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## INTERRELATION OF PERSONAL VALUE SYSTEMS AND ETHICAL BEHAVIOUR OF HIGH-LEVEL HOTEL MANAGEMENT IN CROATIA

**Abstract:** *A successful high-level management is aware of the fact that, in competitive surroundings, business ethics enables growth and development, increases efficiency and productivity. In this sense, at the time when ethical behaviour is of paramount importance if one wants to retain an enterprise on the market, it has become essential to perceive the relationship between personal values of high-level management with ethical behaviour which is the purpose of this paper. The results of the research in this paper indicate the correlation between the personal value system and the ethical/unethical behaviour of hotel manager of large companies in Croatia.*

**Keywords:** *personal value systems, universal values, ethical behaviour examples, hotel management, Croatia*

### 1. Introduction

General moral values of an enterprise are noticeable in the principles advocated by the enterprise itself and its strategic management. The latter is responsible for the quality of managing programmes and for upgrading business performance (Vujić et al., 2015). One of the most important requirements of modern business is a moral and humane strategic management which promotes ethical principles such as: consumer care, cooperation with buyers and suppliers, healthy competition, employee and stockholder welfare, supplying authentic information, application of ecological principles in business processes, etc. By integrating business ethics into strategic management, an enterprise becomes competent to undertake certain measures

which can prevent ethical crises and immoral conduct from occurring (Dramond & Bein, 2001; Vujić et al., 2012).

Also, it is then able to carry out business activities in an ethical manner. As ethical choice of action is under influence of different universal values and specific behaviour of individuals who stimulate business action, understanding ethical conduct is complex. (Ferić, 2009; Fritzsche & Effy, 2007; Fritzsche, 1991; Fritzsche, 1995).

Also, the ethical/unethical choice of action consists of a list of permitted and prohibited behaviours which are part of their culture. The influence that personal values have on the ethical/unethical behaviour of the high-level management is not as clear.

There are many definitions of management. Richard (Daft & Lane, 2009) defines the manager as the person who is responsible for making important decisions, establishing a harmonious relationship between employees,

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managing employees and motivating employees to implement their obligations and achieve common goals. The basic tasks of the manager are planning, organizing, leading and controlling. As Janatova (Janotová et al., 2005.) states, through these tasks, the manager affects on his employees and business partners, which makes ethics very important.

Defining the concept of ethics is not easy. It depends on the experience, religion, education, philosophy of people... Most authors consider that ethics is built from virtues, morals, values and principles. According to Karen Rich (Rich, 2013), ethics is a systematic approach to understanding, analyzing and distinguishing the “right” and “wrong” things, good and bad intentions and actions of people and their interpersonal relationship and respect. Ethical provisions are defined by the theory, approaches and codes of conduct related to religions and professions. Although people consider ethics as a subjective feeling, it is necessary to consider their behavior and attitude by logical and theoretical arguments. Feelings and emotions are the most important things for people, and they are precisely related to ethical behavior.

When considering the concept of ethics, it usually refers to the freedom of thought, speech and choice. The term unethical is used to describe ethics negative content, when, for example, the behavior of the person is not in accordance with the adorable traits or code of conduct prescribed by the community (Rich, 2013.).

It is very important to connect ethics and management. Thanks to strictly human rights, develop and progress of Management Ethics are very fast. The greatest influence of employees ethical adoption is given by manager which ethical behaviour and attitudes are example for everyone in his team. Therefore, it is very important that ethical standards have been adopted and implemented by the top management (Bláha, & Dytrt, 2003). A good manager has a

highly developed emotional intelligence, self-awareness and compassion, if he has the goal to build a pleasant atmosphere in his team and the relationship between his employees.

Management should conduct ethical behavior and eliminate potential negative impacts on the company and the environment. Ethical behavior should be promoted even when the social community does not behave in accordance with ethical principles. Ethical approach to business refers to establishing relationships with employees, owners, business partners and the community (Gajos & Čandrlid-Darkoš, 2013).

The basic problem in management ethics is the creation of a business strategy, in order to achieve a balance between economic and social interests. The goal of good business is to achieve high profits and good reputation, but not at the cost of a negative effect on employees and their environment.

