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Introduction

When the United States's housing bubble burst in 2008, and banks were hit hard for assuming too much risk with subprime mortgages, the ethics of American business leaders was questioned yet again. Patterns of corruption and greed have been present in business throughout history, and more recent cases have been noted in the literature (Burke & Cooper, 2009). Since 2001 the public has witnessed the prosecution of executives from Enron, WorldCom, Tyco , ImClone, and HealthSouth, and has also seen the demise of Arthur Andersen, a once trusted and well-respected accounting firm. Four out of five companies worldwide suffered corporate fraud between 2004 and 2007, and the average cost to companies with revenues of more than $5 billion was over $20 million ("Survey finds," 2007). Bernard Madoff's Ponzi scheme collapsed under the weight of the damaged financial market, and most recently, Raj Gupta, former head of McKinsey, was accused by the Securities and Exchange Commission of revealing information from the Goldman Sachs and Procter & Gamble boardrooms (Andrews, 2011).

The American public does not perceive business executives to be very honest. Studies conducted by the Gallup organization for the last 34 years revealed that that the profession of "business executive" is not considered to be one of the most ethical professions. Gallup's annual honesty-and-ethics poll showed the business executive was rated 14th-16th out of 25 professions in the 1990's (McAneny, 1995; McAneny, 1997), and the trend continued into the new millennium. Pharmacists were selected as number one in the 1990's, and nurses took over in the 2000's. In the most recent poll nurses again took top honors, followed by pharmacists and medical doctors. Business executives were 15th and car salespeople occupied the bottom rung as the least ethical of 25 professions. ("Honesty/Ethics in Professions," 2010). Although The Gallup poll has a separate category for bankers and occasionally adds accountants, hotel managers are not listed as a category.

Hospitality Ethics

Ethical problems in the hospitality industry reflect the challenges that occur in a cash-based, people-intensive industry. Managers today learn to watch for transaction errors, food-and-beverage pilfering, disappearing inventory, and unreported sales. Ethical violations are not a new occurrence. Inside theft in the hospitality industry was both rampant and costly in the 1990's (Ghiselli & Ismail, 1995) and 44% of restaurant workers reported they had stolen cash or merchandise from their employers (Withiam, 1996). A more recent study indicated that one out of 30 employees in the retail restaurant and food-service sector was caught stealing from his or her employer in 2008 ("Retail, Restaurants," 2009). Today thefts from loading docks and construction areas are especially common, as items are taken before they reach their destinations in the hotels (Crowell, 2008). Examples of inside theft in the hotel industry are quite common. The financial controller of the Stafford Hotel, in London, was jailed after embezzling more than $500,000 to pay for his gambling debts ("Stafford Hotels'," 2009). A 2010 report showed the average loss due to embezzlement in the U.S. is $385,000, and it typically takes four and half years to uncover ("How Employees," 2010).

A noted hospitality expert observed that the "industry is susceptible to dishonesty of all sorts . . . by people who are notoriously underpaid" (Beck, 1992, p. 2). Frequent cash transactions coupled with part-time employment present employees with tempting opportunities. Hours are often long, and events are unpredictable. Additionally, while managers attempt to establish high ethical standards in their hotels, the information often does not always reach front-line workers (Stevens, 2001). Poor staff training has also been attributed to low ethical standards, along with other factors, such as theft. Improved training reduces workplace problems and is recommended even in organizations with high turnover, as it reduces workplace problems (Poulston, 2008).

Managers themselves are not above reproach when it comes to workplace ethics. Reporters from the *London Times* discovered fake online hotel reviews written by the owners of businesses in Scotland and Britain. Both owners claimed to have done no wrong (Walsh & Swinfold, 2006). Additionally, a recent lawsuit filed against Hilton hotels by Starwood Hotels and Resorts claimed corporate espionage and theft of trade secrets. Hilton hired the former president of Starwood luxury brands, and the Starwood suit alleges the executive took confidential information with him, allowing Hilton to develop its Denizen brand very quickly by using millions of dollars' worth of Starwood's research (Freed, 2009). Allegations that Hilton's CEO knew about the theft have recently surfaced, but the case is still in litigation (Clausing, 2010).

