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**The relationship of ethical work climate types and leadership
style in lodging operations**

Upchurch, Randall Scott, Ph.D.

University of Missouri - Columbia, 1993

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THE RELATIONSHIP OF ETHICAL WORK CLIMATE TYPES
AND LEADERSHIP STYLE IN LODGING OPERATIONS

A Dissertation
presented to
the Faculty of the Graduate School
University of Missouri-Columbia

In Partial Fulfillment
of the Requirements for the Degree
Doctor of Philosophy

by

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THE RELATIONSHIP OF ETHICAL WORK CLIMATE TYPES
AND LEADERSHIP STYLE IN LODGING OPERATIONS

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ABSTRACT

Purpose: The purpose of this study was twofold. First, a causal-comparative design was utilized to ascertain the relationship of ethical work climate and leadership style of lodging managers in the state of Missouri. Specifically, the relationship between the three ethical work climate types of egoism, benevolence, and principle with the high task/high relationship leadership style was ascertained.

Procedures: The purposive sample consisted of 207 members of the Missouri Hospitality Association or the Missouri Hotel and Motel Association. The survey process included three phases of soliciting participation. The survey packet included the Ethical Climate Questionnaire, Leadership Scale, and a demographic questionnaire. The responses were statistically analyzed with the MAXR stepwise regression procedure, Multiple Analysis of Variance, Analysis of Variance, Least Squares Means, and descriptive statistics.

Findings: The findings of the study were: (a) the benevolence ethical work climate was the best one-variable model that predicted the high task/high relationship leadership style, (b) the respondents were significantly different in mean ratings when classified by property

classification, and (c) there was no significant difference in high task/high relationship leadership style when respondents were classified by the demographic variables of gender, total years of management experience, educational level, and property classification.

Conclusions: Based on the findings and subject to the limitations of this study, the conclusions were:

(a) all three ethical work climate types are present in lodging operations. However, benevolence is the predominate ethical work climate type for decision making, (b) the predominate leadership style for managers of lodging operations is high task/high relationship and (c) the ethical work climate type of benevolence is most aligned with the high task/high relationship leadership style for managers of lodging operations.

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Chapter 1

Background to Study

Introduction

According to Hogner (1987), "the assumption today is that ethical behavior in today's hospitality industry is out of control" (p. 34). The premise that ethics is a major issue in the hospitality industry can be supported by empirical literature. Hospitality research has concentrated on specifically defining hospitality ethical issues (Enghagen & Hott, 1992), the development of models for the incorporation of ethical instruction into the hospitality curriculum (Hall & Enghagen, 1991; O'Halloran, 1991), and the formation of a theoretical framework for incorporating a code of ethics for hospitality education and research (Kwansa & Farrar, 1991). These studies were in agreement that ethical issues exist and that these issues must be addressed in order to raise the level of individual and corporate ethical awareness. However, there must be an understanding of organizational dynamics that influence an organization's ethical decision making. This study focused on ascertaining the relationship of ethical work climate types and leadership style of managers in lodging operations in the state of Missouri.

Need for Study

The firm of Touche Ross surveyed corporate executives, personnel directors, and school deans from a variety of four

year universities and found that 68% of the respondents were troubled by the existence of ethical problems in business (Touche Ross, 1988). The Business Roundtable (1988) stated in their annual report that, "the question of ethics in business conduct has become one of the most challenging issues confronting corporate America in this era" (p. 4). Kapoor (1991) stated, "the spread of this cultural virus in American Business, along with concerns being raised by hospitality industry leaders and educators, demonstrates the need for a new look at ethics" (p. 21). Therefore, the general assumption is that organizations must be accountable for their ethical behavior due to the impact upon society.

Theoretical Framework

There are three bodies of research that contributed to the theoretical framework of this study. First, the research by Victor and Cullen (1987, 1988) was concerned with the description and measurement of ethical work climate types within organizations. Second, the theoretical input of Hersey and Blanchard (1977, 1984) and Guest, Hersey and Blanchard (1986) contributed a description of leadership styles within the organizational context. Finally, Hitt's (1990) model that integrated ethical work climate types and leadership styles was reviewed.

Principles of Ethical Work Climate

The research relating to defining and measuring foundations of ethical decision making was identified as

work climates by Schneider (1975). According to Schneider, these work climate are of various types in terms of normative foundations and each foundation has unique philosophical principles that guide an individuals decision making in organizational climates. Climate research has studied the normative impact of ethical work climate on organizational ethical decisions (Schein, 1983, 1984, 1985; Schneider, 1975). Victor and Cullen (1987) expanded this normative decision research by indicating that ethical work climate types can be divided into normative perceptions of structure/procedure and organizational norms/values. These normative values prompted Victor and Cullen (1987, 1988) to develop the Ethical Climate Questionnaire (ECQ) which is purported to measure an organization's ethical climate. The theory proffered by Victor and Cullen was an empirical attempt to measure organizational bases of ethical decision making. This questionnaire was based on the two dimensions of (a) the ethical criteria used in the decision process, and (b) the loci of analyses.

The criteria dimension was based on Kohlberg's (1969) theory of moral development. This theory posits that there are three major types of philosophical ethical standards titled egoism, benevolence, and principle. These ethical stances have been tested by various moral development researchers and were found to be distinct in their foundations and actions (Kohlberg, 1984). The philosophical

foundation of these three standards are, respectively; egoism, utilitarianism, and deontology. In order, this means that the motives used in making ethical decisions are based on achieving optimal fulfillment of one's own interest, obtaining optimal joint/mutual interest, or compliance to established universal principles.

The level of analyses dimension was also grounded on Kohlberg's theory of moral development and assumes that as an individual matures their loci of reference changes from within the individual (individual), to a dialogue between self and significant others (local), and finally to being based on the ethical concerns of an entire social system (cosmopolitan). It is the integration of the ethical criterion used and the level of analysis that characterize a given organizational ethical work climate type. Each ethical work climate type is unique in its normative foundations in ethical decision outcomes.

Situational Leadership Theory

Situational leadership theory as developed by Hersey and Blanchard (1977, 1984) and Guest et al. (1986) identified four basic leadership styles that can be present in an organization. This theory contends that while the maturity level of organizational members increases over time, the appropriate effective leadership style will be characterized by a reduction in task-oriented behavior and by an increase in relationship-oriented behavior. The theory

was based on Halpin's (1966) two-dimensional concept of consideration-oriented behavior and initiating-oriented behavior, with the added dimension of the maturity level of followers. This two dimensional concept was supported by the theoretical paradigm developed by Blake and Mouton (1978). The dimension equivalence of Situational Leadership to these two theories of leadership was addressed by Hersey and Blanchard (1977). Situational leadership posits that when the maturity level of the followers is low, the effective leadership style will emphasize task and place less emphasis on relationships. As a growth in maturity occurs, the leadership style changes to a relationship orientation. This model assumes a bell shaped curve, in that there is a range of effective leadership behavior. The shift in leadership style from a task orientation to a relationship orientation would match any shift in the maturity level of the followers in order to be maximally effective.

Ethical Work Climate Type and Leadership Integration

As the literature on corporate culture and the study of ethical values was examined, the importance of studying leadership as it pertains to organizational ethical development came to the foreground. This body of research suggested that the ethical philosophies of top management has a major impact upon the actions of subordinates (Brenner & Molander, 1977; Carroll, 1978; Hunt, Chonko, & Wilcox 1989). They indicated that top managers could reduce

perceived ethical dilemmas as perceived by employees. The underlying premise was that leadership plays a significant part in the formation of organizational norms. This implies that management has a legitimizing function on the ethical decision making of the ethical work climate types (Stead, et al., 1990).

One theory that has attempted to combine the realm of leadership styles with the study of ethical systems was proposed by Hitt (1990). He attempted to integrate leadership theory with the study of organizational ethics using an open pyramid model that aligned philosophical ethical systems and leadership styles. The four leadership styles of manipulator, bureaucratic administrator, professional manager, and transforming leader were shown to have theoretical grounding. The ethical systems portion was based on developed philosophical theories of utilitarianism, rule ethics, social contract ethics, and personalistic ethics.

Integrative Model

Figure 1 presents a model that incorporates Hitt's (1990) theory that aligned leader style with ethical systems, Hersey and Blanchard's Situational Leadership theory that proposed four distinct effective leadership styles, and the theoretical foundations of the ethical climate research conducted by Victor and Cullen (1987, 1988). A letter requesting permission to use Hersey and

Blanchard's leadership styles is in Appendix A, and approval is in Appendix B. A second letter requesting permission to use Victor and Cullen's Ethical Climate model is in Appendix C, and approval is in Appendix D. I propose a model which aligns ethical criteria, ethical foundation principles, organizational ethical work climate types, and leader style. This model is an adaptation of Victor and Cullen's (1987, 1988) and Hitt's (1990) theoretical model and was developed to propose the relationship between ethical work climate types and leadership style.

Figure 1. Integrated model of ethical work climate types and leadership style.

<u>Ethical Criteria</u>	<u>Criteria Definition</u>	<u>Climate</u>	<u>Leader Style</u>
Rights	Adhere to universal principles of rules and codes; actions are judged on the merit of the rule	Principle	High task/ low relation-ship
Justice	Decisions are based on fairness, equity, and impartiality	Benevolence	High task/ high relation-ship
Ethical egoism	Decisions are based on promoting the persons best interest; the good outweighs the bad	Egoism	Low to high task/ low relation-ship

From Management of Organizational Behavior by P. Hersey, and K. Blanchard, 1977, p. 167. Prentice Hall, Copyright 1977 by Prentice Hall. From Organizational Bases of Ethical Work Climates by B. Victor, and J. Cullen, 1988, p. 101. Copyright by Administrative Science Quarterly.

Hitt's model (1990) aligned the end result ethical climate, which stated that an ethical decision is solely based on the outcome of the decision, with the manipulator (low task/low relationship) leadership style. The end result ethical decision climate by definition does not align with the three ethical work climate types of egoism, benevolence, and principle proffered by Victor and Cullen (1987, 1988). According to Situational Leadership theory (Hersey and Blanchard, 1977), all four leadership styles should be present; therefore, the low task/low relationship leadership style was included in the analysis of the relationship of ethical work climate types and leadership styles. According to Hersey and Blanchard (1977), the low task/low relationship leader would be interested in engaging in activities that would benefit the leaders best interest. Therefore, this leadership style will be categorized with the egoism ethical work climate type. As shown in Figure 1, the three ethical work climate types of egoism, benevolence, and principle are aligned with the three leadership styles of low to high task/low relationship, low task/high relationship, and high task/low relationship, respectively.

Problem Statement

As indicated by Keiser and Swinton (1988), business ethics in the hospitality profession is a vital issue in terms of social responsibility. In order to understand the

role of the hospitality organization as a "social actor" in the development of business ethics, the problem must be approached empirically. Further review of the literature indicated the importance of studying ethics in the hospitality industry in relation to satisfying guest's needs and acting in an ethically responsible manner (Enghagen & Hott, 1992; Hall & Enghagen, 1991; Hogner, 1987, Kwansa & Farrar, 1991). Little empirical evidence was found ascertaining the organizational bases of ethical work climate types in the hospitality industry. The problem of this study was twofold. First, was the need to ascertain the relationship of ethical work climate types and leadership styles of managers in lodging operations. This analysis should result in an understanding of the normative systems that influence organizational behavior. Second, based on the premise that top management is influential in the communication, adoption, and reinforcement of organizational ethics, there was the need to ascertain if significant differences exist in ethical work climate types and leadership styles when managers (respondents) are classified by selected demographic variables.

Purpose of Study

The primary purpose of this study was to ascertain the relationship of ethical work climate types and leadership styles of managers in lodging operations in the state of Missouri. The secondary purpose of this study was to

ascertain if significant differences existed in ethical work climate types and leadership style when respondents were classified by the demographic variables of gender, total years of management experience, educational level, and property classification.

Research Questions

The following research questions were addressed in this study:

1. What is the proportion of egoism, benevolence, and principle ethical work climate types present within the lodging operations?
2. What is the proportion of high task/high relationship, high task/low relationship, low task/high relationship, and low task/low relationship leadership styles present in lodging operations?
3. What is the relationship between the three ethical work climate types and the four leadership styles in the lodging operations?
4. Are there significant differences in mean scores on ethical climate types when respondents are classified by the following demographic variables:
 1. gender
 2. total years of management experience
 3. educational level
 4. property classification

5. Are there significant differences in mean scores on leadership styles when respondents are classified by the following demographic variables:

1. gender
2. total years of management experience
3. educational level
4. property classification

Definition of Terms

Corporate Culture: A prescriptive collection of norms that are intended to direct the moral actions of participants (Victor & Cullen, 1987, 1988; Trevino, 1986; Deal & Kennedy, 1982; Schein, 1985).

Deontology: One of the major doctrines in the study of ethics. Ethics is grounded in notions of duty; one is morally obligated to perform an act regardless of the consequences. The rightness or the wrongness of an action is based not on the consequences of the action, but is based on the inherent rightness or wrongness of the means utilized to reach the outcome (Hunt & Vitell, 1986).

Ethics: The study of moral philosophy. Also referred to the study of norms, values that a group or collective of individuals follows in the form of codes, rules, or practices either assumed or performed (Donaldson, 1989).

Ethical Work Climate: An ethical climate encompasses the prescriptions, proscriptions, and permissions concerning moral obligations in an organization. These general guidelines provide ubiquitous characteristics encompassing an organizations approach and manner in dealing with ethical decisions. (Victor & Cullen, 1988).

Full Service Operation: Segment of the lodging industry characterized by offering services that encompass sleeping rooms, banquet facilities, meeting rooms, full dining facilities, and full lounge facilities. All of these services are provided internally by the staff and the management of the lodging operation (Gray & Liguori, 1990); (Steadmon & Kasavana, 1988).

Limited Service Operations: Segment of the hospitality industry that fits between a full service operation and a rooms-only operation. This type of operation offers limited meeting room facilities that can offer food and beverage service, but these type of services if provided are contracted out to an outside vendor. The main portion of revenue generation comes from the rental of sleeping rooms. As with the rooms-only operation, the main market targeted is the business traveler (Steadmon & Kasavana, 1988).

Rooms-Only Operation: Segment of the hospitality industry that comprises those hotel and motel operations that generate the majority of the revenue via the renting of a sleeping room for use by individual or group consumers. Operations of this type do not consist of food and beverage dining services (Steadmon & Kasavana, 1988).