The stated problem is determining the factor i.e. personal traits that cause to unethical behaviours of top managers in leading companies (hotels). Their behaviour is negatively reflected on employees, business partners and costumers, which affects the bad reputation and failure to achieve goals.

The purpose of this paper is to assess the importance of personal (terminal and instrumental) values of high-level management, and to see which values motivate and direct the management of the ethical/unethical behaviour. The basic goal is to determine the correlation between personal value systems and ethical behaviour of top management in large companies in Croatia. Results of empirical research that indicates the correlation between the personal value system and the ethical/unethical are presented.

Therefore, the empirical research on the interrelation of personal value systems with ethical behaviour of high-level management has certainly been significant as well as instructive. Establishing an empirical

relationship between personal values and ethical dimension of behaviour has made it easier for strategic management to understand ethical dilemmas in certain situations. Based on this, the main hypothesis was developed: “Universal values of systems universalism, benevolence, tradition, conformism, security and independence are positively and significantly correlated with ethical behaviour, whereas universal values in systems of power, achievement, hedonism and incentive are negatively and significantly correlated with ethical behaviour.”

An empirical research was conducted among accommodation and catering services within 15 large hotel enterprises in 6 Croatian counties in two intervals: the first, from 10<sup>th</sup> of September 2013 until 25<sup>th</sup> of October 2013 and the second, from 24<sup>th</sup> of February 2014 until 1<sup>st</sup> of April 2014. The data was gathered through questionnaires. The board of directors and its members were the base population. The targeted sample of 22 participants consisted of: 9 persons from high-level management of 6 large hotel enterprises in Istria County, 5 persons from the high-level management of 3 large hotel enterprises in Primorje and Gorski Kotar County, one person from the high-level management of a large hotel enterprise in Dubrovnik and Neretva County, three persons from the high-level management of a large hotel enterprise in Osijek and Baranja County, three persons from the high-level management of three large hotel enterprises in Split and Dalmatia County and one person from the high-level management of a large hotel enterprise in Šibenik and Knin County. The sample included 5 female and 17 male participants, majority of them (72.7%) were between 30 to 49 years old. More than half of the participants have a university degree, while 54.5% have between 10 and 20 years of service.

The results of quantitative analysis of data collected by means of researching the high-level management, the board of directors and its members at large hotel enterprises within

the Republic of Croatia, will be presented and interpreted in this paper. For the data analysis in this research the following methods were used: Descriptive statistical analysis, Fisher’s test, rank correlation, Spearman’s rank correlation coefficient, analysis of variance (ANOVA) and analysis of reliability. The research includes 22 completed questionnaires. According to the county where business is performed, the highest percentage (40.9%) is taken by enterprises from the Istria County. A relatively high percentage is visible in the hotel enterprises from the county of Primorje and Gorski Kotar (22.7%), which is followed by enterprises from the counties of Osijek and Baranja and Split and Dalmatia (both at 13.6%). The enterprises from the counties of Dubrovnik and Neretva and Šibenik and Knin have the lowest percentage in the sample (4.5%).

The potential contribution of this paper is about personal value system of the top management which is basic for management ethics. In this way ethics is transferred to the employees of the hotel. Consequences of management ethics are better reputation of the company and therefore a greater profit.

Apart from the Introduction and Conclusion, this paper has the following parts: 1) Personal value systems, 2) Ethical behaviour examples, 3) Influence of personal value systems on ethical behaviour, 4) Implementation of business ethics into hotel enterprises.

## 2. Personal value systems

Personal values are defined as values expressed through the human view of life and the world. They represent the desirable dispositions based on the human values that are needed to set goals and they are strongly and permanently embedded in human personality (Ferić, 2009).

In our personal lives, terminal “values” are those things that we can work towards or we think are most important and we feel are

most desirable – terminal values are desirable states of existence. Terminal “values” include things like happiness, self respect, family security, recognition, freedom, inner harmony, comfortable life, professional excellence, etc. whereas Instrumental Values indicate the methods an individual would like to adopt for achieving his life’s aim (the path he would like to take to reach his destination).

