scarce or nonexistent, making it difficult for foodservice companies to implement effective and efficient environmental policies. Further complicating these initiatives, reducing waste and implementing sound environmental programs can be very costly. Economic factors and profit motives may cause managers to view environmental programs as detrimental to the bottom line.

Despite these problems, the foodservice industry is poised to take a leading role in corporate America's response to environmental issues. The commitment of national foodservice chains and institutions to developing environmentally sound practices can lead to improved food preparation and packaging methods, increased efficiencies, and help foster the growth of waste prevention activities. In this study, foodservice organizations were characterized according to their ethical climate and social

responsibility patterns, and environmental issues were used to discriminate between the organizations. It is expected that those firms which are perceived as more ethical and socially responsible will also exhibit the greatest commitment to environmentally conscious behaviors (e.g., recycling, enforcing smoking policies, and purchasing green products).

METHOD

Sampling Frame and Procedures

The data for our study were obtained in personal interviews. For this exploratory study, the sample was limited to restaurants and did not include any institutional foodservice providers. To provide some generalizability, the sample was randomly selected from restaurants in a major metropolitan area in the United States. Restaurant managers or assistant managers were surveyed at their place of business. The restaurants were representative of fast food, family, and moderate/upscale formats. A total of seventy-five surveys were collected, all of which were deemed usable for the study. Table 1 shows the characteristics of the survey sample, including both restaurant and respondent characteristics.

TABLE 1
Sample Characteristics

Restaurant Type:	
Fast Food	22.7%
Family	52.0%
Moderate/Upscale	25.3%
Customers Per Week:	
<500	2.6%
500-999	18.7%
1,000-2,999	36.0%
>3,000	42.7%
Profitability:	
Very	5.3%
Somewhat	30.7%
Breakeven	44.0%
Somewhat Unprofitable	2.7%
Very Unprofitable	4.0%
Gender of Respondents:	
Male	66.7%
Female	33.3%
Age of Respondents:	
<30	40.0%
30-45	49.3%
>45	10.7%

Measures

The survey included questions about ethical climate, social responsibility, environmental issues, and the restaurant characteristics that were discussed in Table 1.

Ethical Climate. A scale of ethical climate developed by Herndon (1991) was used to measure this construct. The 18-item scale was selected because its components included codes of ethics, honesty, co-worker support, top management support, and ethical conduct. Herndon's (1991) measure of ethical climate focuses on five factors that Akaah and Riordan (1989) summarized as influences on ethical decisions in marketing organizations. These factors include: 1) corporate code of ethics, 2) top management actions on ethics, 3) extent of ethical problems within the organization, 4) organizational rank and organizational role, and 5) industry category. These factors delineate what is acceptable or unacceptable behavior and thus set the ethical tone and climate in the organization. A higher score on this measure indicates an organizational climate that is conducive to ethical decision making.

For the ethical climate construct, five factors emerged with each item loading distinctly on a single factor (see Table 2). The minimum acceptable criterion is .50 (Zaichowsky 1985). Two items from the ethical climate scale, X17 and X24, fell below the Zaichowsky criterion level with loadings of .49. Because of the exploratory nature of the study and the relatively small sample size, the items were included. The overall factor loadings for ethical climate ranged from .49 to .86, with the five factors accounting for 63.6 percent of the variance in the construct. The five factors were given the following

labels: 1) top management support, 2) ethical behavior, 3) honesty, 4) co-worker support, and 5) code of ethics. The coefficient alphas generally exceeded the .50 minimum acceptable level (Cronbach 1951). Factor 5 has a coefficient alpha of .44. Due to the exploratory nature of this study, we retained the factor.

TABLE 2
Factor Analysis of Ethical Climate and Assessment of Reliability

Item	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
X11	.84				
X12	.78				
X18	.53				
X25	.62				
X27	.78				
X15		-.52			
X17		.49			
X23		.58			
X24		.49			
X26		.60			
X28		.66			
X16			.55		
X19			.82		
X22			.81		
X20				-.69	
X21				-.86	
X13					-.71
X14					-.81
Eigenvalues:					
	5.4	2.0	1.7	1.3	1.2
Percent of Variance:					
	29.8	11.0	9.2	7.2	6.4
Coefficient Alpha:					
	.80	.59	.68	.58	.44

Total Variance Explained: 63.6 percent

Ethical Climate Factors

Factor 1: Top Management Support
- X11. Has a code of ethics.
- X12. Code of ethics is a useful guide in work life.
- X18. Top management would be fired for a serious ethics violation.
- X25. Senior managers support right conduct by what they do.
- X27. Organizational goals stress making money within ethical and legal limits.

