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UNIVERSAL VALUES AND ETICAL BEHAVIOUR OF HOTEL MANAGERS IN CROATIA

Abstract: Personal values are seen as a higher level of attitudes and they reflect the general view on life and the world, dispositions aimed for achieving goals that are desirable and valuable for human- universal values in the structure of human personality that it strongly and permanently run on certain activities. It is found that ethical behavior have long been associated with personal values and that personal values in personal value systems of universalism, benevolence, tradition, conformism, security and independence are positively and significantly correlated with ethical behaviour, whereas universal values in personal value systems of power, achievement, hedonism and incentive are negatively and significantly correlated with ethical behaviour.”This study presents the results of empirical research on personal value systems and ethical / unethical behavior among hotel strategic managers in large hotel companies in Croatia.

Keywords: ethical behaviour, strategic managers, hotel companies, Schwartz theory of universal (personal) values, Croatia

1. Introduction

When we think of our values, we think of what is important to us in life. Value is a concept that describes the beliefs of an individual or culture. A set of values may be placed into the notion of a value system. Values are considered subjective and vary across people and cultures. Types of values include ethical/moral values, doctrinal/ideological (political, religious) values, social values, and aesthetic values. It is debated whether some values are innate. Personal values evolve from circumstances with the external world and can change over time. Integrity in the application of values refers to its continuity; persons have integrity if they apply their values appropriately regardless of arguments or negative reinforcement from others. Values are applied appropriately when they are applied in the right area. Personal values developed early in life may be resistant to change. They may be derived from those of particular groups or systems, such as culture, religion, and political party. However, personal values are not universal; one's genes, family, nation and historical environment help determine one's personal values. This is not to say that the value concepts themselves are not universal, merely that each individual possess a unique conception of them i.e. a personal knowledge of the appropriate values for their

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own genes, feelings and experience.

There is a difference between values that are modes of conduct and values that are end-states of existence. Values that are modes of conduct are referred to as instrumental values. Values that are end-states of existence are terminal values. Terminal values are the goals that we work towards and view as most desirable. These values are desirable states of existence. They are the goals that we would like to achieve during our lifetime. Instrumental values are the preferred methods of behavior. They can be thought of as a means to an end. 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. Terminal Values signify the objectives of the life of a person – the ultimate things the person wants to achieve through his or her behaviour (the destination he wants to reach in life) 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). Instrumental values consist primarily of personal characteristics and personality traits such as honest, polite, and ambitious.

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

1) Self-Direction. Defining goal: independent thought and action-- choosing, creating, exploring. Self-direction derives from organismic needs for control and mastery and interactional requirements of autonomy and independence (creativity, freedom, choosing own goals, curious, self-respect, intelligent privacy).

2) Stimulation. Defining goal: excitement, novelty, and challenge in life. Stimulation values derive from the organismic need for variety and stimulation in order to maintain an optimal, positive, rather than threatening, level of activation. This need probably relates to the needs underlying self-direction value (a varied life, an exciting life, daring).

3) Hedonism. Defining goal: pleasure or sensuous gratification for oneself. Hedonism values derive from organismic needs and the pleasure associated with satisfying them. Theorists from many disciplines mention hedonism. (pleasure, enjoying life, self-indulgent).

4) Achievement. Defining goal: personal success through demonstrating competence according to social standards. Competent performance that generates resources is necessary for individuals to survive and for groups and institutions to reach their objectives. As defined here, achievement values emphasize demonstrating competence in terms of prevailing cultural standards, thereby obtaining social approval (ambitious, successful, capable, influential, social recognition)

5) Power. Defining goal: social status and prestige, control or dominance over people and resources. Power values may also be transformations of individual needs for dominance and control. Value analysts have mentioned power values as well (authority, wealth, social power).

6) Security. Defining goal: safety, harmony, and stability of society, of relationships, and of self. Security values derive from basic individual

and group requirements Some security values serve primarily individual interests others wider group interests (e.g., national security). Even the latter, however, express, to a significant degree, the goal of security for self or those with whom one identifies. (social order, family security, national security, clean, reciprocation of favors).

