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Revisiting the Ethics of Financial Executives in the Lodging Industry

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Abstract
This study revisited ethics in the hospitality industry and involved a randomly selected sample of lodging financial executives taken from the current membership roster of the Hospitality Financial and Technology Professionals (HFTP). After responding to a number of demographic questions, financial executives were asked to respond to 16 business scenarios that involved the issue of ethics. In addition, financial executives were asked if they would or would not do what the controller did in each scenario. Finally, responses of financial executives in the current study were compared to the responses of financial executives in a previous study. Findings indicate that there is considerable disagreement among financial executives regarding the ethical dimensions of common business scenarios

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Revisiting the Ethics of Financial Executives in the Lodging Industry

By James W. Damitio and Raymond Schmidgall

This study revisited ethics in the hospitality industry and involved a randomly selected sample of lodging financial executives taken from the current membership roster of the Hospitality Financial and Technology Professionals (HFTP). After responding to a number of demographic questions, financial executives were asked to respond to 16 business scenarios that involved the issue of ethics. In addition, financial executives were asked if they would or would not do what the controller did in each scenario. Finally, responses of financial executives in the current study were compared to the responses of financial executives in a previous study. Findings indicate that there is considerable disagreement among financial executives regarding the ethical dimensions of common business scenarios.

Introduction:

The business ethics of several business executives and their decisions are under intense review. Recently scandals at Enron, World Com, Global Crossing and others have caught the attention of Congress, the courts and the public. Most of these scandals ultimately involved misreporting of the numbers and resulted in the demise of Arthur Andersen, one of the top five public accounting firms which employed 85,000 professionals worldwide.

What about ethics and financial executives in the lodging sector of the hospitality industry? Is there agreement among financial executives in the lodging industry on whether a certain response to a business situation is ethical or not? Do these executives agree on whether certain business situations do or do not even involve ethics? Would financial executives do something even if they felt it was unethical? These are some of the many questions we sought answers to in this study. In addition, the findings in this study were compared to the findings from a similar study of financial executives' ethics conducted several years ago.

Review of the Literature

A considerable amount of research has been compiled on ethics in the business world over the last ten or twelve years. Over a decade ago, Schmidgall and Damitio (1993) surveyed financial executives in the hospitality industry and found that there were considerable differences in how they responded to certain business situations that involved ethics. Today, industry segments such as the hospitality area are still attempting to determine what the relevant ethical issues are in the hospitality field. Yeung (2004) conducted a survey involving 308 hospitality employees to help identify the relative importance of some 39 ethical issues in the hospitality industry. They found that "employee theft" and "sexual harassment" were the two most important issues. Vallen and Casado (2000) studied the ethics of general managers in the U.S. lodging industry. They found that managers commonly breached core ethical principles. The results of the study suggested a need for hospitality students to be better informed on the issue of ethics.

Some research indicates that upper management of an organization or the general culture of the organization itself helps determine one's attitude toward ethics. Jones and Hiltebeitel (1995) found that strong organizational support of ethics positively impacted the moral decision process of accountants for example. Brune (2003) found that "ethical failures" are strongly related to the actions of top management because of the presence they maintain on lower level positions.

Gordon and Miyake (2001) reported that businesses have developed codes of conduct to encourage ethical behavior among employees and to influence or control proper behavior for the benefit of this organization. Stevens (1997) suggests that these codes of ethics are not as common among lodging companies as they are among businesses across America.

Finally, Alexander and Becker (1978) believe that scenarios encompassing ethical issues and management decisions allow more valid measures of respondent opinions. Further, they suggest they offer more detail than do simple point of fact questions.

Research Design

Questionnaires were mailed to 565 individuals on the current membership list of the Hospitality Financial & Technology Professionals. The questionnaire was divided into two major parts, the first of which dealt with general information about respondents. Part two asked the financial managers to respond to 16 different business scenarios, a list of which is included in Exhibit 1. Respondents were given three choices in regard to the hypothetical controller's action, "action was ethical", "action was not ethical" or "not a question of ethics." They were also asked to choose among three action choices, "yes, I would do this", "maybe, it depends" or "no, I would not do this."