Teleology: The major philosophical theory that focuses on the consequences of an individuals actions or behaviors. This theory indicates that the rightness or the wrongness of an action is based on the consequences (Vitell, 1986).

Theory of Justice: The major philosophical theory related to ethical decision making. Ethical decisions under this theory are based on the principles of equity, impartiality, and fairness. All individuals should be treated similarly who are similar, and those individuals that are different should be treated differently in direct proportion to the differences (Cavanagh, Moberg & Velasquez, 1981).

Theory of Rights: The philosophical theory which states that individuals have certain fundamental rights and these rights should be respected. Decisions are based on an individuals rights and these are judged as "right" as long as they do not conflict with the rights of other individuals (Martin, 1985).

Utilitarianism: The major doctrines in ethics with the premise that the means out-weigh the outcome. The action, state, process is deemed to be good/right because it results in more good than wrong. Behaviors that are moral result in the greatest good for the greatest number (Tsalikis & Fritzche, 1989).

Work Climate: The collection of perceptions that are psychologically meaningful molar descriptions which people agree characterize a system's practices and procedures (Schneider, 1975).

Assumption

The purposive sample used in this study was representative of the total 1,479 lodging operations (as provided by the Missouri department of Health) throughout the state of Missouri in terms of management structure, geographical locations, and a varied style of operational design ranging from rooms-only operations to full service operations offering restaurant facilities.

Limitations

1. The Victor and Cullen Ethical Climate Questionnaire has shown indications of inter-correlations between the loci of analyses that has lead some researchers to collapse the categories (Elm, 1989). According to Elm, this indicated that further empirical research must be performed on the loci of analyses.

2. The respondents to the surveys represented a possible biased sample. It was determined from the follow-up procedure that many non-respondents were not willing to participate due to the perceived sensitive nature of the ethical questionnaire.

Summary

This chapter has reflected organizational concerns relating to ethical issues that are impacting perceptions of corporate responsibility. A corporation is a social actor, and as an actor, any action is a direct reflection of the norms and values operating within the organizational context. It is the ethical work climate that reflects the collective agreement on the system's practices and procedures. The understanding of the relationship of the ethical work climate to management's leadership style should lead to further enlightenment about the organizations ethical decision making.

Chapter 2

Literature Review

Introduction

There were three areas of research that significantly contributed to the development of this study. The first was the literature that pertained to the philosophical foundations, theoretical models and empirical research proffered concerning ethical development. The second area focused on the theoretical development of an questionnaire that measures the organizational bases of an ethical climate. The third area concerned the influence of leadership upon organizational performance, in particular the development or adoption of values.

Philosophical Bases of Ethical Theory

Normative ethical theories were separated into two major philosophical categories known as deontology and teleology. Deontology concentrates on the correctness of the means chosen in accomplishing an ethical task. In opposition, teleology does not concentrate on the means utilized as the over-riding concern. Teleology looks at the correctness of the consequences of the individual's actions. Philosophical normative definitions referencing ethical theories form the philosophical ethical foundation for understanding an organization's ethical work climate.

Act utilitarianism is a theory that suggested actions are judged in each specific situation and that the decisions

are based on the impact with the individuals involved. The right act is the one that generates the greatest proportion of good versus the bad for all individuals (Tsalikis & Fritzche, 1989).

Rule deontology (utilitarianism) is a theory that suggested decisions be based on rules. The outcome or actions should be based on the merit of the rule. This means that if the outcome of keeping the rule is greater than the outcome of rejecting the rule, then the rule should be kept. Rule deontology is a form of normative teleology theory (Tsalikis & Fritzche, 1989).

Kant's Categorical Imperative was a single rule theory and stated that the rightness or wrongness of an action is not based on the consequences, but one's actions are morally judged on the application of "good will". This theory stated that one should act in a morally acceptable manner. According to the categorical imperative, the ultimate moral outcome of our guiding principles should become universal laws. This is a form of deontology which concentrates on the concept of "duty". (Tsalikis & Fritzche, 1989).

Rule utilitarianism is a hybrid theory that integrated utilitarianism (teleology) and Kant's Categorical Imperative (deontology). There are identifiable duties that an individual is obliged to perform. This means that any given ethical decision must be based on weighing the duties against each other. The appropriate outcome is based on

deciding the duty that is the most obligatory. Six categories of prima facie duties were identified: (a) fidelity, (b) gratitude, (c) justice, (d) beneficence, (e) self-improvement, and (f) non-injury (Tsalikis & Fritzche, 1989).

The theory of justice suggested that actions are delivered on a fair and impartial basis, are based on maximizing the good, and follow impartial distribution rules. The two guiding principles are equal liberty, and the difference principle. Equal liberty means that individuals should have equal application of freedom that is in agreement with the rights of the collective. The difference principle means that in the circumstance where application of principles are not equitable, then the terms of violation of the principles must be specified (Martin, 1985).

Ethical egoism (teleology) is a theory which stated that an individual should follow the greatest good for oneself. An action is ethical when it promotes the greatest harmony of "good" for the individual in the long-term versus other ethical alternatives that proportionately generates more evil than good (Vitell, 1986).

This section covered the philosophical foundations of ethical decision making. The two philosophical foundations of deontology and teleology represent ends of the ethical decision making continuum. Deontology focuses on the means

that lead up to and influence a decision, whereas teleological theories concentrate on the decision outcome.

Ethical Decision Making Research and Theory

This body of ethical research is crucial to the review of information concerning the process of ethical decision making that occurs within organizations. In particular, the review of research focused on the theoretical insights into the dynamics of decision making and the processes that are involved in the assimilation of ethical values.

Purcell (1977) proposed a three stage ethical process for leaders to institutionalize ethics. First, top executives must begin with a review of general ethical principles. Second, they should review mid-level principles, and, finally review case studies.

Boling (1978) recommended that supervisors and subordinates should cooperatively develop a corporate code of ethics. This view was opposed to the "trickle-down" effect of top management developing ethical criteria. This joint team would be responsible for the organizations "morality."

Ferrell and Gresham (1985) proposed a model of multiple determinants of ethical behavior. They stated that an individual's ethical decision was moderated by significant others, opportunity, social environment, cultural environment, and individual factors. It is the opportunity to engage in ethical or unethical actions and the relative

influence of reference groups that determine whether an individual will react in an ethical or an unethical manner. For example, if the interaction with top management is influential in degree, then the attitudes of top management would be influential in shaping the values of subordinates.

Bishop (1991) concluded that top management should be morally accountable for their actions even in the presence of negative information blockage. The implication is that top management is influential and must accept professional and moral responsibility for the prevention of ethical dilemmas.

Bommer et al. (1987) highlighted six factors that influence ethical decisions. These factors were government/legal, work, professional, personal environment, individual attributes, and social interactions. The study suggested that these environmental variables impact the ethical decisions that an individual faces. However, it was recommended that further research be conducted to systematically measure the interaction of the individual's behavior and these environmental factors.

Trevino (1986) described an interactionist model (based on Kohlberg's theory of moral development) that explains ethical decisions as being the result of the interaction of individual and situational factors. Specifically, Trevino looked at ethical decisions as the interaction of individual factors (ego strength, field independence, locus of control)

and situational variables (work setting variables, norms, organizational culture, immediate job context) with an individuals cognition (stages of moral development).

Hunt and Vitell (1986) developed a general positive theory of marketing which lists four factors that influence ethical decision making. These four factors were cultural environment, personal experiences, industry environment, and organizational environment. The study suggested that the combination of these variables influenced how management considered ethical decisions. The importance resided on the impact of previous and external influences on ethical decision making.

Nielsen (1990) proposed a dialogic model that is a variation and extension of leadership, industrial democracy, participative management, and double-loop learning. The individual takes an "I" stance that can reduce conflict, can help build culture, produce integrative results, and potentially lead to ethical belief conversion.

Moberg and Meyer (1990) suggested a deontological ethical analysis of interdependent peer relations. This model followed Kant's Categorical Imperative (the second formulation stated: never treat another as a means only) and suggested that "peers owe certain moral duties to each other as a fellow human being" (p. 864). In addition, peers have moral duties which are influenced by the employment contract. It is the employment contract which describes the

interdependence and classification of these relationships.

Martin (1991) reacted to the Moberg and Meyer (1990) article on deontological analysis. The argument was that Kantian principles are distinctly universalistic and cannot be applied in all cases to business settings that have their own unique features that influence ethical interactions.

Ruhnka and Weller (1990) looked at the ethical implications involved in record management. They suggested that rule utilitarianism (a composite of deontological and teleological theories) is appropriate in corporate ethics. In the case of record management, foremost the "good" should be defined and then instances where rules do not apply should be identified and judgement determined. They continued by offering guidelines for record management concerning information to be retained, disclosure of records, and the retention period of records.

Harris and Brown (1990) discussed a developmental approach to ethics incorporation that has as the basic premise that ethics can be learned when and only when the individual is ready. Individuals could progress through three stages of development, dualism, relativism, and personal commitment. They suggested that a person's reaction to an ethical situation is a direct reflection of their stage of development.

Stead et al. (1990) devised a model that was intended to assist a manager in determining why a subordinate behaves

in an ethical or an unethical manner. The model depicts a linear relationship between individual factors, ethical philosophy, ethical decision ideology, ethical decision history, external forces, organizational factors, and past reinforcement of ethical decisions. This model also consists of various feedback loops. The outcome of this model was to offer a schematic of how to change and influence ethical behavior by managing the various components.

Schlachter (1990) offered a framework for studying ethical behavior of public accounting practices. He suggested analyzing the operations at the four different levels of individual, local office, multi-office, and professional institute. Any changes that influence ethical behavior must be considered in reference to the interdependency of the different levels.

Strong and Meyer (1992) developed an integrative model of ethical decision making that tested the relationship of moral development and a manager's perception of responsibility. This model is descriptive and describes corporate conduct as a derivative of a manager's decisions within the constraints of internal and external factors. The results did not reflect a strong association between moral development and a managers' perception of ethical responsibilities.

Forsyth (1980, 1981, 1985); Forsyth and Pope (1984); Forsyth, Nye and Kelly (1988) fully developed a taxonomy of

four distinct ethical ideologies which are situationism, absolutism, subjectivism, and exceptionism. Each of these ideologies indicated distinctly different reactions to moral issues.

Cavanagh, Moberg, and Velasquez (1981) developed a normative ethical decision model of organizational politics based on the ethical theories of utilitarianism, moral rights, and justice. This model suggested that an individual's ethical stance could be indicated by answering a series of questions in a yes or no fashion. The answers chosen by the individual indicated the ethical foundation used in solving the ethical dilemma.

Laczniak and Murphy (1991) generated normative suggestions for the fostering of ethical marketing decisions. They suggested a series of questions that provided insight into whether a decision would have ethical consequences. This study indicated that ethical decisions could be influenced through the efforts of top management, adoption of ethical codes, dissemination of ethical communiques, the institution of ethical seminars, and by conducting ethics audits.

Dean (1992) discussed a normative and descriptive approach of ethics incorporation. He suggested that ethics can be acquired as a training activity by transforming a code of ethics into a list of behaviors ranging from ethical to unethical. The methodological approach discussed was the

critical incident technique. This technique has individuals identify those incidents that resulted in an ethical or an unethical decision. The outcome was to obtain a list of behaviors that were considered appropriate and inappropriate in a situation.

Maclagan (1992) suggested that ethics can be developed by management through concentration on four requisite qualities of theoretical knowledge and understanding, affective qualities, personal and interpersonal skills, and self-knowledge. Ethics can be taught through concentrating on theory, learning from ethical experiences, and mentoring. This indicated that managements role was crucial in the development of organizational ethics.

Weber (1990) took a critical look at research concerning the instruction of business ethics. He generalized that the research to date had been inconclusive and could not support the claim that ethic courses did raise levels of awareness. He called for a standardization of instruments that have been used in measuring ethics, for this is an issue in trying to make comparisons between the various studies. In addition, he stated that studies should be conducted on a longitudinal basis. The general conclusion was that ethics could be taught via a business ethics course and the focus of the course should be representative of deontological and teleological ethical theories.

Arlow (1991) studied the effects of personal characteristics of undergraduate major and non-major students in their evaluations of corporate ethical behavior. The results suggested that individuals were more influenced by external (socio-cultural) factors versus the influence of a business ethics course. This implied that an organization must concentrate on fostering an ethical atmosphere to create a positive image to the general public, subordinates, and potential employees. Secondly, there was a difference found between major and non-majors in their cynicism towards corporate ethics. This implied that attention needs to be focused on tailoring instruction (training and development) to the background of the individual.

In summary, the ethical decision making research indicated that ethical decisions can be measured. The complexity of this research indicated that ethical decisions occur within a systems theory context. This indicates that caution must be taken in ascertaining the influence of internal or external factors which surround an organization. Ethical decisions are subject to a variety of factors that interact and lead to an individual's ethical beliefs and actions.

Theories of Corporate Ethical Climate

Drucker (1981) offered suggested normative structures that a corporation should have if they are to be successful. He suggested that normative structures should focus on

defining fundamental relationships within the organization, the establishment of universal and general rules of conduct, that emphasis should be focused on the right behavior rather than on avoiding possible wrongdoing, and on the development of an effective organization ethic for all to follow. The influence of the corporate climate is to focus and guide ethical decisions made by management and staff in the organization.

Reidenbach and Robin (1991) presented a model of corporate moral development that suggested that corporations could be evaluated in terms of a specific stage of development. The sources of cultural beliefs and values stem from the influence of top management and reinforcing factors resulting from organizational success. Each of the five stages have their own unique moral behaviors. First, the organization's mission statement should be evaluated for its impact on the organization's ethical profile. Second, the affected internal and external stakeholder should be identified and their ethical impact measured. Third, there should be a consistent internal guideline that supports the ethical profile. Fourth, the organization should construct enculturation methods that will support the adoption of the corporate ethic. They suggested the use of in-house seminars to accomplish this task. Fifth, they suggested that follow-up procedures must be implemented to ensure that enculturation is effective.

Robin and Reidenbach (1987) suggested that corporate culture was influenced by the adoption of an overt, coherent, consistent, and integrated set of ethical values. The assumptions for these values are generated by the leadership of the organization and the experiences of staff. It is the development of checks and balances that foster an organization with ethical and socially responsible behavior. They described a "parallel planning system" for the integration of ethics and socially responsible behavior for a company. A crucial part of this was the enculturation process for which top management has the potential of influencing the probability of future ethical behaviors within the organization.