7) Conformity. Defining goal: restraint of actions, inclinations, and impulses likely to upset or harm others and violate social expectations or norms. Conformity values derive from the requirement that individuals inhibit inclinations that might disrupt and undermine smooth interaction and group functioning. Conformity values emphasize self-restraint in everyday interaction, usually with close others. (obedient, self-discipline, politeness, honoring parents and elders) -loyal, responsible.

8) Tradition. Defining goal: respect, commitment, and acceptance of the customs and ideas that one's culture or religion provides. Groups everywhere develop practices, symbols, ideas, and beliefs that represent their shared experience and fate. They symbolize the group's solidarity, express its unique worth, and contribute to its survival, form of religious rites, beliefs, and norms of behavior. (respect for tradition, humble, devout, accepting my portion in life).

9) Benevolence. Defining goal: preserving and enhancing the welfare of those with whom one is in frequent personal contact (the 'in-group'). Benevolence values derive from the basic requirement for smooth group functioning and from the organismic need for affiliation. Benevolence values emphasize voluntary concern for others' welfare. (helpful, honest, forgiving, responsible, loyal, true friendship, mature love).

10) Universalism. Defining goal: understanding, appreciation, tolerance, and protection for the welfare of all people and for nature. Universalism combines two subtypes of concern—for the welfare of those in the larger society and world and for nature (broadminded, social justice, equality, world at peace, world of beauty, unity with nature, wisdom, protecting the environment).

General moral values of an enterprise are noticeable in the principles advocated by the enterprise itself and its strategic management, the latter being responsible for the quality of managing programmes and for upgrading business performance. One of the most important requirements of modern business is a moral and humane strategic management which promotes ethical principles: consumer care, healthy competition, welfare of employees and stockholders, cooperation with buyers and suppliers, supplying authentic information, application of ecological principles in business processes etc. By having integrated business ethics into the strategic management process, an enterprise becomes competent for taking certain measures which can prevent the incidence of ethical crises and of immoral conduct at the enterprise, also for carrying out business activities, in an ethical manner, towards potential consumers, the public, employees, the society and the country. Understanding ethical / unethical conduct is difficult, given that the ethical / unethical choice of actions under the influence of different personal values individuals who are strongly and permanently stimulate specific action, and that as part of their cultural complex consists of a framework for permitted and prohibited behavior.

The influence that personal values have at the ethical / unethical behavior of the highest management is less clear, as in the context of this subject matter is a research problem. Purpose of this paper is to assess the importance of personal (terminal and instrumental) values of the highest management, and to know what values motivate and direct the management of the most ethical / unethical behavior . The basic goal is to determine correlation between personal value systems and ethical behavior of strategic managers of large hotel companies in Croatia.

This paper presents the results of empirical research on personal value systems and ethical / unethical behavior to the highest management in the large hotel companies in Croatia. The Empirical research on the interrelation of personal value systems and ethical behaviour of highest-level management has therefore 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 upon the above, main hypothesis was developed: "Personal values in personal value systems of universalism, benevolence, tradition, conformism, security and independence are positively and significantly correlated with ethical behaviour, whereas universal values in personal value systems of power, achievement, hedonism and incentive are negatively and significantly correlated with ethical behaviour."

The structure of the paper is as follows. The next section provides a selective review of the literature, and is followed by a section which explains the research methodology and a section that consists results and discussion. The final section concludes the paper.