Exhibit 1: Selected Scenarios

Number		Description
1.	Controller's Salary	Anne Newity, the controller, has just received a 20% increase in her annual salary to $95,000. However, the hotel's Board of Directors refused to increase the hotel's hourly employee average pay of $5.25 since the hotel is in a financial straits. Anne decides to quietly accept the pay raise.
2.	Tight Standards	Bud Get, the controller, has recommended in light of rising labor costs that housekeeping time allowed to clean a room be reduced from 30 minutes to 25 minutes. The 30 minutes time was considered tight, but attainable.
3.	Spotters' Spies	Chick Booke, the controller, has just contracted with Spotters, Inc. to provide spotters to spy on his bartenders to determine if they are preparing drinks according to the standard recipe and if they are properly charging customers for all drinks served.
4.	Yard Work	Deb Itt, the controller, needs yard work done at her personal residence. She approaches one of the hotel's best maintenance workers and offers to personally pay him the same hourly wage he receives from the hotel for the desired five hours of work/week at her house.
5.	Service Charge	Ed Quity, the controller, has advised the accounts payable clerk to continue to add a 1 ½% monthly service charge to overdue accounts of individuals and small business but to discontinue this procedure for the overdue large corporate accounts.
6.	Defer Maintenance	Fred Earl Reserve, the controller of a 25 year old property sorely in need of repairs, has recommended that maintenance for the fourth quarter be deferred until next year in order to improve the current year's operating statement.
7.	New Roof	The hotel requires a new roof. Three bids are obtained and the lower bidder suggests privately he would be willing to shingle Glen Earl Edger's (the controller) personal residence for half price, which just happens to also need the attention. The controller finds references indicating the low bidder does excellent work. The hotel roof is replaced and his house is shingled by the lowest bidder.
8.	Cash Discount	Hedge Yerbets, the controller, was playing golf last Friday and failed to approve the payment of an invoice in time to take advantage of the 2% discount. Later, he instructed the accounts payable clerk to prepare the check for the net amount despite the fact that they were beyond the discount date.
9.	Cash Overage	Izzy Cheaton, the controller, decides to test a cashier's integrity. The cashier has been with the hotel ten years and has had a flawless record. The controller slips a $50 bill in the register receipts. At the end of the day, the cashier shows a $5 overage. Upon questioning the cashier, the cashier admits to the controller that he/she pocketed the $45 difference.
10.	Fringe Benefit	The Board of Directors of Joy Nall's hotel recently provided full time employees with free health insurance. Joy Nall, the controller, in an attempt to maintain the hotel's profitability and her bonus, has decided to reduce six full time workers to ¾ time and hire two additional ¾ time workers. The bottom line result is considerable savings in the cost of the hotel's fringe benefits.
11.	Cash Float	Kappy Tull is the corporate controller of a lodging chain with properties in Atlantic City and Las Vegas. His suppliers allow him to take 2% cash discounts as long as the check is postmarked by the 10th of the month. In order to improve cash flow through float, he has the Atlantic City bills paid through the Nevada account and the Nevada bills paid through the New Jersey account.
12.	Room Rate	Lyle A. Bilty is the controller of the new hotel that is experiencing lower than expected occupancy rates. In an attempt to increase room sales and occupancy percentage, he recommends advertising a 25% discount off the regular rack rate of $80.00 despite the fact that no rooms have ever been sold at the $80.00 rate.
13.	Free Wine	Mort Gage, the controller, recently purchased 20 cases of wine from a new beverage purveyor. Without his advance knowledge, the purveyor delivers one free case of wine to Gage's residence. Mort decides to keep the free case for his personal use since the free case did not influence the purchase of the 20 cases for the hotel.

Number		Description
14.	Stock Purchases	Ronnie Revue is the corporate controller of Empire Hotels. He buys 50 shares of Empire's stock each month for his personal portfolio. In light of recent improved (but unpublished) earnings figures that have crossed his desk, he doubles his monthly purchase to 100 shares of Empire's stock.
15.	Over Bookings	Connie Troller, the controller of the XYZ Hotel, has just studied a special report that reveals that 2% of the rooms reserved each day are not sold due to no shows. To offset this problem (and lost revenue), she orders the rooms reservationists to over book rooms up to 2% each day. She informs the front office personnel to be prepared to walk a few potential guests due to the new procedure.
16.	Small Tools	Dennis Bursement, the hotel's controller, has heard from a highly reliable source that several maintenance employees have been taking small tools home for personal use and not returning them. Since the Maintenance Department is not over budget, he decides not to report these occurrences to the hotel's GM or the Maintenance Department manager.