Factor 2: Ethical Behavior
- X15. Content of code of ethics is accepted in work life.
- X17. Top management does not support ethical behavior by what they say. (R)
- X23. Some co-workers do not support the idea that customers should be treated fairly. (R)
- X24. Because of the competitiveness, some unethical behavior is needed just to stay in business.(R)
- X26. Customers have been cheated.(R)
- X28. Top management is more interested in making money than meeting customer needs.(R)

Factor 3: Honesty
- X16. Employees are punished for dishonest behavior at work.
- X19. I am not aware of unethical conduct in my organization.
- X22. I have never seen people I work with do dishonest things at work.

Factor 4: Co-Worker Support
- X20. There is not much support among co-workers for honesty at work.(R)
- X21. There are open discussions about ethical matters at work.

Factor 5: Code of Ethics
- X13. I never see or hear the code of ethics mentioned at work. (R)
- X14. The code of ethics confuses me. (R)

Note: (R) indicates a reverse-scored item.

Perceived Corporate Social Responsibility. Measuring corporate social responsibility has been assessed as difficult and speculative (Aupperle, Carroll, and Hatfield 1985). In addition, there has been little effort to develop comprehensive scales and measures of social responsibility with generally accepted reliability and validity. However, a few short scales have been developed to address social responsibility.

Perceived corporate social responsibility was measured by the Goolsby and Hunt (1992) three item scale. The scale addresses responsibilities relative to owner's (shareholders) concerns. An additional one-item scale of corporate social responsibility

developed by Hunt, Kiecker, and Chonko (1990) was also included. The scale items and associated analysis can be found in Table 3.

The exploratory factor analysis of the corporate social responsibility items resulted in two factors. Factor 1 (owner concern) consisted of three items with factor loadings from .50 to .88. The second factor (public concern) consisted of one item. The eigenvalues were 1.63 and 1.01. The two factors accounted for 66.2 percent of the variance in the corporate social responsibility construct. The coefficient alpha level criteria was met for factor 1, but factor 2 fell marginally below with an alpha of .49. Due to the exploratory nature of this study, the nearness to the cutoff criterion, and small sample size, this level was deemed acceptable.

TABLE 3
Factor Analysis of Corporate Social Responsibility and Assessment of Reliability

Item	Factor 1	Factor 2
X29	.78	
X30	.88	
X31	.50	
X32		.90
Eigenvalues:	1.63	1.01
Percent of Variance:	40.9	25.4
Coefficient Alpha:	.56	

Total Variance Explained: 66.2 percent

Corporate Social Responsibility Factors

Factor 1: Shareholders (owner concern)

X29. The fact that corporations have great economic power means that they have a social responsibility beyond the interest of shareholders.

X30. As long as corporations generate acceptable shareholder returns, managers have a social responsibility beyond the interests of the shareholders.

X31. Management's only responsibility is to maximize the return to shareholders on their investment.

Factor 2: Society (public concern)

X32. The socially responsible manager must occasionally place the interests of society over the interests of the company.

Environmental Attitudes and Actions. Twelve items to assess environmental issues in the foodservice industry were developed for the present study. The items focused on recycling practices, smoking regulations, environmental policies, and environmental behaviors. The items reflect generally accepted environmental foodservice issues.

The environmental scale developed for this survey resulted in four factors (see Table 4). Factor 1 (recycling) consisted of four items with loadings from .70 to .91. The second factor (policies) consisted of three items with loadings from .42 to .82. The third factor (action) consisted of three items with loadings from .55 to .74. The fourth factor (smoking) consisted of two items with loadings from .68 to .75. and the four factors explained 63.9 percent of the variance.