2. Literature overview

Personal values may be regarded as deep-seated, pervasive, core-beliefs or guiding principles that transcend specific situations to direct or propel human behaviour in decision-making. This belief coincides with Rokeach's (1973) definition of a value described as "an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence." Rokeach (1973) purported that values are central to an individual's thought processes, and therefore instrumental in the formation of attitudes and the execution of purposive behaviours in many circumstances or issues. It was further suggested that an individual's values are arranged or classified according to a value system which subsequently influences acceptable behavioural responses. Rokeach (1973) regarded values as abstract fundamental coordinators of behaviour, and brought consensus to the field of social science research by showing the linkage between values and behaviour (Cheng et al., 2010). Thus, the Rokeach's Value Survey was created to highlight this linkage. Researchers (e.g. Hofstede, 1980; Brathwaite and Law, 1985) have questioned the subjective nature of rational-theoretical inventories in the identification of value items and the amount necessary for inclusion in the instrument as they may not necessarily reflect values that are significant for the targeted population. In contrast, Scott's (1965) Personal Values Scale measured an individual's concept of ideal personal traits and investigated ideal relations among people. The personal values scale consists of 12 moral ideals of kindness, social skills, intellectualism, loyalty, academic achievement, physical development, status, honesty, religiousness, selfcontrol, creativity and independence. This current study used Scott's (1965) four subscales to measure personal values such as intellectualism, honesty, self-control and religiousness.

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Intellectualism may be defined as individuals having the capacity for understanding, thinking, and reasoning. Honesty can be defined as the condition of being trustworthy, genuine and sincere. Self-control may be defined as the ability to exercise restraint or control over one's feelings, emotions and reactions. Religiousness is defined as the belief in worship of, or obedience to, a supernatural power or powers considered to be divine or to have control over human destiny. The Personal Values Scale is considered as an empirically-based inventory which suggests that value items are directly extracted from empirical data based on interviews, survey or content analysis (Cheng et al., 2010). Ethical decision-making may be defined as decisions that have legal and moral components that are acceptable to a larger community (Jones, 1991). Prior research indicates that ethical decisions are correlated or highly influenced by personal values that characterise the decision-makers in accounting contexts (e.g., Wright et al., 1997; Douglas and Schwartz, 1999; Douglas et al., 2001; Shafer et al., 2001; Karacaer et al., 2009).

Homer and Kahle (1988) suggested that values form the foundation for the development of individual attitudes that direct specific decision-making behaviour. Similarly, Mayton et al. (1994) contend that personal values are more likely to be predictors of attitudes and actual behaviour. Prior research has found support for personal values significantly influencing ethical behaviour (Finnegan, 1994; Fritzsche, 1995; Wright et al., 1997; Giacomino and Akers, 1998; Douglas and Schwartz, 1999; Douglas et al., 2001). The literature has also shown that personal values have been incorporated into many ethical decision-making models to show the influence on ethical decision-making (e.g., Fritzsche, 1995; Shafer et al., 2001; Fritzsche and Oz, 2007; Lan et al., 2009; Karacaer et al., 2009). For example, Fritzsche and Oz (2007) found support for the influence of altruistic values on ethical decision-making. Giacalone and Jurkiewicz

(2003) found support for spirituality (religiousness) being associated with perceptions of unethical practices. It is presumed that personal values are responsible for the formation of perceptions, evaluations, judgments, commitments, level of satisfaction, attitudes and behaviours, and therefore, are very good predictors of attitudes and the driving force behind ethical decision-making behaviours of individuals. Akaah and Lund (1994) tested for the influence of personal values on ethical behaviour among managares.

There is a substantial body of empirical literature examining values, business ethics and managers ethical/unethical behaviour. Studies include values held by managers a comparison of individual and organizational value systems and corporate ethical values and organizational commitment. Several decision models incorporate values as an influence on the ethical dimension of decision making and behaviour. There appears to be general agreement that values influence behavior. Both Connor and Becker (1979) and Homer and Kahle (1988) propose that values provide the basis for the development of individual attitudes that lead to specific decision making behavior.

Nevertheless, based on prior research, it may be noticed that in Croatia there are no scientific studies examining the influence of personal values on the ethical behavior. This particularly applies to the researches in the area of hotel industry which is the main reason why this research is justified and important.