Barney (1986) described three attributes that the organization must have in order to modify the culture. First, the culture must be valuable in terms of financial performance. Second, the culture must have characteristics that are unique to the style or type of operation. Third, these unique style characteristics must not be capable of being recreated by the competition. The main implication was that managers can affect the culture by modification of these organizational variables.

Cooke (1991) proposed that there are certain intra-organizational signals that a corporation emits that could indicate if ethical risk is present within the organization. He cited indicators that could lead to awareness and removal

of internal ethical risks. This study suggested reviewing routine violation of established codes of ethics, examining solutions that do not have long-term impact, avoiding decisions that result in short term financial gain. The study indicated that unethical behavior within the organization should be discouraged. They also suggested that clear and identifiable policies and procedures must exist to deal with ethical situations.

Raiborn and Payne (1990) presented a normative model for the establishment and continuation of corporate ethical codes. They discussed the role of management in facilitating and maintaining these ethical codes. This model was based on the integration of four standards of ethical behavior (theoretical, practical, currently attainable, and basic) with fundamental ethical principles. This combination resulted in a hierarchy of propositions that listed the ethical principles with their four respective standards of conduct.

Deal and Kennedy (1982) developed a model of corporate culture that views organizational culture as the crucial factor focusing on organizational decision making. Such variables as shared values, heroes and heroines, rituals and ceremonies, and the cultural network are seen to influence corporate conduct. It is without mistake, that the potential influence of top management is great in fostering the culture of the organization. They believe that it is the

symbolic manager that has the responsibility for the maintenance of the corporate culture, recognizing changing environmental factors that could potentially change the present culture, and assist individuals in the organization to cope and adopt new cultural roles.

Hunt, Wood, and Chonko (1989) found that organizational commitment for the combined sample reflected a strong relationship with the independent variables of age, education, income, feedback, identity, autonomy, variety, and corporate ethical values. The importance of these findings reside in the role of management in the promotion of organizational ethical values. They indicated that the expression and adoption of ethical values was an active management function and not necessarily a separate "societal issue".

Murphy, Smith, and Daley (1992) measured the impact of attitudes, leadership, presence or absence of ethical codes, and organizational size on organizational ethical behavior. Their multi-variate analyses suggested that leadership had little effect on the incorporation of ethical behavior. The results reflected only one significant relationship between leader behavior and ethical behavior. This low relationship resulted from a lack of an actively managed ethical program by the measured leaders.

McCoy (1984) discussed the organizational environment and the relationship of values. The internal environment of

the organization assists in the shaping of values of the corporate culture. Therefore, top leadership is in a position to foster, monitor, and shape the culture of the organization. It is leadership involvement that leads to an organization reactive or proactive stance.

Brenner and Molander (1977) discussed the influence of top management upon subordinates ethical decision making. This expression of ethical views by top management often lead to clarification of values, subordinate adoption, or conflict if misalignment occurred.

Harris (1990) examined ethical viewpoints of individuals by level of hierarchy in an organization. The analysis of variance results reflected that there existed a difference in the degree of agreement across the levels on the variables measured. More importantly, when years of experience was isolated by measurement, the results suggested that there was a gradual acceptance (less tolerance to change) by the culture to organizational values.

Hegarty and Sims (1979) studied the influence of informal and formal organizational policies on ethical behavior. Their findings showed a significant relationship between organizational discriminative stimuli (policy statement) and ethical behavior. It was the presence of a "clear" organizational policy that had a deterring effect on the adoption of unethical behavior.

Conner and Becker (1975) summarized previous research that indicated that managerial values influenced the views held by subordinates and that there was a strong relationship between member values and organizational values. Their review suggested that a relationship does exist, but caution must be taken when interpreting the results based on certain variables. They suggested that managerial values were better indicators of organizational adoption of ethical decisions than were attitudes, perceptions, or other personality variables.

Fredrick and Weber (1987) indicated descriptive and normative outcomes of corporate management values. The results indicated that organizational actions and policies were determined by organizational values which are directly impacted by top management's personal values and leadership.

Whitney (1989) developed a descriptive model to account for the differences in perceptions between managers and hospitality students. They constructed a four cell model to explain the origination and behavior of individuals operating from each of these perspectives. These general orientations are: self-generated/internalized (individual orientation), others-generated/internalized (traditional orientation), others-generated/external (legal orientation), and self-generated/external (career orientation). The results indicated that differences did exist in the perceptions of the two groups studied and that managers

could be reflecting the national concern towards business ethics. Representation in the individual orientation was lacking for both groups.

Schneider and Snyder (1975) studied the inter-relationship of job satisfaction and organizational climate. Their research was a reaction to those that stated that the measurement of climate was simply a measurement of satisfaction. The authors recognized that further research needed to be conducted to refine methodology on this topic. They suggested that additional refinement will account for greater differences than found in their study.

Vitell and Davis (1990) studied the relationship between ethics and job satisfaction of Management Information System (MIS) professionals on the variables of pay, promotions, co-workers, supervisors, and work itself. They found that MIS professionals were less satisfied with their position when unethical behavior was present. The implications of their findings resides in the belief that satisfaction can be improved if management fosters ethical behavior.

Ferrell and Weaver (1978) studied the ethical beliefs of top management and marketing management. The results indicated that management considered themselves to be more ethical than their peers. A second finding was that the environment was an important factor in determining ethical or unethical behavior. Their results indicated a significant

difference between the enforcement of an existing policy on individuals beliefs and actions as opposed to the absence of enforcement of a policy.

Glenn (1992) conducted a pre/post examination of undergraduates and graduates enrolled in a required business and society course to measure the impact on their future ethical judgement. The results indicated that individuals enrolled in an ethics courses intend to make "more ethical" judgements versus the control group.

Stieber and Primeaux (1991) concluded that the teaching of business ethics was crucial to the moral development of the individual entering the business profession. However, instruction need not be laden with philosophy, but should be placed in a context that is familiar to the learner and has productive value when implemented. This instructional process involves raising the level of awareness of the learner to the sociological, psychological, religious, economic, and cognitive processes involved in ethical decision making.

Schaupp and Lane (1991) suggested that the teaching of business ethics could be enhanced through the utilization of newsprint articles versus the strict use of case studies. They supported this by noting the relevance of the material, the influence of stakeholder on the content of the articles, and the conciseness of the issue. The implementation of this method is through the selection of an article, gathering of

background information, class discussion, stakeholder participation in the discussion, and recommendations offered for action to be taken.

Davis and Welton (1991) ascertained that an individual's moral development was explained more by an ethical maturation process that occurred throughout one's collegiate career versus formal ethics training acquired through an ethics course. Their research reinforced theory explaining ethical development as the result of internal and external multi-dimensional factors. There was not a single factor that influenced the ethical development of an individual over another. They suggested that the interaction of moral development, value transmission, value clarification, and moral actions within the collegiate context that influenced ethical development.

Schein (1983, 1984, 1985) suggested the culture of an organization is the pattern of basic assumptions that a given group has invented and uses to deal with problems that are taught to new members as the correct way to perceive, think, and feel. He suggested that organizational culture is composed of three levels. The first level is the invisible artifacts level (visible or audible behavior patterns and the constructed environment of the organization). The second and third levels of culture are called the values and

underlying assumptions levels, respectively. The underlying assumptions level is posited to be crucial to understanding an organizational culture.

Schneider (1975, 1983) suggested that the existence of norms, values, and practices represent an organizations ethical work climate. The research indicated that assessment of an organization's climate could be achieved via measurement of shared behavioral patterns which are a reflection of underlying norms, values, and practices. It is the communication of these norms, values, and practices that is necessary and sufficient to the perpetuation of the organizational ethical work climate.

In summary, a variety of internal and external organizational factors have been ascertained to be influential upon the ethical development of an individual. Specifically, this body of research indicated that values, norms, and ethical practices are necessary and sufficient to the perpetuation of an organizational culture and the climate.

Measurement of Ethical Climate Type

Victor and Cullen (1987, 1988) developed their theory of organizational bases of ethical work climate types from organizational and economic theory. The determinants of these nine different ethical work climate types consisted of the socio-cultural environment, organizational form, and specific organizational history. Victor and Cullen

hypothesized that an organizational ethical work climate types consists of the norms and the practices relating to what is morally right or wrong within the organizational context. The underlying assumption was consistent with the theory posited by Trevino (1986) which stated an organization's culture is comprised collectively of norms relating to moral issues and practices. Victor and Cullen made three assumptions concerning the organizational ethical work climate types. First, different normative systems are developed by the organization and the subgroups within the organization. Second, the organizational members perceive the ethical work climate type as being relatively homogeneous. Third, perceptions of the ethical work climate type differ from affective measures, meaning that the two are not necessarily correlated.

Victor and Cullen supported the premise that forms of individual ethical reasoning are relatively incompatible by referencing Kohlberg (1984). According to this theory, types of individual ethical reasoning are relatively incompatible. They supported this by asserting that individuals holding differing ethical criteria foundations respond to decisions based on unique principles. This premise was fundamental to their assertion that organizations are characterized by distinct forms of ethical decision making orientations. Based on the work of Kohlberg (1969, 1984; Schein, 1983; Trevino, 1986), Victor and Cullen developed a 3 X 3 model

that consisted of nine theoretically possible ethical climate themes. The ethical foundations for making an ethical decision was purported to be based on unique ethical foundations of egoism, benevolence, and principle. In addition, the ethical foundation utilized was suggested to interact with a referent level of analysis. The levels of analysis were individual, local, and cosmopolitan. The individual level of analysis indicated that the individual based ethical decisions from an internal locus of control. The local level of analysis indicated that an individual based ethical decisions from the norms and values of the immediate work environment. The cosmopolitan level of analysis indicated that ethical decisions were based on societal norms and values.

The literature review of Victor and Cullen (1988) suggested that moral philosophy can be organized under three major classes of ethical philosophical theory titled: egoism, benevolence, and principle. It was hypothesized that the basic criteria used in moral reasoning for an egoism climate type is on maximizing self-interest, the benevolence climate type indicates maximizing joint interests, and the principle climate type indicates adherence to rules and principles. The three ethical work climate types have grounding in philosophical ethical theory and the theory of moral development by Kohlberg (1969, 1984). The philosophical dimensions are represented by three major

theories. The first is deontology, which is sub-divided into act deontology and rule deontology. Second is teleology, which is sub-divided into ethical egoism and utilitarianism. Third, is the theory of justice which represents an integration of deontological and teleological principles.

Victor and Cullen's proposed ethical criterion dimensions are representative of these three major ethical philosophies of deontology, teleology, and the theory of justice. The principle dimension is reflective of deontology in that organizations reflecting this reasoning style are expected to base their actions on universal principles that projects achieving the most equitable decision for all individuals concerned. The benevolence reasoning dimension is reflective of an organizational climate that is guided by decisions that reflect collective norms (the good for the group as a whole) versus any given rules or principles. The egoism dimension has its frame of reference upon decisions that produce the best self-interest attainment whether in an individual, local, or a cosmopolitan mode of analysis (Victor & Cullen, 1988). Findings supporting these ethical dimensions reflecting their uniqueness have been given by Kohlberg (1984).

The locus of analysis dimension was the referent group that identifies the source of moral reasoning for applying ethical criteria to organizational decisions and/or limits on what would be considered in ethical analyses of

organizational decisions. The locus of analysis of the individual was from within the individual, a local referent was from within the social organization or workgroup, and the cosmopolitan has the referent group of the external (of the organization) social influence. This loci of analysis (individual, local, cosmopolitan) was similar to Kohlberg's developmental classification of individual moral reasoning stages of pre-conventional, conventional, post-conventional. In Kohlberg's pre-conventional stage the individual was interested in their own immediate interests. In the conventional stage the assessment of what was morally right was ascertained by a peer group, family, or society. In the post-conventional stage (principled level) rightness or wrongness was ascertained by reflection upon universal values or principles. It was at this stage that the individual based ethical decisions on principles that are beyond individual, groups, laws, or norms (Kohlberg, 1969). Therefore, the ethical work climate types have theoretical construct support in Kohlberg's cognitive development theory. Victor and Cullen's model does not assume that the organization progresses thorough developmental sequences nor does it assume that one particular cell of their model is more prescriptive in a normative sense than another.

In summary, the variables involved in the formulation of ethical decisions and how these learned variables interact to develop a cultural environment are of interest

to organizational development. It is the organizations culture that reacts to external pressures and to potential integration of values within the organization (Schein, 1985). The organizational culture that can be analyzed by reviewing the process and contents of socialization of new members, analyzing responses to critical incidents, analyzing beliefs, values, and viewpoints of leaders, and analyzing the existence of any unethical decisions within the organization. Therefore, ascertaining top management's ethical stance was suggested to be important in indicating the ethical work climate types within an organization.

Leadership Style Theory

This literature review contains a description of Hersey and Blanchard's Situational Leadership. This theory served as one of the theoretical foundations for this study concerning leadership and ethics. What follows is a description of the crucial elements of the Situational Leadership theory. In addition, the empirical research section offers support to leadership theory that is based on the two scales of task orientation and relationship orientation. Specifically, this body of research is concerned with the influence of leadership on organizational dynamics.

Situational Leadership Theory Description

The leadership model for this study was the Situational Leadership questionnaire developed by Hersey and Blanchard (1977, 1984). Their model identified four leadership styles that can be present in an organization. This questionnaire contends that the maturity level of organizational participants can be increased over time. As the maturity level of participants increases, the effective leadership style will be characterized by a reduction in task oriented behavior and by an increase in relationship oriented behavior. The theory is built on the two dimensional concept of relationship oriented behavior and task oriented behavior, with the added dimension of the maturity level of followers. For example, when the maturity level of the followers is low, the effective leadership style will emphasize task and place less emphasis on relationships. But growth in maturity is possible. This model assumed a bell shaped curve, in that there was a range of effective leadership behavior. An effective leadership style is one that matches the shift in the maturity level of the followers.

Hersey and Blanchard (1977, 1984) recognized that members level of maturity was crucial to the effectiveness of the leadership style. This was applicable to the study of values, because not all individuals will be at the same level of moral development. Based on these premises, Hersey

and Blanchard (1977) developed a two-dimensional scale (relationship oriented versus task oriented behaviors) that reflects the maturity of the members, and the leadership task and relationship orientation. Task behaviors are those actions that a manager engages in that define the role of the follower in terms of the what, how, when, and where activities are to be performed. Specifically, the manager organizes activities, establishes deadlines, directs staff behavior, and controls performance. The relationship dimension is concerned with a leadership style that utilizes empathy, listening, open communication, and the provision of feedback to accomplish activities. This dimension implies that the leader engages in mutual social supportive activities to achieve outcomes.

