

# THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

## Ethical Practices and Organizational Performance in the Hospitality Industry: A Study of Selected Hotels in Awka, Anambra State

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### **Abstract:**

*The study examined the effect of ethical practices on organizational performance in the hospitality industry, using selected hotels in Awka the Capital of Anambra State and environs as the study area. The literature for the study was segmented into four main areas namely; conceptual review, theoretical framework, theoretical exposition and empirical review. The study adopted descriptive survey design and from a population of 2,917-line staff employees across the hotels in the city and environs, a sample of 322 was determined through the application of Taro Yameni's Statistical formula. Major Statistical tools of analysis were summary statistics of percentages and Chi-square ( $\chi^2$ ) inferential statistics. Findings from the study indicate that adherence to ethical practices by the leaders in an organization, leads to effective performance and that when high ethical climate prevails in an organization, especially in the hotel industry, employees' job satisfaction and commitment are enhanced significantly. The study concludes that the attitudes and behaviours of the leaders with respect to ethical practices in the organization is what determines the ethical climate in the organization and as such, leaders are advised to be exemplary in all their behaviours in the organization. The study recommended among others that managers should ensure that ethical standards are maintained at all times in the organization.*

**Keywords:** Ethics, Practices, Organizations, Performance, Hospitality industries

## **1. Introduction**

### *1.1. Background to the Study*

Nowadays, organizations, especially in the hospitality industry face an environment where the demand for customers is changing and ever-increasing. Contemporary business settings require higher performance standards for employees due to globalization and technological developments (Belleflamme, Omrani and Peitz, 2015). Interactive communication amid individual employees and their leaders, whose conducts are perceived as ethically right, will endorse sustainable relationships with them and their leaders. The ethical conducts on the part of leaders can lead to sustainable management at the macro level (Han, Wang and Yan, 2019). Therefore, the efforts and competencies of employees need to be directed by fair and exemplary leaders. Leaders have to be necessarily dynamic in leading. Good leaders express duality by acting differently, but positively, in different situations to express their competencies and maintain the success of organizations.

Longman Business Dictionary (2017) defines ethics as moral rules or principles of behaviour that should guide members of a profession or organization and make them deal honestly and fairly with each other and with their customers. Likewise, it has been noted that a company should apply ethics also when dealing with its stakeholders, in addition to its customers or employees (Cleveland, 2002). Moreover, some authors, Ferrel et al (2011) and Pauna et al (2014) have shown in their papers that fairness and honesty represent the heart of a moral business and there should be no discrimination when it comes about applying the rules within an organization. A code of ethics may help companies to improve their business activities, reducing ambiguities and communicating the ethical vision of the company to all interested parties.

Establishing high ethical standards within the organization can attract and retain the best employees and professionals who will work to improve the fortunes of the organization. The professionals and their quality services will subsequently build customers' confidence in the organization and keep them coming in and returning back. Such practices can ultimately contribute significantly to better financial performance in the organizations (Carroll and Buchholtz, 2006). The subject of business ethics is a set of moral rules of conduct in all business activities directed towards a successful and

profitable business. The standards are based on fundamental ethical principles and their content is expressed by the judgments of the good and bad, successful and unsuccessful business behaviours. The goal ultimately is to oblige all participants in the overall business process on ethical behaviours/practices (Buff and Yonkers, 2009).

Organizations in the hospitality industry are those that need compliance with ethical codes of conduct more than any other business sector. This is because any unethical practice that is reported against a business undertaken in the sector, is usually a bad business due to the fact that it is prone to such unacceptable practices/behaviours. However, organizations whose leaders take the issue of ethical practices very serious and enforces compliance, often succeeds more than those who do not care about it (Brown and Mitchell 2010). Results of studies have shown that organizations in hospitality industry who conduct their business in an ethical and more responsible manner do benefit from such practices. A leader in an organization provides and promotes ethical practices in the organization and it leads to effective performance of the organization including profit making. In the light of the above, this study investigates the effect of ethical practices on organizations in the hospitality industry, using selected hotels in Awka, the State Capital of Anambra State as the study area.

### *1.1. Statement of the Problems*

It is no longer a secret that hotels in Awka the State Capital of Anambra State are facing some challenges on many fronts. Reasons adduced for the prevailing situation includes the rate at which the city has been flood with hotels and the persistent economic hardship which is ravaging all sectors of the economy. The problem has given room to all kinds of unethical practices which is currently pervading the industry in the state all in a bid to attract and entice guests. The main question then becomes, under the prevailing circumstance, can adherence to ethical practices lead to organizational performance in the industry?