3. Methodology

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 September 2013 until 25 October 2013 and the second, from 24 February 2014 until 1 April 2014. The data was gathered by means of survey questionnaires. Presidents of

boards and their members – the highest-level management, were the base population. The targeted sample of 22 respondents consisted of: 9 persons from the highest-level management of 6 large hotel enterprises in Istria County, 5 persons from the highest-level management of 3 large hotel enterprises in Primorje and Gorski kotar County, one person from the highest-level management of a large hotel enterprise in Dubrovnik and Neretva County, three persons from the highest-level management of a large hotel enterprise in Osijek and Baranja County, three persons from the highest-level management of three large hotel enterprises in Split and Dalmatia County and one person from the highest-level management of a large hotel enterprise in Šibenik and Knin County. The sample comprises of 5 female and 17 male respondents, with the age of the majority (72.7%) being between 30 and 49 years. More than half of the respondents 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 surveying the highest-level management, board presidents and their members at large hotel enterprises within the Republic of Croatia, will be presented and interpreted in this paper. Descriptive statistical analysis, Fisher's test, rank correlation, Spearman's rank correlation coefficient, analysis of variance (ANOVA) and analysis of reliability were used for the data analysis. In this paper the results of quantitative analysis of data collected by means of surveying the highest-level management, board presidents and their members at large hotel enterprises within the Republic of Croatia, are presented and interpreted.

The sample of enterprises comprises of 22 completed questionnaires. In the structure of enterprises according to the county where business is performed, the highest share (40.9%) is taken by enterprises from Istria County. A relatively high percentage applies to 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 share in the sample (4.5%). The sample contains 77.3% of male respondents. The age of the majority of respondents (72.7%) is between 30 and 49 years. The majority of respondents obtained a university degree, while 54.5% have 10 to 20 years of service.

4. Results and discussion

The majority of respondents (36.4%) consider SECURITY to be the set of values in accordance with their actions, which gives meaning to their lives and encourages them towards certain actions and behaviour. Around 27% of respondents define ACHIEVEMENT as their value system, followed by POWER (18.2%) and INDEPENDENCE (9.1%). The least number of respondents see HEDONISM or UNIVERSALISM as their system of values. The respondents assessed their personal value systems with a 1-5 rating scale, from 1 being "completely irrelevant" to 5 being "highly important". Average ratings for individual value systems are from 2.82 to 4.23. The respondents rated SECURITY as the most important value system, which is followed by INDEPENDENCE and ACHIEVEMENT. The least important system of values is POWER. According to its average rating, this value system belongs to the group of systems which are neither important, nor unimportant (Table 1 i 2).

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Table 1. 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 me)	3.00	1.380
8	Social order (stability of society)	3.91	0.684
9	Exciting life (stimulative experiences)	3.95	0.844
10	Meaning in life (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 from enemies)	3.73	1.162
14	Self-respect (sense of self-worth)	4.36	0.658
15	Returning favours (to avoid owing someone)	3.18	1.220
16	Creativity (originality, fantasy)	4.23	0.612
17	World peace (world free 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, resisting temptation)	3.00	1.380
21	Private life (right to privacy)	4.32	0.477
22	Family security (the security of fellow men)	4.59	0.590
23	Social reputation (respect and appreciation of others)	3.82	0.733
24	Unity with nature (fitting 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 friendship (close friends who support me)	4.05	0.722
29	Beauty (beauty of nature and art)	3.36	1.049
30	Social justice (redressing wrongs, care for the weak)	3.23	1.541

