

INFLUENCE OF MANAGERS PERSONAL VALUES AND ETHICAL BEHAVIOUR ON BUSINESS SUCCESS OF HOTEL ENTERPRISES

Marija Ivaniš
Rose Marie Šturlić

Abstract

Understanding ethical/unethical conduct is difficult, given that the ethical/unethical choice of actions is under the influence of different personal values. Individuals are strongly and permanently stimulated towards a specific action, and their cultural background also contains a framework for permitted and prohibited behavior. The purpose of this paper is to assess the importance of terminal and instrumental values of top-level management, and to know what values motivate and direct the management of the most ethical/unethical behavior. This paper presents the results of empirical research of ethical/unethical behavior of top-level management and performance indicators in large hotel enterprises in Croatia. Data analysis used descriptive statistical analysis, Fisher's test, rank correlation, Spearman's rank correlation coefficient, analysis of variance (ANOVA) and analysis of reliability. The obtained results confirmed the academic hypothesis: "Top-level management of large hotel enterprises in the Republic of Croatia who opt for an ethical progress of behaviour achieve better business results in the long term than those who opt for a non-ethical progress of behaviour." The role of strategic managers in promoting ethical conduct as well as establishing and implementing ethical values in enterprises has strengthened, while understanding the relationship between ethical behaviour and business success indicators paved the way for creating and enforcing ethical business policies and strategies in the process of strategic management, in order to ensure economic progress.

Keywords: personal values, strategic management, ethical behavior, business success

1. INTRODUCTION

Personal values have long been associated with individual decision making behavior. The role played by personal values in ethical decision making within an organization among strategic managers is less clear, as well as the influence of the ethical behavior of managers on business success.

There is an increasing number of empirical literature investigating personal values and business ethics. England (1968) was the first one to question "ethically and morally guided" values in his prolific work on management values. Other research deals with manager values (Lincoln et al. 1982; Posner and Schmidt, 1984), comparing values between different groups (Frederick and Weber, 1987; Nystrom, 1990), comparing individual and organizational value systems (Liedtka, 1989), as well as corporate ethical values and organizational loyalty (Hunt et al., 1989). Many authors claim that personal values play an important role in influencing management behavior (England, 1967; Christensen et al., 1987; Freeman i Gilbert, 1998.).

Certain research has shown that companies with a high level of ethical values do business in a more profitable way than other companies (Hammond and Slocum, 1996; Waddock & Smith, 2000).

J. Petar Dean (1997) found that ethical decision making has a positive influence on the profit. This clearly indicates that companies can benefit from conducting business in an ethical fashion.

Krkač (2007) considers and questions the relevant relationships of moral business and confirms that it is undoubtedly correct that moral business activities enhance overall business if moral and business decisions are coordinated, i.e. if morally correct decisions and actions are in accordance with the most financially sound decision and action, and that if there is discord between these two aspects, moral business activity is still seen as paying off more in the long term than immoral business dealings.

A review of the literature revealed that research of business ethics in the Republic of Croatia is insufficiently represented on the macro, meso and micro level. The Croatian hospitality industry pays insufficient attention to business ethics and it is insufficiently researched from an empirical viewpoint. This research was justified bearing in mind the current relevancy of the topic therefore it was justified both from a scientific as well as from a practical viewpoint. Understanding the influence of personal value systems on the ethical behavior of managers and the business success of large hotel enterprises when viewed from a scientific perspective holds a practical purpose and application.

This study examines the correlation between personal values and ethical behavior of strategic managers with business success indicators of large hotel enterprises in Croatia. The purpose of this paper is to assess the importance of terminal and instrumental values of top-level management, and to discover which values motivate and direct the management with the most ethical/unethical behavior. The fundamental goal of this paper is to determine a correlation between personal values and ethical behavior of strategic managers with business success indicators of large hotel enterprises in Croatia. Based upon the above, two auxiliary hypotheses were developed: H1: "Universal values in personal value systems of universalism, benevolence, tradition, conformism, security and independence are positively and significantly correlated with ethical behavior, whereas universal values in personal value systems of power, achievement, hedonism and incentive are negatively and significantly correlated with ethical behavior." H2: "Personal values as an integral part of cultural context correspond with the creation of ethical values of an enterprise; alternatively, enterprises in which the top-level management behaves ethically have better business success indicators than the ones in which top-level management do not behave ethically. The main hypothesis is defined as follows: "top-level managers of large hotel enterprises in the Republic of Croatia, who **opt** for an ethical progress of behavior, achieve better business results in the long term than those who **opt** for a non-ethical progress of behavior".