Characteristics of Respondents

One hundred and thirty five surveys were returned for a response rate of about 24%. Nearly 80% of the respondents held some form of "controller" title such as corporate controller, division controller, hotel controller, or assistant controller. The remainder of the respondents indicated that they had some other job title in the financial management area such as CFO, Director of Finance, internal auditor, and IT director.

The largest group of respondents indicated that they had over 25 years of hospitality experience (29%) while about 23% had between 20 and 25 years of hospitality experience. Only 13% of the respondents had less than 10 years of hospitality experience. Over 85% had either a four year college degree or a Masters degree. About 80% worked for properties with over 250 rooms or at corporate headquarters.

Respondents were queried regarding codes of conduct and by their organizations. Sixty-three percent indicate all managers of their organizations had to abide by an ethical code of conduct while less than 10% indicated there was a specific ethical code of conduct for financial executives.

Research Findings

The 135 respondents labeled the hypothetical actions in the 16 scenarios as ethical, not ethical or not a question of ethics. Across all the scenarios the respondents labeled the actions as ethical 25.3% of the time, not ethical 43.5%, and not a question of ethics 31.2%. Responses to what action across all scenarios they would take are shown in Exhibit #2.

Exhibit 2:

Ethics of Each Scenario %		Action		
		Yes	Maybe	No
Ethical	25.3%	68.9%	18.8%	12.3%
Not Ethical	43.5%	0.9%	4.3%	94.8%
Not a Question of Ethics	31.2%	41.0%	36.1%	22.9%

Clearly there is considerable disagreement across all the scenarios regarding the ethics of the action posed. There appears to be a fair amount of agreement on the action respondents would take. Respondents who considered the scenarios to be ethical would "do this" nearly 69% of the time or "maybe would do it" nearly 19%. Just over 12% of the respondents indicating the action was ethical, indicated "no" for "what they would do."

Respondents labeling scenarios as "not ethical" were even more clear. Nearly 95% of the time they would not take the action posed while less than 1% responded with "yes" and just over 4% indicated "maybe." This suggests considerable consistency essentially if it is unethical, than "I will not do it!"

Just over 31% of the time respondents labeled the action posed in the 16 scenarios as "not a question of ethics." The action the respondents would take across these scenarios was "yes, I would do this" 41.0% of the time, while 36.1% responded with "maybe, it depends" and the remaining 22.9% indicated, "no, I would not do this." Clearly, the respondents' actions differed considerably for those labeling the scenario as not an ethical issue.

Exhibit #3 reveals the summary of identification responses by the individual scenarios. For the first scenario (Controller's Salary), 16% of the respondents indicated the action was ethical while 19.1% indicated it was unethical. The clear majority (64.9%) indicated it was not a question of ethics. For seven scenarios a clear majority, defined as a minimum of 60%, agree on the ethics of the action posed in the scenarios. Again using the first scenario, nearly 65% indicated this action of accepting an increase in pay was "not a question of ethics." The agreement of a minimum of 60% is noted for seven of the 16 scenarios (44%). Thus, there is lack of agreement for the remaining nine of the 16 scenarios (56%).

Exhibit 3: Summary of Identification Responses to Scenarios (%)

Scenario Number	Reference	Ethical	Not Ethical	Not a Question of Ethics
1.	Controller's Salary	16.0%	19.1%	64.9%*
2.	Tight Standards	17.3	7.5	75.2A*
3.	Spotters' Spies	63.4	4.5	32.1
4.	Yard Work	42.4	32.6	25.0
5.	Service Charge	12.0	57.9	30.1
6.	Defer Maintenance	20.9	32.1	47.0
7.	New Roof	7.5	86.6*	6.0
8.	Cash Discount	5.2	84.3*	10.4
9.	Cash Overage	54.9	25.6	19.5
10.	Fringe Benefits	15.7	48.5	35.8
11.	Cash Float	34.3	21.6	44.0
12.	Room Rate	42.5	15.7	41.8
13.	Free Wine	9.7	85.1*	5.2
14.	Stock Purchase	7.6	87.8*	4.6
15.	Over Bookings	51.1	5.3	43.6
16.	Small Tools	3.0	82.1*	14.9

*A minimum of 60% response to this scenario.

