AN EMPIRICAL INVESTIGATION INTO THE ETHICAL PERCEPTIONS OF EMPLOYEES IN THE HOSPITALITY INDUSTRY IN MALAYSIA: MANAGERIAL AND ORGANISATIONAL IMPLICATIONS

By

MICHAEL K.H. TAY
B.A. (Hon) English Literature
University of Malaya
1981

Submitted To
Faculty of Business and Accountancy
University of Malaya
In Partial Fulfillment of the Requirements for the Degree of
Master of Business Administration
August 1998
Acknowledgements

This study could not have been written without the help and support of a number of people. First and foremost, I wish to express my sincere appreciation to my project supervisor, Mr Cyril Hilaris Ponnu for his guidance, invaluable advice, constructive comments and encouragement. It was his very able presentation of the course, “Business Ethics”, that stirred my interest in this area.

I also wish to thank my employer, Malaysia Tourism Promotion Board, especially the Director-General. Dato’ Dr Arshad Hashim for his kind understanding and support, Mr Tan Hun Teong, Director and staff of the Convention and Incentive Division for their kind assistance and staff at Headoffice and regional offices who willingly helped in the survey. Thanks are also due to various travel trade personalities, too many to be named here, located throughout Malaysia, ranging from travel agents, tour operators, hoteliers, airline employees and state tourism units who have, in one way or another, contributed towards the success of this study.

Finally, to my wife Esther, I wish to express my deepest appreciation for her love, care, consideration and support throughout this MBA program. It is certainly a far cry from seeing her husband buried in books and assignments for days on end instead of reading the newspapers and watching TV. To my two lovely daughters Melanie and Jocelyn, I give my undivided love. Their young and inquisitive minds are still trying to comprehend why Daddy’s working at his computer is preferable to playing with them. Thankfully and hopefully, Daddy will be playing with them soon.
ABSTRACT

The tourism industry in Malaysia has the lofty expectation of achieving the status as the country's biggest generator of foreign exchange by the year 2010. To achieve this would require, amongst other things, a mammoth re-examination of its human assets since the industry is a highly interactive people-oriented industry. Significantly, how the industry conducts its business from an ethical point of view today may have implications of a staggering proportion in the years to come.

This paper presents and discusses the findings of a survey of employees in the tourism sector regarding certain ethical issues and concerns and its ramifications in the 21st century. Suggestions for enhancing the degree and scope of positive ethical behavior from a managerial and organisational perspective have also been attempted.
# TABLE OF CONTENTS

Abstract ...................................................................................................................... i
Acknowledgements ................................................................................................. ii
Table of Contents ...................................................................................................... iii
List of Tables ............................................................................................................. iv

1. INTRODUCTION ..................................................................................................... 1
   1.1. Purpose of the Study ....................................................................................... 2
   1.2. Research Questions ....................................................................................... 3
   1.3. Significance of the Study ............................................................................... 3
   1.4. Limitations of the Study ................................................................................ 4

2. LITERATURE REVIEW ........................................................................................... 6
   2.1. Evolution of Ethics ......................................................................................... 6
   2.2. Business Ethics and Psychology .................................................................... 9
   2.3. Business Ethics as a Management Tool ...................................................... 11
   2.4. Business Ethics in Malaysia ......................................................................... 13
   2.5. Business Ethics in the Hospitality Industry .................................................. 15

3. RESEARCH METHODOLOGY .............................................................................. 18
   3.1. Research Instrument ..................................................................................... 18
   3.2. Sampling Procedure ..................................................................................... 19
   3.3. Data Collection ............................................................................................. 20
   3.4. Statistical Analysis ....................................................................................... 21

4. RESULTS OF THE STUDY .................................................................................. 23
   4.1. Sample Characteristics ............................................................................... 23
   4.2. Personal Values ............................................................................................ 24
       4.2.1. Honesty Quotient ............................................................................... 25
       4.2.2. Conflict of Values ............................................................................... 28
       4.2.3. Locus of Control ................................................................................... 32
   4.3. Ethical Scale Characteristics ........................................................................ 35
       4.3.1. Relationship with Organisation/ Colleagues ....................................... 35
       4.3.2. Relationship with Customers ................................................................. 36
       4.3.3. Relationship with Suppliers/ Vendors ...................................................... 37
   4.4. Analysis of Measures ................................................................................... 37
   4.5. Testing of the Hypothesis ............................................................................. 38
   4.6. Summary of Research Results ..................................................................... 43

5. CONCLUSION AND RECOMMENDATIONS ...................................................... 52
   5.1. Summary and Conclusions .......................................................................... 52
   5.2. Implications .................................................................................................. 57
   5.3. Suggestions for Additional Research ........................................................... 59

References ............................................................................................................... 61
Appendices .............................................................................................................. 74
LIST OF TABLES

Table 1 : Organisational Profile of Respondents.
Table 2 : Demographic Profile of Respondents.
Table 3 : Honesty Scale (Overall and By Gender)
Table 4 : Honesty Scale (By Race and Religion).
Table 5 : Honesty Scale (By Age and Education Level).
Table 6 : Conflict of Values (Overall and Organisational Type).
Table 7 : Conflict of Values (Demographic Profile).
Table 8 : Locus of Control
Table 9 : Mission Statements.
Table 10 : Code of Ethics/ Conduct.
Table 11 : Ethics Training Facility.
Table 12 : Ethics Infrastructure.
Table 13 : Ethics Training Imperatives.
Table 14 : Relationship with Organisation and Colleagues.
Table 15 : Whistle-Blowing in Specific Scenarios.
Table 16 : Relationship with Customers.
Table 17 : Relationship with Suppliers and Vendors.
Table 18 : Summary of Levels of Ethicalness.
Table 19 : Level of Ethicalness in Relationship with Organisation/ Colleagues
Table 20 : Level of Ethicalness in Relationship with Customers.
Table 21 : Level of Ethicalness in Relationship with Vendors.
Table 22 : Overall Level of Ethicalness.
Table 23 : Statistical Analysis to test Variance of Means for Gender.
Table 24 : Statistical Analysis to test Variance of Means for
Employees in the Public and Private Sectors.
Table 25 : Statistical Analysis to test Variance of Means by Organisation Type.
Table 26 : Statistical Analysis for Comparing Means by Organisation Size.
Table 27 : Statistical Analysis for Comparing Means by Occupation Level.
Table 28 : Statistical Analysis for Comparing Means of Respondents
By Length of Work Experience.
Table 29 : Statistical Analysis for Comparing Means by Locality.
Table 30 : Statistical Analysis for Comparing Means by Religion.
Table 31 : Statistical Analysis for Comparing Means by Race.
Table 32 : Statistical Analysis for Comparing Means by Age.
Table 33 : Statistical Analysis for Comparing Means by Marital Status.
Table 34 : Statistical Analysis for Comparing Means by Educational Level.
Table 35 : Statistical Analysis for Comparing Means by Income Level.
Table 36 : Reliability of Scale Using Cronbach’s Coefficient Alpha.
Table 37 : Statistical Analysis Using Correlations.
Table 38 : Ranking of Ethical Situations