The following research objectives can be formulated in accordance with the previously defined research purpose:

1. Determine the demographic characteristics of the respondents.
2. Assess the personal value systems (motivational types of values) of strategic management of large hotel enterprises in the Republic of Croatia.
3. Assess the universal value structure of strategic management in large hotel enterprises in the Republic of Croatia.
4. Determine the significance of the differences between personal value system assessments (motivational types of values) and universal values of strategic management in large hotel enterprises in the Republic of Croatia.
5. Determine which personal value systems and which universal values have positive and significant connections to ethical behavior, i.e. choosing an ethical behavior process.
6. Research the connections between ethical behavior of strategic management and success indicators of large hotel enterprises in the Republic of Croatia.

Empirical research was conducted among the accommodation and catering services within 15 large hotel enterprises in 6 Croatian and was generated by means of a questionnaires. Board presidents and members – top-level management, were the base population. The targeted sample of 22 respondents top level management consists of 5 female and 17 male respondents and the majority of the respondents were between 30 and 49 years of age (72.7%). More than half of the respondents have a university degree, while 54.5% have between 10 and 20 years of work experience. With regard to the county in which enterprises participating in the research conduct business, the highest share (40.9%) belongs to enterprises from Istria County. A relatively high percentage of hotel enterprises stems from the county of Primorje and Gorski Kotar (22.7%), followed by enterprises from the counties of Osijek-Baranja and Split-Dalmatia (both at 13.6%). Enterprises from the counties of Dubrovnik-Neretva and Šibenik-Knin make up the lowest share in the sample (4.5%).

The questionnaire consisted of four parts. The first part of the questionnaire named *“Ranking personal value systems”* determined which of the 10 personal value systems represents a group of beliefs that are in accordance with managers actions in life, give purpose to their life and which permanently and strongly encourage the respondents towards certain activities and behavior in their life. Personal value systems that consist of different values, a total of 56 universal (specific) values, were taken from Schwartz’s theory of universal content and structure of values (Schwartz 1996), and are as follows: power, achievement, hedonism, stimulation, self-direction, universalism, benevolence, tradition, conformity and security. The second part of the questionnaire, *“Personal value system structure”*, contained a list of the 56 universal values according to Schwartz are divided into 30 terminal (final) values and 26 instrumental values, modeled after the Croatian version of the Schwartz questionnaire, as well as according to Rockeachey’s *“The Value Survey”*, which was developed and applied by Ivana Ferić in her work *“Universality of content and value structure”* in 2007. Schwartz found that values could be grouped into ten value systems (Seligman, C., Olson, J.M., Zanna, M.P., 1996., pp. 1-24): 1) Self-Direction. Defining goal: independent thought and action-choosing, creating, exploring, 2) Stimulation. Defining goal: excitement, novelty, and challenge in life, 3) Hedonism. Defining goal: pleasure