Exhibit #4 contains respondents' actions to the scenarios. For example, in the first scenario (Controller's salary) 36.6% would accept the increase in pay, 35.9% might accept, and the remaining 27.5% would not accept. For nine of the 16 scenarios (56%) a minimum of 60% of the respondents agree on the action. Thus, in seven of the 16 scenarios (44%) there is a lack of clear agreement. Further, discussion of the respondent's reaction to the 16 scenarios is warranted.

Exhibit 4: Summary of Action Responses to Scenarios (%)

Scenario Number	Reference	*Yes, I would do this*	Maybe, it depends	No, I would not do this
1.	Controller's Salary	36.6%	35.9%	27.5%
2.	Tight Standards	34.1	35.6	30.3
3.	Spotters' Spies	92.5*	3.8	3.8
4.	Yard Work	33.3	20.5	46.2
5.	Service Charge	12.0	19.5	68.4*
6.	Defer Maintenance	23.3	36.8	39.8
7.	New Roof	3.7	4.5	91.8*
8.	Cash Discount	2.2	11.2	86.6*
9.	Cash Overage	37.3	29.1	33.6
10.	Fringe Benefits	15.8	25.6	58.6
11.	Cash Float	44.0	20.1	35.8
12.	Room Rate	64.9*	14.9	20.1
13.	Free Wine	5.2	6.7	88.1*
14.	Stock Purchase	3.1	8.4	88.5*
15.	Over Bookings	80.5*	13.5	6.0
16.	Small Tools	0.7	1.5	97.8*

*A minimum of 60% response to this scenario.

The responses to the scenarios are divided into five categories: 1) respondents agree/ action ethical, 2) respondents agree/ not an issue of ethics, 3) respondents agree/ action not ethical and 4) respondents disagree on whether action is ethical or disagree as to whether the scenario involves ethics, 5) comparison of the findings in this study with the findings in a previous study.

1. Respondents Agree / Action Unethical

In only one case was there strong agreement that the controller's action was ethical. Just over 63% of the respondents indicated that using spies to check on bartenders (scenario #3) was ethical. Only 4.5% said that this was not ethical while 32.1% stated that this action did not involve ethics. Almost 93% of the respondents indicated that they would employ this practice.

2. Respondents Agree / Not an Issue of Ethics

Scenario #2 involved reducing the time for housekeeping to clean rooms when the standard that had been in place was considered "tight but attainable." Three-fourths of the respondents reported that this change in policy was not a matter of ethics. This is somewhat surprising to us, in that the new standard would require that roughly 16% more rooms would have to be cleaned in the allotted time period. (The change from 30 minutes to 25 minutes is a difference of 5 minutes or about 16 %.) Despite the rather strong agreement that this was not a matter of ethics, there was not strong agreement among respondents that they would employ this changed policy. About one-third said that they would do it; one-third said that they would not do it, while the remaining third answered "maybe."

Likewise, 64.9% of the respondents agreed that the scenario that involved the controller that took a salary increase while the hourly employees received no raise (scenario #1), was not an issue of ethics. Yet respondents were fairly evenly divided in their responses among "yes, I would do this', "maybe, it depends", and "no, I would not do this."

3. Respondents Agree / Action not Ethical

In each of the scenarios involving the roof repair of the controller's residence, the late cash discount taken, the acceptance of the case of free wine, the insider stock purchase, and theft of small tools, about 85% of the respondents indicated that the controller's action was unethical. In each of these cases more than 86% of the respondents also indicated that they would not do what the hypothetical controller did. However, the remaining approximately 15% who responded to the above scenarios indicated that either the controllers action was ethical or that the issue did not involve an issue of ethics.

