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Students' Response to Ethical Dilemmas

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Abstract

The teaching of ethics in hospitality curricula is an important part of students' overall education. Past research has indicated that college students are generally as ethically aware as their professional counterparts. The authors replicated a study by Damitio and Schmidgall (1993) in which over 700 college students were asked if they agreed with decisions in 15 hypothetical scenarios. Students were also asked if the decisions were in fact ethical. Results are reported. The authors use these results as further evidence that ethical awareness in hospitality students needs to be raised. There does not appear to be any change in students' ethical awareness since the original study in the early 1990s. A discussion of the direction ethics education might take follows. Implications for hospitality curricula and hospitality students are analyzed. A course of action is recommended

Students' Responses to Ethical Dilemmas
By Christine Lynn, Richard Howey and Thomas Combrink

The teaching of ethics in hospitality curricula is an important part of students' overall education. Past research has indicated that college students are generally as ethically aware as their professional counterparts. The authors replicated a study by Damitio and Schmidgall (1993) in which over 700 college students were asked if they agreed with decisions in 15 hypothetical scenarios. Students were also asked if the decisions were in fact ethical. Results are reported. The authors use these results as further evidence that ethical awareness in hospitality students needs to be raised. There does not appear to be any change in students' ethical awareness since the original study in the early 1990s. A discussion of the direction ethics education might take follows. Implications for hospitality curricula and hospitality students are analyzed. A course of action is recommended.

Introduction

In the early 1990s, Damitio and Schmidgall (1993) surveyed hotel managers, club managers, and financial managers for their opinions on business scenarios with ethical implications and found them to be in reasonable agreement. Eighty-two graduating hospitality students in 1994 had similar opinions when asked about the same scenarios as in the Damitio and Schmidgall (1993) study. (Casado, Miller and Vallen, 1994.) The hypothetical manager in each of the scenarios was not, however, acting in defined ethical or unethical ways, and the opinions of hotel managers, club managers, financial managers, and graduating seniors were compared to each other rather than to an ethical standard. (Jaszay, 2002.)

A survey that included the same 15 scenarios administered to hotel managers (see Schmidgall, 1992) by Damitio and Schmidgall in 1993 (Appendix 1) was devised and administered to university hospitality students at the beginning of their first semester in the program and again at the end of their last semester before graduating. Students were asked whether or not they agreed with the managers' decisions in the scenarios.

Students were also asked if they thought the decisions were ethical or unethical. Sometimes people can feel compelled to do things they may think or know are unethical because of other conflicting concerns or situations. The scenarios were analyzed to establish the ethicality of each so as to be able to compare each group's opinion with an ethical standard.

The purpose of this study is to compare students' responses with the original study responses, compare all responses with the ethical standards, to determine response differences from students' freshman to senior years, and to see if there are any underlying demographic variables that might affect their responses.

Literature Review

After numerous news stories concerning the misbehavior of politicians, stock brokers, television evangelists, and business people, Schmidgall and Damitio (1991) declared in 1991, "The trust of the American people has been shattered." While hospitality industry managers have to deal with ethical questions, there appeared to be little agreement as to what was ethical and what was not. (Schmidgall, 1991.) Thirteen years and numerous scandals later, a study found that 65% of travel companies and their suppliers have ethics codes in place, and that most of their employees are very familiar with the guidelines. Their employees know the rules but do not actually always follow them. (Pfenning, 2004.)

Several meeting industry leaders noted that there is a greater awareness of ethics among meeting planners, and that the CEOs must be "chief ethical officers," but are finding that not much is happening besides talk. Many organizations either have no ethics codes or have ethics codes that are vague and useless. Planners want to do the right thing but are often offered personal incentives they would rather not have. Some planners feel that personal ethics are far more important than organization mandated codes, but realize that it is easy to rationalize unethical behavior. They all agree, however, that professionals must be ethical. (Rowe, 2003.)