or sensuous gratification for oneself, 4) Achievement. Defining goal: personal success through demonstrating competence according to social standards. 5) Power. Defining goal: social status and prestige, control or dominance over people and resources. 6) Security. Defining goal: safety, harmony, and stability of society, of relationships, and of self, 7) Conformity. Defining goal: restraint of actions, inclinations, and impulses likely to upset or harm others and violate social expectations or norms, 8) Tradition. Defining goal: respect, commitment, and acceptance of the customs and ideas that one's culture or religion provides, 9) Benevolence. Defining goal: preserving and enhancing the welfare of those with whom one is in frequent personal contact (the 'in-group'), 10) Universalism. Defining goal: understanding, appreciation, tolerance, and protection for the welfare of all people and for nature. Those value systems include 56 specific universal (personal) values, 30 terminal and 26 instrumental values (Ivaniš, 2015, pp.86, 87.). The third part of the questionnaire, "*Examples of ethical behavior*", consisted of five examples of ethical behaviour, based on previous research that has shown that there are five types of ethical questions/dilemmas containing unethical behavior which managers would most like to eliminate, or which represent the most severe ethical or moral problems. These include *bribery, coercion, fraud, theft and unjust discrimination*. This part of the survey refers to precisely these five types of ethical dilemmas in order to examine the relationship between personal value systems and ethical conduct. The examples were taken and adapted to suit the needs of this research based on the work of David J. Fritzsche and Effy Oz, 2007. The fourth part of the questionnaire dealt with the demographic data of the respondents: gender, education, age and work experience. *Business success indicators* (operating efficiency, return on sales, return on assets, return on capital employed): for every company participating in the research data was collected from their annual financial reports by the Croatian national financial agency FINA. Apart from these indicators, the following selected indicators also have to be taken into account: general liquidity coefficient, profit after tax, average gross pay and productivity. 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.

Apart from the Introduction and Conclusion this paper consists of the following sections: 1) Personal (terminal and instrumental) values, 2) Ethical behavior examples, 3) Correlation between personal value systems and ethical behavior, 4) relationship between ethical behavior degree and business success indicators.

2. PERSONAL (TERMINAL AND INSTRUMENTAL) VALUES

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 behavior.

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 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 on a scale from 1 to 5, whereby 1 stands for “completely irrelevant” and 5 for “highly important”. Average ratings for individual value systems range from 2.82 to 4.23. The respondents rated “security” as the most important value system, 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 unimportant. The standard deviation value is around 1, which shows a relatively minor data discrepancy from the average value.

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 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 goals)	4.68	0.568
11	Politeness (courtesy, good manners)	3.82	1.181

No.	TERMINAL VALUES	Arithmetic mean	Standard deviation
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 favors (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

Source: Results of the conducted research

The respondents assessed terminal values on a scale from 1-5, with 1 being “completely irrelevant” to 5 being “highly important”. Average ratings range from 2.45 to 4.68. Based on these results it can be concluded 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. Moreover, 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)”. The standard deviation value is around 1, which shows a relatively minor data discrepancy from the average value.

Table 3: 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 behavior)	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 over 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
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

Source: Results of the conducted research

The respondents assessed the instrumental values on a scale from 1-5, with 1 being “completely irrelevant” and 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 system. The standard deviation value is around 1, which shows a relatively minor data discrepancy from the average value.

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

No.	PERSONAL VALUE SYSTEM	n	COUNTY						p
			Istria	Primorje - Gorski kotar	Dubrovnik - Neretva	Osijek - Baranja	Split - Dalmatia	Šibenik - 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

Source: Results of the conducted research

Results of table show that the top-level management from the county of Istria characterized their own personal value system as “power” and “achievement”. “Security” is the most common personal value system of the top-level management from Primorje - Gorski kotar County as well as Osijek - Baranja County, whereas “achievement” is the most common personal value system of top-level management in Split - Dalmatia County. Nevertheless, Fisher’s test results indicate that the noted differences are not statistically relevant ($p > 0.05$). It can be concluded that top-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 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 results of the table display that the average ratings of personal value system importance according to the enterprise headquarters (i.e. the county where business is conducted) are statistically and significantly different for the value systems of “power”, “achievement”, “hedonism” and “incentive”. Top-level management from different counties thus has 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 top-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 from 1 to 5. Standard deviation values display small deviations of data from the standard value. Top-level management from the counties of Osijek - Baranja, Šibenik – Knin, as well as Primorje - Gorski kotar consider this value system less important than top-level management of other counties. Average ratings for the value system “achievement” are located in the interval from 2 to 5. Standard deviation values display small deviations of data from the standard value. Top-level management from the counties of Osijek - Baranja and Šibenik - Knin consider this value system less important than top-level management from the remaining counties. Average ratings for the value system “hedonism” are in the interval from 1 to 5. Standard deviation values display relatively small deviations of data from the standard value. Top-level management from the counties of Osijek - Baranja, Šibenik - Knin as well as Primorje - Gorski kotar consider this value system less important than top-level management from the remaining counties. Average ratings for the value system “incentive” are in the interval from 2.67 to 5. Standard deviation values display small deviations of data from the standard value. Top-level management from Osijek - Baranja County consider this value system less important than top-level management from the remaining counties. With regard to the results of terminal values according to the head office of the enterprises (i.e. the county where business is conducted), they are statistically and relevantly different for two terminal value - for “respecting tradition” and “authority”. In these cases top-level management has statistically and relevantly different attitudes towards the importance of these terminal values. Top-level management from Istria County consider this value system less important than top-level management from other observed counties. Top-level management from the counties of Osijek - Baranja, Split - Dalmatia and Primorje - Gorski kotar consider the terminal value of “authority” less important, compared to top-level management from the counties of Šibenik - Knin, Istria and Dubrovnik - Neretva. Average ratings of the importance of instrumental values according to the head office of the enterprise (i.e. the county where business is conducted) are statistically and significantly different for three instrumental values: “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.