The task and relation dimensions were both set on a scale of 1 to 8. A score of 1 indicated a low emphasis on the measured variable, whereas a score of 8 indicated a high emphasis on the measured variable. The task dimension focuses on organizing activities, establishing deadlines, directing behavior, and controlling staff performance. The relationship dimension is based on empathy, listening skills, open communication, and the provision of feedback. Hersey and Blanchard (1977) theorized that these two dimensions of leader behavior represent four distinct leader styles. Leader style one makes all the decisions and is very authoritative in terms of communication and direction of

activities. Leader style two makes decisions with dialogue, explains the decisions that have been made, and provides clarification of these actions. Leader style three represents leader and follower involvement in the decision process. This is a facilitative leader style. Leader style four delegates the responsibility for the decision making.

Empirical Research on Leadership

The body of research on leadership has been actively researched, beginning with the Michigan studies concerning a single dimension of leadership behaviors. This dimension indicated that a manager could be task oriented or relationship oriented (Griffin, 1990). However, this was only the beginning of research related to leadership in business and industry.

According to Yukl (1989) in his review of the literature on leadership:

Most of the widely known theories are beset with conceptual weaknesses and lack strong empirical support. Several thousand empirical studies have been conducted on leader traits, behavior, power, and situational variables as predictors of leadership effectiveness, but most of the results are contradictory and inconclusive. (p. 267)

He believed that these inconclusive results were due to the complexity of the interacting variables. He noted that very few studies attempted to control all the intervening

variables of traits, leader behavior, position power, and various situational intervening variables. This means that there is a considerable body of literature on leadership that has focused on only parts of the puzzle without a full understanding of the functioning unit. He further cited empirical findings that reviewed the relationship of leadership and organizational performance.

Gilmore, Beehr, and Richter (1979) studied the effects of leader behavior on subordinate performance and satisfaction. The leaders portrayed either high or low consideration (relationship orientation) in combination with high or low initiating structure (task orientation). The results indicated that the leader differences resulted in differing levels of quantity and quality of output, even though the workers reported no perceptual differences between the styles of leaders. The level of satisfaction was not significantly different under the four leader styles.

Smith, Carson, and Alexander (1984) conducted a longitudinal study and ascertained that organizational performance improved when their leaders took charge of performance outcome. The positive impact of this active leadership was measured at various organizational units and all units reflected an increase in performance.

Nystrom (1990) studied the impact of commitment upon proper organizational functioning. The results indicated that subordinates at low levels in the organization

perceived their manager as an extension of the organization as a whole. However, middle and upper management did not perceive their bosses to be reflective of the organization. These findings indicated that the degree of commitment towards management and commitment to the organization were related. Thus, low level of quality exchanges with ones boss was correlated with a moderate level of organizational commitment and a high quality exchange lead to a strong degree of commitment to the organization.

Lieberson and O'Conner (1972) studied the effect of leadership on organizational performance and reported that industry and company accounted for more of the variance than did leadership on the variables of sales and earnings. Leadership by itself accounted for approximately 15% of the variance. The overall implication was that external factors have "powerful" influences on organizational performance.

Weiner and Mahoney (1981) conducted a study responding to the Lieberson and O'Conner (1972) study that indicated that top leadership had less of an impact on organizational performance than did environmental and other organizational factors. Weiner and Mahoney critiqued these results based on methodological flaws and designed their study on the effects of leadership that took into account these perceived design errors. Their findings indicated that a leaders impact is typically associated with the growth cycle of the corporation.

Fritzsche and Becker (1984) coupled ethical theory to management behavior by measuring responses to a series of vignettes with each vignette containing a specific ethical philosophical component. The results suggested that management predominantly responded in a utilitarian manner. They question whether these results were due to the instrument design or to generalized findings. The results raise philosophical concerns as to whether management should incorporate any philosophical views that is supposedly in the best interest of the company and society.

Brenner and Molander (1977) discussed the influence of top management upon subordinates ethical decision making. This expression of ethical views by top management often lead to clarification of values, subordinate adoption, or conflict in the case where ethical views were misaligned.

Tichy and Devanna (1986) studied 12 chief executive officers for characteristics that measured the processes surrounding transformational leadership. Their study concentrated on the processes, the traits and skills, and facilitative behaviors of those leaders capable of transforming an organization. Central to transformational leaders success is their attitudes, skills, and articulation of a set of core values that guides organizational ethical behavior.

Goodson, McGee, and Cashman (1989) studied the prescriptions for effective leadership as presented by

Hersey and Blanchard (1984). Specifically, they studied the relationship between follower maturity and leader behavior (task structure and initiating structure). Their findings did not support Hersey and Blanchard's contention of a best, intermediate, and worst leadership style alignment with the maturity level of followers. Overall, the results indicated that supportive leadership behavior was the most effective at all levels of follower readiness.

Powell and Butterfield (1984) studied the effectiveness of managers with a high level of task structure and a high level of consideration as implied by leadership theory. Leaders were perceived to be using more initiating structure and consideration when the performance of the group was high than when it was low. This was interesting given that the leaders' behavior was identical in either testing condition. These findings indicated that an effective leader is rated as high task/high relationship based on the performance level of the group and not as a factor of satisfaction with leadership style.

Carroll (1978) studied the linkage of business ethics to organizational climate. The findings indicated when top management was involved in the development and the implementation of a code of ethics with realistic goals, the organizational climate became reflective of these values. Carroll recommended prescriptive measures that should be taken to foster an organizations ethical climate. These

suggestions were: establish an individual responsible to "monitor" internal ethics, set-up a system that contains a "whistleblower", and develop an ethics training program.

Krugman and Ferrell (1981) studied ethical perceptions of peers and management for advertising account managers, corporate advertising managers, and staff members. The results indicated that the respondents perceived that their ethical beliefs were equal to or lower than those of top management. Respondents also perceived they held higher ethical standards than co-workers. This suggested that positive ethical performance within the organization should be rewarded and communicated by leadership due to the positive influence on the organization's ethical climate.

Kets de Vries and Miller (1986) studied the influence of top management upon the incorporation of an ethical culture. Their results indicated that a dysfunctional culture was a direct reflection of inner conflicts portrayed by the leader. This reinforces the view that it is the leaders vision and the direction upon the corporate culture that affects adoption and perpetuation of ethical values.

Fleming (1987) summarized that leadership is the combination of vision, communication, and motivation. The importance of this research resides in the leader accepting the challenge of planning, leading, organizing, and coordinating the operational strategies of the organization.

The leader should establish a vision, communicate the vision, motivate the staff, and follow-up.

Ethical and Leadership Integrated Research

The theory posed is a major theory that attempts to relate specific leadership styles with specific ethical systems. The potential importance of this relationship lies in the association of leadership styles to the development of ethical work climate types within an organization.

Hitt (1990) further developed a model that integrated ethical theory and leadership in an effort to promote the understanding of the two concepts. The ethical framework was based on the philosophical work of Jaspers, Mill, Kant, and Rousseau with these philosophical theories being operationalized into four ethical decision making systems. The four ethical systems are: end-result ethics, rule ethics, social contract ethics, and personalistic ethics. Each of these ethical systems have their own unique set of values that concern methods of conduct. End result ethics states that the moral correctness of actions are determined by their consequences. Rule ethics states that the ethical correctness of an action is based by set rules and principles of conduct. Social contract ethics states that moral correctness is determined by the norms and values of society. Personalistic ethics states that ethical correctness is determined by an individual's conscience.

Hitt (1990) summarized the four levels of ethical systems, leadership styles, and levels of being in an open pyramid model. The intent of this model was that the various styles of leadership have unique characteristic ethical foundations and corresponding levels of being. This theoretical model serves as the integration of ethics with leadership styles. Hitt summarized that the importance of this integration had significance in the areas of selection, training and development, fostering of corporate values, and nurturing a given ethical climate. Figure 3 illustrates Hitt's proposed alignment of ethical climate and matching leadership style. A letter requesting permission to use Hitt's model is in Appendix E, and approval is in Appendix F.

The leadership literature examined the impact of leadership upon internal and external operations. The research indicated that the study of leadership is a very complex area due to the interaction and influence of the leader with a myriad of internal and external social contexts. In general, leadership was shown to have a dramatic impact on the adoption of ethical decisions within the operational setting.

The literature that examined the relationship between organizational ethical work climate types and leadership style is limited to date. Hitt (1990) proposed a model that aligned four ethical work climate types with four leadership styles. Hitt does not offer any empirical support for this

model. Hitt's model does not have sound philosophical construct validation for the ethical work climate types and the leadership styles.

Figure 2. Hitt's ethical climate and corresponding leadership style.

<u>Ethical Climate</u>	<u>Definition</u>	<u>Leader Style</u>
End Result	Rightness is determined by assessing the outcomes	Manipulator
Rule	Rightness is determined by laws and codes	Bureaucratic
Social contract	Rightness is determined by customs and norms of the community	Professional
Personalistic	Rightness is determined by one's conscience	Transforming

From Ethics and Leadership by W. Hitt, 1990, p. 138. Copyright 1990 by Battelle Memorial Institute. Adapted by permission.

Summary

The literature on ethical philosophy and leadership have volumes of empirical support for their respective areas. Overall, there is little evidence of empirical research studying the integration of the two fields of study. The importance of integrating the two theoretical perspectives to the hospitality industry is based on the understanding of the relationship between the organizational ethical work climate types and a manager's leadership styles

and three premises. First, that ethical work climate types do exist within an organization. Second, these normative cultures influence ethical decisions through the adoption of norms and values. Third, leadership is crucial in impacting the communication, integration, and acceptance of these values.

Chapter 3

Design and Methodology

Introduction

The primary purpose of this study was to ascertain the relationship of ethical work climate types and leadership styles existing in the sample of Missouri lodging operations, as collected from the Missouri Hotel and Motel Association and the Missouri Hospitality Association. The Missouri Hotel and Motel Association and the Missouri Hospitality Association represented the purposive sample which was representative of the entire population of Missouri lodging operations. The secondary focus of this study was to ascertain if significant differences existed in ethical work climate types and leadership style when respondents were classified by gender, total years of management experience, educational level, and property classification. This chapter discusses the research design, hypotheses, population and sample, research questionnaires, data collection procedures, and analysis of the data.

Research Design

This study explored the relationship between ethical work climate types of egoism, benevolence, and principle with leadership styles varying on task and relationship orientation, using a causal-comparative method. This relationship of ethical work climate type and leadership styles was studied by administering a survey that consisted

of three components to a sample of managers representing rooms-only, limited service, and full service lodging operations. The three components of this survey included: (a) ethical work climate type questionnaire, (b) leadership style questionnaire, and (c) demographic data collection.

This study explored the empirical relationship between ethical work climate type and leadership style by using a stepwise regression procedure with the statistical option known as MAXR to ascertain the best contributing predictor between ethical climate type and leadership style.

Hypotheses

In an effort to ascertain the extent of the relationship of ethical work climate types and leadership styles of managers in lodging operations, the following hypotheses were tested:

HO₁. There is no significant best predictor among a linear combination of the three ethical work climate types on the Ethical Climate Questionnaire (ECQ) with the high task/high relationship leadership style on the Leadership Scale (LS).

HO₂. There is no significant difference in the mean responses for ethical work climate types when respondents are classified by the demographic variables of:

1. gender
2. total years of management experience

3. educational level
4. property classification

H₀₃. There is no significant difference in the mean responses for types of leadership style when respondents are classified by the demographic variables of:

1. gender
2. total years of management experience
3. educational level
4. property classification

Population and Sample

The population of this study consisted of 1,479 hotel and motel lodging operations in the state of Missouri. The Missouri department of Health divided these lodging operations into two groups: those classified as rooms-only operations and those as full service operations. The distinguishing difference was that full service operations reported had restaurant facilities; whereas the rooms-only operations did not have restaurant facilities available. The letter from the Missouri Department of Health discussing the breakdown of the lodging operations by presence or absence of restaurant facilities is included in Appendix G. From this listing, members of the Missouri Hospitality Association and members of the Missouri Hotel and Motel Association were selected as having mutual criteria that were representative of the population of lodging operations in the state of Missouri. The purposive sample from the

Missouri Hotel and Motel Association consisted of 76 lodging operations ranging from rooms-only operations to full service operations. The purposive sample from the Missouri Hospitality Association consisted of 131 operations that represented rooms-only, limited service and full service operations. The combination of these two groups represented rooms-only, limited service, and full service lodging operations located throughout the state of Missouri. The memo referring to the Missouri Hotel and Motel Association and the Missouri Hospitality Association is shown in Appendix H.

Kerlinger (1973) stated a purposive sample should be selective based on mutual criteria that are representative of the population. The criteria identified that made these organizations representative of lodging operations in the state of Missouri portrayed the following characteristics as described by Steadmon and Kasavana (1988). First, the organizational management structure of the properties was typical of management structure respectively for lodging operations. The manager of the lodging operation was responsible for operational decisions. Second, food services at the lodging operation ranged from no food and beverage services to a full range of food and beverage services available. Third, the operational staffing design was represented by the basic functional departments of a front office registration area and housekeeping department. If

there was a restaurant available, then there was a functional department dedicated to the operation of the restaurant facilities.

According to Steadmon and Kasavana (1988), this structure was depicted by a bureaucratic structure represented by top management being responsible for operational issues. These operational decisions were controlled by top management (general management) and are channeled down to the line and staff for implementation. Such operational issues encompassed guest service issues, training and development of the staff, and control of the property's operation.

Instrumentation

The respondents completed a three part survey consisting of the Ethical Climate Questionnaire (ECQ) developed by Victor and Cullen (1987); the Leadership Scale (LS) questionnaire developed by Hersey and Blanchard (1977, 1984); and a section containing the demographic variables of gender, total years of management experience, educational level, and property classification.