Critics of the hospitality industry question the sincerity of some hotels and restaurants that claim to be green and environmentally conscious. Along with others, Lansing and DeVries (2007) have questioned the concept of sustainable tourism. Does it fit the contours of a scrupulous practice or is it a gimmick used by marketers to cash in on the popularity of ecotourism and the green movement? It has become fashionable to tout one's business as helping the environment, when, in reality, not all businesses measure up. Restaurant owners, in particular, have not signaled a strong commitment to the environment. One study showed that only 63% feel an ethical responsibility to increase the sustainable practices in their restaurants, and 50% indicated that reducing the carbon footprint was of some or no importance to them (Elan, 2010). *Greenwashing*, a form of lying through omission, occurs when organizations tout their positive environmental actions, but omit the negative information. Subsequently they are audited by an activist group that penalizes the firm. The term is attributed to activist Jay Weskerveld, who in 1986 observed that hotels' asking guests to reuse their towels to save the environment was self-serving and cut no moral ice when the hotels did not engage in other sustainable practices (Pearson, 2010).

Managing ethics is serious business for hospitality professionals, as they are responsible for communicating organizational standards and providing ethical leadership. Cultural diversity and changing values mean that perceptions of right and wrong might differ in areas where the right answer is not always obvious. Diversity issues, honesty, fairness, integrity and good service all concern the hotel manager, who often does a balancing act with competing values. Hotel general managers (GM's) are challenged each day to solve staff personnel problems, make hard decisions that can favor one group of employees over another, and balance budgets in ways that may harm some of their employees. Thus, their views on ethical issues occurring in the industry are important and constitute the driving purpose behind this study.

The Study

This research project sought to identify the ethical issues that most concerned GM's and to collect examples of incidents which they said exemplified ethical problems. Thirty-five managers were interviewed and asked to identify specific industry issues that most troubled them as hospitality professionals and to note areas of concern in their own organizations. Managers were also asked to relate an ethical incident that had occurred in their own hotel within the last twelve months. The result was a rich trove of stories, problems, and conundrums challenging hotel managers today. This study also revealed a new set of issues caused, in part, by a weakened economy and technological changes. Some issues were as simple as confronting a young chef who was cooking with one hand and texting on his cell phone with the other. When questioned, the chef replied he was keeping up with the food orders and did not perceive his multitasking as a problem. Other situations were more serious, such as discovering a handyman living covertly in a hotel guest room on a floor that was closed for remodeling. Managers also spoke of people with no reservations offering them a fixed amount of cash for a room that was far below the daily rate. One manager of a luxury hotel said he was offered $59 cash for a room, and the customer announced he would leave if his offer was not accepted. In short, this study was designed to yield both anecdotes reflecting ethical dilemmas and some quantitative information.

Method

GM's were contacted by telephone and asked to participate in a brief, fifteen-minute interview on the subject of ethics. While two declined, citing busy schedules, all others agreed to participate and showed considerable interest in the research questions. Thirty-five face-to-face interviews, in total, were completed with the purpose of learning from the GM's about the ethical dilemmas they faced daily. Because of the sensitive nature of this subject, the methodology of mail or e-mail surveys was ruled out. Managers would have no motivation or desire to complete a written survey from an unknown individual and disclose any of their hotel's ethical issues or their own thoughts on the subject. Indeed, they would rightly be wary of divulging any confidential information in this manner. An electronic survey would likely elicit even fewer responses because GM's would be too distant from the interviewer and source of research. Thus, the dyadic in-person interview was chosen as the most effective means of gathering information.

While interviews are effective ways of gathering sensitive material and are readily accepted as methodology (Herndon & Kreps, 1993), the risk of interviewer influence is always present. To minimize this effect, the questions were posed exactly the same to all interviewees, and care was taken not to influence responses from them either through suggestion or by providing examples. To insure accuracy, responses were recorded on a summary sheet immediately following each interview. This was a sample of convenience because travel expenses and interviews were conducted in the Southeast and Midwest areas of the United States. Managers were interviewed in six states (15 different cities), all east of the Mississippi River. Hotels ranged in size from 58 to 372 rooms, with an average of 140 rooms.