### *1.2. Objectives of the Study*

The broad objective of the study is to examine the effect of ethical practices on organizational performance in the hospitality industry, using selected hotels in Awka as the study area. Specifically, however, the study intends to:

- Determine the effect of leadership adherence to ethical practices on organizational performance.
- Ascertain the effect of ethical practices in the organization on employee job satisfaction and commitment.

### *1.3. Research Questions*

The following research questions were raised to guide the study:

- What is the effect of leadership adherence to ethical practices on organizational performance?
- How does ethical practices in the organization affect employee job satisfaction and commitment?

### *1.4. Hypotheses*

The following null hypotheses were formulated to guide the objective of the study and strengthen the analysis:

- Leadership adherence to ethical practices in the organization does not have significant effect on the performance of the organization.
- Ethical practices in the organization does not have significant effect on job satisfaction and commitment of the employees.

### *1.5. Significance of the Study*

The study has both theoretical and empirical significance. From the theoretical significance perspective, the study will add substantially to the existing stock of literature in this area of study thereby expanding the frontiers of knowledge. On the other hand, the empirical significance stems from the expectation that different categories of people will benefit from the policy dialogue/recommendations that will arise from the findings of the study. Such people include but not limited to the management, the employees, general public as well as the students/researchers.

### *1.6. Scope of the Study*

The study covers the entire hotels that are located in metropolitan city of Awka and environ that are duly registered with the appropriate authorities in the State Ministry of Commerce and Industry, Anambra State. The issue under investigation is the effect of ethical practices on organizational performance in the hospitality industry. Time frame for the study is August, 2019 to October, 2019.

## **2. Review of the Related Literature**

### *2.1. Conceptual Review*

#### 2.1.1. Code of Ethics in Hotel Business

In try to define what code of ethics is, Schwartz (2004) observes that "a code of ethics is a written, distinct and formal document which consists of moral standards used to guide employee and/or corporate behaviour." Firms who operate at international level are more likely to have a written code of ethics; a study upon this was conducted by Mckinney and Moore in 2007. In the speciality literature, Kaptein (2004) and Kaptein and Schwartz (2008) clarified that

for code of ethics, there have been used other various names such as code of conduct, integrity code, business code, corporate code, code of practice, business principles among others.

Similarly, Barsh and Lisewski (2008) define business ethics as the systematic process that commercial organizations use in order to evaluate actions as right or wrong. They emphasized that business ethics encompasses a wide range of themes that managers and employees must face. Aleksic (2007) defines it as a system of basic values and rules of individuals, organizational and social behaviour associated with business and business goals. To Li and Maden (2011), it is ethical judgment in business situations and activities.

### 2.1.2. Concept of Hotel

Nyarko (2013) defines hotel as a place where tourists stop, cease to be travelers and become customers. It can also be loosely defined as an enterprise that caters for the specific needs of people when they are away from their places of residence. Indeed, it is an establishment which offers accommodation, food, drinks and other facilities to travelers (tourists, customers and guests). Hagan (2008) in a paper presented at the International Conference on Professionalism in the Hospitality Industry at the National Theatre, Accra, Ghana, defined hotel as any premises that have rooms to offer for sale to visitors, complete with support services such as a restaurant, drinking bar and other facilities which satisfy the basic human physiological needs.

### 2.1.3. Concept of Performance

In the opinion of Bate and Holten (2005), performance is a multidimensional construct, the measurement of which varies depending on a variety of factors. They added that it is important to determine whether the measurement objective is to assess performance outcomes or behaviour. However, there are different views on what performance is all about. It can be regarded simply as the record of outcomes achieved. On an individual basis, it can be seen as the record of a person's accomplishments. But, on organizational level, Kane (2006) notes that it is the effectiveness and efficiency with which an organization carries on with its activities and the outcomes in terms of organizational growth, sustainability and profitability for profit making organizations.

## *2.2. Theoretical Exposition*

Dozie (2013) observes that there is a growing concern for business ethics in the hotel industry as hotel professionals are faced with ethical dilemmas in their duty activities. Complex and interesting ethical issues affect the hotel industry, she remarks. In her opinion, ethical practices in the hotel industry impacts on employees' turnover, organizational commitment, job satisfaction, customer satisfaction, customer loyalty and overall organizational success. It has equally been revealed that employees who work in a hotel environment with positive ethical climate, are more satisfied with their jobs, loyal to the organization, provide quality service to the customers/guests of the hotel and are less likely to look for work elsewhere (Dozier, 2013).