Schwartz found that values could be grouped into ten value systems (Seligman et al., 1996). Those value systems (Table 1), include 56 specific universal (personal) values, 30 terminal and 26 instrumental values (Ivaniš, 2015).

- 1) POWER: Social status and prestige, control or dominance over people and resources;
- 2) ACHIEVEMENT: Personal success through demonstrating competence according to social standards;
- 3) HEDONISM: Pleasure or sensuous gratification for oneself;
- 4) STIMULATION: Excitement, novelty, and challenge in life;

- 5) SELF-DIRECTION: Independent thought and action - choosing, creating, exploring;
- 6) UNIVERSALISM: Understanding, appreciation, tolerance, and protection for the welfare of all people and for nature;
- 7) BENEVOLENCE: Preservation and enhancement of the welfare of people with whom one is in frequent personal contact;
- 8) TRADITION: Respect, commitment, and acceptance of the customs and ideas that traditional culture or religion provide;
- 9) CONFORMITY: Restraint of actions, inclinations, and impulses likely to upset or harm others and violate social expectations or norms;
- 10) SECURITY: Safety, harmony, and stability of society, of relationships, and of self.

The majority of participants (36.4%) consider SECURITY to be the primary set of values, which gives meaning to their lives and encourages them to perform certain actions and present certain behaviour.

**Table 1.** The assessment of personal value systems

No.	Personal value system	Arithmetic mean	Standard deviation
1	Power	2.82	1.368
2	Achievement	3.95	1.174
3	Hedonism	3.23	1.445
4	Incentive	3.82	0.958
5	Independence	4.00	0.926
6	Universalism	3.73	1.077
7	Benevolence	3.77	1.152
8	Tradition	3.59	1.054
9	Conformism	3.05	1.253
10	Security	4.23	0.813

Source: Results of the conducted research

Around 27% of participants define ACHIEVEMENT as their value system, followed by POWER (18.2%) and INDEPENDENCE (9.1%). The least number of participants see HEDONISM or UNIVERSALISM as their system of values.

The participants assessed their personal value systems using the 1-5 rating scale – 1 being “completely irrelevant” to 5 being “highly important”. Average ratings for individual value systems are from 2.82 to 4.23. The participants rated SECURITY as

the most important value system, which is followed by INDEPENDENCE and ACHIEVEMENT. The least important value system is POWER. According to its average rating, this value system belongs to the group of systems which are neither important, nor insignificant. The standard deviation value is around 1, which shows a

relatively minor data discrepancy from the average value.

The participants assessed the terminal values with a 1-5 rating scale, from 1 being “completely irrelevant” to 5 being “highly important”. Average ratings are from 2.45 to 4.68 (Table 2).

**Table 2.** Terminal values importance assessment

No.	Terminal values	Arithmetic mean	Standard deviation
1	Equality	3.73	1.202
2	Inner balance (peace of mind)	4.41	0.796
3	Social power (control over others)	2.45	1.224
4	Satisfaction (satisfying own wishes)	3.59	1.260
5	Freedom (Freedom of thought and action)	4.41	0.734
6	Spiritual life (emphasis on the spiritual, not the material)	3.27	1.386
7	Sense of belonging (feeling that others care about you)	3.00	1.380
8	Social order (stability in the society)	3.91	0.684
9	Exciting life (exhilarating experiences)	3.95	0.844
10	Life purpose (life goal)	4.68	0.568
11	Politeness (courtesy, good manners)	3.82	1.181
12	Wealth (material possessions, money)	3.32	1.359
13	National security (homeland protection)	3.73	1.162
14	Self-respect (sense of self-worth)	4.36	0.658
15	Returning favours (to avoid being in debt to someone)	3.18	1.220
16	Creativity (originality, fantasy)	4.23	0.612
17	World peace (world devoid of wars and conflicts)	3.95	0.899
18	Respecting traditions (preserving old customs)	3.55	1.143
19	Mature love (deep emotional and spiritual intimacy)	3.64	1.002
20	Self-discipline (refraining from and resisting any temptation)	3.00	1.380
21	Private life (right to privacy)	4.32	0.477
22	Family security (the security of those close to you)	4.59	0.590
23	Social reputation (respect for and appreciation of others)	3.82	0.733
24	Unity with nature (finding a place in nature)	3.59	1.098
25	Diversified life (filled with novelties, changes)	3.95	0.722
26	Wisdom (mature perception of life)	4.05	0.653
27	Authority (to lead or command other people)	2.91	1.065
28	Sincere friendships (close friends who support you)	4.05	0.722
29	Beauty (beauty of nature and art)	3.36	1.049
30	Social justice (addressing the injustice, caring for the weak)	3.23	1.541