One scenario involved ignoring the theft of small tools. The majority of respondents (82.1%) indicated that this was not ethical, yet surprisingly, about 15% of respondents stated that this matter of theft did not involve ethics. A solid 97.8% indicated that they would not ignore the theft of small tools.

In the case of placing a service charge on small business accounts but not on the large corporate accounts, 57.9% said that this was not an ethical practice, 12% said that it was ethical, while about 30.1% indicated that it was not a matter of ethics. Almost 70% indicated that they would not practice this policy while the remaining 30% either said that they would or might do this.

4. Respondents Disagree on Action or Whether the Scenario Involves the Issue of Ethics

Next we report on the seven scenarios of the sixteen where there was considerable disagreement among the respondents as to whether the hypothetical controller's action was ethical or not, or whether the scenario involved ethics or not.

One case involved yard work done at the controller's personal residence. Respondents were divided between "action was ethical" (42.4%), "action was not ethical" (32.6%) and the scenario did not involve ethics (25%). Almost half of the respondents indicated that they would not do what the controller in the scenario did.

In the scenario of the room rate, the advertised "regular" room rate actually was a matter of false advertising. Despite this, 42.5% of respondents indicated that the action was ethical, while 41.8% stated that it was not a matter of ethics. Only 15.7% indicated that the "false advertising" was not ethical. Very interestingly to us was the fact that almost 65% of the respondents indicated that they would perform this action.

One scenario involved changing workers from full to part time to reduce the company's fringe benefits. About half of the respondents said that this action was not ethical, over a third said that it was not a matter of ethics, while about 16% said that it was ethical. Despite the above mentioned responses to this scenario, almost 60% said that they would follow this practice.

In the case of increasing cash float by using bank accounts on both the east and west coasts, 34.3% said that the policy was ethical, about 22% said that it was not ethical while the reminder (44%) indicated that it was not a matter of ethics. Interestingly, about 44% of respondents indicated that they would indeed use this policy to increase float, 20% said that they might do this, while about 36% stated they would not.

With regard to the scenario that involved deferring sorely needed maintenance, 32.1% state that it was unethical, 20.9% said it was ethical, while almost half of the respondents indicated that it was not a matter of ethics. Despite their responses mentioned above, almost 75% reported either that they would or might employ this practice.

In the case of creating a cash overage to test an employees' honesty, over half said the practice was ethical while about 25% indicated it was not ethical. The remaining roughly 19% stated that it was not a matter of ethics. When asked, however, of they would follow such a practice; they were almost equally divided among "yes", "maybe", and "no."

How about the commonly used practice of overbooking the hotel to increase occupancy rates? Just over half of respondents said it was an ethical practice, while 43.6% said it did not involve ethics. Over 80% said that they would follow this practice.

5. Comparison with Previous Study

The Schmidgall and Damitio study conducted in 1993, surveyed financial executives and used the same sixteen scenarios that were involved in the current study. In the 1993, however, respondents were asked only to choose among five responses to the scenarios with regard to the hypothetical controller's action, namely, "strongly agree", "moderately agree", "unsure", "moderately disagree", and "strongly disagree." Although it is not a perfect comparison, we feel that the categories of responses in the two studies can be reasonably compared with each other. We therefore compared the cumulative percentage of respondents that indicated either "strongly agree" or moderately agree" in the 1993 study (which we will refer to as Cumulative I) with the cumulative percentage of respondents that indicated either "yes, I would do this" or "maybe, it depends" in the current study (which we will refer to as Cumulative II).

Exhibit #5 reveals the responses for the two studies and the percentage point differences. Overall agreement with the controller's action has increased by an average of 4.4 percentage points from the 1993 study to the current study. In seven of the 16 scenarios (43.8%), the change was four or less percentage points; however, in the remaining nine scenarios (56.2%) the difference was greater than four percentage points.

