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Abstract

This report explores the critical role of ethical decision-making in the hospitality industry. As a sector fundamentally built on trust, service, and reputation, hospitality businesses face a unique set of ethical dilemmas ranging from pricing transparency and overbooking to employee treatment and guest safety. This study synthesizes academic literature and analyzes real-world case studies to examine how organizations navigate these challenges. The findings reveal a clear dichotomy: unethical practices, such as deceptive drip pricing or negligent partnerships, can yield short-term gains but inevitably lead to significant reputational damage, legal consequences, and a loss of consumer trust. Conversely, a proactive commitment to ethical cultures, sustainability, and stakeholder well-being, as demonstrated by companies like Radisson Hotel Group, enhances brand value and long-term competitiveness. The report proposes a practical, multi-stage framework for ethical decision-making, integrating normative stakeholder theory with a step-by-step guide to help managers navigate complex dilemmas. The conclusion underscores that ethical conduct is not merely a compliance necessity but a strategic imperative for sustainable success in the modern hospitality landscape.

1.0 Introduction

1.1 Background of the Study

The hospitality industry, encompassing hotels, resorts, restaurants, and travel companies, is unique in its intense focus on human interaction and experience. Unlike industries that deal primarily with tangible products, hospitality sells intangible promises of comfort, safety, and memorable experiences. This fundamental characteristic makes trust the industry's most

valuable currency. Consequently, the ethical dimensions of business decisions are magnified, as lapses in integrity can directly and immediately erode guest confidence and brand reputation.

In recent years, the hospitality sector has faced increasing scrutiny over its ethical practices. Issues such as hidden fees (drip pricing), overbooking, data privacy, fair treatment of employees, and the social impact of platforms like Airbnb have moved from operational concerns to mainstream public debate . This heightened awareness, amplified by social media and consumer watchdog organizations, means that ethical missteps can quickly escalate into public relations crises. Therefore, understanding how ethical decisions are made and their far-reaching consequences is essential for current and future leaders in the field.

1.2 Problem Statement

Despite the acknowledged importance of ethics, hospitality managers frequently encounter complex dilemmas where the "right" course of action is not always clear-cut. They must balance the pursuit of profitability and shareholder value against their duties to guests, employees, the community, and the environment. The pressure to maximize revenue can lead to practices that, while legal, may be ethically questionable, such as opaque pricing or overselling room inventory. Furthermore, as the industry evolves with new business models from companies like Airbnb and Sonder, new and unforeseen ethical challenges emerge, often outpacing the development of clear regulatory or ethical guidelines . There is a need for a deeper understanding of how hospitality businesses can systematically navigate these dilemmas to maintain consumer trust and ensure long-term sustainability.

1.3 Research Questions

This report is guided by the following primary research questions:

1. What are the most prevalent ethical challenges facing contemporary hospitality organizations, particularly in relation to guests and employees?
2. How can theoretical frameworks for ethical decision-making be applied to real-world dilemmas in the hospitality sector?
3. In what ways can hospitality businesses create and sustain an ethical culture that aligns with both business objectives and societal expectations?
4. What is the impact of ethical (and unethical) decisions on a hospitality organization's reputation and customer trust?
5. What practical framework can hospitality managers use to navigate complex ethical dilemmas effectively?

1.4 Aims and Objectives of the Report

The primary aim of this report is to critically explore and evaluate the role of ethical decision-making in hospitality businesses.

To achieve this aim, the report sets out the following objectives:

- To identify and categorize the key ethical challenges faced by hospitality managers.
- To analyze real-world case studies where ethical decisions led to significant positive or negative outcomes for well-known hospitality businesses (e.g., Booking Holdings, Marriott, Sonder, Radisson).

- To examine the components of an ethical organizational culture and how it can be fostered through leadership and human resource practices .
- To synthesize findings from literature and case studies to propose a practical, step-by-step framework for ethical decision-making tailored to the hospitality context.