Hospitality industry, especially hotels are open to unethical practices, and frequently, they present the employees with morally ethical ambiguous situations ranging from overbooking, theft, pilfering, whistle-blowing, mistreatment of guests, sabotage, benefit at the expense of guests' complementary services to misleading information in the restaurant's menu as well as hotel brochures (Knani, 2014). There is no doubt that managers are facing a number of ethical challenges in their day-to-day functions but it is in their interest that they overcome such challenges for the sake of the image and reputation of their organizations (Ivana and Ivan, 2017).

A good and successful manager is the one who by his/her own examples constantly show what it means to act ethically. He/she can by his/her behaviour create an atmosphere that will compel colleagues and subordinates to be ethically conscious in the overall interest of the business (Ivanis and Sturtic, 2016). Therefore, imbibing ethical practices makes the leadership in the organization very effective because it implies that there is zero tolerance for unethical behaviour and it actually enhances the fortunes of the organization.

In a related development, the influence of ethical behaviour on employees' job satisfaction has also been brought to the fore. In effect, many managerial theories agree that a company's most important asset is its employees (Collins, 2001). Employees are the life wire of any organization. Pettijohn et al (2008) contends that if the company's employees perceive that their employers are ethical in their dealings with people and issues, the job satisfaction of such employee are usually high with low turnover intentions and vice versa. Moreover, according to Sledge, Miles and Coppage (2008), job satisfaction has been found to be closely related to positive organizational outcomes such as increased employee productivity, higher innovation and reduced turnover all of which links to improved overall firm's performance. In essence, it can be argued that hotels which conduct their business in an ethical and more responsible manner, will enjoy all the benefits that can be derived from their efforts. In turn, it will have positive impact on the hotel's image and it will attract more guests who prefer staying in a hotel that fosters business ethics to those which encourages unethical practices (Akatan, Burnas and Topku, 2008).

## *2.3. Theoretical Framework*

The underlying theory for the study is the Social Exchange Theory which was propounded by Blau in 1964. In his opinion, social exchange theory recognizes a strong and positive stimulus of ethical leadership on the behaviour of subordinates, which is articulated in strong organizational commitment. He is of the opinion that social exchange theory replicates the ideas in a mutual or two-way relationship and it is a powerful theoretical paradigm for understanding reciprocal or resources exchange behaviour (Lumsien, Miles, Richardson, Smith and Macras, 2012). Ethical leadership is "the sit-in of normatively proper behaviour that can be seen in their (leaders') personal actions and their relationships

with other leaders and followers, and the promotion of such conduct to followers through mutual communication, corroboration and decision-making (Brown and Harrison, 2005). The underlying assumption of the social exchange theory is the rule of reciprocity and reciprocation of action/benefit. The theory presupposes that the employee who are actively engaged in their organizations have some feeling of obligation to respond to management treatment. Therefore, it is presumed that it is the leaders' action and attitudes/behaviours that determines the direction the employees will toe on ethical issues.

#### *2.4. Empirical Review*

Dimitriou, Blum, Adams and Kim (2011) conducted a study on the impact of a hotel's business ethics on employee job satisfaction and organizational commitment in the USA. The study adopted descriptive survey design. From the analysis of data, it was found that significant relationship exists between a hotel's ethical climate and its employees' performance. The result showed further that working in such a hotel environment, the employees were more satisfied with their jobs and therefore, more committed to the organization. The study concludes that organizations where the leadership is committed to ethical practices, makes more success than those who engages in unethical practices.

In another study, Enow and Ozturen (2019) did a work on sustainable ethical leadership and employee outcomes in the hotel industry in Cameroon. The study adopted a cross-sectional design where data were collected from a group of respondents only once. The analysis of data revealed that ethical leadership encourages employees to build trust in their leaders. Employees become effectively committed to their jobs and thus, find no reason to engage in deviance actions. The result further showed that trust feelings towards the leader by the employees, positively influence effective commitment, hence prevents deviance actions. The study concludes that effectively committed employees do not engage in organizational deviance behaviour and that they are always focused on how to achieve organizational goals.