Exhibit 5: Comparison of Two Studies

Scenario Number	Reference	Cumulative		Difference
		Study I	*Study II*	
1.	Controller's Salary	46%	72%	+ 26%
2.	Tight Standards	38%	70%	+ 32%
3.	Spotters' Spies	95%	96%	+ 1%*
4.	Yard Work	58%	54%	– 4%*
5.	Service Charge	23%	32%	+ 9%
6.	Defer Maintenance	22%	60%	+ 38%
7.	New Roof	14%	8%	– 6%
8.	Cash Discount	43%	13%	– 30%
9.	Cash Overage	62%	66%	+ 4%*
10.	Fringe Benefits	30%	41%	+11%
11.	Cash Float	67%	66%	– 1%*
12.	Room Rate	75%	79%	+ 4%*
13.	Free Wine	16%	12%	– 4%*
14.	Stock Purchase	25%	11%	– 14%
15.	Over Bookings	89%	94%	+ 5%
16.	Small Tools	3%	2%	– 1%*
	Overall	44.1%	48.5%	+ 4.4 %

*Responses of the two studies differed by four or less percentage points.

Scenarios with Similar Responses

First, scenarios where responses in each study were similar over the 12 year period are discussed. The greatest agreement between the two studies involved the spotter's spies and cash float scenarios. The

Cumulative I (the cumulative responses of those who indicated “strongly agree” or “moderately agree”) response to these scenarios was differed by one percentage point from the Cumulative II (the cumulative responses of those who indicated “yes, I would do this” or “maybe, it depends”).

There was similar agreement among the respondents in both studies with regard to the Room Rate scenario that involved discounting the “regular” rate. Cumulative I was 75% in this scenario while Cumulative II was a close 79%. About three fourths of the respondents in both studies indicated that this practice was acceptable.

In the case of the Cash Overage the Cumulative I of 62% was close to the Cumulative II of 66%, indicating that about two-thirds of respondents in both studies believe that this practice was acceptable. How about the case of the yard work done at the controller’s personal residence? Over half of the respondents in both studies indicated that this was acceptable with Cumulative I at 58% and Cumulative II at 54%.

There was relatively good agreement between respondents in both studies that accepting wine in the Free Wine scenario was not acceptable. The Cumulative I for this scenario was 16% while the Cumulative II was 12%.

There was near unanimous agreement in the case of ignoring the theft in the case of the Small Tools scenario with Cumulative I being at 3% and Cumulative II being at 2%.

Scenarios with Dissimilar Responses

Now, we briefly discuss scenarios where the responses to the same scenarios between respondents differ by more than four percentage points. In the case of only three of the scenarios was Cumulative I greater than Cumulative II. That is to say that in these three scenarios a smaller percentage of controllers in the current study considered the action of the hypothetical controller acceptable when compared to the respondents in the previous study.

Cumulative I for the “cash discount “ scenario was 43% while cumulative II was a mere 13% suggesting a considerable decrease in the number of current financial executives who would take a cash discount beyond the stated discount period.

In the case of the stock purchase, in the 1993 study Cumulative I was 25% while Cumulative II in the current study had dropped to only 11%. This indicates that financial executives are less likely today to use inside information in personal stock trading. There was also a decrease in the case of the “new roof” scenario where Cumulative I was 14% and Cumulative II was only 8%.

In the remaining six scenarios Cumulative I was greater than Cumulative II, that is, a greater number of respondents in the current study agreed with the controller’s action as compared to the number of respondents that agreed with the controller’s action in the previous study. For instance, in the case of the deferred maintenance, Cumulative I was 22% whereas Cumulative II was 60%. This 38% difference indicates a substantial shift in the attitudes of financial executives on this issue.

Another large difference was noted in the case of the tighter standards scenario. In that case, Cumulative I was 38% while Cumulative II was 70% for a 32% change in the two samples. Financial executives today are apparently more likely to increase standards that are already tight in order to improve the bottom line. In the case of the controller’s salary increase there was also a large increase in Cumulative II of 46% and Cumulative I of 72% indicating that today financial executives are more likely to take a wage increase despite the wage freeze on hourly employees.

In the case of the service charges on small but not large accounts scenario Cumulative I was 23% while Cumulative II was 32% for an increase of 9% points over the period of the two studies. The fringe benefits scenario had 11% point change with Cumulative I being 30% while Cumulative II was 41%. In the case of the overbooking of room’s scenario there was a modest 5% difference in the Cumulative I of89% and Cumulative II of 94%. Apparently overbooking rooms is increasingly being an accepted practice.