Ethical business dealings have been shown, through research, to be financially rewarding. The integrity of managers positively affects hotel profits and, when combined with strong management/employee relationships, workers tend to be more fully engaged in their work and turnover is reduced. (Enz, 2002.) There is general agreement that today's leaders must have strong ethical values, and that it is essential to teach our hospitality students ethics. (Yeung, 2004.)

Ethical decision making can be enhanced when company cultures have ethical beliefs and guidelines that are shared by everyone. The guidelines can be made explicit in an ethics code that

management and employees together develop that truly expresses the culture. The leaders must model the expected behavior, and expectations must be communicated to all employees. Ethical issues must be discussed, and ethical behavior rewarded. (Coughlan, 2003.) It is the behavior of the people at the top that determines whether or not an ethical culture will permeate the company. (Nation's Restaurant News, 2003.)

When ethics codes match the values of the company, are communicated adequately, modeled by management, and ethical behavior rewarded, a shared ethic is more likely to result. A common value system within an organization influences decisions and behaviors that are more consistent with the objectives of the organization. A well thought out and well implemented ethics code can reduce ethical dilemmas and result in fewer management problems. (Jaszay, 2002.)

The recent corporate bankruptcies and scandals were, in part, a result of personal interests of those in control, put above the interests of shareholders. The need for ethical oversight is the lesson that can be learned from the scandals. Ethics codes can help management to avoid conflicts of interest and to keep the focus on protecting the assets of the organization and acting in good faith and in the best interest of the organization. (Fortin, 2003.)

The question we seek to answer concerns whether hospitality students today have different ethical values than the hospitality students (and professionals) of the early 1990s. Has the level of ethical awareness "improved," or are students' ethical values still basically the same, despite efforts to enhance ethical awareness over the past 15 years?

Methodology

A survey was created using the same 15 scenarios administered by Damitio and Schmidgall (1993) to hotel managers. (Schmidgall, 1992.) The scenarios are presented in Appendix 1. Students were asked to agree or disagree with the actions the manager took. In addition, students were asked whether they thought the behavior was ethical or unethical. Surveys were administered to Northern Arizona University (NAU) hospitality students at the beginning (in an "Introduction to Hospitality" course) and at the end of their program (in a "Senior Seminar" course). The samples are not pure in the sense that only freshmen take the Intro class and only seniors take the Senior Seminar, but in the vast majority of cases these two classes are populated with freshmen and seniors respectively.

Data were collected for eight semesters, from the fall of 2001 through the spring of 2005. A total of 735 students were surveyed. The original question of how respondents reacted to decisions made in the scenarios (agree strongly to disagree strongly) was revisited. Respondents were also asked whether they believed the decisions were actually ethical or unethical.

While it is interesting to compare students' and managers' decisions, it is more interesting to compare their decisions to an ethical standard. All fifteen of the scenarios were analyzed using an Ethics Analysis Form developed by ethics and curriculum design experts at Isbell Hospitality Ethics. All of the managerial decisions described in the scenarios were deemed unethical in varying degrees. An example analysis is included in Appendix 2. The remaining 14 analyses, the survey instrument, and the Ethical Principles for Hospitality Managers are available by email request (Christine.Lynn@nau.edu).

Responses to Scenarios

Table 1 is a summary of the responses by the scenarios measured by all the groups surveyed in this study.