3. ETHICAL BEHAVIOUR EXAMPLES

In the sample observed, 11 large hotel enterprises issued a Code of Ethics, 7 of which formed their own Ethics Committees. Four of the observed enterprises have not issued a Code of Ethics: three of which are from Istria County and one from Split - Dalmatia County. Eight enterprises have not formed an Ethics Committee: five of which are from Istria County, one from Dubrovnik - Neretva County, one from Primorje - Gorski kotar County and one from Split - Dalmatia County. The probability of taking certain actions (of ethical/unethical behavior) in a particular example was rated from 1 ("I would never") to 5 ("I would almost always"). Ethical behavior is only shown by selecting the rating 1 ("I would never").

Table 6: Ethical behavior examples

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

Source: Results of the conducted research

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 7: Comparison of average ratings for the examples of ethical behavior according to enterprise headquarters

No.	EXAMPLE	F	Sig.
1	Bribery	1.499	0.245
2	Coercion	1.835	0.163
3	Fraud	0.695	0.635
4	Theft	0.408	0.836
5	Unjust discrimination	0.727	0.613

Note: F – ANOVA value; Sig. – reliability.

Source: Results of the conducted research.

The results of variance analysis summarized in table show that average ratings for the examples of ethical behavior are not statistically nor relevantly different according to the head office of the enterprise, i.e. the county where business is performed ($p > 0.05$). It can be concluded that all respondents from top-level management would behave similarly (not significantly different) in the observed exemplified situation.

4. CORRELATION BETWEEN PERSONAL VALUE SYSTEM AND ETHICAL BEHAVIOUR

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

Table 8: Correlation analysis results for the variables of personal value system and ethical behavior

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.

The correlation strength of value systems “power”, “achievement”, “hedonism” and “incentive/ encouragement” with ethical behavior is medium and negative. 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 behavior are expected to have a negative direction and are statistically relevant on the level $p=0.05$. The correlation strength of value systems “independence”, “conformism” with ethical behavior is low and positive, while the relationship of the value systems “universalism”, “benevolence”, “tradition” and “security” with ethical behavior is medium-high to high and positive. The results indicate that the more important these values are, the respondents will show a higher degree of ethical behavior. The relationships between these value systems and ethical behaviour are expected to have a positive direction and are statistically relevant on the 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 H1 can be confirmed: “Universal values in personal value systems of universalism, benevolence, tradition, conformism, security and independence are positively and significantly correlated with ethical behavior, whereas universal values in personal value systems of power, achievement, hedonism and incentive are negatively and significantly correlated with ethical behavior.” The results obtained from the conducted research pinpoint the relationship of universal values in personal value systems with ethical behavior of top-level management and confirm the research by other authors - that personal values have a significant influence on the ethical behavior of managers (England, 1967; Christensen

et al., 1987; Freeman and Gilbert, 1998; Schwartz, 1992; 1994 and 1996; Fritzsche and Effy, 2007). However, it has to be emphasized that the low or medium-high correlation indicates a degree of ethical behavior that may be influenced by other factors, not solely by personal values. Hence, it would be interesting if future research discovered what additional factors influence ethical behavior. This could in turn reveal which factor, along with personal values, has the strongest influence on ethical behavior.