Interviews were held at the hotels, generally in the GM's office. Managers were assured of complete confidentiality and told that no hotel names, corporate identities, or even cities would be revealed in connection with the ethical issues or incidents they discussed. They were also promised that only vague references to a hotel or location would be disclosed in any publication or conference presentation. With this assurance of confidentiality, they all showed a willingness to discuss ethical issues, and more than 95% indicated they wanted to receive the results of the study.

The three questions asked of all GM's were as follows:

1) As a general manager of a hotel, what ethical issues occurring in the industry are of greatest concern to you today?
2) What ethical issues occurring in your own organization concern you the most?
3) Can you relate an incident with ethical implications that occurred in your own organization within the past twelve months?

The results were content-analyzed to determine the frequency of responses overall and to each individual question. Results showed that managers were concerned about the number of ethical issues that are shown in Tables 1 and 2. Table 1 summarizes the GM's greatest ethical concerns about the industry (Question 1) and Table 2 shows their concerns with their individual organization (Question 2). Not surprisingly, there was some overlap in their responses.

Results

Maintaining rate integrity in hard economic times was the most commonly mentioned topic. Managers responded with rate-integrity answers to both Questions 1 and 2. They stated that the recession had greatly affected their guests' behavior, and that customers had learned to negotiate rates at the front desk and threaten to go elsewhere. One manager located near a resort area stated, "We have ruined the guest." He believed that the hotel industry was responsible for guests' front-desk negotiations and that the discount programs, guest rewards, point systems and cheap internet rates were causing guests to behave in aggressive ways toward their hotel stays.

GM's said guests asked for managers at the front desk and said, "This is what I am willing to pay for a room tonight." GM's largely believed that maintaining rate integrity was important and that it was not appropriate to accede to guest demands for cheaper rates. They discussed the ethical issues involved with changing rates and pointed out it could ruin the industry. Most did not see a problem, however, with selling an unsold block of rooms to websites like Expedia or Hotels.com. They believed this was the reality of an industry for which the loss on an unsold room can never be recouped. Several hospitality researchers have argued that good marketing approaches, rather than revenue cutting, may be the right path to take in a recession.

Verbal aggressiveness from boorish customers can be unsettling for employees and cause undue stress. Several managers reported the would-be customers were aggressive in their communication styles and spoke in demanding tones. Managers were concerned that their front-desk employees had to endure some abuse along with the rate negotiations. One hospitality study showed that emotional dissonance, exhaustion, and turnover intention resulted from customer verbal aggression. Training was recommended along with selecting the individuals who could cope with overly assertive and sometimes rude customers (Karatepe, Yorganci, & Haktanir, 2009).

Lack of motivation and a poor work ethic were the second most frequently mentioned industry problems. Low motivation caused problems for numerous managers, and several cited low pay as a contributing factor. A manager in a resort town lamented that her employees showed little interest in the values of the hospitality industry and worked only for drinking money and trips to the beach. She stated that her employees viewed their jobs as an evil necessary for the benefit of living in a seaside town. Interestingly, lack of a work ethic was the number one ethical concern of hotel human-resources directors in a study published ten years ago, so the problem appears to be inherent and on-going in the industry (Stevens, 1999). The industry is labor intensive, with a high number of jobs, such as housekeeping, requiring little formal education, so finding and retaining employees to work hard for low wages is difficult.

Table 1
GM's industry concerns

Maintaining rate integrity	10
Lack of work ethic/motivation; low pay	8
Contracts; owner versus management issues	6
Diversity issues	4
Theft	5
Other	2

N=35

Balancing the desires of owners to make money on their investments versus the needs of employees and guests was identified as a major concern by six GM's. Some had owners who wanted the same rate of return on their investment despite the recession. They spoke of corporations trying to renegotiate signed contracts upon which the current year's budget had been based. Corporate-brand executives were pressuring GM's to maintain all of the standards of the brand while franchises were operating with skeleton crews because of the weak economy. Managers said they felt pulled in many directions and were stressed. One grappled with the ethics of sitting on information that he knew would negatively affect the wages of employees. The manager was aware that cutbacks were going to occur with a restructuring and wanted to apprise his staff, but was unable to do so because the information was proprietary. One of his young staffers was talking about buying a new car, and the manager wanted to warn him to steer clear of this major purchase, but could not.