Table 1: Responses to Scenarios

Scenarios	Respondents	% Agree*	% Unsure	% Disagree*	% Ethical	% Unethical
New salary	Freshmen	28.5	21.2	50.3	19.0	81.0
	Seniors	36.7	24.0	39.3	35.9	64.1
New menu	Freshmen	35.6	17.4	47.0	43.8	56.2
	Seniors	46.2	16.7	37.1	58.2	41.8
Spotter's spies	Freshmen	71.6	11.9	16.5	74.6	25.4
	Seniors	79.2	9.9	10.9	81.7	18.3
Yard work	Freshmen	52.4	18.9	28.7	58.4	41.6
	Seniors	58.1	16.6	25.3	57.4	42.6
Bumped reserve	Freshmen	13.9	8.8	77.3	4.5	95.5

	Seniors	28.8	6.6	64.6	7.1	92.9
Roof repair	Freshmen	50.6	20.6	28.8	50.8	49.2
	Seniors	47.7	19.6	32.7	38.1	61.9
Cashier's integrity	Freshmen	49.0	23.1	27.9	47.7	52.3
	Seniors	45.5	16.3	38.2	39.1	60.9
Fringe benefits	Freshmen	18.1	23.9	58.0	22.2	77.8
	Seniors	23.0	13.6	63.4	16.4	83.6
Ed materials	Freshmen	17.3	12.2	70.5	16.4	83.6
	Seniors	25.8	7.1	67.1	10.5	89.5
Free wine	Freshmen	46.0	22.0	32.0	51.4	48.6
	Seniors	42.9	15.4	41.7	35.7	64.3
Work Standards	Freshmen	42.9	15.4	41.7	55.1	44.9
	Seniors	40.2	23.2	36.6	63.1	36.9
Service charge	Freshmen	19.1	20.2	60.7	17.4	82.6
	Seniors	25.0	17.3	57.7	22.4	77.6
Price reduction	Freshmen	63.5	16.8	19.7	65.8	34.2
	Seniors	62.2	18.5	19.3	70.7	29.3
Stock purchase	Freshmen	41.1	22.9	36.0	38.7	61.3
	Seniors	45.9	18.9	35.2	33.6	66.4
Overbook	Freshmen	26.0	23.0	51.0	33.0	67.0
	Seniors	60.0	14.4	25.6	61.2	38.8

Notes to Table 1:
*Agree is a combination of "strongly agree" and "agree" responses.
**Disagree is a combination of "disagree" and "strongly disagree" responses.
N= Freshmen = 408-468   *N*= Seniors = 241-263

Comparison of Results by Gender

The results in Table 2 support a long-known fact that males are more likely to support unethical behavior than females. T-tests were performed on differences between males and females. In this study males supported, at a significance level of .05 or better, a more unethical decision than females. There were no differences in four of the cases. Mean scores were based on:

Agree strongly or agree = 1
Undecided = 2
Disagree strongly or disagree = 3

The scenarios showing differences between males and females are in boldface. In no case did the females support unethical behavior more than the males.

Table 2:   Differences in Agreement with Scenario Decisions, by Gender

Scenario	Mean Score		
	Male	Female	Significance
1. New Salary	1.9628	2.2371	.000
2. New Menu	1.8403	2.1600	.000
3. Spotter's Spies	1.3802	1.4535	.113
4. Yard Work	1.6534	1.7861	.013
5. Bumped Reservation	2.4103	2.6224	.000
6. Roof Repair	1.6761	1.9393	.000
7. Cashier's Integrity	1.7875	1.8763	.113
8. Fringe Benefits	2.2199	2.4852	.000
9. Educational Materials	2.4047	2.5982	.000
10. Free Wine	1.7338	2.0000	.000
11. Work Standards	1.9112	2.1922	.000
12. Service Charge	2.2494	2.4713	.000
13. Price Reduction	1.5046	1.6206	.020
14. Stock Purchase	1.8387	1.9894	.007
15. Overbooking	1.9218	2.1818	.000

The results support the long-standing notion that males are more likely to behave unethically than females. Actually, the number of times males agree to unethical behavior more than females [in 12 of

15 scenarios] lends credence to the original Damitio and Schmidgall (1993) set of scenarios. The fact males consistently agree to behave more unethically cannot be a coincidence in this study.