Table 2. Instrumental values importance assessment

No.	INSTRUMENTAL VALUES	Arithmetic Mean	Standard deviation
1	To be independent (rely on inner-strength, self-sufficient)	4.18	0.664
2	To be moderate (avoid excessive emotions or behaviour)	3.36	1.049
3	To be loyal (faithful to friends, people who surround me)	4.00	0.976
4	To be ambitious (hard-working, striving for achievements)	4.23	0.685
5	To be tolerant (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 for risk)	3.82	1.006
8	To preserve the environment (preserve nature)	3.91	0.811
9	To be influential (have influence on people and events)	3.64	1.136
10	To respect one's parents and the elderly (show respect)	4.27	0.631
11	To select personal goals (reach decisions alone)	4.50	0.512
12	To be healthy (to not be ill – physically or mentally)	4.77	0.429
13	To be capable (competent, enterprising, efficient)	4.55	0.510
14	To accept life (make peace with life circumstances)	3.14	1.490
15	To be sincere (truthful, honest)	4.05	0.950

Table 2. Instrumental values importance assessment (continued)

No.	INSTRUMENTAL VALUES	Arithmetic Mean	Standard deviation
16	To preserve the image of oneself and the society (maintaining reputation)	4.05	0.785
17	To be obedient (servile, to fulfil one's duties)	2.45	1.471
18	To be intelligent (logical, thoughtful)	4.27	0.703
19	To be helpful (act for the wellbeing of others)	3.41	1.260
20	To enjoy life (enjoy food, sex, holidays etc.)	4.09	0.868
21	To be pious (hold on to one's religion)	3.00	1.380
22	To be responsible (trustworthy, someone to rely on)	4.05	0.844
23	To be curious (show interest for everything, to explore)	4.00	0.617
24	To be ready to forgive (willing to forgive others)	3.45	1.101
25	To be successful (achieve goals)	4.23	0.612
26	To be clean (tidy)	4.23	0.685

The respondents 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. It can be concluded, based on these results, that "MEANING IN LIFE (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 following terminal values were assessed as important (average rating 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 fellow men), "wisdom (mature perception of life)", "sincere friendship (close friends who support me)". 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". Average ratings range from 2.45 to 4.68. The most important instrumental value is "TO BE HEALTHY (TO NOT BE ILL – PHYSICALLY OR MENTALLY)", which belongs to the "SECURITY" personal value system. The least important instrumental value is "TO BE OBEDIENT (SERVILE, TO FULFIL ONE'S DUTIES)", which belongs to the "CONFORMISM" personal value systemThe standard deviation value is around 1, which shows a relatively minor data discrepancy from the average value.

Results of table 3 show that the highest-level management from the Istria County characterised their own personal value system as "power" and "achievement". "Security" is the most common personal value system of the top management from Primorje and Gorski Kotar County as well as Osijek and Baranja County, whereas "achievement" is the most common personal value system of the highest-level management of Split and 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 highest-level management from different counties are not significantly different in the aspect of personal value systems, i.e. their personal value systems are similar.

Table 3: 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	Šibenik and Knin	
									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

The results of table 4 display that the average ratings of personal value system importance according to the enterprise headquarters (i.e. the county where business is performed) are statistically and significantly different for the value systems of "power", "achievement", "hedonism" and "incentive".

Table 4. 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.

Persons of highest-level management from different counties thus have significantly different attitudes towards the importance of the mentioned value systems. Differences in average ratings for the remaining value systems are not statistically significant (p>0.05), therefore it can be concluded that the persons of the highest-level management from different counties similarly (not statistically or significantly different) rate the importance of the value systems "independence", "universalism", "benevolence", "tradition", "conformism" and "security". Average ratings for the value system "POWER" are in the interval of 1 to 5. Standard deviation values display small deviations of data from the standard value. Persons of highest-level 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 persons of highest-level management of other counties. Average ratings for the value system "ACHIEVEMENT" are in the interval of 2 to 5. Standard deviation values display small deviations of data from the standard value. Persons of highest-level management from the counties of Osijek and Baranja as well as Šibenik and Knin consider this value system less important than persons of highest-level management from the remaining counties. Average ratings for the value system "HEDONISM" are in the interval of 1 to 5. Standard deviation values display relatively small deviations of data from the standard value. Persons of highest-level 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 persons of highest-level management from the remaining counties. Average ratings for the value system "INCENTIVE" are in the interval of 2.67 to 5. Standard deviation values display small

deviations of data from the standard value. Persons of highest-level management from Osijek and Baranja County consider this value system less important than persons of highest-level management from the remaining counties.