Diversity issues challenged the GM's and involved both guests and employees. One hotel was owned by a tribe of Native Americans who at first wanted to hire only tribal people. The chiefs, however, were understanding and compliant when the GM explained Equal Employment Opportunity laws to them. Another GM had a problem with a small group of minority housekeepers who did not get along with other housekeepers and frequently quarrelled. Another was challenged by an owner from India who attended staff meetings and made sexist remarks. Several female department heads were offended, and a marketing director quit.

One manager described an incident that occurred in the breakfast dining area off the lobby when a Caribbean woman came to breakfast barefooted. Although a staff member explained the health regulations to her, she refused to go back to her room for shoes. A male guest at a nearby table then remarked in a loud voice, "I smell feet." The woman later complained to the manager that she had been humiliated in the dining room and demanded the name and address of the hotel owner. The GM managed to placate her and did not provide the access information, but said the confrontation was tense and potentially combustible. Another manager struggled with a situation in which several part-time employees were over 80 years old. They had cut the golf course grass at the resort with riding mowers for many years, and at least one employee was 85. Respecting the longevity and dignity of workers versus guest and employee safety issues created a challenge for this manager.

Theft by employees and guests was a key issue mentioned by five managers. Several talked about petty theft of toiletries and toilet paper; one had a problem with M&M's being taken from the gift shop by the night front-desk crew. All stressed that these small items added up. They also felt theft was an industry-wide problem and inherent in the industry, a fact that is supported by research. *The Kroll Global Fraud Report* confirmed that the travel, leisure, and transportation segments of the industry experienced higher rates of fraud in theft of property, internal financial theft, information theft, and loss or attack than a cross-section of general industries (2009/2010).

Table 2 shows the frequency of responses to Question 2 concerning ethical issues the GM's experienced in their own organizations. Many of the answers in Table 2 overlap with those in Table 1, a result that is not surprising. Managers responded to both questions similarly as the problems they perceived as issues for the industry likely would have occurred in their own organizations. Maintaining rate integrity was the top concern of managers in their own hotels; low occupancy rates during the recession increased pressure on managers to slash prices.

Table 2
GM's concerns in their own organizations

Contract issues/standards vs. cutbacks	11
Theft	8
Rate integrity	6
Lack of work ethic/motivation; low pay	5
Guests wanting free rooms/services	4
Other	1

N=35

Closely related to their rate concerns were managers' issues with contracts and the struggle to maintain standards when budgets were cut. Several managers of chain hotels argued that their corporate franchisers were making them purchase expensive items, such as new outside signs, and seemed not to understand the hard economic times. Others said they were expected to maintain the same corporate standards as they did during periods of strong economic growth, and this simply was not possible. Several said the corporate discount programs directly hurt their bottom lines. Managers complained about being squeezed in several directions and found that trying to please multiple constituencies in hard times was very difficult. One Saturday morning, a manager observed a line of nearly 50 people at the omelet station in the lobby; he had only one cook on duty that morning for budgetary reasons and he could not predict the flow of guests to the station. Unfortunately, too many people came at once, and he received complaints.

Theft was mentioned as a key concern. Managers saw theft as both an issue at their own hotel and an industry problem; they had experienced both small and large thefts. A trade show was winding down at one hotel, and vendors were loading their equipment. A 42" flat-screen TV disappeared from the staging area, and neither the hotel managers nor the police was able to determine whether a hotel employee or another vendor was responsible. Other managers reported that guests stole lamps and TV sets, and one manager lost several thousand dollars from a safe when two trusted employees did not follow protocols for placing money in the safe. One of them likely took the money, but the manager could not determine which one. In Stevens' 2001 study of hospitality ethical issues. theft was also mentioned by hospitality human-resources directors as an on-going problem.