Comparison of Results by Year in School

The data were not arrayed in such a way as to allow for tests of significance between freshmen and seniors for each scenario. However, there are differences in what freshmen and seniors consider to be ethical behavior, as can be seen in Table 3. On average the student agreement that the management actions were ethical did not change much from the freshman [39.9 percent] to the senior [42.1 percent] year. However, differences between freshmen and seniors in individual scenarios do exist. The scenarios where seniors thought the decisions were more ethical are in boldface.

For example, 61 percent of seniors thought the overbooking decision was ethical, while only 33 percent of the freshmen did. Conversely, 51 percent of the freshmen thought the free wine decision was ethical while only 36 percent of the seniors agreed. There does not appear to be any consistent theme that underlies whether the freshmen or the seniors reported the management actions as being more ethical. One possible explanation for seniors being more likely to agree with some management decisions is that, between the freshman and senior year, students are exposed to classroom and work experiences that seem to teach that some decisions are justified. For example, students may come to understand the practical realities underlying overbooking as a management tactic. At the same time, they are not exposed to the ethical implications of their behavior. It would seem that, at least in the academic experience, teaching the practical necessity of overbooking could or should be combined with a discussion of the ethical dilemma of doing so. NAU does not have an ethics curriculum. As a consequence, students have no formal resource to help develop their ethical standards.

Table 3: Percentage of Respondents Who Feel Management Actions are Ethical, by Class Year

Scenario	Freshmen	Seniors
1. New Salary	19.0	35.9
2. New Menu	43.8	58.2
3. Spotter's Spies	74.6	81.7
4. Yard Work	58.4	57.4
5. Bumped Reservation	4.5	7.1
6. Roof Repair	50.8	38.1
7. Cashier's Integrity	47.7	39.1
8. Fringe Benefits	22.2	16.4
9. Educational Materials	16.4	10.5
10. Free Wine	51.1	35.7
11. Work Standards	55.1	63.1
12. Service Charge	17.4	22.4
13. Price Reduction	65.8	70.7
14. Stock Purchase	38.7	33.6
15. Overbooking	33.0	61.2
Average	39.9	42.1

The comparison of students' belief that the management decisions are ethical compared to their agreement or disagreement with the decision is provided in Tables 4 and 5. In this case responses were combined into general agreement with and general disagreement with the decisions, along with a category for those who were undecided. It is interesting to note that, in general, the students tend to agree with the management decisions at about the same level that they believe the decisions to be ethical. For example 74.6 percent of freshmen believe that using spotter's spies is ethical, and in fact 71.6 agree with the decision to use them. The implication is that the students are going to behave on the basis of their subjective assessments as to what is ethical and what is not, irrespective of what the actual ethical nature of the decision is. This implication is actually a nice thing—the students are not saying they would engage in behaviors they clearly see to be unethical. To the extent that student perceptions of unethical behavior can be influenced, perhaps so can their actual behavior.

Table 4: Percentage of <u>Freshmen</u> who Believe Decisions to be Ethical, Compared to Percentage that Agree with Behaviors

	% Ethical	Agree Strongly/ Agree	Disagree Strongly/ Disagree	Undecided
3. Spotter's Spies	74.6	71.6	16.4	11.9
13. Price Reduction	65.8	63.5	19.7	16.8
4. Yard Work	58.4	52.4	28.7	18.9
11. Work Standards	55.1	31.7	43.1	25.3
10. Free Wine	51.1	46.0	32.0	22.0
6. Roof Repair	50.8	50.6	28.8	20.6
7. Cashier's Integrity	47.7	49.0	27.9	23.1
2. New Menu	43.8	35.6	47.0	17.4
14. Stock Purchase	38.7	41.1	26.0	22.9
15. Overbooking	33.0	26.0	51.0	23.0
8. Fringe Benefits	22.2	18.1	58.0	23.9
1. New Salary	19.0	28.5	50.3	21.2
12. Service Charge	17.4	19.1	60.8	20.2
9. Educational Materials	16.4	17.2	70.5	12.2
5. Bumped Reservation	4.5	14.0	77.3	8.8

Note: Percentages may not add to 100 due to rounding error

There is also the issue of the relatively large percentage both of freshmen and seniors who are undecided whether they would behave the way the people in the different scenarios did. If they do eventually form opinions, could an ethics curriculum help mold those opinions?