Source: Results of the conducted research

Based on these results, it can be concluded that “LIFE PURPOSE (LIFE GOAL)”, which belongs to the “BENEVOLENCE”

personal value system, is the most important terminal value. The least important is “SOCIAL POWER (CONTROL OVER

OTHERS), which belongs to the “POWER” personal value system. Besides the aforementioned, the following terminal values were deemed paramount (their average ratings are above 4): “inner balance (peace of mind)”, “freedom (Freedom of thought and action)”, “self-respect (sense of self-worth), “creativity (originality, fantasy)”, “private life (right to privacy)”, “family security (the security of those close to you), “wisdom (mature perception of

life)”, “sincere friendships (close friends who support you)”. The standard deviation value is around 1, which shows a relatively minor data discrepancy from the average value.

The respondents assessed the instrumental values with 1-5 rating scale, from 1 being “completely irrelevant” to 5 being “highly important”. The average ratings range from 2.45 to 4.68 (Table 3).

**Table 3.** Instrumental values importance assessment

No.	Instrumental values	Arithmetic Mean	Standard deviation
1	To be independent (to rely on inner strength, to be self-sufficient)	4.18	0.664
2	To be moderate (to avoid showing extreme emotions or behaviour)	3.36	1.049
3	To be loyal (faithful to friends and people who surround you)	4.00	0.976
4	To be ambitious (hard-working, striving for achievements)	4.23	0.685
5	To be tolerant (to tolerate different ideas and beliefs)	3.82	1.097
6	To be humble (modest, self-sacrificing)	2.82	1.468
7	To be audacious (adventurous, ready to take a risk)	3.82	1.006
8	To preserve the environment (to preserve nature)	3.91	0.811
9	To be influential (to have influence on people and events)	3.64	1.136
10	To respect one's parents and the elderly (to show respect)	4.27	0.631
11	To select personal goals (to come to a decision on your own)	4.50	0.512
12	To be healthy (not to be ill – either physically or mentally)	4.77	0.429
13	To be capable (competent, enterprising, efficient)	4.55	0.510
14	To accept life (to make peace with life circumstances)	3.14	1.490
15	To be sincere (truthful, honest)	4.05	0.950
16	To preserve the image of oneself and the society (to maintain a reputation)	4.05	0.785
17	To be obedient (compliant, to fulfil one's duties)	2.45	1.471
18	To be intelligent (logical, thoughtful)	4.27	0.703
19	To be helpful (to ensure the well-being of other)	3.41	1.260
20	To enjoy life (to enjoy food, sex, holidays etc.)	4.09	0.868
21	To be pious (to follow your religion)	3.00	1.380
22	To be responsible (trustworthy, someone to rely on)	4.05	0.844
23	To be curious (to show interest in everything, to explore)	4.00	0.617
24	To be ready to forgive (to be willing to forgive others)	3.45	1.101
25	To be successful (to achieve goals)	4.23	0.612
26	To be clean (tidy)	4.23	0.685

Source: Results of the conducted research

The most important instrumental value is “TO BE HEALTHY (NOT TO BE ILL – EITHER PHYSICALLY OR MENTALLY)”, which belongs to the “SECURITY” personal value system. The least important instrumental value is “TO BE

OBEDIENT (COMPLIANT, TO FULFIL ONE'S DUTIES)”, which belongs to the “CONFORMISM” personal value system. The standard deviation value is around 1, which shows a relatively minor data discrepancy from the average value.

“POWER” and “ACHIEVEMENT” are personal value systems of managers in Istria County (Table 4). “SECURITY” is the most common personal value system of the top management from the Primorje and Gorski Kotar County, also of the Osijek and Baranja County, whereas “ACHIEVEMENT” is the most common personal value system of the

high-level management of Split and the Dalmatia County. Nevertheless, Fisher’s test results indicate that the noted differences are not statistically relevant ( $p>0.05$ ). It can be concluded that the high-level management from different counties do not significantly differ in personal value systems, i.e. their personal value systems are similar.