5. RELATIONSHIP BETWEEN DEGREE OF ETHICAL BEHAVIOUR AND BUSINESS SUCCESS INDICATORS

Business success indicators of large hotel companies in the Republic of Croatia were analyzed for the latest financial year (2014).

Table 9: **Ranking large hotel companies in the Republic of Croatia in 2014 according to business success indicators and other select financial indicators.**

No.	NAME OF HOTEL COMPANY	INDICATORS								TOTAL RANK
		Financial performance indicator in %	Return on sales in %	Return on total assets in %	Return on capital in %	General liquidity ratio	Profit after taxes	Average gross pay	Productivity	
1	Dubrovnik Babin Kuk JSC	0.95	-5.31	-1.18	-2.52	2.76	-12.885.000	9.924	524.523	13
2	HUP-Zagreb JSC	1.18	13.39	3.32	4.79	0.91	27.571.884	8.583	402.807	5
3	Riviera Adria JSC	1.1	7	2.49	3.07	1.8	52.670.877	7.378	465.333	8
4	Maistra JSC	1.14	7.5	2.58	5.55	0.04	55.136.120	7.754	525.988	6
5	Plava laguna JSC	1.29	22.46	7.37	7.67	3	106.273.873	8.294	525.866	1
6	Istraturist Umag JSC	1.19	13.95	4.72	6.29	0.4	48.763.240	8.253	515.658	4
7	Arenaturist JSC	1	0.79	0.2	0.1	0.83	666.752	10.988	473.380	13
8	Valalta Ltd	1.22	17.9	14.9	16.85	5.69	32.760.854	6.938	597.492	2
9	Centar Škojo Ltd	1.16	13.39	6.2	28.12	0.4	18.537.937	4.327	329.701	7
10	Jadranska hoteli Ltd	1.03	3.01	0.75	0.88	2.16	4.071.805	7.895	382.442	14
11	Imperial JSC	1.07	6.29	1.51	2	0.24	5.986.731	6.923	393.297	15
12	Liburnia Riviera Hoteli JSC	1.08	7.48	1.64	1.82	2.23	16.396.057	8.042	326.914	10
13	Sunčani Hvar JSC	0.97	2.95	0.51	1.52	0.08	1.057.370	11.664	565.420	12
14	Hoteli Tučepi JSC	1.12	10.49	2.66	3.35	0.39	9.022.874	6.099	318.076	11
15	Hoteli Brela JSC	1.2	16.69	4.13	5.97	0.2	16.179.074	5.809	336.817	9
16	Solaris JSC	0.91	-9.75	-1.6	-2.62	0.72	-19.436.000	6.938	403.718	16
17	Turist hotel JSC Zadar	1.53	27.72	20.1	27.68	2.8	64.605.199	5.923	445.673	3

Source: Results of the conducted research

It is apparent that in 2014 the companies with the worst financial performance were Dubrovnik Babin Kuk JSC, Sunčani Hvar JSC and Solaris JSC. The company Arenaturist JSC had borderline financial performance. All other companies had good financial performance, and the best was Turist Hotel JSC Zadar from County Zadar (1.53). All companies were profitable apart for Dubrovnik Babin Kuk JSC and Solaris JSC. Turist Hotel JSC Zadar from County Zadar had the highest return on sales as well as the highest return on assets. The highest return on capital was observed in the company Centar Škojo Ltd. from Osijek Baranja County. Liquidity was questionable with the company Riviera Adria JSC. The companies Dubrovnik Babin Kuk JSC, Plava Laguna JSC, Valalta Ltd., Jadranska Hoteli Ltd., Liburnia Riviera Hoteli JSC and Turist Hotel JSC Zadar had good liquidity and the highest total liquidity coefficient (5.69)

was noted in Valalta Ltd from Istria County. All other companies had liquidity issues. The highest average gross income was observed in the company Sunčani Hvar JSC in Split-Dalmatia County (11.664 KN) and the highest productivity was noted in the company Valalta Ltd. in Istria County (597.492 KN).