Ethical Climate Questionnaire

Victor and Cullen (1987, 1988) developed the ECQ that was purported to measure the ethical work climate types of an organization. The ethical work climate type consists of the norms and principles of an organizations' ethical decision framework. The model was based on the theoretical

dimensions of the philosophical criteria used in making an ethical decision and the reference location from which the decision was judged. The three philosophical ethical criteria dimensions are: (a) egoism, (b) benevolence, and (c) principle. The loci of analyses (where the individual references one's decision) are: (a) individual, (b) local, and (c) cosmopolitan. The questionnaire was designed using a six point Likert-type scale. The ranking descriptions were: completely false = 0, mostly false = 1, somewhat false = 2, somewhat true = 3, mostly true = 4, and completely true = 5. The outcome score was recorded as a mean score for the composite of all items that relate to the individual scale. The mean composite score was reflective of the philosophical decision making standards that the individual used in answering the questionnaire items. The ECQ is composed of 26 items designed to measure the ethical work climate types of egoism, benevolence, and principle. Victor and Cullen (1987) administered this questionnaire to 872 employees of four different service organizations (see Appendix I). The factor analysis of this data identified five scales that contained significant factorial findings representing the two dimensions of ethical criteria and loci of analyses. The identified scales were: (a) caring, (b) law and code, (c) rules, (d) instrumental, and (e) independence. The reported reliability of these scales ranges from .60 to .80. However, Elm (1989) suggested that three of the factor scales be

collapsed into the one dimension of principle. The collapsing of these scales resulted in concentrating on the three ethical philosophical foundations of egoism, benevolence, and principle as the three measures of ethical work climate types.

The primary focus of this study was to ascertain the relationship of ethical work climate types that best predicts the high task/high relationship leadership style. Therefore, attention was not given to the loci of analyses. The focus was placed on measuring the ethical work climate types of egoism, benevolence, and principle in relation to the measured leadership style.

Concurrent validity or predictive validity were not referenced in the literature concerning the ECQ. Victor and Cullen (1988) stated that the second study did replicate their initial findings in terms of distinguishing between the five basic factor structures that represented the philosophical foundations that influenced an organizations' ethical decision making processes.

Leadership Scale Questionnaire

The LS by Hersey and Blanchard (1977, 1984) was developed from studies conducted at the Center for Leadership studies and was based on Hersey and Blanchard's Situational Leadership Theory. This theory identified two dimensions of task oriented behavior and relationship behavior. The unique combination of these two dimensions

could result in one of the four leadership styles: (a) high task/low relationship (telling), (b) low task/low relationship (delegating), (c) low task/high relationship (participating), and (d) high task/high relationship (selling). According to Situational Leadership Theory, leadership style changes with the level of maturity of the staff. The maturity aspect of the theory was not of interest in this study; therefore, it was not included. The Leadership Scale was used to measure the aforementioned leadership styles within the organizational context.

The LS is another questionnaire that was relatively new to the Situational Leadership package. This questionnaire was designed to determine an individual leader's particular style and can be administered with two forms. The first form is a self assessment by the manager and the second is an evaluation of the managers leadership style as perceived by the staff member. These two forms can be administered separately. For the purposes of this study, the evaluation by the staff member was not utilized. The LS is a 125 item scale measuring: (a) task dimensions of goal setting, organizing, setting time lines, directing, controlling; and (b) the relationship behavior dimensions of providing support, communicating, facilitating interactions, active listening, and providing feedback. Each manager was given directions to rate each objective based on an eight point Likert-type scale that best described their perceived

leadership style for each objective or responsibility as it related to working with a staff member performing the specified objective (see Appendix J). Each objective contained five task behavior questions and five relationship questions. The eight point scale ranged from a Low rating of 1 to a High rating of 8. Therefore, a rating of 1 indicated that the manager perceived his/her leadership style to be low on the task or relationship question, whereas a rating of 8 indicated that the manager perceived his/her leadership style to be high on the task or relationship question. The mid-point of the scale was 4.5. It was the resultant composition of these task and relationship questions that indicated a particular style for each manager. In the context of this study, the leadership style constituted the independent variable for the leadership scale.

The Situational Leadership model is a recognized theoretical model that has been tested in various empirical settings. Buros (1985) reported that the inter-rater reliability of the Situational Leadership package was .67. The reported concurrent validity ranged from .11 to .52 and the test-retest findings indicated that 75% of the surveyed managers consistently reported their dominate style.

Data Collection Procedure

The purposive sample consisted of 207 members within the Missouri Hospitality Association or Missouri Hotel and Motel Association. Each member was mailed a complete

questionnaire packet. The survey process included three phases of soliciting participation. This process was necessary to collect enough responses to conduct empirical analyses. During the first week of October, 1992, the Missouri Hotel and Motel Association and the Missouri Hospitality Association membership was mailed a questionnaire packet consisting of the ECQ, LS, and a list of demographic questions (see Appendix K). Each questionnaire packet was coded in order to maintain confidentiality of the respondents. The cover letter (see Appendix L) informed the respondents of the confidentiality of the survey and of the importance of participation. The participants were requested to complete the surveys and return them in the self addressed envelope. This phase of data collection resulted in a return of 29 (37%) questionnaire packets. The second phase of data collection began the latter part of November, 1992. This phase consisted of sending post cards to the non-respondents requesting them to complete the survey. The post card asked the participants to respond to a Yes, I participated; No I did not participate; or send me a questionnaire form (see Appendix M). The number of questionnaire packets returned from this phase was 21 (27%). The third phase, conducted in December, 1992, consisted of contacting the non-respondents by telephone. This procedure increased the number of returns by 29 (37%). The number of returns totaled 79, which was 31%

of the sample of 207 association members. The return rate of 31% was judged appropriate for limited analysis (Borg & Gall, 1983).

Analysis of Data

The analyses of the data taken for the ECQ, the LS, and the demographic questionnaire were reported with descriptive statistics. This consisted of the mean, range, standard deviation, and frequency distributions. The relationship of the ECQ and the LS was analyzed by a stepwise regression procedure to test H_{01} . This procedure is appropriate when analyzing data from a causal comparative design that is measuring the relationship between variables (Borg & Gall, 1983). The stepwise regression takes a set of independent variables and puts them into a regression one at a time until a specified criterion has been met (Cody & Smith, 1991). MAXR was used with the stepwise procedure to analyze the best one-ethical climate variable, the best two-ethical climate variables, and the best three-ethical climate variables that would be the best predictor(s) of effect on leadership style. MAXR is meaningful and useful in that a certain amount of variance in the Y variable (leadership style) is accounted for or determined by the X_1 , X_2 , and X_3 (ethical work climate types). This resultant variance is known as the coefficient of determination (Kerlinger, 1973).

The demographic variables of gender, total years of management experience, educational level, and property

classification were analyzed using the Multiple Analysis of Variance (MANOVA) procedure. This procedure analyzed the four demographic variables simultaneously and tested the significance of these demographics with ethical work climate types and leadership style. The MANOVA procedure is a statistical tool for ascertaining the differences of several groups on more than one dependent variable while being compared simultaneously (Borg & Gall, 1983). Statistical significance between the groups was tested by applying the multiple analysis of variance test statistic of Pillai's trace. The determined level of significance of .05 was used to reject the null hypothesis of no difference.

Pillai's trace generated an F value that indicated a significant or a non-significant finding for a determined level of significance of .05. The larger the value of Pillai's trace, the lower the p value, which resulted in a significant finding. According to Borg and Gall (1983), if a significant MANOVA is found then it is appropriate to conduct separate analysis on each of the dependent variables to ascertain which of the variables are significant contributors to the variance.

The post hoc statistic utilized to measure the significance of variables as measured by the analysis of variance was the Least Square Mean (LSM) procedure. The LSM is a procedure that isolates groups and ascertains the significance of a variable classification on a criterion.

This procedure locates the sum of squares of distances from a line such that the sum of squares is a minimum. The t values and the associated probabilities tested the hypothesis that the parameter is actually zero (Cody & Smith, 1991).

In this study, the statistical analysis package program for the Statistical Analysis for the Sciences (SAS) Users Guide (SAS Institute, 1985) available at the University of Missouri-Columbia computing center, was employed to manipulate the data.

Summary

The research design of this study utilized the causal-comparative design to test the relationship of ethical work climate types and leadership style. The purposive sample studied was members of the Missouri Hotel and Motel Association or Missouri Hospitality Association, which was chosen as being representative of the 1,479 hospitality lodging operations in the state of Missouri. The testing of H_{01} to determine the best predictor of ethical work climate types and leadership style was tested by employing the MAXR statistic. H_{02} and H_{03} tested the significant difference on ethical work climate types and leadership style when the respondents were classified by the demographic variables were tested by using the MANOVA procedure, and if appropriate, the ANOVA and LSM tests were applied to further test significance of the demographic variables.

Chapter 4

Findings of the Study

Introduction

The primary purpose of this study was to ascertain the relationship of ethical work climate types and leadership styles existing in lodging operations, as collected from the Missouri Hotel and Motel Association and the Missouri Hospitality Association. The secondary focus of this study was to ascertain if significant differences existed in ethical work climate types and leadership styles when respondents were classified by gender, total years of management, educational level, and property classification.

The following sections contain: (a) a reporting of the descriptive statistics that explain the demographic variables, ethical work climate types, and leadership style, (b) a reporting of the MAXR statistical findings that apply to H_{01} , which tests if there is a significant best predictor among a linear combination of the ethical work climate types and the high task/high relationship leadership style, and (c) a reporting of the MANOVA statistical findings which tested if a significant difference existed in the mean responses for ethical work climate types and leadership style when respondents were classified by gender, total years of management experience, educational level, and property classification (H_{02} and H_{03}).

Description of Respondents

The respondents' gender, total years of management experience, educational level, and property classification are shown in Table 1. The gender of the managers surveyed reflected 58 (73.4%) males, 21 (26.6%) females. The total years of management experience reflected that 67 (84.8%) of the population had five or more years of management experience in the industry, 8 (10.1%) respondents had four years of experience, 1 (1.3%) had three years of experience, 2 (2.5%) had two years of experience, and 1 (1.3%) respondent reported having only one year of management experience. The educational level completed by the respondents was distributed as: 19 (24.1%) high school, 19 (24.1%) community college, 32 (40.5%) Bachelor's, 4 (5.1%) Master's, and 5 (5.1%) Doctorate or Specialist.

The analysis by property classification indicated that 37 (46.8%) respondents operated a full service facility, 33 (41.8%) operated a rooms-only operation, and 9 (11.4%) operated a limited service operation. This indicated a sample that was evenly split between rooms-only operations and full service operations in terms of conducting statistical tests. The limited service property classification contained nine respondents which is limited in cell size for statistical comparison between the groups.

Table 1

Description of Respondents by Demographic Variables

Variable	<u>N</u>	<u>%</u>
Gender		
male	58	73.4
female	21	26.6
Years of management experience		
0-1	1	1.3
1-2	2	2.5
2-3	1	1.3
3-5	8	10.1
5+	67	84.8
Educational level completed		
high school	19	24.1
community college	19	24.1
bachelors	32	40.5
masters	4	5.0
doctorate/specialist	5	6.3
Property classification		
rooms-only	33	41.8
limited service	9	11.4
full service	37	46.8

Ethical Climate Findings

The descriptive results of this study showed that the highest mean reported scale was the benevolence scale dimension. All ethical scales were based on a six point Likert-type scale. The scale ranged from 0 to five with completely false = 0, mostly false = 1, somewhat false = 2, somewhat true = 3, mostly true = 4, and completely true = 5. The midpoint of this scale was 2.5. The means of the ethical work climate type represented the manager's perception of the ethical work climate type that existed in their lodging operation. The ethical work climate type frequencies and descriptive statistics for the individual scales of egoism, benevolence, and principle for participants are shown in Appendix N. Table 2 contains the composite frequencies, means and standard deviations for each of the ethical work climate types.

Table 2

Summary of Responses for Ethical Work Climate Types

<u>Scale</u>	<u>N</u>	<u>M</u>	<u>SD</u>
Egoism	79	2.36	0.5605
Benevolence	79	3.71	0.6585
Principle	79	3.46	0.4965

The results in Table 2 indicated that for this sample of managers, the egoism ethical work climate type was

perceived to be the least prevalent in mean ratings with a reported mean rating of 2.36. Benevolence ethical work climate type was perceived to be the most predominant ethical climate with a mean rating of 3.71. The principle ethical work climate type was perceived to have a mean rating of 3.46.

Leadership Style Findings

Descriptive analysis of the leadership questionnaire indicated that the predominate leadership style for managers was that of a high task/high relationship orientation. The respondents were asked to report their leadership style on two managerial responsibilities/objectives. The manager rated each areas of responsibility/objective on five task and five relationship dimensions. A rating of 1 on each task or relationship question indicated that the manager perceived their style to be low on the leadership dimension being addressed. A rating of 8 on each task or relationship question indicated that the manager perceived their style to be high on the leadership dimension being addressed. A rating in the range of 4 to 5 indicated that the managers perceived their style to be moderate on the rated task or relationship question. The results of the self assessment of their leadership style are reported in Table 3.

Table 3

Perceived Frequency of Leadership Style

<u>Leadership style</u>	<u>N</u>	<u>%</u>
Low task/low relationship	3	3.8
High task/low relationship	4	5.1
Low task/high relationship	9	11.4
High task/high relationship	63	79.7

The reported leadership styles were 63 (79.7%) high task/high relationship, 9 (11.4%) low task/high relationship, 4 (3.8%) high task/low relationship, and 3 (5.1%) low task/low relationship. The distribution of the leadership styles indicated that approximately 80% of the respondents were high task/high relationship leaders. This finding indicated that H_{01} had to be altered to reflect a high task/high relationship leadership orientation for the majority of the respondents. The remaining leadership styles contained insufficient numbers in their respective cells for statistical analysis.

Testing of Hypotheses

H_{01} . There is no significant best predictor among a linear combination of the three ethical work climate types on the Ethical Climate Questionnaire (ECQ) with the high task/high relationship leadership style on the Leadership Scale (LS).

The initial findings indicated one predominate leadership style. In total, 63 of the 79 respondents indicated that their management style was typified by a high task/high relationship orientation. This impacted the projected 4 X 3 design of the four leadership styles by three ethical work climate types as originally proposed. This sample indicated that 79.7% of the participants represented a high task/high relationship leadership style, while the remaining leadership styles contained less than 10 respondents per leadership style. Therefore, the MAXR statistical procedure was conducted using the high task/high relationship leadership style ($N=63$) in reference to the ethical work climate types of egoism, benevolence, and principle. This resulted in a 1 X 3 design, represented by the high task/high relationship leadership style and the three ethical work climate types.