**Table 4.** Comparison of personal value systems according to the head office of the enterprise

No.	Personal value system	n	County					p
			Istria	Primorje and Gorski Kotar	Dubrovnik and Neretva	Osijek and Baranja	Split and Dalmatia	
								0.818
1	Power	4	2	1	1			
2	Achievement	6	3	1			2	
3	Hedonism	1	1					
4	Independence	2	1	1				
5	Universalism	1	1					
6	Security	8	1	2		3	1	1

Note: p – Fisher test significance Source: Results of the conducted research.

The results in Table 5 display that the average ratings for personal value system importance in each head office of the enterprises. The people from different counties thus have distinctly different attitudes towards the importance of the mentioned value systems. The differences in average for the value systems of “power”, “achievement”, “hedonism” and “incentive” systems are obvious and as it is shown not

statistically significant ( $p>0.05$ ). At the other hand, rating “independence”, “universalism”, “benevolence”, “tradition”, “conformism” and “security” in the hotel companies from different counties is similarly. The average ratings for the value system “POWER” are at the intervals between 1 and 5. The standard deviation values display small deviations of data from the standard value.

**Table 5.** Comparison of average ratings of personal value systems according to the head office of the enterprise

No.	Value systems	F	Sig.
1	Power	4.013	0.015*
2	Achievement	3.915	0.016*
3	Hedonism	3.352	0.029*
4	Incentive	4.821	0.007*
5	Independence	0.888	0.512
6	Universalism	0.365	0.865
7	Benevolence	0.757	0.593
8	Tradition	1.253	0.331
9	Conformism	0.926	0.489
10	Security	1.508	0.242

Note: F – ANOVA value; Sig. – reliability; \* - relevance of the difference on level  $p=0.05$ .

Source: Results of the conducted research.

The people in top management from the counties of Osijek and Baranja, Šibenik and Knin as well as Primorje and Gorski Kotar consider this value system less important than those of other counties. The average ratings for the value system "ACHIEVEMENT" are at the intervals between 2 and 5. The standard deviation values display small deviations of data from the standard value. The people in top management from the counties of Osijek and Baranja, as well as Šibenik and Knin, consider this value system less important than those from the remaining counties. The average ratings for the value system "HEDONISM" are at the intervals between 1 and 5. The standard deviation values exhibits relatively small deviations of data from the standard value. Those in top management from the counties of Osijek and Baranja, Šibenik and Knin, as well as Primorje and Gorski Kotar, consider this value system to be less important than those from the remaining counties. The average ratings for the value system "INCENTIVE" are at the intervals between 2.67 and 5. The standard deviation values display small deviations of data from the standard value. The people working in top management in the Osijek and Baranja County consider this value system less important than those working in the remaining counties.

According to the head office of enterprises (i.e. the county where business is performed), the results for terminal values are statistically and markedly different for two terminal values, i.e. for "respecting tradition" and "authority". In these cases, the people in top management adopt a different attitude towards the importance of these terminal values. The people in top management from the Istria County consider this value system less important than those from other observed counties. The people in top management from the counties of Osijek and Baranja, Split and Dalmatia, as well as

Primorje and Gorski Kotar, consider the terminal value of "authority" less important when compared to those from the counties of Šibenik and Knin, Istria, as well as Dubrovnik and Neretva.

The average ratings of the importance of instrumental values according to the head office of the enterprise (i.e. the county where business is performed) are statistically and significantly different for three instrumental values: "to be audacious", "to enjoy life", and "to be pious". Thus, the executives from different counties have a different view of the importance of these instrumental values.

### 3. Ethical behaviour examples

In the sample observed, 11 large hotel enterprises established the Code of Ethics, 7 of which formed their own Ethics Committee. Four of the observed enterprises have not issued the Code of Ethics – 3 of which are from the Istria County and 1 from the Split and Dalmatia County. Eight enterprises have not formed their Ethics Committee – 5 of which are from the Istria County, one from Dubrovnik and the Neretva County, one from the Primorje and Gorski Kotar County and one from Split and the Dalmatia County. The probability of taking certain actions (for ethical/unethical behaviour) in this research was rated from 1 ("I would never") to 5 ("I would almost always").