According to the results of terminal values according to the head office of enterprises (i.e. the county where business is performed) are statistically and relevantly different for two terminal values, i.e. for "respecting tradition" and "authority", in cases of which the persons of highest-level management have statistically and relevantly different attitudes towards the importance of these terminal values. Persons of highest-level management from Istria County consider this value system less important than persons of highest-level management from other observed counties. Persons of highest-level 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, compared to the persons of highest-level management from the counties of Šibenik and Knin, Istria, as well as Dubrovnik and Neretva.

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, i.e. "to be audacious", "to enjoy life", and "to be pious". Thus, executives from different counties have statistically and significantly different attitudes towards the importance of these instrumental values.

In the sample observed, 11 large hotel enterprises issued a Code of Ethics, 7 of which forming their own Ethics Committee. Four of the observed enterprises have not issued a Code of Ethics: three of which from Istria County and one from Split and Dalmatia County. Eight enterprises have not formed their Ethics Committee: five of which from Istria County, one from Dubrovnik and Neretva County, one from

Primorje and Gorski Kotar County and one from Split and Dalmatia County. The probability of taking certain actions (of ethical/unethical behaviour) in a particular example was rated from 1 ("I would never") to 5 ("I would almost always"). Ethical behaviour is shown with rating 1 only ("I would never").

All the situations were rated "low" (average ratings are from 1.68 to 2.27). As all the examples were rated around 2, the respondents would not behave ethically in the above stated situations (Table 5).

Table 5. 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

The results of variance analysis summarised in table 6 show that average ratings for the examples of ethical behaviour are not statistically nor relevantly different according to the head office of the enterprise, i.e. the county where business is performed ($p > 0.05$).

Table 6. 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.

It can be concluded that all persons of highest-level management would behave similarly (not significantly different) in the observed exemplified situations.

Influence of personal value systems on ethical behaviour

In order to examine whether there is a correlation between personal value system and ethical behaviour, Rank correlation was carried out, for the purpose of which Spearman's correlation coefficient was calculated.

The correlation strength of value systems "POWER", "ACHIEVEMENT", "HEDONISM" and "INCENTIVE/ ENCOURAGEMENT" with ethical behaviour is MEDIUM AND NEGATIVE (Table 7).

Table 7. 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.

Therefore, the more important the personal values of power, achievement, hedonism and incentive are, the less ethical respondents will behave, i.e. they will behave unethically. The relationships 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 respondents will show. The relationships 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: "Universal values in personal value systems of universalism, benevolence, tradition, conformism, security and independence are positively and significantly correlated with ethical behaviour, whereas universal values in personal value systems of power, achievement, hedonism and incentive are negatively and significantly correlated with ethical behaviour." The results obtained from the conducted research pinpoint the relationship of universal values in personal value systems with ethical behaviour of highest-level management and confirm the researches of other authors, that personal values have a significant influence on ethical behaviour of managers (Fritzsche and Effy, 2007). However, it has to be emphasized, that the low or medium-high correlation indicates the degree of ethical behaviour to 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. Conclusions

Ethical behaviour is a product of personal values, experience and the environment in which one lives and acts. Formally defined,

ethical behaviour is morally accepted as "good" and "right" as opposed to "bad" and "wrong" in a particular surrounding. A successful highest-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 becoming crucial to sustain an enterprise on the market, it has been essential to conceive the relationship between ethical behaviour of highest-level management with business success which is the purpose of this paper.

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. Strategic managers role in promoting ethical conduct as well as establishing and implementing ethical values into enterprises has strengthened, while understanding the relationship between personal values and ethical behaviour paved the way for creating and enforcing ethical business policies and strategies in the process of strategic management, in order to ensure economic progress.

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