Nine managers said rate integrity was an issue for them at their own hotel. As fewer people are traveling for both business and pleasure, managers have been challenged by the weak economy and have experienced one of the worst drops in hotel occupancy rates in recent history (Leonard, 2010). The question of whether to lower rates in order to attract more customers is daunting. While there is evidence that occupancy rates decrease when hotels offer rates above their competitors, a recent study suggested the overall RevPARS were higher with hotels that maintained their rates (Enz, Canina, & Lomanno, 2009). Nonetheless, revenues for luxury hotels were down by almost 25% in 2009.

Managers also mentioned problems with debit cards. Reservations made with debit cards sometimes involve a "hold" or claim on several hundred dollars. The problem occurs when the debit-card company continues the hold on the cash for several days after the guest checks out Guests are unaware that the card company has placed a hold, and they tend to blame the hotel when they cannot access money using their debit cards. A number of hotels in this study had signs on the desk explaining the debit card policy to guests.

A poor work ethic was mentioned again, along with low pay issues. Managers were challenged to find employees willing to work hard for low wages and little opportunity for upward mobility. One is not very likely to begin as a housekeeper or porter today and rise into management. Hotels need one or two managers and a large numbers of housekeepers, part-time banquet servers, and wait staff. Opportunities for promotion are scare, and employees know that hard work will not necessarily advance their positions. Retaining good employees is a serious challenge for today's hotel manager.

Guests want to make sure they have a deal. They expect amenities as a matter of course, and according to some GM's in this study, are happy only if the hotel room looks like one of their rooms at home. They continue to approach managers for price cuts and extra perquisites. Several managers said room amenities such as shampoo and lotion are expected, so now customers are looking for more. Managers also discussed the need for nearly every mid-range hotel to provide a free breakfast for the guest.

Table 3 shows all the issues identified by GM's in response to the three questions. That is, this table reflects a content analysis of the total interview responses and the frequency with which topics or issues were mentioned. During the course of the interviews, multiple topics were naturally discussed.

Table3
Summary of ethical issues mentioned

Lack of employee work ethic/low industry pay	17
Diversity issues	13
Guest and employee theft	10
Maintaining rate integrity	9
Issues with contracts/management companies and owners	9
Lack of ethics by guests	3

N=35 Table reflects multiple responses

Lack of a good work ethic in employees was mentioned most often either directly or as part of an incident that had occurred at the hotel. But managers also recognized that part-time employees and low pay have contributed to this phenomenon. Diversity issues, second in frequency overall, included quarrels among the staff, preferential hiring, and a perceived lack of opportunity for persons of color. Theft was cited as an on-going problem, and managers said it included both employees and guests. Maintaining rate integrity was an issue as managers recounted stories of both guests and corporations trying to undercut established prices. Managers said changes in contracts were being requested from corporate travel agents who had previously signed the contracts agreeing to certain rates. While the signed contracts were binding, these agents and some executives suggested they might go elsewhere the next year unless the existing contract was modified. Managers said this pressure and the need to sometimes undo contracts caused severe problems for their own budgets, projections, and goals.

This survey was conducted during one of the roughest times for hotel and general managers. Ed Watkins, editor of *Lodging Hospitality,* called 2009 the worst year in 35 years for the hotel industry. While the economy improved in 2010, the Gulf oil spill, strikes, riots, and the ash cloud in Iceland affected travel and hotel occupancy rates around the world. Airports were closed following the volcanic eruption, and tourism was affected in both the UK and Spain (Storey, 2010).

An unexpected finding from this survey was to learn the extent to which GM's felt job stress from a set of competing values and challenges they had not previously faced because of the economy. They indicated stress resulted from being placed in no-win situations, such as having to renegotiate signed contracts and adjust yearly budgets accordingly. None of the managers had foreseen the severe economic recession and its resulting consequences for the hotel industry.