All the situations (Table 6) were rated "low" (average ratings are from 1.68 to 2.27). Therefore, as all the examples were rated around 2, the participants would not behave ethically in the above stated situations.

The results of variance analysis summarised in Table 7 indicate that the average ratings for the examples of ethical behaviour are not statistically or relevantly different in every head office of the enterprise, i.e. the county where business is performed ( $p > 0.05$ ).

**Table 6.** Ethical behaviour examples

No.	Example	Arithmetic mean	Standard deviation
1	Bribery	1.68	1.894
2	Compulsion	2.00	1.380
3	Fraud	2.18	1.259
4	Theft	1.95	1.090
5	Unfair discrimination	2.27	1.032

Source: Results of the conducted research

**Table 7.** Comparison of average ratings for the examples of ethical behaviour according to the enterprise headquarters

No.	Example	F	Sig.
1	Bribery	1.499	0.245
2	Compulsion	1.835	0.163
3	Fraud	0.695	0.635
4	Theft	0.408	0.836
5	Unfair discrimination	0.727	0.613

Note: F – ANOVA value; Sig. – reliability. Source: Results of the conducted research.

It can be concluded that all those in top management would behave similarly (i.e. not significantly different) in the observed situations.

#### 4. Influence of personal value systems on ethical behaviour

In order to examine whether there is a correlation between personal value system

and ethical behaviour, the Rank correlation was carried out, and for this reason the Spearman’s correlation coefficient was calculated (Table 8).

It can be seen that the correlation strength of value systems “POWER”, “ACHIEVEMENT”, “HEDONISM” and “INCENTIVE/ ENCOURAGEMENT” is MEDIUM AND NEGATIVE with ethical behaviour.

**Table 8.** Correlation analysis results for the variables of personal value system and ethical behaviour

Personal value system	Correlation coefficient	Reliability
Power	-0.44	0.039*
Achievement	-0.47	0.028*
Hedonism	-0.41	0.045*
Incentive	-0.46	0.032*
Independence	0.25	0.041*
Universalism	0.58	0.004**
Benevolence	0.78	0.000**
Tradition	0.63	0.002**
Conformism	0.29	0.039*
Security	0.48	0.025*

Note: \* - correlation is significant on level  $p=0.05$ ; \*\* - correlation is significant on level  $p=0.01$ .

Source: Results of the conducted research.

Therefore, the more important the personal values of power, achievement, hedonism and incentive are, the less ethical participants would behave, i.e. they would behave unethically. The relationship between these

value systems and ethical behaviour are expected to have a negative direction and are statistically relevant on level  $p=0.05$ . The correlation strength of value systems “INDEPENDENCE”, “CONFORMISM”

with ethical behaviour is LOW AND POSITIVE, while the relationship of the value systems “UNIVERSALISM”, “BENEVOLENCE”, “TRADITION” AND “SECURITY” with ethical behaviour is MEDIUM-HIGH TO HIGH AND POSITIVE. The results indicate that the more important these values are the higher degree of ethical behaviour would be shown by the participants. The relationship between these value systems and ethical behaviour are expected to have a positive direction and are statistically relevant on level  $p=0.05$ , i.e.  $p=0.01$ . Since the correlation between the observed value systems and ethical behaviour has an expected direction as well as statistical relevance, the constructed hypothesis can be confirmed.

As well, the results obtained from the conducted research highlight the relationship the universal values in the personal value systems have with ethical behaviour of top management and confirm the belief of other authors – personal values have a significant influence on ethical behaviour of managers (England, 1967; Christensen et al., 1987; Freeman & Gilbert, 1998; Schwartz, 1992; 1994 and 1996; Fritzsche & Effy, 2007). However, it has to be emphasized that the low or medium-high correlation indicates the degree of ethical behaviour that can be influenced by other factors, not exclusively by personal values. Hence, it would be interesting, for future research, to discover

what additional factors influence ethical behaviour. In turn this could reveal which factor, together with personal values, has the strongest influence on ethical behaviour.