### **3. Methodology**

#### *3.1. Research Design*

The study adopted descriptive survey design because of the extensive use of primary data with the intention of generalizing the result for the entire population of interest. Obasi (2000) posits that survey method is always handy and better for application whenever the necessary data cannot be found in any statistical records in form of secondary data (Official Statistics).

#### *3.2. Population and Sample of the Study*

The population for the study consists of all hotels located in the metropolitan city of Awka and environs which employed 20 persons of line staff and above. From a pilot study commissioned by the researcher, a total 2917 employees of the specified category were identified as the population for the study. From the population, a sample of 352 was determined through the application of Taro Yameni's statistical formula for determining sample size from a finite population at 0.05 error margin.

#### *3.3. Instrument for Data Collection*

An item structured instrument which was designed to reflect the modified five-point Likert scale of strongly agree, agree, disagree, strongly disagree and undecided was used by the researcher to elicit information from the respondents. The instrument was validated and tested for reliability through a test re-test method. The exercise returned coefficients of 0.80 and 0.83 respectively for the two research questions with an average coefficient of 0.82 which means that the instrument is 82 percent reliable.

#### *3.4. Method of Data Collection and Analysis*

The researcher adopted direct questionnaire distribution approach which enabled him to assess whether the respondents actually understood the questionnaire items, as well as reduced the volume of non-response that often associate with surveys of this nature. Out of the 352 copies of the questionnaire that were issued out, 322 were completed and returned thus showing a response rate of 91.5 percent which was considered very adequate for the study.

Concerning the method of analysis, quantitative method of analysis was used in analyzing the data. Major statistical tools of analysis were summary statistics of percentage and Chi-Square ( $\chi^2$ ) inferential statistics. All tests were conducted at 0.05 level of significance, that being the probability level at which we were willing to risk type I error.

### **4. Data Presentation and Analysis**

#### *4.1. Demographic Features of the Respondents*

In this section of the analysis, we analyzed the demographic characteristics of the respondents and they includes: gender, age, educational attainment and length of time in service. This is to ascertain the adequacy of the respondents in discussing the issues involved in ethical practices and organizational performance in hotel business.

S/N	Demographic	Features	Frequency	Percentage of Total
1.	Gender:	Male	154	47.8
		Female	168	52.2
		Total	322	100.0
2.	Age:	18 -27	138	43.0
		28 – 37	101	31.3
		38 – 47	69	21.4
		48 – 57	9	2.7
		58 and above	5	1.6
		Total	322	100.0
3.	Educational Attainment:	WAEC	17	5.3
		OND/NCE	95	29.5
		HND/First degree	167	51.9
		Master's degree	42	13.0
		Ph.D	1	0.3
		Total	322	100.0
4	Length of service (in years)	Below 5 years	59	18.3
		5 – 10 years	129	40.1
		11 – 15 years	96	29.7
		16 and above years	38	11.9
		Total	322	100.0

Table 1: Demographic Characteristics of the Respondents  
Source: Field Survey, 2019

The analysis shows that 154 (47.8 percent) of the respondents are male and 168 (52.2 percent) are female. Thus, showing that employees of the hotel industry in Awka, Anambra State are made up of more females than males. In terms of age of the respondents, 18 to 37 years occupies about 74.3 percent of the total workforce in the industry. The implication is that hotel workers in the state consists of people who are relatively young. Concerning the educational attainment of the respondents, about 94.7 percent of the workers have qualifications ranging from Ordinary National Diploma (OND) or National Certificate of Education (NCE) and above. Thus, showing that the sample is a fairly literate one. With respect to tenure or length of service, 81.7 percent of the respondents have worked for 5 years and above in the industry. The analysis presented above is an indication that respondents have the capacity and experience to effectively discuss all issues relating to the subject-matter of this study.

#### 4.2. Test of Hypotheses

Hypothesis is a tentative answer to the problem of the research being investigated and it is also an answer which has no evidence supporting it until a full investigation is carried out (Akuezuilo and Agu, 2007). In the light of the above, the hypotheses formulated to guide the objectives of the study and strengthen the analysis were tested in this section of the analysis.

##### 4.2.1. Hypothesis One

Hypothesis one sought to determine whether leadership adherence to ethical practices can lead to significant organizational performance. Accordingly, the null and alternative hypothesis were stated as follows:

- $H_0$ : Leadership adherence to ethical practices in the organization does not have significant effect on the performance of the organization.
- $H_1$ : Leadership adherence to ethical practices in the organization have significant effect on the performance of the organization.

