



## Leadership styles and ethical decision-making in hospitality management

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### ABSTRACT

This study examined the ways in which hospitality leaders in Australia seek to influence others in the workplace. One hundred and thirty three hotel managers participated in this study, of which 91 provided answers to all questions. The results indicate that the prevailing leadership styles in Australia are a blend of Machiavellian and Bureaucratic styles and that variance in this choice correlates with the age of the respondent. That is, older managers are less inclined to use a utilitarian or rule-based ethical decision-making style, and more inclined to embrace a social contract or personalistic ethical approach.

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### 1. Introduction and literature review

As part of an ongoing research effort, this study set out to identify the prevailing leadership styles and concomitant ethical decision-making styles of hotel managers in Australia, as well as attempt to draw parallels between these styles and the environments in which they are applied.

Modern developments in business management that often put the interests of managers in conflict with those of shareholders coupled with the increasing complexity of management that is often beyond the full comprehension of an increasingly fractured shareholder demographics led to a number of high profile collapses. There is also a general shareholder anger at large executive payouts and displeasure with corporate performance. These developments suggest that a change of attitudes towards corporate governance and social responsibility is needed across most industries, including hospitality. Haywood (1992) states that ethical issues and manager morality are linked to, and shaped by, the values of executives and the organisation. If the definition of professionalism is to be changed therefore, it can only be achieved through the adoption of a value system that focuses on more than just financial performance as a corporate objective.

Educators such as Jaszay (2002), Jaszay and Dunk (2006), Purcell (1977), and Yaman (2003) have identified ethical issues and social responsibility as worthy of further discussion. Although, according to Margolis et al. (2003) the amount of research on the non-economic impact of organisations on human welfare had

declined up to 2001, the issue of corporate social responsibility has become an important part of business education and has encouraged extensive discourse throughout the business community on both management and investment practices (see, for example, Klein, 2002; Post et al., 1996; Wainwright, 2002).

Several studies such as those by Fritzsche and Becker (1984) and Premeaux and Mondy (1993), considered the link between management behaviour and ethical philosophy. Research on the relationship between hospitality ethics and leadership is scant. Earlier studies, including those of Freedman (1990) and Stevens (2001) have largely focused on attitudes towards ethical scenarios, rather than analysing their use and impact within a leadership situation. Whitney (1989, 1990, 1992), Premeaux and Mondy (1993), and Damitio and Schmidgall (1993) are amongst the few researchers to look at ethical responses of hotel managers to selected scenarios and how these might affect decision-making, although their work has largely been neglected. Hall (1992) added to this area with his book of readings, but his work is largely overlooked due to the lack of academic rigour used.

Current corporate policies, which overly emphasise organisational efficiency factors such as profits, competitiveness, and cost saving, have the danger of forcing managers into ethically questionable positions. Some management authorities, such as Porter (1990), suggest that economic success is incontrovertibly linked to particular management approaches, yet Wright and Hart (1998) challenge the primacy of 'managerialism' (the belief that the supreme moral obligation of the individual is to conform himself or herself to the demands of the leadership of the organisation) and suggest some answers regarding what the most appropriate management value system for commerce may be in the increasingly complex global marketplace.

Chathoth and Olsen (2002) note that organisational leadership is an essential ingredient in the success of firms, even more so for

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industries that are complex, global and dynamic—such as the hospitality industry. In addition to the generic characteristics of management, hospitality managers have different demands and expectations on them, whereby, unlike perhaps a manufacturing environment, they are concurrently managing both staff performance and guest expectations. Hotel managers, in general, are reasonably autonomous, have low levels of anxiety and have a higher profile in their local business community (Worsfold, 1989a) as well as having a greater requirement for assertiveness, independence and mental stamina (Worsfold, 1989b). Tracey and Hinkin (1994) indicate that transformational leadership style was more suited to the highly complex and dynamic hospitality environment. Transformational leadership refers to “the process of influencing major changes in the attitudes and assumptions of organisation members and building commitment for the organisation’s mission or objectives” (Yukl, 1998, p. 204).

Even the most strident capitalists would agree that the purpose of business is, at a minimum, to make a profit but obey the law. Whilst some managers may claim that economic circumstances forced them to act unethically, to act unethically does not necessarily mean that managers are acting unlawfully.