TABLE 4
Factor Analysis of Environmental Attitudes and Actions

Item	Factor 1	Factor 2	Factor 3	Factor 4
X5.1	.89			
X5.2	.86			
X5.3	.91			
X5.4	.70			
X1		.82		
X2		.80		
X4		.42		
X3			.55	
X8			.61	
X9			.74	
X6				.68
X7				.75
Eigenvalues:	3.44	1.68	1.40	1.14
Percent of Variance:	28.7	14.0	11.7	9.5
Coefficient Alpha:	.76	.63	.60	.54

Total Variance Explained: 63.9 percent

Environmental Attitudes and Actions Factors
Factor 1: Recycling
X5.1. Do you recycle glass?
X5.2. Do you recycle aluminum?
X5.3. Do you recycle plastic?
X5.4. Do you recycle paper?
Factor 2: Policies
X1. Research to determine environmental attitudes.
X2. Policies designed to address environmental issues.
X4. Does restaurant purchase "green products"?
Factor 3: Action
X3. Is top management responsible for solving environmental problems?
X8. Does the restaurant test for indoor pollutants?
X9. Does restaurant purchase environmentally safe cleaning products?
Factor 4: Smoking
X6. Does the restaurant have smoking and nonsmoking areas?
X7. Are the smoking and nonsmoking areas strictly enforced?

Analysis and Results

Discriminant analysis was conducted to determine if environmental concerns could be used to discriminate among levels of ethical climate and attitudes toward corporate social responsibility. The minimization of Wilks' lambda was used as the criterion and the variables were entered in a stepwise manner. The cut off criterion for inclusion or exclusion from the discriminant function was set at the default (FIN=1 and FOUT=1). No hold out sample was used due to the small sample size.

Table 5 shows the relative impact of the environmental variables on corporate social responsibility. The table ranks the twelve items according to their importance in discriminating the level of corporate social responsibility. Table 5 also shows the overall classification results of the discriminant analysis.

TABLE 5
Environmental Attitudes and Actions/Corporate Social Responsibility Discriminant Analysis Results

Item	Standard Function Coefficient (Ranking)	Structure Correlation (Ranking)
X1	-.10 (11)	-.15(10)
X2	-.43 (3)	-.63 (6)
X3	.12 (9)	.16 (9)
X4	-.39 (5)	-.60 (7)
X5.1	.45 (2)	.70 (4)
X5.2	.00 (12)	.13 (11)
X5.3	.75 (1)	1.11 (1)
X5.4	-.43 (4)	-.67 (5)
X6	-.22 (7)	-.76 (3)
X7	.36 (6)	.80 (2)
X8	.11 (10)	.16 (9)
X9	-.20 (8)	-.29 (8)

Chi-Square: 64.73; **Wilks' Lambda:** .35;
Significance: .05

Classification Results

Actual Group	# of Cases	Predicted Group Membership				
		1	2	3	4	5
1	6	66.7	0.0	16.7	0.0	16.7
2	4	0.0	50.0	25.0	25.0	0.0
3	27	14.8	7.4	63.0	14.8	0.0
4	24	20.8	12.5	16.7	41.7	8.3
5	10	30.0	0.0	0.0	10.0	60.0

Percent of Cases Correctly Classified: 54.93 percent

Table 6 shows the relative impact of the environmental variables on levels of ethical climate. The table ranks the twelve items according to their importance in discriminating the level of ethical climate. Table 6 also depicts the overall classification results of the discriminant analysis.

TABLE 6
Environmental Attitudes and Actions/Ethical Climate Discriminant Analysis Results

Item	Standard Function Coefficient (Ranking)	Structure Correlation (Ranking)
X1	.11 (9)	.17 (10)
X2	.00 (11)	.00 (12)
X3	-.05 (10)	-.07 (11)
X4	.67 (1)	1.10 (2)
X5.1	.00 (12)	-.68 (4)
X5.2	.41 (3)	.65 (5)
X5.3	-.22 (5)	-.31 (6)
X5.4	.19 (6)	.29 (7)
X6	-.53 (2)	-1.88 (1)
X7	.38 (4)	.82 (2)
X8	.17 (7)	.25 (8)
X9	-.13 (8)	-.18 (9)

Chi-Square: 38.20; **Wilks' Lambda:** .54
Significance: .03

Classification Results

Actual Group	# of Cases	Predicted Group Membership		
		1	2	3
1	22	68.2	13.6	18.2
2	17	23.5	41.2	35.3
3	24	22.2	0.0	77.8

Percentage of cases classified correctly: 60.32%

DISCUSSION AND CONCLUSIONS

Environmental attitudes and actions were found to be a good discriminator of perceptions of ethical climate. Employees' awareness of environmental acts by the organization relates to their perceptions of ethical climate. Recycling activities in particular had strong discriminant ability with respect to ethical climate. The greater the awareness and engagement in recycling activities, the higher the perceptions of an ethical climate. Environmental policies also had strong discriminant ability with ethical climate. This could indicate that overt activities, such as recycling, and company environmental policies and actions relate to a strong ethical climate. This climate, in turn, has been shown in other studies to affect employee morale and productivity. Restaurant managers usually have oversight for both recycling activities and environmental policies and, in our study, appear to have made some linkages to their company's ethical climate.