The MAXR stepwise regression procedure was appropriate for this 1 X 3 design. The objective was to use this regression procedure to determine if any (or a combination) of the ethical climate variables were the best predictor of the high task/high relationship leadership style. The findings indicated that the one variable model was the best predictor of the high task/high relationship leadership style. The one best ethical work climate type was benevolence at an F value of 11.74 at a probability level of 0.0011. This satisfied the .05 level of statistical

significance set a priori. Therefore, the null hypothesis of no significant relationship was rejected. Benevolence was the best predictor between the three ethical work climate types with the high task/high relationship leadership style. This effect was a moderate effect as noted by Cohen (1988). According to Cohen (1988) an R -Square of .13 indicates a moderate effect. The R -Square of 0.161 indicated a moderate effect of benevolence with the high task/high relationship leadership style. The results of the stepwise regression procedure for the one best variable using the MAXR test statistic is presented in Table 4.

Table 4

MAXR of Ethical Climate Type and Leadership Style -
Best One Variable Model

	<u>df</u>	<u>SS</u>	<u>MS</u>	<u>F</u>	<u>p</u>
Regression	1	567.6056	567.605	11.74	.0011
Error	61	2948.973	048.343		
Total	62	3516.579			

	Parameter	Standard	Type II	<u>F</u>	<u>p</u>
Variable	Estimate	Error	SS		
Benevolence	4.651	1.358	567.605	11.74	.0011

R -square = 0.1614

The best two variable model and the best three variable model indicating levels of significance for the best two variable combination of ethical work climate types and three best variable combination of ethical work climate types are reported in Appendix O.

HO₂. There is no significant difference in the mean responses for ethical climate types when respondents are classified by the demographic variables of:

1. gender
2. total years of management experience
3. educational level
4. property classification

The testing of this hypothesis concerning the significance of the demographic variables of gender, total years of management experience, educational level, and property classification on ethical work climate types was analyzed using the MANOVA procedure. First, this procedure followed the process of reviewing the partial correlations of the variables. Second, checking for the overall significance of the independent variables as indicated in the MANOVA procedure. Third, if appropriate, proceeding onto an analysis of variance (ANOVA) procedure to further test for the significance of specific demographic variables indicated in the multivariate (MANOVA) procedure. Finally, the post hoc statistic of Least Square Means (LSM) was

reviewed to test the sum of squares of the residual means between two groups of an identified variable.

First, the partial correlation coefficient procedure was reviewed for the presence of significant relationships between gender, total years of management experience, educational level, and property classification with egoism, benevolence, and principle ethical work climate type. These findings indicated that there was evidence of significant relationships among the demographic variables which justified continuing with the MANOVA procedure. The partial correlation findings are listed in Appendix P.

The MANOVA procedure was utilized to test H_0 of no significant difference in the mean responses for ethical work climate types when respondents were classified by gender, total years of management experience, educational level, and property classification. The findings for the Pillai's trace test statistic are reported in Table 5.

The MANOVA procedure yielded a Pillai's value of .2331 ($F = 2.441$; $p < .0165$) which indicated that there was a significant effect for property classification on the mean responses of ethical work climate types. The overall multivariate test of significance for the null hypothesis of no significant difference in the mean responses for ethical climate types when respondents were classified by the demographic variables was rejected.

Table 5

Multivariate Summary for Demographic Variables on Ethical
Climate Type Using Pillai's Trace Test Statistic

<u>Variable</u>	<u>Pillai's</u>	<u>F</u>	<u>df</u>	<u>p</u>
Gender	0.0820	0.167	78	0.167
Total years of management experience	0.2189	1.071	312	0.382
Educational level	0.1614	0.779	312	0.711
Property	0.2331	2.441	22	0.017

The analysis of variance (ANOVA) procedure was utilized to test for significant differences for property classification on the ethical work climate types.

The ANOVA indicated that for an F value of 5.11, the probability was 0.0083, between property classification and the ethical work climate type of egoism. In addition, the ANOVA indicated that for an F value of 5.05, the probability was 0.0087 between property classification and benevolence. This indicated that there was a significant property effect on the ethical work climate type of egoism and benevolence (see Table 6).

Table 6

Analysis of Variance Procedure on Property Classification

Dependent Variable of Benevolence

	Type III SS	F	p	r ²
Property	3.9688	5.05	0.0087	0.11733

Dependent Variable of Egoism

	Type III SS	F	p	r ²
Property	2.9025	5.11	0.0083	0.11844

In an effort to isolate the source of the differences, the LSM procedure was utilized. The LSM procedure indicated that there was a significant difference in the mean responses of the rooms-only, limited service, and full service operations on egoism and a significant difference in the mean responses of rooms-only and full service on benevolence. The LSM procedure indicated that on the egoism scale (Table 7) the rooms-only operation had a mean of 2.177, limited service was 2.74, and full service was 2.46. There was a significant difference ($p < |t| = .0057$) between the limited service and the rooms-only operations, but the number of respondents in this property classification was nine, therefore, any generalization would be severely limited. There was a significant difference ($p < |t| = .0272$) between rooms-only and full service operations.

Table 7

Least Square Means for Property Classification by Egoism
Ethical Work Climate Type

Property	LSM	Pr>{T} HO:LSmean(i)-LSmean(j)		
		Rooms	Limited	Full
Rooms	2.177	.	0.0057	0.0272
Limited	2.741	0.0057	.	0.1725
Full	2.464	0.0272	0.1725	.

The LSM procedure indicated that on the benevolence scale (Table 8) the rooms-only operation had a mean of 3.49, limited service was 3.622, and full service was 3.969. There was a significant difference ($p > |t| = .0024$) between rooms-only and full service operations on benevolence. Table 7 and Table 8 show the results of the LSM procedures.

H₀₃. There is no significant difference in the mean responses for type of leadership style when respondents are classified by the demographic variables of:

1. gender
2. total years of management experience
3. educational level
4. property classification

The third hypothesis tested whether there was a significant difference in mean responses of the high task/high relationship leadership style when the respondents

were classified by the demographic variables of gender, total years of management experience, educational level, and property classification. The partial correlation generated from the MANOVA procedure indicated that there was presence of a significant correlation when the respondents were classified by gender, total years of management experience, educational level, and property classification (see Appendix P).

Table 8

Least Square Means for Property Classification by Benevolence Ethical Work Climate Type

Property	LSM	Pr>{T} HO:LSmean(i)-LSmean(j)		
		Rooms	Limited	Full
Rooms	3.497	.	0.5933	0.0024
Limited	3.622	0.5933	.	0.1445
Full	3.969	0.0024	0.1445	.

The overall MANOVA results indicated that there was no significant difference in the mean responses for the high task/high relationship leadership style when the respondents were classified by gender, total years of management experience, educational level, property classification. Therefore, the null was not rejected. Table 9 contains the data obtained from this MANOVA procedure.

Table 9

Multiple Analysis of Variance for Demographic Variables on Leadership Style Using Pillai's Trace Test Statistic

Variable	Pillai's	F	df	p
Gender	0.0248	1.961	78	0.1653
Total years of management experience	0.5311	1.037	78	0.3936
Education level	0.0140	0.264	78	0.9001
Property	0.0012	0.047	78	0.9542

Summary

HO₁ stated there was no significant best predictor among a linear combination of the three ethical work climate types on the Ethical Climate Questionnaire (ECQ) and the high task/high relationship leadership style on the Leadership Scale (LS) questionnaire. HO₁ was rejected at a the .05 alpha level using the stepwise regression procedure of MAXR. The results of this study indicated that the benevolence ethical work climate type was the best predictor with the high task/high relationship leadership style.

HO₂ stated that there was no significant difference in the mean responses for ethical work climate types when respondents were classified by gender, total years of management experience, educational level, and property classification. HO₂ was tested using the multivariate

statistic of MANOVA. The results of the MANOVA procedure did not show a significant overall relationship of the demographic variables of gender, total years of management experience, and educational level on ethical work climate types. The MANOVA did indicate that property classification had an overall effect on ethical work climate types. This led to the rejection of the null hypothesis of no significant difference in the mean responses for ethical work climate types when classified by demographic variables. This indicated the necessity of analyzing further the differences between property classification and ethical work climate types.

The ANOVA procedure indicated that there was a significant property effect. The ANOVA procedure indicated that the probability of obtaining an F value of 5.05 was 0.0087 for the benevolence ethical work climate type and the probability of obtaining an F value of 5.11 was 0.0083 for the egoism ethical work climate type.

The Least Squares Means (LSM) procedure indicated that rooms-only operations differed from full service operations in the mean responses for egoism and benevolence. The LSM procedure indicated that the egoism scale mean for the rooms-only operation was 2.177, limited service was 2.74, and full service operations was 2.464. The LSM procedure indicated that there was a significant difference between rooms-only operations and limited and full service

operations on the egoism ethical work climate type. The probability that the mean for egoism was significantly different between rooms-only and limited service operations was 0.0057. The probability that the mean for egoism was significantly different between rooms-only and full service operations was 0.0272. The means for the benevolence scales was rooms-only (3.49), limited service (3.62), and full service operations (3.96). The probability that rooms-only operations and full service were significantly different on the benevolence ethical work climate type was 0.0024. There was not a significant difference between rooms-only or full service operations with the limited service classification on the benevolence scale.

HO₃ stated that there was no significant difference in the mean responses for types of leadership style when respondents were classified by gender, total years of management experience, educational level, and property classification. HO₃ was tested using the multivariate statistic of MANOVA. The results of the MANOVA procedure did not show a significant overall relationship of the demographic variables of gender, total years of management experience, educational level, and property classification on the high task/high relationship leadership style. The overall null of no significant difference in the means of

the high task/high relationship style when classified by gender, total years of management experience, educational level, and property classification was not rejected.

Chapter 5

Summary, Findings, Discussion, Conclusions, and Recommendations for Further Research

Introduction

The background of this study was based on understanding and addressing ethical concerns and ethical issues confronting lodging operations, incorporating ethics instruction into training and development programs, raising ethical awareness in the industry, and the development of a theoretical framework for educational institutions and hospitality corporations. An implicit assumption was the importance of the manager in the formation and continuation of organizational ethics within the work environment.

The literature review encompassed three main areas that contributed to the theoretical foundation of this study. These three areas were: (a) the philosophical foundations of ethical work climate types and research that was conducted concerning the measurement and development of ethics in education and industry, (b) research conducted on developing a questionnaire that would measure an organization's ethical work climate type, and (c) research on the influence of leadership on the ethical climate in an organization.

The research on the philosophical foundations identified philosophical ethical bases which an individual could use in making decisions of an ethical nature. First, ethical egoism, hypothesized that the criteria used in

making a decision in an ethical situation is based on maximizing self-interest (Vitell, 1986). Ethical egoism is based on teleological philosophical theory which states that the individual makes decisions based on the greatest good for oneself (Vitell, 1986). Second, act utilitarianism, states that individuals base their decisions on the goodness or the badness for the individuals involved. The correct act is the one that can generate the maximum good for individuals impacted by the decision (Tsalikis & Fritzche, 1989). Finally, rule deontology, states that ethical decisions are based on the merit of the rule. The application of rules must be administered in a fair and impartial manner. The two guiding concerns were that each individual should have equal treatment in the application of the ethical decision and if differences do occur, there must be explicit actions for the infraction of the rule. Therefore, rule deontology suggested that rules guide ethical decisions at the outset (Tsalikis & Fritzche, 1989, Martin, 1985).

The research conducted on developing a model to measure an organization's ethical work climate type was proffered by Victor and Cullen (1987, 1988). This body of research was concerned with the description and the measurement of the ethical bases of ethical decisions as perceived by leaders within an organization. Their model is based on the ethical work climate types of egoism, benevolence, and principle.

The egoism ethical work climate type is founded on the principles of ethical egoism (teleological) theory. The benevolence ethical work climate type is indicative of act utilitarianism by basing ethical decisions on the collective norms of the whole versus the individual. The principle ethical work climate type is based on the precepts of rule deontology.

The literature on leadership styles focused on the impact of leadership behavior on organizational performance and the impact that leaders have on forming the climate within an organization. The leadership theory used for this study was developed by Hersey and Blanchard (1977, 1984) and Guest, et al. (1986). The purpose of the Leadership Scale was to help determine the manager's leader behavior. Leadership style is described as a combination of two dimensions of task behavior and relationship behavior. Task behavior is the extent to which a leader provided direction to the staff by specifying the goals and roles. Relationship behavior is the extent to which a leader engaged in two-way, interactive communication, providing active listening, providing support, and facilitating staff members behavior. This theoretical model described four leadership styles of high task/high relationship (selling), high task/low relationship (telling), low task/high relationship (participating), and low task/low relationship (delegating).

The integration of ethical work climate type and leadership styles was proffered by Hitt (1990). He discussed the philosophical foundations of ethical systems as they related to leadership styles. Hitt's theory proposed a model that aligned ethical decision making systems with specific leadership styles. The four ethical decision systems referenced by Hitt (1990) are end-result ethics, rule ethics, social contract ethics, and personalistic ethics. End-result ethics stated that the moral correctness of actions were based on their consequences. Rule ethics stated that the ethical correctness of an action is based on a pre-determined set of rules. Social contract ethics stated that ethical decisions are based on the norms and the values of society. Personalistic ethics stated that ethical correctness is determined by the conscience of the individual.

The four leadership styles proposed by Hitt (1990) were manipulator, bureaucratic, professional, and transforming. The manipulator is highly task oriented and has very little need to develop an interpersonal relationship with the employees. The bureaucratic leader focuses highly on tasks and has a moderate need for establishing relationship with the employees. This leader style is concerned with the efficiency of the operation through the manipulation of the employee. The bureaucratic leader operates in an environment controlled by a myriad of rules, policies, and standard

operating procedures. The professional leader is highly focused on developing relationships with the employees by means of engaging the employee in the decision making of the organization and by delegating the responsibilities for specific areas of performance. The transforming leader is highly focused on task and highly focused on establishing relationships. This leader is very goal oriented, but is very committed in empowering the employees in goal setting and operational issues.