Hypothesis	Sample Size (n)	Degrees of freedom (df)	Chi-Square ( $\chi^2$ ) values		Significance level ( $\alpha$ )	Decision rule
			$\chi^2_{cal.}$	$\chi^2_{crit.}$		
I	522	16	63.285	26.296	0.05	Rejected

Table 2: Summary of Chi-Square ( $\chi^2$ ) Result for Hypothesis I

Note:  $\chi^2_{cal}$  means the calculated value of  $\chi^2$  and  $\chi^2_{crit}$  means the critical value of  $\chi^2$

##### 4.2.1.1. Decision Rule

At 0.05 level of significance and 16 degrees of freedom (df), the calculated value of  $\chi^2$ (63.285) is greater than the critical value of  $\chi^2$  (26.296) (see details of estimation of Chi-square ( $\chi^2$ ) values in Appendix III). Consequently, the null hypothesis was rejected given the weight of evidence against it, while the alternative which suggests that leadership adherence to ethical practices affects organizational performance positively and significantly was accepted.

##### 4.2.2. Hypothesis Two

This hypothesis wants to determine whether ethical practices in an organization can lead to employees' job satisfaction and commitment. Accordingly, the null and alternative hypotheses were stated as follows:

- $H_0$ : Ethical practices in the organization does not have significant effect on job satisfaction and commitment of the employees.
- $H_1$ : Ethical practices in the organization have significant effect on job satisfaction and commitment of the employees.

Hypothesis	Sample Size (n)	Degrees of freedom (df)	Chi-Square ( $\chi^2$ ) values		Significance level ( $\alpha$ )	Decision rule
			$\chi^2_{cal.}$	$\chi^2_{crit.}$		
II	322	16	71.195	26.296	0.05	Rejected

Table 3: Summary of Chi-Square ( $\chi^2$ ) Result for Hypothesis II

Note:  $\chi^2_{cal}$  means the calculated value of  $\chi^2$  and  $\chi^2_{crit}$  means the critical value of  $\chi^2$

#### 4.2.2.1. Decision Rule

At 0.05 level of significance and 16 degrees of freedom (df), the calculated value of  $\chi^2$  (71.195) is greater than the critical value of  $\chi^2$  (26.296) (see details of estimation of Chi-square ( $\chi^2$ ) values in Appendix III). Therefore, the null hypothesis was rejected given the weight of evidence against it, while the alternative which suggest that ethical practices have significant effect on employees' job satisfaction and commitment in the organization was accepted.

#### 4.3. Discussion of Research Results

In this section of the analysis, we discussed the results/findings from the study based on the results of the answer to the research questions and the results of the test of hypotheses.

##### 4.3.1. Effects of Leadership's Ethical Practices on Organizational Performance

From the answer to the research question, 68.1 percent of the respondents contacted agreed that the leadership adherence to ethical practices help in shaping the ethical climate in the organization. Similarly, the result of the first test of hypothesis showed that leadership adherence to the code of ethics of the organization positively and significantly affects the performance of the organization. The result supports that of Neubert and Carlson (2009) when they found from their study of ethical practices and leadership behaviour that the organization's ethical climate is controlled largely by the ethical attitudes of the leaders in the organization. It was also found from the study that such ethical environment is what facilitates the making of fair and balanced business decisions which the organization relies on for effective performance geared towards the realization of the organizational goals. Such leaders do not use their position to muscle the employees into what is unethical rather they abhor unethical and illegal practices such as allowing quests to do illegal arm deals or hard drugs business within the hotel premises. At all times, their attitudes and behaviours are moderated by the prevailing ethical standards in operation in the organization.

##### 4.3.2. Effect of Ethical Practices on Employees' Job Satisfaction and Commitment in the Organization

From the answers to research question two, it was gathered that about 72.4 percent of the respondents agreed that adherence to ethical practices in their organizations affects their job satisfaction levels and commitment to the organization. In their opinion, such ethical practices like respect for all irrespective of level or gender, is a strong source of confidence that enhances their job satisfaction level and commitment which energizes them to carry on without looking back. In the same like manner, the result of the second test of hypothesis indicates that ethical practices have positive and significant effect on employee job satisfaction and commitment in the organization. Again, the result supports that of Joseph and Deshpande (2007) when they found from their study of impact of ethical practices on job satisfaction of nurses in a hospital that ethical practices has significant impact on nurses' job satisfaction in their organization. Observance of code of ethics in an organization aims at raising a higher moral level of the organization to an extent that it becomes institutionalized (Beck et al, 2011). Therefore, ethical practices enhance employees' job satisfaction and commitment, especially in the hotel industry, to work towards the achievement of organizational goals.