Hitt (1990) uses a dictionary definition of ethics as ‘...a set of moral principles or values’ (p. 6), whereas other sources (such as [www.dictionary.com](http://www.dictionary.com), 2005) combine a variety of dictionaries in defining ethics as ‘...a set of principles of right conduct’ or a ‘...theory or a system of moral values’. A further definition there suggests ethics is ‘motivation based on ideas of right and wrong’. Hitt suggests that ‘...a set of values is what guides a person’s life and any description of a person’s ethics would have to revolve around their values’ (p. 6).

### 1.1. Ethical systems

There are a number of systems of applied ethics used throughout the world, and throughout history. However, for the purpose of this study, the four systems used by Hitt (1990) are the focus. These four systems are utilitarianism, rule ethics, social contract ethics and personalistic ethics. Hitt selected these systems in particular because they are each closely aligned to a particular leadership style.

#### 1.1.1. Utilitarianism

Mill (1969) defines utilitarianism as a theory based on the principle that ‘...actions are right in proportion as they tend to promote happiness, wrong as they tend to produce the reverse of happiness’ (p. 257). Happiness is defined as the absence of pain, a view also held by Epicurus (as cited in Cicero, 1971). Mill suggests that pleasure can differ in quality and quantity, and that pleasures that are rooted in one’s higher faculties should be weighted more heavily than baser pleasures. The achievement of goals and ends, such as virtuous living, should be counted as part of people’s happiness.

#### 1.1.2. Rule ethics

As proposed by Immanuel Kant in Stratton-Lake (1999), rule ethics suggest that actions cannot have moral worth if they are performed due to love or sympathy—they can only be moral if done from duty. While Stratton-Lake refers to a variety of criticisms of Kant to do with the non-allowance of supererogation (motivation to act above and beyond the call of duty), there appears to be sufficient interpretation to allow that the question of motivation to act morally does not necessarily preclude the efficacy of this system.

#### 1.1.3. Social contract ethics

According to Kramnick (1997), social contract ethics is based largely on the writings of Jean Jacques Rousseau and has at its heart

the concept that ‘...each individual who is by himself a complete and solitary whole, will recognise himself as part of a greater whole from which he receives life and being’ (p. 42). Drawing on the works of Cranston (1983, 1991, 1997), Kramnick suggests that Rousseau is the ‘theorist’ of democratic community whereby individuals participate actively in the governing of their community and, in fact, draw all authority from it.

#### 1.1.4. Personalistic ethics

This is considered the most instinctive of the four systems examined in this study, in that actions taken result from our own conscience without reference to an external system. Branson (1975), cites Buber (1955, p. 202), in noting that

...the fact of human existence is neither the individual as such, nor the aggregate as such. Each considered by itself is a mighty abstraction. The individual is a fact of existence only in so far as he steps into a living relation with other individuals. The aggregate is a fact of existence only in so far as it is built up to living units of relation.

This approach would suggest that individuals find their greatest meaning in their relationship to others rather than to an organisation or themselves alone. To bridge the gap between organisation and individual, Branson (1975) observes that although the corporate environment may be a soulless place and cannot really be considered a community, ‘...dialogue and relation can infiltrate it’ (p. 85) and thus bring humanity to it.

### 1.2. Linkage between ethical systems and the stages of moral development

#### 1.2.1. Moral development

According to Hitt (1990), Jaspers’ (1955) work integrates the thoughts of great philosophers over the centuries into a comprehensive framework of moral development—the ‘encompassing’. The four modes of being outlined in this framework may be described in terms of the internal ‘maps’ each of us construct to reflect our view of reality and truth. They are:

1. Empirical existence – where the individual lives in the everyday world in a state of nature (empirical existence) and at the bottom of the ladder that represents the fully functioning person. They seek pleasure and avoid pain.
2. Consciousness at large – where the person has acquired a great deal of objective or universally valid knowledge and is at a higher state than the person in a state of nature.
3. Spirit – the person has adopted a coherent set of ideas to provide direction for his/her life and is at a higher level than the person who has merely acquired knowledge. They will identify with the leading ideas of movements, parties, institutions, or organisations; and,
4. Existence – where the human being has achieved authentic selfhood though freedom of thought and is a higher level of existence than the person who has simply adopted the beliefs and ideas of other institutions or other organised bodies.

Jaspers’ work suggests that the person of integrity has risen to the highest level of being, however is comfortable in the other three tiers, guided by reason.

#### 1.2.2. Ethical systems and leadership styles

Hitt draws further parallels between Jaspers’ four levels of existence and the four ethical systems outlined earlier. This linkage is taken further to draw parallels between these levels of being and ethics, and four leadership styles:

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