Environmental issues were also found to be a good discriminator of corporate social responsibility. This means that environmental behavior such as purchasing green products, recycling, and smoking policies were strongly related to corporate social responsibility. Because of the broad nature of corporate social responsibility, the environmental issues scale probably tap into only few key aspects of the construct. From an internal point of view, purchasing green products, recycling and having smoking policies, enhances the manager's impressions of the company's attitude toward corporate social responsibility. Because employees' awareness of corporate social responsibility activities, as well as knowledge of an ethical climate, are related to increased organizational commitment and reduced turnover, enhancement of these perceptions can greatly benefit the organization. This study has shown that actual policies and actions on environmental issues contribute to an organizational climate conducive to ethical and socially responsible behavior. For the foodservice industry, environmental concerns have become of increasing importance. Recyclable products and packaging, composting waste and other proactive actions must be taken if foodservice establishments are to please their customers and make a contribution to their community. These actions can be implemented by building environmental conscientiousness into the operating procedures, ethical climate, and social responsibility of the organization. "The emerging consensus among business leaders is that the goals of social good and business are no longer an either/or proposition but rather are very much interwoven" (Menon and Menon, p. 25).

Companies can take several approaches for making environmental concerns part of planning and decision-making. First, some organizations develop departments responsible for environmental initiatives. These departments usually conduct audits, recommend policy and programs, and generally monitor the company's environmental risks and associated activities. Second, other firms integrate environmental responsibility throughout the various functional areas and geographic divisions of the company. In this case, there may be no central authority on environmental policy; rather, mangers must understand and respond to their department's environmental risks. Regardless of the approach taken, companies must make conscientious efforts to continuously examine and refine their environmental policies and practices. For many firms, an effective program for managing ethics and legal compliance will include environmental issues, as well as others. A growing number of restaurants appoint an environmental affairs coordinator to handle "all things green". (Brooks 1993).

The results of this study have implications for university and professional education in hospitality, restaurant, and foodservice marketing and management. For example, the Cornell Hotel School has redesigned its graduate program curricula to

include ethics modules because key stakeholders felt the subject warranted more attention in the classroom (Anonymous 1993). Environmental effects are of concern to many businesses although the foodservice industry may be more vulnerable to public criticism. Another social responsibility concern of interest to restaurants and related to support of environmental initiatives is background checking. When Popeye's Fried Chicken and Biscuits began running checks over a one-year period, it found that 500 of its applicants had criminal convictions (Kapner 1996). Companies must be able to rely on their employees to adequately deal with these environmental initiatives. The integrity of employees is critical to success in this area as well as many others. Teaching students and working professionals to use business ethics and social responsibility frameworks when managing environmental issues and designing marketing strategies may alleviate some of the criticisms leveled at the industry. In addition, recent changes in federal law necessitate ethics training and awareness at all levels of organizations.

The federal government's actions on environmental compliance are very similar to expectations regarding general ethical compliance under the Federal Sentencing Guidelines for Organizations. These guidelines require all organizations to develop policies that detect and prevent crime. By the same token, the United States Sentencing Commission's Advisory Group on Environmental Sanctions is considering measures that will affect specific penalties for crimes relating to the handling of toxic substances, hazardous materials, environmental pollutants, public water systems, and other products (Lemkin 1996). Industries, including foodservice, that directly affect the physical environment should be aware of this pending change in federal regulation. Essentially, foodservice and other marketing institutions will have to assess environmental risks and provide formal policies, training, and monitoring of these potential problems. Because of its visibility, the foodservice industry could serve as a model for proactive environmental concern and set the standard for environmental ethics and compliance.

Findings of this study should be viewed as exploratory due to the small sample size. In addition, since only the restaurant industry was surveyed, the generalizations from this study should be used with caution. The constructs and methodology used appear to have potential for expanding the investigation into a broader spectrum of industries. Future studies could expand the domain of industries investigated and environmental issues evaluated.

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