Hitt (1990) aligned the following ethical systems and leader style as follows:

1. end result ethical system is aligned with the manipulator leader style
2. rule ethical system is aligned with the bureaucratic leader style
3. social ethical system is aligned with the professional leader style
4. personalistic ethical system is aligned with the transforming leader style

The review of the literature indicated that there was a need to focus on understanding the underlying dynamics of ethical decision making in an effort for the industry to address a wide variety of ethical decisions. The literature indicated that management is integral in the ethical decision making climate of an organization. The crucial element is in understanding the particular ethical decision

making climate that exists in an organization. Therefore, the primary purpose of this study was to ascertain the relationship of ethical work climate type and leadership style existing in lodging operations.

Research Questions and Hypotheses

The primary purpose of this study was to ascertain the relationship of ethical work climate type and leadership styles of lodging managers in the state of Missouri. The secondary purpose of this study was to ascertain if significant differences existed in ethical work climate type and leadership style when respondents were classified by the demographic variables of gender, total years of management experience, educational level, and property classification. The following research questions addressed the relationship between the ethical work climate type and leadership in the lodging operations.

1. What is the proportion of egoism, benevolence, and principle ethical work climate types present within the lodging operations?

2. What is the proportion of high task/high relationship, high task/low relationship, low task/high relationship, and low task/low relationship leadership styles present in the lodging operations?

3. What is the relationship between the three ethical work climate types and the four leadership styles in the lodging operations?

4. Are there significant differences in mean scores on ethical climate types when respondents are classified by the following demographic variables:

1. gender
2. total years of management experience
3. educational level
4. property classification

5. Are there significant differences in mean scores for leadership styles when respondents are classified by the following demographic variables:

1. gender
2. total years of management experience
3. educational level
4. property classification

The following null hypotheses were developed to empirically test the research questions:

HO₁. There is no significant best predictor among a linear combination of the three ethical work climate types on the Ethical Climate Questionnaire (ECQ) and the high task/high relationship leadership style on the Leadership Scale.

HO₂. There is no significant difference in the mean responses for ethical work climate types when respondents are classified by the demographic variables of:

1. gender
2. total years of management experience
3. educational level
4. property classification

H₀₃. There is no significant difference in the mean responses for types of leadership style when respondents are classified by the demographic variables of:

1. gender
2. total years of management experience
3. educational level
4. property classification

The first null hypothesis tested the third research question, the second null hypothesis tested the fourth research question, and the third null hypothesis was used to test the fifth research question. The first two research questions did not lead to specific null hypotheses, instead they were treated using descriptive statistics.

Procedures

The study was conducted using a causal-comparative research design. The research design utilized the administration of a survey questionnaire that consisted of the Ethical Climate Questionnaire (ECQ), the Leadership Scale (LS), and a list of demographic variables. A survey packet consisting of the ECQ, the LS, a listing of demographic variables, and cover letter introducing the research and requesting their participation was processed in

three phases. This survey packet was sent to all members of the Missouri Hotel and Motel Association and the Missouri Hospitality Association ($N = 207$). Of the 207 total sample size, 76 were from the Missouri Hotel and Motel Association and 131 were from the Missouri Hospitality Association. This initial mailing resulted in 29 (37%) completed returns. The second phase entailed sending a postcard to the non-respondents. This phase led to 21 (27%) non-respondents returning the questionnaire packets. The final phase entailed calling the remainder of the non-respondents. This resulted in 29 (37%) of the non-respondents returning the questionnaire packet. A total of 79 association members responded to the survey questionnaire packet. This represented a return rate of 31% of the total 207 association members. The combined association membership ($N = 207$) was the purposive sample of the 1,479 total hotel and motel lodging operations in the state of Missouri. This sample was chosen using criteria to insure that it was representative of the 1,479 lodging operations in the state of Missouri.

Findings

The first research question concerning the proportion of ethical work climate types present in the lodging operations was reported with descriptive statistics. The 79 responding managers reported a mean score of 3.71 for benevolence ethical work climate type. This indicated that

the lodging operations managers perceived benevolence to be the most predominate in terms of the three ethical work climate types. The principle ethical work climate type reported a mean of 3.46 and the egoism ethical work climate type reported a mean of 2.36.

The findings for the second research question indicated that 63 (79.7%) were high task/high relationship, 9 (11.4%) were low task/high relationship, 4 (5.1%) were high task/low relationship, and 3 (3.8%) were low task/low relationship in leadership styles of the lodging manager respondents.

The findings for the third research question indicated there was a best predictor among a linear combination of the three ethical work climate types and the high task/high relationship leadership style. The MAXR stepwise regression procedure indicated that the benevolence ethical work climate type was the single best predictor of the high task/high relationship leadership style. The benevolence ethical work climate type yielded an F value of 11.74 at a probability of 0.0011, which satisfied the .05 level of statistical significance set a priori. This led to the rejection of the null hypothesis of no significant best predictor.

The fourth research question tested for a significant difference in the mean responses for ethical work climate types when respondents were classified by the demographic variables of gender, total years of management experience,

educational level, and property classification. The MANOVA procedure indicated that there was an overall significant finding of property classification of ethical work climate type. The ANOVA procedure indicated that there was a significant difference on egoism and benevolence ethical work climate types when respondents were classified by property classification. The results of the ANOVA indicated that property classification had a significant effect on benevolence for an F value of 5.05 at a probability of 0.0087. The results of the ANOVA indicated that property classification had a significant effect on egoism for an F value of 5.11 at a probability of 0.0083. The results of the Least Squares Mean post hoc statistic indicated there was a difference between the rooms-only operations and the full service operations on egoism and benevolence ethical work climate types. The managers of full service operations perceived the mean ratings to be higher on egoism (2.464) and benevolence (3.969) than the mean responses from the managers of rooms-only operations on egoism (2.177) and benevolence (3.497).

The fifth research question was concerned with the presence of a significant difference in the mean responses for the high task/high relationship leadership style when respondents were classified by gender, total years of management, educational level, and property classification

was tested using the MANOVA procedure. Based on the overall MANOVA, the null hypothesis was not rejected.

Discussion

The finding that benevolence was the most frequently perceived ethical work climate type present in lodging operations was consistent with the literature. In previous studies by Victor and Cullen (1987, 1988), and Elm (1989), there was a dominant ethical work climate type reported to exist in the organizations studied. It was noted that the benevolence ethical work climate type had a higher mean than did the principle ethical work climate type. The benevolent dimension with the mean of 3.71, which approached the mostly true category, was indicative of an industry that is characterized by a work environment that is responsive to the needs of its clientele. Being responsive simply means that the lodging operation must provide services that meet the needs of the clientele. The perception of this type of caring ethical work climate type reflects the perceived concentration of activities needed to provide quality services in an effective, efficient, and caring manner. Obviously, the ultimate objective is to gain repeat customers through the existence of a caring environment. Therefore, the importance to the industry lies in understanding the philosophical bases of a benevolence ethical work climate type.

The finding that there was a significant difference between the rooms-only operations and the full service operations in reference to the managers perception of an egoism or a benevolence ethical work climate type is important to note. The rooms-only operations reported a mean of 2.177 on egoism, while full service operations reported a mean of 2.464 on egoism. A proposed reason explaining this difference is based on the different classifications of the two distinctly different lodging operations. A full service operations is characterized by a variety of services and amenities and are upscale operations. What seems to align with upscale operations is a certain degree of status surrounding the upscale ambiance. There also is a difference between the duties performed by the general managers of these two distinctly different lodging operations. The manager of the full service operation is completely responsible for a multitude of duties and tasks that surround the variety of services that are offered, this total variety is not available at the rooms-only operations.

The rooms-only managers reported a mean of 3.49 on the benevolence ethical work climate type, whereas the managers of full service reported a mean of 3.96. This difference indicated the importance in the full service operation to focus on an environment that makes ethical decisions based on meeting the needs of the individuals involved. Again, due to the complexity and the variety of services offered by

managers of full service operations, this finding reinforces literature which focuses on the quality of services that must be rendered by full service operations. This is not to say that rooms-only operation managers do not perceive the benevolence ethical work climate type to be as important as the full service managers, but there is a significant difference in the reported means.

The finding that there was not a significant difference when the respondents were measured on the principle ethical work climate type is of interest. Due to the nature of the industry with the concentration on rules, policies, and standard operational procedures, the outcome of no difference is understandable. This indicated that both the rooms-only operations and the full service operations concentrated on a climate that based ethical decisions by the application of uniform rules.

The finding that 63 (79.7%) managers reported that they perceived their leadership style to be high task/high relationship was consistent with the literature. Literature has shown that managers must be highly task oriented to complete a variety of operational objectives. The lodging industry definitely focuses on optimizing the level of profit that comes into the company. In order to accomplish this objective certain income controls (Gray & Liguori, 1990) and operational procedures must be implemented (Steadmon & Kasavana, 1988). According to Steadmon and

Kasavana, top management must set the specific and measurable objectives and goals that will assist in the planning, organizing, staffing, directing, controlling, and the evaluation of meeting the companies objectives. All these activities fall under the high task orientation that is described by Hersey and Blanchard (1984). It logically follows from a theoretical perspective that the fostering of a high degree of high task orientation is necessary in the work environment. The literature also indicated that managers must deal with volumes of guests and employees. This means that the manager must be very adept at human relation skills. However, given the variety of levels of management that exist in lodging operations, it was expected that some of the managers would be more removed from the task or relationship dimensions by delegating out either the tasks or relationship duties to other levels of management.

The finding indicating that high task/high relationship was the predominate leadership style and that the predominant ethical work climate type was benevolence is in contrast to the theory posed by Hitt (1990). Hitt's integrative theory associated the high task/high relationship leadership style with the principle ethical work climate type, and benevolence ethical work climate type with the low task/high relationship leadership style. Hitt's theory indicated that the benevolence ethical work climate type was associated with a low task/high relationship

leadership style. This is in contrast to the results of this study that resulted in the benevolence ethical work climate type being predictive of a high task/high relationship leadership style.

Conclusions

The conclusions of this study are limited by the low number of respondents. There were 79 (31%) of a possible 207 lodging managers that returned completed questionnaire packets. The impact of the small number of respondents was reflected in inadequate cell sizes with selected categories of property classification and leadership styles. Therefore, based on the findings and subject to the limitations of this study, the conclusions are:

1. All three ethical work climate types are present in lodging operations. However, benevolence is the predominate type of ethical work climate foundation for decision making.
2. The predominant leadership style for managers of lodging operations is high task/high relationship.
3. The ethical work climate type of benevolence is most aligned with the high task/high relationship leadership style for managers of lodging operations.

Recommendations for Further Research

It is recommended that:

1. Further research be conducted on the relationship of ethical work climate types and leadership styles of lodging operations by involving other levels of management.

2. Research be conducted on measuring ethical work climate types by using a quasi-experimental design. Are there differences in perceptions of ethical work climate types when administered and measured in a pre-post design?

3. Research be conducted on the differences between levels of management on ethical work climate types within the lodging operations. Are there differences at the various levels of operation?

4. Research be conducted on the differences between levels of management on leadership styles within the lodging operations. Are there differences at the various levels of operation?

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Appendix A
Hersey and Blanchard's Situational Leadership
Request for Permission

April 1, 1993

Permission Department
Prentice Hall
Englewood Cliffs, N.J. 07632

To Whom it May Concern,

I am requesting permission to adapt the figure on page 167 from Management of Organizational Behavior: Utilizing Human Resources, 1977, 3rd edition by Paul Hersey and Kenneth H. Blanchard. This figure is concerned with effective leadership styles and maturity of followers.

I am using this figure as part of the theoretical support for my dissertation concerning the relationship of ethical work climate and leadership styles.

Please direct questions or correspondence to my office address below.

Sincerely,

Randall S. Upchurch
Assistant Professor
Black Hills State University
Spearfish, S.D. 57799-9089
(605)-642-6002

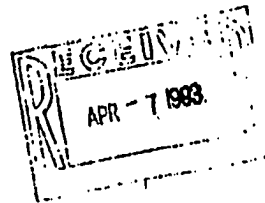
Appendix B

Hersey and Blanchard's Letter of Approval



Black Hills State University
1200 University
Spearfish, South Dakota 57799-9007

Department of Business
College of Business and Public Affairs



April 1, 1993

Permission Department
Prentice Hall
Englewood Cliffs, N.J. 07632

To Whom It May Concern,

I am requesting permission to adapt the figure on page 167 from Management of Organizational Behavior: Utilizing Human Resources, 1977, 3rd edition by Paul Hersey and Kenneth H. Blanchard. This figure is concerned with effective leadership styles and maturity of followers.

I am using this figure as part of the theoretical support for my dissertation concerning the relationship of ethical work climate and leadership styles.

Please direct questions or correspondence to my office address below.

Sincerely,

R. Upchurch
Sincerely, _____urch
R. Upchurch ssor
to University
Randall S. Upchurch 57799-9089
(605)-662-6004

Permission is granted to use material requested for your dissertation. Please credit the title, author, copyright date and publisher indicating that the material is reproduced by permission of the publisher. Thank you.

April L. Thrower, Copyrights & Perms.

April L. Thrower

Appendix C

**Victor and Cullen's Questionnaire and Model Request
for Permission**

August 15, 1992

Bart Victor
The University of North Carolina at Chapel Hill
Campus Box 3490
Carroll Hall
Chapel Hill, N.C. 27599-3490

Dear Dr. Victor,

I am requesting information and permission concerning the use of your ethical climate questionnaire. I intend on using this information for my dissertation concerning the ethical work climate of lodging managers in the state of Missouri. Any information that you can share with me would be deeply appreciated. I intend on using this instrument and the ethical work climate diagram within the dissertation.

I look forward to hearing from you in regards to this matter.

Sincerely,

Randall S. Upchurch
Assistant Professor
Black Hills State University
1200 University Dr.
Spearfish, S.D. 57799-9089

Appendix D

Victor and Cullen's Letter of Approval



THE UNIVERSITY OF NORTH CAROLINA
AT
CHAPEL HILL

Graduate School of Business Administration

The University of North Carolina at Chapel Hill
Compton Box No. 3490, Chapel Hill
Chapel Hill, N.C. 27599-3490

Thank-you for requesting the ethical climate Questionnaire. We trust it will prove to be a useful tool in your research. It is our hope that this stream of research will continue to grow and be enriched through the efforts of many scholars. In that spirit we are asking those who use the questionnaire to kindly share their results with us. In this way we can disseminate findings, critiques, and modifications to others who might contact us.

Sincerely,

Bart Victor and John Cullen

Appendix E
Hitt's Ethical System and Leadership
Request for Permission

April 1, 1993

Battelle Press
505 King Avenue
Columbus, Oh. 43201
Attn: Joseph Sheldrick

Dear Mr. Sheldrick,

I am requesting permission to adapt Figure 15 on page 99 from Ethics and Leadership: Putting Theory Into Practice (1990) by William D. Hitt. This figure is concerned with ethical systems and their definitions.