### 5. Recommended model for implementing a business ethics programme

According to the results of the conducted research, its author recommends INTRODUCING BUSINESS ETHICS PROGRAMMES IN LARGE HOTEL ENTERPRISES IN CROATIA (Ivaniš, 2015).

A business ethics programme should represent the most important part or an effective tool of top management (The board of directors and its members) for: 1) developing, encouraging and controlling responsible and ethical business behaviour of all staff members in an enterprise and 2) improving business results, profit and economic progress of an enterprise. (Ivaniš, 2014). It should be emphasized that the authors does not recommend that a business ethics programme should be universal for all enterprises, since every enterprise has a unique ethical character.

Moreover, a suggestion of a model (Sheme 1) has been given, which represents a set of guidelines and instructions for the high-level management.

**Scheme 1.** A model of business ethics implementation into large hotel enterprises



Source: Creation of the author

Using this model, the managers could form and apply the business ethics programme, so that they could, in addition to the guidelines, create and implement their own unique business ethics programme. This will enable them to successfully bring about ethical business behaviour in their enterprise, as well as improve their business results in the long run. The essential objective of the business ethics programme should be to define goals according to 4 levels of identity management systems: coordination level, risk management level, image strengthening level and value-added level. The primary purpose of the business ethics programme is to help an enterprise and its top management deal with all four levels of its identity as a socially responsible enterprise.

A MODEL OF A BUSINESS ETHICS IMPLEMENTATION encompasses six steps or phases and is recommended for implementation into large hotel enterprises.

A MODEL OF THE IMPLEMENTATION OF BUSINESS ETHICS PROGRAMME SHOULD CONSIST OF SEVEN EQUALLY RESPONSIBLE FUNCTIONS: business and ethics officers, ethics committee, ethics council, business conduct representatives, executive functions and functions of various departments, each employee and stakeholder of an enterprise. FUNDAMENTAL ELEMENTS OF EACH BUSINESS ETHICS PROGRAMME should be the following: 1) Code of Ethics, 2) Communication standards, procedures and expectations; also, strategic management has to be aware of everything that is happening in the enterprise (ethics communication programme), 3) Ethics education programme, 4) A guide to the influence of personal value systems on ethical behaviour and decision-making.

THE RECOMMENDED MODEL FOR IMPLEMENTING A BUSINESS ETHICS PROGRAMME into large hotel enterprises, which is comprised of six steps or phases, should be perceived by the holders and strategic management as a form of a guide

for establishing and applying their own unique business ethics programme, since every enterprise has a unique ethical character.

## 6. Conclusions

Ethical behaviour is a product of personal values, experiences and the environment in which one lives and works. Formal definition states that ethical behaviour is morally accepted as “good” and “right” as opposed to “bad” and “wrong” in a particular surrounding. Therefore, the empirical research on the interrelation of personal value systems and ethical behaviour of top management with business performance in large hotel enterprises has certainly been significant as well as instructive.

It is very important to understand the correlation between personal values and ethical dimension of behaviour as this will make easier for people in top management to understand ethical dilemmas in certain situations. Fostering business ethics begins within top management. Top managers are responsible ones in promoting ethical conduct, as well as implementing high ethical values into enterprises. On the other hand, their understanding of relationship between personal values and ethical behaviour will help them to create and enforce ethical strategies and ethical business policies in order to ensure economic grow and business success.

Novelty of the paper is in analysis of personal value system, their attitudes, virtues, morals, values and principles of top managers of hotels in Croatia. Thanks to this paper we can better understand people in this country especially in some of county in Croatia.

The lack of this work is that the research results can be applied to specific county. In other county in Croatia, different ethical attitudes can be noticed, whereby the results of this paper are not relevant.

Thanks to the knowledge of limitations of the paper and the possibilities for new researches, the plan for supplementing this paper is based on a more detailed research of the relationship between personal value system of top managers and their ethics

behaviour. It is also planned to make a conclusion on the general characteristics of both the hotel managers and the company in Croatia that would contribute to the improvement of ethical attitudes and morals.

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