## 5. Summary of Findings, Conclusion and Recommendation

### 5.1. Summary of Findings

The study revealed that there are more female employees than male employees in the organization (52.2 percent and 47.8 percent) respectively. It showed also that about 74.3 percent of them are within the age bracket of 18 to 37 years. The educational attainment data revealed equally that more than 94 percent of them have qualifications ranging from OND/NCE to PhD thus indicating that the sample consists of people who are fairly literate. Work experience shows that about 81.7 percent have worked in the hotel industry for 5 years and above. The rest of the results are specifically summarized as follows:

- The answer to the first research questions and the result of the first test of hypothesis show that adherence to ethical practices by the leaders of an organization leads to effective performance in the organization.
- The answer to the second research question and the result of the second test of hypothesis showed that ethical practices in the organization have positive and significant effect on employee's job satisfaction and commitment in the organization.

### 5.2. Conclusion

The study examined the effect of ethical practices on organizational performance in the hospitality industry using selected hotels in Awka, Anambra State and environs as the study area. Findings from the study suggest that the prevailing ethical climate in an organization determines to a large extent the behaviour of the leaders in the organization and by extension the performance of the organization. An organization, especially within the hospitality industry, with high ethical standards conveys job satisfaction and organizational commitment to the employees of the organization. It implies that in the hotel industry, it is expected that high ethical standard should be maintained to enhance organizational performance.

### 5.3. Recommendations

Based on the findings made and conclusions drawn from the study, we made the following recommendations:

- According to the Social Exchange Theory and the findings as discussed in this section, leaders are supposed to be exemplary in their behaviours. They should comply with the prevailing ethical climate as the behaviour that can motivate the employees to be satisfied committed to their individual and collective workplace assignment for achieving desired goals in the organization.
- Findings indicate that ethical practices enhance employees job satisfaction and commitment to duty. It is the responsibility of the managers to ensure that ethical standards are maintained in the organization so that the employees can be in a position to offer effective services to their guests.

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## Appendix

### Survey Instrument

#### Section A: Personal Data

**Instruction: Please tick [✓] as appropriate in the boxes provided.**

1. Gender of respondent: Male [1]; Female [2]
2. Age bracket:
  - (a) 18 – 27 years [ ]
  - (b) 28 – 37 years [ ]
  - (c) 38 – 47 years [ ]
  - (d) 48 – 57 [ ]
  - (e) 58 and above [ ]
3. Educational attainment:
  - (a) WAEC/Equivalent [ ]
  - (b) OND/NCE [ ]
  - (c) HND/First degree [ ]
  - (d) Master's degree [ ]
  - (e) Ph.D [ ]
4. Length of service (in years):
  - (a) Below 5 years [ ]
  - (b) 5 – 10 years [ ]
  - (c) 11 – 15 years [ ]
  - (d) 16 and above years [ ]

#### Section B

S/N	Items of the Questionnaire	Alternative Responses					Total
		SA	A	D	SD	UND	
1.	Leaders in an organization should set example on how to do things the right way in terms of ethical behaviour						
2.	Leader in the organization should provide a level playing ground for everybody irrespective of age or gender						
3.	Leaders should not use their position to abuse female workers sexually in the organization						
4.	When leaders take the lead in maintaining ethical standards, every other person will follow willingly and it enhances performance						
5.	Everything considered, the attitude/behaviours of managers in an organization is a strong influence on subordinates and it leads to organizational improved performance						
	Total						

*Adherence to Ethical Practices and Organization Performance*

*Note: (SA = Strongly Agree; A = Agree; D = Disagree; SD = Strongly Disagree and UND = Undecided).*



## Section C

S/N	Items of the Questionnaire	Alternative Responses					Total
		SA	A	D	SD	UND	
1.	Adherence to organizations ethical practices enhances employees job satisfaction and commitment						
2.	Unethical practices are tolerated in my organization by the management and it gives job satisfaction and makes me committed to duty						
3.	Due to how the management abhors the unethical practices, we are at home with the organization such that we do not have any intention to leave the organization.						
4.	We are satisfied and committed to the organization because the ethical climate impacts positively on the organization's image and it brings more patronage for us.						
5.	We are committed to the achievement of our organization's mission and vision statements because we are satisfied with the conducts of our leaders in the organization.						
	Total						