I intend on using this figure as part of my theoretical base for my dissertation concerning the relationship of ethical work climates and leadership styles.

Please direct any questions or correspondence to my office address below.

Sincerely,

Randall S. Upchurch
Assistant Professor
Black Hills State
University
Spearfish, S.D. 57799-
9089
(605)-642-6002

Appendix F
Hitt's Letter of Approval



Black Hills State University
1200 University
Spearfish, South Dakota 57799-9007

Department of Business
College of Business and Public Affairs

April 1, 1993

Battelle Press
505 King Avenue
Columbus, Oh. 43201
Attn: Joseph Sheldrick

Dear Mr. Sheldrick,

I am requesting permission to adapt Figure 15 on page 99 from Ethics and Leadership: Putting Theory Into Practice (1990) by William D. Hitt. This figure is concerned with ethical systems and their definitions.

I intend on using this figure as part of my theoretical base for my dissertation concerning the relationship of ethical work climates and leadership styles.

Please direct any questions or correspondence to my office address below.

Sincerely,

R. S. Upchurch
Randall S. Upchurch
Assistant Professor
Black Hills State University
Spearfish, S.D. 57799-9089
(605)-642-6002

J. Sheldrick
APPROVED 4/6/93
JE SHELDRIK
Publisher, Battelle Press

Please include proper citation —

Appendix G

Missouri Department of Health Memo



Mal Compton
Governor
John R. Bogby, Ph.D.
Director

P.O. Box 570, Jefferson City, MO 65102-0570 • 314-751-6400 • FAX 314-751-6010 January 22, 1993

Mr. Randall Upchurch
Black Hills State University
1200 University
Spearfish SD 57799-9007

Dear Mr. Upchurch:

Enclosed is the lodging establishment profile you recently requested. As you are aware, the profile is intended as an internal report and, as such, is organized in a manner to meet our needs which will need to be explained so that the profile will be more useful to you.

The profile is arranged by district, by county, by alphabetical order of establishment name. The enclosed map will show the district boundaries. On the reverse side of the map is a list of county codes.

To find the establishments in a particular area, you will need to determine the county it is in. Locate the county on the district map to determine the district number. The county code list will yield a three digit code. Now the profile can be used. For example, to find establishments in Rolla: The index on the state highway map will guide you to coordinates G-5; when you locate Rolla, you will note it is in Phelps County; the district map shows Phelps County is in District 3 and the county code is 161; on the profile, go to district 3, county 161 and all the establishments found in Phelps County will be listed alphabetically; by looking at the address, you can find those with Rolla mailing addresses.

I've revised the county codes to differentiate two cities which cross county lines. You will find establishments in Jasper County under 5-097 and Newton County under 5-145; but those in the city of Joplin within Jasper County are under 5-098 and within Newton County as 5-146. Similarly, establishments in Clay County are 6-047, in Jackson County are 6-095 and in Platte County are 6-165; but those in the city limits of Kansas City in Clay County are 6-048, in Jackson County 6-096 and Platte County 6-166. In addition, the City of Independence in Jackson County is 6-094.

For your purposes, the establishments which have been marked out do not have food service facilities associated with them.

If you have questions, feel free to contact me at this office.

Sincerely,

Stanley R. Cowan, R.S.
Coordinator, Lodging Sanitation
Bureau of Community Sanitation

Recycled Paper

AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER - Service provided on a non-discriminatory basis

Appendix H

Missouri Hotel and Motel Association Memo

MISSOURI HOTEL AND MOTEL ASSOCIATION

101 East High Street
Jefferson City, Missouri 65101
(314) 636-2107 • FAX: (314) 634-7429



William A. Gamble
Executive Vice-President

August 26, 1992

Mr. Upchurch:

As per your recent request, I am enclosing a list of names and addresses for our Missouri Hospitality Association and ~~Missouri Hotel and Motel Association~~ members.

If you need actual labels for your mailing, please let me know.

Phyllis Prenger

▲▲

Appendix I
Ethical Climate Questionnaire

Ethical Climate Questionnaire

Instructions: I would like to ask you some questions about the general decision making climate in your company. Please answer the following in terms of how it really is in your organization, not how you would prefer it to be. All your responses will remain strictly anonymous. Please use the scales below and circle the number which best represents statements about your organization.

1. In this organization, people are mostly out for themselves

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

2. The major responsibility of people in this organization is to consider efficiency first.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

3. In this organization, people are expected to follow their own personal and moral beliefs.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

4. People are expected to do anything to further the organization's interests.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

5. In this organization, people look out for each other's good.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

6. There is no room for one's own personal morals or ethics in this organization.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

7. It is very important to follow strictly the organization's rules and procedures.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

8. Work is considered sub-standard only when it hurts the organization's interests.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

9. Each person in this organization decides for themselves what is right and wrong.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

10. In this organization, people protect their own interests above other considerations.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

11. The most important concern in this organization is each person's own sense of right and wrong.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

12. The most important concern is the good of all people in the organization.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

13. The first consideration is whether a decision violates any law.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

14. People are expected to comply with law and professional standards over and above other considerations.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

15. Everyone is expected to stick by organization rules and procedures.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

16. In this organization, our major concern is always what is best for the other person.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

17. People are concerned with the organization's interests, to the exclusion of all else.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

18. Successful people in this organization go by the book.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

19. The most efficient way is always the right way in this organization.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

20. In this organization, people are expected to strictly follow legal or professional standards.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

21. Our major consideration is what is best for everyone in the organization.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

22. In this organization, people are guided by their own personal ethics.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

23. Successful people in this organization strictly obey organizational policies.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

24. In this organization, the law or ethical code of their profession is the major consideration.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

25. In this organization, each person is expected above all to work efficiently.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

26. It is expected that you will always do what is right for the customer and the public.

Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
0	1	2	3	4	5

Appendix J
Leadership Scale Questionnaire

PLEASE NOTE

Copyrighted materials in this document have not been filmed at the request of the author. They are available for consultation, however, in the author's university library.

135-136

University Microfilms International

Appendix K
Demographic Questionnaire

Instructions for Demographic data:

The following information is needed to complete this research project. Please, do not leave any information incomplete.

1. Indicate by circling the amount of total years of hospitality experience including your present company that best reflects your length of hospitality employment experience.
 - a. 0-1 year
 - b. 1-2 years
 - c. 2-3 years
 - d. 3-5 years
 - e. 5+ years
2. My level of educational experience best fits into which one of the following categories?
 - a. High School
 - b. Community College (1-2 years past high school)
 - c. 4 year college Bachelor's program
 - d. Masters program
 - e. Graduate program (Specialist or Doctoral terminal degree)
 - f. Adult and Continuing education (hours taken past the High School level but not leading to a specific degree program)
3. My gender is:
 - a. Male
 - b. Female
4. Your property classification is: (please circle the most appropriate answer)
 - a. full service with rooms, food and beverage services and banquet services
 - b. limited service rooms w/ limited food service offered
 - c. rooms-only service

Appendix L
Cover Letter

Date:

To: (Address)

Re: Questionnaire on decision making styles/leadership styles

Dear (Name),

First, let me introduce myself to each of you. I, Randy Upchurch, at one time was among the ranks of upper management of a national limited service lodging operation. I spent time serving in this capacity in units located in Peoria, Illinois, Springfield, Missouri and Columbia, Missouri.

Given the pace of our industry, I realize that time is crucial and at times a rare commodity. However, please do not disregard or discard the questionnaires. It is the completion of these questionnaires that is a vital part of my completion of my Doctoral degree at the University of Missouri-Columbia. Secondly, I believe that this research will have a substantial impact on the body of decision making and leadership research in the hospitality field.

You will find enclosed a packet of questionnaire material that has been developed to ascertain the relationship between (a) your companies decision making style, and (b) the types of leadership styles present in the organization.

Each section contains it's own set of instructions that should be clear in description. Please be as accurate as possible in your ratings as requested by the questionnaire. The time estimated for completion of these questionnaires is approximately 20 to 30 minutes. If you could return your completed questionnaires within two weeks it would be greatly appreciated. If you have any questions, please call at the number printed below. Please be reassured that all responses are completely confidential.

Sincerely,

Randall S. Upchurch
225 A Jonas Hall
Black Hills State University
USB 9089
Spearfish, S.D. 57799
(605)-642-6002

Appendix M
Post Card Follow-Up

Date:

Dear (Name),

I am sending you this letter as a reminder to send in your responses to the survey that was sent from my office last month. In order for the research to be complete, I need you to know the status of this survey. Please fill out the enclosed post card indicating whether you filled out the survey, whether you did not fill out a survey, or please send me one, I have not previously filled one out.

Code _____

- Yes, I completed a survey
- No, I did not complete a survey
- Please send my a survey to be completed

Appendix N

Manager's Perception of Ethical Work Climate Type

Table N-1

Manager's Perception of Egoism Ethical Work Climate Type

<u>Rating</u>	<u>N</u>	<u>%</u>	<u>Cumulative Frequency</u>
0.7777	1	1.3	1
0.8888	1	1.3	2
1.4444	1	1.3	3
1.5555	5	6.3	8
1.6666	5	6.3	13
1.7777	5	6.3	18
2.0000	6	7.6	24
2.1111	3	3.8	27
2.2222	5	6.3	32
2.3333	4	5.1	36
2.4444	6	7.6	42
2.5555	7	8.9	49
2.6666	9	11.4	58
2.7777	5	6.3	63
2.8888	2	2.5	65
3.0000	8	10.1	73
3.1111	2	2.5	75
3.2222	2	2.5	77
3.3333	1	1.3	78
3.4444	1	1.3	79
Egoism Mean = 2.36		Standard Deviation = .5605	

Table N-2

Manager's Perception of Benevolence Ethical Work ClimateType

<u>Rating</u>	<u>N</u>	<u>%</u>	<u>Cumulative Frequency</u>
2.0	1	1.3	1
2.2	1	1.3	2
2.4	3	3.8	5
2.6	1	1.3	6
2.8	4	5.1	10
3.0	3	3.8	13
3.2	3	3.8	16
3.4	9	11.4	25
3.6	16	20.3	41
3.8	9	11.4	50
4.0	7	8.9	57
4.2	6	7.6	63
4.4	7	8.9	70
4.6	5	6.3	75
4.8	1	1.3	76
5.0	3	3.8	79

Benevolence Mean = 3.71 Standard Deviation = 0.6585

Table N-3

Manager's Perception of Principle Ethical Work Climate

<u>Rating</u>	<u>N</u>	<u>%</u>	<u>Cumulative Frequency</u>
2.33	1	1.3	1
2.50	1	1.3	2
2.58	2	2.5	4
2.75	1	1.3	5
2.83	6	7.6	11
2.91	1	1.3	12
3.00	6	7.6	18
3.08	7	8.9	25
3.16	1	1.3	26
3.25	4	5.1	30
3.33	5	6.3	35
3.41	2	2.5	37
3.50	3	3.8	40
3.58	8	10.1	48
3.67	7	8.9	55
3.75	5	6.3	60
3.83	5	6.3	65
3.92	2	2.5	67
4.00	2	2.5	69
4.08	3	3.8	72

(appendix continued)

Table N-3

Manager's Perception of Principle Ethical Work Climate

<u>Rating</u>	<u>Frequency</u>	<u>Percent</u>	<u>Cumulative Frequency</u>
4.17	1	1.3	73
4.25	4	5.1	77
4.42	1	1.3	78
4.92	1	1.3	79
Principle Mean = 3.45		Standard Deviation = 0.4965	

Appendix O

MAXR of Ethical Work Climate Type and Leadership Style

Table O-1

MAXR of Ethical Work Climate Type and Leadership Style -
Best Two Variable Model

	<u>df</u>	<u>SS</u>	<u>MS</u>	<u>F</u>	<u>p</u>
Regression	2	578.945	289.472	5.91	0.0045
Error	60	2937.633	48.960		
Total	62	3516.579			

Parameter					
Variable	Estimate	<u>SE</u>	<u>Type II SS</u>	<u>F</u>	<u>p</u>
Egoism	0.759	1.576	11.398	0.23	0.6321
Bene	4.521	1.393	515.530	10.53	0.0019

Table O-2

MAXR of Ethical Work Climate Type and Leadership Style -
Best Three Variable Model

	<u>df</u>	<u>SS</u>	<u>MS</u>	<u>F</u>	<u>p</u>
Regression	3	588.192	196.064	3.95	0.0123
Error	59	2928.386	49.633		
Total	62	3516.579			

Parameter					
Variable	Estimate	<u>SE</u>	<u>Type II SS</u>	<u>F</u>	<u>p</u>
Egoism	0.952	1.649	16.533	0.33	0.5660
Bene	4.813	1.557	473.759	9.55	0.0031
Prin	-.873	2.024	9.247	0.19	0.6676

Appendix P

**Partial Correlations of Ethical Work Climate Types
and Leadership Styles when Respondents are
Classified by Demographic Variables**

Table P-1

Partial Correlations of Ethical Climate Types and Leadership Styles When Respondents Are Classified By Demographic Variables

	Leadership	Egoism	Benevolence	Principle
Leadership	1.0000	-.1079	.3252	.0150
	.0001	.3468	.0037	.8962
Egoism	-.1079	1.0000	.0832	.2757
	.3468	.0001	.4685	.0145
Benevolence	.3252	.0832	1.0000	.4144
	.0037	.4685	.0001	.0002
Principle	.0150	.2757	.4144	1.000
	.8962	.0145	.0002	.0001

VITA

Randall Scott Upchurch was born November 26, 1956, in Cape Girardeau, Missouri. He is the son of Edwin R. and Carolyn F. Upchurch. He attended public schools for the grades of K-5 in Saint Clair, Missouri, and 6-12 at Meramac Valley R-III public schools at Pacific, Missouri. He received his B.S. in Psychology from the University of Missouri - Columbia (1979); M.ed. in Counseling and Personnel Services (1982) from the University of Missouri - Columbia; and Ph.D. in Practical Arts and Vocational Technical Education from the University of Missouri - Columbia (1993). He is married to the former Christine Ruth Gooch of Saint Louis, Missouri. He is presently an assistant professor in the College of Business and Public Affairs at Black Hills State University, Spearfish, South Dakota.