Table 5: Percentage of <u>Seniors</u> who Believe Decisions to be Ethical, Compared to Percentage that Agree with Behaviors

	% Ethical	Agree Strongly/ Agree	Disagree Strongly/ Disagree	Undecided
3. Spotter's Spies	81.7	79.2	10.9	9.8
13. Price Reduction	70.7	62.2	19.3	18.5
11. Work Standards	63.1	40.2	36.6	23.2
15. Overbooking	61.2	60.0	25.6	14.4
2. New Menu	58.2	46.2	37.1	16.7
4. Yard Work	57.4	58.1	25.3	16.6
7. Cashier's Integrity	39.1	45.5	38.1	16.3
6. Roof Repair	38.1	47.7	32.7	19.6
1. New Salary	35.9	36.7	39.3	24.0
10. Free Wine	35.7	42.9	41.7	15.4
14. Stock Purchase	33.6	45.9	35.2	18.9
8. Fringe Benefits	16.4	23.0	63.4	13.6
12. Service Charge	22.4	25.0	57.7	17.3
9. Educational Materials	10.5	25.9	67.1	7.1
5. Bumped Reservation	7.1	28.8	64.6	6.6

Note: Percentages may not add to 100 due to rounding error

Conclusion

The students in the School of Hotel and Restaurant Management at Northern Arizona University are primarily white, middle class, and between 18 and 22 years old. They are friendly, socially adept, enthusiastic, and really care about the industry and customer service. And, according to the results of the survey, almost half the time, they do not recognize when something is unethical. It is doubtful that they are less morally astute than their counterparts in other hospitality programs.

The results suggest that NAU students' perceptions of what is ethical do shift around some between their freshman and senior years. In eight of the 15 scenarios seniors were more likely to see the management decisions as being ethical. Clear differences between males and females support the existing notion that males are more likely to believe behaviors are ethical than females.

The seniors' responses to the scenarios were somewhat similar to the lodging and financial managers in the original study, but it is unknown if the managers thought any of the scenarios were unethical. The seniors' agreement or disagreement with the scenario managers' decisions was fairly

consistent with their assessment of the ethicality of the scenario managers' decisions. In other words, the seniors did what they thought was ethical.

There is a gap between what the students think is ethical and what is really ethical. Some have argued that there are no absolutes and that ethics are relative. This argument, however, has been effectively deflated in philosophical literature (Keeft, 1999.) The shared values of American society have deteriorated over the past 45 years. Perhaps because families and communities have broken down or schools have not changed as society has changed, the values are no longer held in common (Jaszay, 2002.)

Organizations need shared value systems in order to be able to maintain consistency within their organizations. The ethical standards of organizations, whether they are written or unwritten, serve as frameworks for employees' behavior. Organizations prefer having trustworthy employees, and because traditional values have become less prevalent, written codes of ethics may be necessary. An ethics code must match the beliefs of the organization, and all levels of the organization must be committed to its success (Jaszay, 2001.)

Once organizations have identified their underlying values, they can design all their systems of operation to support the values, and then hire individuals who will be capable of accepting and working within the values of the organization. Students are being prepared to take entry level management positions in the hospitality industry. They, in time, will move into leadership roles which will require them to have a foundation in ethics to be able to discern ethical dilemmas and make ethical decisions. They should not be learning ethics on the job. They should, instead, learn ethics in college as part of their preparation for management careers in the hospitality industry.

The literature states again and again that ethics must be taught in university hospitality programs. The inconsistent ethics instruction currently found in most hospitality programs does not adequately prepare students for the ethical demands of today's business environment. This study suggests that maturation alone will not make students ethically aware. They must be taught, and the literature supports an integrated case study approach.