By taking into consideration and analyzing only the abovementioned indicators, we come to the conclusion that the most successful large hotel company in the Republic of Croatia for the year 2014 was the company Plava Laguna JSC from Istria County (rank 1), followed by Valalta Ltd (rank 2) also from Istria County and Turist Hotel JSC Zadar from Zadar County (rank 3). The least successful large hotel company in the Republic of Croatia in 2014 was the company Solaris JSC from Šibenik-Knin County (rank 16), Imperial JSC from Primorje-Gorski Kotar County (rank 15) and Jadranka Hoteli JSC also from Primorje-Gorski Kotar County (rank 14).

In order to determine whether there is a connection between the degree of ethical conduct by managers and business success indicators of the companies included in the research rank correlation was conducted. For this purpose Spearman's rank correlation coefficient was calculated. The findings indicate a low and positive relationship between the ethical behavior of management and business success indicators ($r = 0.20$; $p=0.039$). Therefore, enterprises with management that shows a higher degree of ethical behavior have statistically and significantly better business success indicators. On the other hand, enterprises with management that displays a lower degree of ethical behavior have statistically and significantly lower business success indicators. (Ivaniš, 2015.).

In order to determine whether there is a correlation between the degree of ethical behavior and business success indicators, rank correlation was carried out for the purpose of which Spearman's correlation coefficient was calculated. The findings indicate a low and positive relationship between the ethical behavior of management and business success indicators ($r = 0.20$; $p=0.039$). Therefore, enterprises with management that shows a higher degree of ethical behavior have statistically and significantly better business success indicators. On the other hand, enterprises with management that displays a lower degree of ethical behavior have statistically and significantly lower business success indicators. According to these results, hypothesis H2 can be accepted: "Personal values as an integral part of cultural context correspond with the creation of ethical values of an enterprise; alternatively, enterprises in which the top-level management behave ethically have better business success indicators than the ones in which top-level management do not behave ethically". The results obtained from the conducted research pinpoint the relationship of the ethical behavior of top-level management with business success indicators and confirm the research by other authors - that ethical behavior and decision-making have a positive influence on business success (Pava, Krausz, 1996; Dean, 1997; Roman, Hayibor, Agle, 1999; Krkač, 2007). Pursuant to the conducted empirical research, the obtained results confirmed the main hypothesis: "Top-level managers of large hotel enterprises in the Republic of Croatia who opt for an ethical progress of behavior achieve better business results in the long term than those who opt for a non-ethical progress of behavior".

CONCLUSION

Ethical behavior is a product of personal values, experience and the environment in which one lives and acts. Formally defined, ethical behavior is morally accepted as “good” and “right” as opposed to “bad” and “wrong” in a particular surrounding. In some enterprises ethical behavior is systematically developed and upgraded together with individual characteristics and structural features of the enterprise, also owing to personal value systems of individuals which consist of various personal values. The ethical conduct of top-level management, as a result of their personal value systems, is becoming a critical factor that influences business success and the making of strategic decisions. Empirical research on the interrelation of personal value systems and ethical behavior of top-level management with regard to the business performance of large hotel enterprises has therefore certainly been significant as well as instructive.

Establishing an empirical relationship between personal values and ethical dimensions of behavior has made it easier for strategic management to understand ethical dilemmas in certain situations. Their role in promoting ethical conduct as well as establishing and implementing ethical values in enterprises has strengthened, while understanding the relationship between ethical behavior and business success indicators 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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Marija Ivaniš, PhD, Assistant Professor
University of Rijeka
Faculty of Tourism and Hospitality Management, Opatija
Department for Knowledge Management
Primorska 42, P.O.Box 97, 51410 Opatija, Croatia
Phone: +385 51 294 715
E-mail: marijai@fthm.hr

Rose Marie Šturlić, Student
University of Rijeka
Faculty of Tourism and Hospitality Management, Opatija
Primorska 42, P.O.Box 97, 51410 Opatija, Croatia
Phone: +385 51 294 715
E-mail: ds2226@fthm.hr