Responses Based on Size, Years of Experience and Ethical Codes

Cross tabulations were run between responses to the scenarios based on three demographic factors of size (number of rooms), years as a financial executive, and whether the lodging business had an ethical code of conduct for their managers. These comparisons were made both on the question of ethics and the action indicated by respondents. Chi squares were computed for each comparison. Significant statistical results were noted only for five scenarios including both the ethics and action queries. Thus, in only slightly more than 7% (7 out of 96 situations)1 were there significant statistical differences at the 10% level as shown in Exhibit #6.

Responses from financial executives of different sizes of hotels were compared to determine if this demographic would suggest difference responses. Only in three scenarios (tight standards, new roof, and cash float) were statistically significant differences noted. In each of these scenarios the differences are based on the action not whether the scenario is labeled as ethical or not ethical.

Years as a financial executive was another demographic factor that we speculated there might be different responses to the scenarios. However, responses to only the cash discount scenario proved to be statistically significant.

Exhibit 6: Cross Tabulations Between Various Demographics

Scenario Number	*Reference*	*Size of Hotel*	Years as Financial Executive	Code of Ethics for Managers
1.	Controller's Salary	P-Value	P-Value	P-Value
	Identification	.360	.106	.623
	Action	.244	.238	.796
2.	Tight Standards			
	Identification	.187	.228	.860
	Action	.098*	.540	.839
3.	Spotters' Spies			
	Identification	.374	.833	.416
	Action	.228	.617	.738
4.	Yard Work			
	Identification	.442	.555	.149
	Action	.564	.772	.402
5.	Service Charge			
	Identification	.629	.737	.467
	Action	.210	.640	.830
6.	Defer Maintenance			
	Identification	.593	.401	.918
	Action	.479	.171	.769
7.	New Roof			
	Identification	.478	.189	.769
	Action	.047*	.331	.721
8.	Cash Discount			
	Identification	.295	.862	.080*
	Action	.723	.029*	.403
9.	Cash Overage			
	Identification	.399	.658	.951
	Action	.792	.702	.583
10.	Fringe Benefits			
	Identification	.519	.377	.237
	Action	.208	.458	.037*
11.	Cash Float			
	Identification	.181	.517	.070*
	Action	0.77*	.567	.116
12.	Room Rate			
	Identification	.856	.167	.154
	Action	.113	.761	.437
13.	Free Wine			
	Identification	.834	.252	.476
	Action	.521	.340	.878
14.	Stock Purchase			
	Identification	.122	.905	.624
	Action	.313	.963	.141
15.	Over Bookings			
	Identification	.578	.364	.292
	Action	.230	.995	.544

16.	Small Tools			
	Identification	.803	.148	.696
	Action	.146	.101	.131

* .10 Significance Level

Finally, it seemed that respondents from lodging properties that required their managers to abide by an ethical code of conduct might respond to these 16 scenarios differently from respondents whose employers did not have a code of conduct. The cross tabulations revealed only three significant differences as follows:

Cash discount – identification

Fringe benefit – action

Cash float – identification

These three differences are less than 10% of the scenarios including both identification and action queries. Thus, it appears these factors – the size of the lodging operation, years as a financial executive and whether the lodging operation has an ethical code of conduct – have not significant impact on how the financial executives respond to these 16 ethical scenarios.

As the above results show, only the identification and/or actions in five scenarios proved to be statistically significant across one of the three demographics. Therefore, it appears overall that there is little difference across these factors.

Conclusions:

The results of this study suggest that there is considerable disagreement among financial managers when it comes to the ethical implications of commonly encountered business situations. However, respondents that indicate a scenario is unethical further say they would not do take the action in the scenario. The results are somewhat similar to results of the Schmidgall and Damitio 1993 study using the same 16 scenarios.

Comparisons of responses by the size of the lodging operation, amount of industry experience, and whether the respondents' organizations had an ethical code of conduct for their managers revealed very few statistically significant results. Finally, it appears increased awareness of ethics in the business world over the last ten years has not resulted in much agreement among lodging financial managers on the issue of ethics.

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