The mission of Isbell Hospitality Ethics is to improve the ethical climate in the hospitality industry by increasing ethical awareness in hospitality students and managers. In response to the literature, Isbell Hospitality Ethics developed an ethics curriculum using a case study approach to be integrated across university hospitality programs. The curriculum is organized into 14 complete lessons to be administered as is or modified to suit teaching styles and the needs of students.

The curriculum has also been modified to use as on-line instruction and is available on the Isbell Hospitality Ethics web site (www2.nau.edu/~clj5/Ethics/). It can be downloaded, modified, copied, put into any web class platform, and is free to use in any good way. The accompanying textbook has 15 chapters that correspond to the lessons in the curriculum (Ethics and Housekeeping, Ethics and Foodservice, Ethics and Marketing, etc.) and focuses on the "Ethical Principles for Hospitality Managers. The appropriate ethics lesson can be dropped into each of the core courses, or students can be required to do the on-line instruction while taking the corresponding course.

The on-going integrated case study analysis instruction, backed with consistent philosophy and pedagogy, is far more effective than the inconsistent and often times unrelated ethics instruction that may or may not be presented in each course. Students are better able to grasp the importance of and see the relationship of ethics in every area of their careers and lives.

This study has verified the ethics gender gap and the need for ethics instruction. It is time to apply the findings of the literature. It is time to incorporate consistent integrated ethics instruction into all university hospitality programs. Isbell Hospitality Ethics has provided the instructional materials. It does not seem plausible that NAU students are any different than students from other hospitality programs. The fact that NAU students of today do not seem to think much differently than their college predecessors of the early 1990s, even though they have been, however haphazardly, introduced to ethics in our curriculum, suggests there is work to be done.

Appendix 1: Scenarios
New Salary: You have just received a 20% increase in your annual salary to $95,000. However, the hotel's Board of Directors refused to increase the hotel's hourly employees average pay of $5.25 since the hotel is in "financial straits." You decide to quietly accept the raise.

New Menu: You have just approved a new menu that contains several of your favorite high-calorie, high-cholesterol, high-sodium foods. No nutritious alternatives are on the menu. You reason that the hotel guests like what is on the menu and that's why they will keep coming back as in the past.

Spotter's Spies: You have just contracted with Spotters, Inc. to provide spotters to "spy" on your bartenders to determine if they are preparing drinks according to the standard recipe and if they are properly charging guests for all drinks served.

Yard Work: You need yard work done at your personal residence. You approach one of the hotel's best maintenance workers and offer to personally pay him the same hourly wage he receives from the hotel for the desired five hours of work at your house.

Bumped Reservation: You have just been approached by a very influential guest regarding a surprise birthday party he would like held at the hotel two months hence. Unfortunately, the hotel is totally booked. The guest, after discussing the bookings for the targeted date with you for 30 minutes, suggests bumping a less influential party who reserved the desired room yesterday. The influential guest suggests you tell the other party "the sales person made a major mistake in booking a room that had previously been reserved." You concur.

Roof Repair: The hotel requires a new roof. Three bids are obtained and the low bidder suggests privately he would be willing to shingle your personal residence for half-price, which just happens to need the attention. You find references indicate the low bidder does excellent work. You go with the low bidder. The hotel roof is replaced and your house is shingled.

Cashier's Integrity: You decide to test a cashier's integrity. The cashier has been with the hotel ten years and has had a flawless record. You slip a $50 bill in the register receipts. At the end of the day, the cashier shows a $5 overage. Upon questioning the cashier, the cashier admits to you that he/she pocketed the $45 difference.

Fringe Benefits: The board of Directors of your hotel recently provided full time employees with "free" health insurance. In an attempt to maintain the hotel's profitability and your bonus, you have decided to reduce six full time workers to ¾ time and hire two additional ¾ time workers. Three of the workers are single parents. The bottom line result is considerable savings in the cost of the hotel's fringe benefits.