Occupancy rates at all levels of hotels were down by 9% in 2009, and averaged around 55%. High-end hotels experienced a 24% revenue decline. Although the industry began to recover in May, 2010, when occupancy climbed to 59%, the recession caused the lodging industry the worst decline seen in decades (Leonard, 2010). GM's were under extreme pressure during the recession to contain losses, preserve any profit margins, and hang on as best they could. These economic problems placed the GM's in very difficult situations during which time their hotels experienced significant losses.

GM's were informed about a new website in affiliation with a southeastern university where they could discuss their concerns anonymously, participate in research projects, and share information about ethical issues in the hospitality industry. They responded positively, and nearly all indicated they would sign up, knowing they could discuss a problem anonymously on the site with other GM's. The site can be found at www.hotelethics.com, and is set up as an interactive research website. Members are screened to ensure they are employed in the hospitality industry or are enrolled in universities or hospitality management schools. It is not open to the general public as a complaint or blog forum.

Limitations

Limitations of this study included a small sample (35 respondents) and the way in which the interviewees were selected. Neither respondents nor locations were randomly selected, but occurred when the researcher was traveling to conferences or on personal holidays. In short, this was a sample of convenience. A larger sample might have revealed some additional dilemmas or yielded new problems, but was not possible given cost constraints. An email or postal survey could have reached more potential subjects, but the sensitive nature of this study created considerable doubt that managers would have responded. Once a trustworthy interviewer is found, face-to-face interviews have an interpersonal richness that cannot be achieved with an electronic survey. For example, would the situation where someone had urinated into a coffee pot have been shared in a venue other than a personal interview? In this case the manager was not sure whether the culprit was a disgruntled employee who was working near the room in question or an opportunistic guest who was seeking a free room. He had no solution to these embarrassing situations. The personal interviews provided a forum where these ethical dilemmas could be shared and dissected. The literature contains little research in which personal interviews have been conducted with managers on sensitive subjects. This is due largely to the costs involved with traveling to the sites and the time consumed by the interviews. Thus, this methodology, even with its limitations, fits this research study very appropriately.

Implications for Future Research

While crime, corruption, theft, and fraud are major problems for business owners, hotel managers also face a number of situations that create ethical conundrums. Part-time employment is a common feature in hotels and brings with it turnover, lack of commitment, and low educational levels. Hotel rooms are frequently used for purposes of questionable legitimacy. Managers are challenged by the very nature of the industry and its unique features. The right thing to do is not always apparent, and they must make close calls in difficult situations. Additional research is needed in several areas of hospitality ethics. Some researchers have suggested that Generation Y is bringing different values into the workplace. If so, managers need to stay apprised of changes and adjust training accordingly. The whole question of green practices and sustainability needs to be addressed so stakeholders will not feel deceived by advertising. And finally the effect of the recession on guest behavior concerns GM's, as this study has shown. Additional research in this critical area would help managers better address the human problems that go along with an inimical economy.

Conclusion

Ethical issues concern every manager and every other person with responsibilities to a business. Poor ethics can cost millions of dollars in damage, cause irreparable harm, and even destroy a good company, as was the case with Arthur Andersen. Although the American public has never rated the ethics of business executives very high, the topic of ethics has yet to achieve mainstream status in most business schools and hospitality programs. Discussion about the topic and research in hospitality ethics must continue in order to provide answers to ethical conundrums faced by today's hospitality managers.

Parsing the concerns of GM's during 2009 and 2010 has shed light on the additional ethical problems that can be experienced during a recession. The insights found in this research illuminate ways the economy affected the hospitality industry and impacted all levels of lodging, from economy hotels to top luxury properties. Low industry pay, weak employee motivation, rate integrity, and contract cutback issues were quotidian concerns of GM's during this difficult time. This research, although limited in scope, provides a clear picture of the GM's major ethical problems; further research should be conducted along these lines to explore this topic in more depth. While no sweeping conclusions can be generalized from this small sample, the study nevertheless illustrates the GM's concerns during a very difficult time for the industry and increases the body of knowledge concerning ethical issues in the hospitality industry.

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