*Ethical Practices and Employee Job Satisfaction and Commitment*

Note: (SA = Strongly Agree; A = Agree; D = Disagree; SD = Strongly Disagree and UND = Undecided)

**Reliability Test for the Instrument**

The formula for Spearman rank order correlation coefficient is as follows:

$$r = 1 - \frac{6\sum d^2}{n(n^2 - 1)}$$

Where:

r = the coefficient of correlation to be estimated

n = number of responses options

d = difference in rank

1 and 6 = constants

The value of the coefficient ranges between -1 to +1.

## Reliability Estimation for Section B

Response Option	Result of 1 <sup>st</sup> responses (x)	Result of 2 <sup>nd</sup> responses (y)	Rx	Ry	Rx - Ry (d)	d <sup>2</sup>
Strongly agree	5	6	2	1	1	1
Agree	7	5	1	2	-1	1
Disagree	4	3	3	4	-1	1
Strongly disagree	3	4	4	3	1	1
Undecided	1	2	5	5	0	1
Total	20	20				4

$$r = 1 - \frac{6(4)^2}{5(5^2 - 1)}$$

$$= 0.80$$

## Reliability Estimation for Section C

Response Option	Result of 1 <sup>st</sup> responses (x)	Result of 2 <sup>nd</sup> responses (y)	Rx	Ry	Rx - Ry (d)	d <sup>2</sup>
Strongly agree	6	7	2	1	1	1
Agree	7	5	1	2.5	-1.5	2.25
Disagree	4	5	3	2.5	0.5	0.25
Strongly disagree	2	2	4	4	0	0
Undecided	1	1	5	5	0	0
Total	20	20				3.5

$$r = 1 - \frac{6(3.5)^2}{5(5^2 - 1)}$$

$$= 0.83$$

### Chi-Square ( $\chi^2$ ) Analysis

The relationship between variables were examined using chi-square ( $\chi^2$ ) test of independence. The test procedure and actual calculations are shown below. We calculate an overall measure of discrepancy between the observed and expected values. We therefore compare this measure with some theoretical values of the same Chi-square ( $\chi^2$ ) (Oyeka, 1996).

#### Test Statistic of Chi-Square ( $\chi^2$ ):

$$\chi^2 = \sum \frac{(O - E)^2}{E} \sim \chi^2_{(r-1)(c-1)}$$

Where:

O = Observed frequency and

E = Expected frequency

$$\text{And } E = \frac{N_i \times N_j}{N_{..}}$$

Where:

$N_i$  = Row total

$N_j$  = Column total

$N_{..}$  = Overall total

Where:

r denote row

c denote column

$\therefore (r-1)(c-1)$  = degrees of freedom (df) and  $(\alpha)$  = level of significance

#### Decision Rule:

Whenever  $\chi_c^2 > \chi_{(r-1)(c-1)}^2$

Where:  $\chi_c^2$  = Chi-square ( $\chi^2$ ) Calculated and  $\chi_{(r-1)(c-1)}^2$  = Chi-square ( $\chi^2$ ) tabulated, reject  $H_0$  and accept  $H_1$ .

#### 1. Chi-square ( $\chi^2$ ) Estimation for Hypothesis I

$$\chi_{cal}^2 = \sum \frac{(O - E)^2}{E}$$

$$= \frac{(121 - 99)^2}{99} + \frac{(124 - 111)^2}{111} + \dots + \frac{(17 - 26)^2}{26} = 0.30 + 0.10 + \dots + 3.12$$

$$\chi_{cal.}^2 = 63.28$$

$$\chi_{crit.}^2 = 26.296$$

Hence the null hypothesis was rejected.

#### 2. Chi-square ( $\chi^2$ ) Estimation for Hypothesis II

$$\chi_{cal}^2 = \sum \frac{(O - E)^2}{E}$$

$$= \frac{(108 - 123)^2}{123} + \frac{(114 - 89)^2}{89} + \dots + \frac{(21 - 32)^2}{32} = 1.83 + 7.02 + \dots + 3.78$$

$$\chi_{cal.}^2 = 71.195$$

$$\chi_{crit.}^2 = 26.296$$

Hence the null hypothesis was rejected.