Educational Materials: You belong to an organization that, with apparently noble intentions, asks your cooperation in distributing educational materials to your hotel guests. You, being desirous of helping the organization, provide a copy of the hotel's influential guests including names, addresses, and telephone numbers.

Free Wine: You recently purchased 20 cases of wine for the hotel from a new beverage purveyor. Without your advance knowledge, the purveyor delivers one free case of wine to your residence. You decided to keep the free case for your personal use since it did not influence the purchase of the 20 cases for the hotel.

Work Standards: The controller has recommended in light of rising labor costs that housekeeping time allowed to clean a room be reduced from 30 minutes to 25 minutes. The 30-minute timeframe was considered "tight, but attainable." You concur.

Service Charge: The Controller has advised the accounts payable clerk to continue to add a 1-1/2 percent monthly service charge to overdue accounts of individuals and small businesses but to discontinue this procedure for the overdue large corporate accounts. You concur.

Price Reduction: You are the manager of a new hotel that is experiencing lower than expected occupancy rates. In an attempt to increase room sales and occupancy percentage, you recommend advertising a 25% discount off the "regular" rack rate of $80 despite the fact that no rooms have ever sold at the $80 rate.

Stock Purchase: You are the general manager of a hotel owned by Empire Hotels. Every month you buy 50 shares of Empire's stock for your personal portfolio. In light of recent improved (but unpublished) earnings figures that have "crossed" your desk, you double your monthly purchase to 100 shares of Empire's stock.

Overbooking: The controller of the XYZ Hotel has just studied a special report that reveals that 2% of the rooms reserved each day are not sold due to "no shows." To offset this problem (*and lost revenue), she orders the rooms reservationist to overbook rooms up to 2% each day. She informs the front office personnel to be prepared to walk a few potential guests due to the new procedure. You concur with this action. (Schmidgall, 1992.)

Appendix 2: Example of a Scenario Ethical Analysis
New Salary: You have just received a 20% increase in your annual salary to $95,000. However, the
hotel's Board of Directors refused to increase the hotel's hourly employees' average pay of $5.25
since the hotel is in "financial straits." You decide to quietly accept the raise. (Schmidgall, 1992.)

Ethical Analysis Form
What are we trying to accomplish?
Is what we are trying to accomplish ethical?
Where do our loyalties belong?
Who are the stakeholders who will be affected by our decision?
What are our decision options? (Is there a better alternative?)
Are there any ethical principles that might be violated by any of the options?
What are the consequences (positive & negative) to all the stakeholders for each option?

Decision Option: Quietly accept the raise

Stakeholders	Principles	Consequences
Employees		• Employees could find out. • They could feel resentful. • Morale could go down. • Turnover and absenteeism could rise. • Quality of service could diminish. • Productivity could fall.
Manager (Decision Maker)	Fairness Integrity Loyalty Concern & Respect Leadership Trustworthiness Reputation & Morale Accountability	• If mgr. refused raise he/she could lose job or be demoted. • If he/she takes raise could feel scroungy and be personally ethically diminished. • Mgr. might feel separated from workers and be less effective leader – lose trust and respect.
Company		• Reputation could be tarnished. • Service level could suffer. • Customer satisfaction could lesson. • Lose best employees and not be able to attract the best employees. • Loose repeat customers. • Loose best managers and not be able to attract best managers.

Other Decision Options: In the "New Salary" example, the manager can't win. If he or she doesn't take
the raise and be extremely appreciative, upper management will certainly feel insulted and the
consequences could be dire. If the manager takes the raise, everyone including the company may suffer.
A better decision should have been made by upper management – a decision that did not break any of the
ethical rules, such as no raise, a very small raise, or perhaps a promise of raises for everyone if more
profitable next year. (Jasay, 2002.)

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