2.0 Literature Review

2.1 Defining Ethics in the Hospitality Context

Business ethics refers to the principles, values, and standards that guide behavior in the world of commerce. In the hospitality industry, ethics takes on a particular significance due to the sector's service-intensive nature. As noted in university curricula, the field requires a focus on "ethical decisions made by managers in the hospitality industry when addressing issues related to operations, customers, and employees" . It involves understanding the "nuances of this labor-intensive service industry using organizational values as foundation for ethical behavior" and exploring the potential for a "legal-ethical dichotomy"—where an action may be legal but not ethical .

Recent academic work emphasizes that ethical behaviour is not merely an abstract concept but is constructed through social interactions within the organization. A study by Lalu (2024) adopted an "internal stakeholder approach" to understand the meanings employees themselves attribute to ethical behaviour. The research identified fundamental pillars of ethical behaviour within a hospitality enterprise, including "prosocial teamwork, multidirectional candid communication, [and] understanding differences" . This highlights that ethics is not just about grand policies but is embedded in the daily interactions and communication patterns among staff.

2.2 Common Ethical Challenges in Hospitality

The literature and industry practice point to a range of recurring ethical dilemmas, which can be broadly categorized into those affecting guests and those affecting employees.

2.2.1 Ethical Challenges Related to Guests

- **Pricing Transparency and Hidden Fees:** One of the most prominent ethical challenges in recent years is the practice of "drip pricing," where mandatory fees (such as resort fees, destination fees, or cleaning fees) are not included in the initial advertised price but are revealed late in the booking process. This practice is ethically questionable as it misleads consumers, making it difficult for them to compare prices accurately. It represents a failure of "multidirectional candid communication," a key pillar of ethical behaviour identified by Lalu (2024).
- **Overbooking and Reservation Cancellations:** A long-standing practice in the industry, overbooking involves accepting more reservations than available rooms, betting on a certain number of "no-shows." While legal and often justified as a yield management tool, it creates an ethical dilemma when all guests show up and must be "walked" to another property. More egregious are cases where confirmed reservations are unilaterally cancelled by the platform or hotel to re-sell the inventory at a higher price due to dynamic pricing or errors, leaving guests stranded or forced to pay exorbitant rates.
- **Guest Safety and Data Privacy:** Ensuring the safety and security of guests is a fundamental ethical and legal duty. This ranges from physical security to the protection of personal data collected during bookings. Failures in this area can have severe consequences, eroding trust instantly.

2.2.2 Ethical Challenges Related to Employees

- **Fair Treatment and Well-being:** The hospitality industry is labor-intensive and often characterized by high stress, anti-social working hours, and relatively low pay. Ethical challenges here include ensuring fair wages, preventing burnout, and providing a safe and respectful work environment. Lalu's (2024) research underscores the importance of "prosocial teamwork" and "empathy (affective, cognitive, and ethnocultural)" as pillars of ethical behaviour, which are fostered in a workplace where employees feel valued .
- **Diversity and Inclusion:** Creating a culture of belonging is an ethical imperative. This involves not only non-discrimination but actively promoting diversity and inclusivity at all levels of the organization. Industry leaders emphasize that when employees feel they belong, they are empowered to deliver exceptional service .

2.3 Theoretical Frameworks for Ethical Decision-Making

Several theoretical models help to explain how individuals and organizations make ethical decisions. One relevant framework is the Tenbrunsel and Smith-Crowe model, which has been applied in hospitality research to explore the ethical awareness and decision-making of students. This model distinguishes between moral awareness (recognizing that a situation has an ethical component) and ethical decision-making (choosing a course of action). Research using this model found a significant disconnect: while over 77% of hospitality students chose an ethical action when presented with a dilemma, more than 54% failed to correctly recognize the situation as an ethical one in the first place . This suggests that a key challenge

in hospitality ethics is not just deciding what to do, but developing the awareness to see the ethical dimensions inherent in everyday business decisions.

Another useful lens is normative stakeholder theory, which posits that managers should make decisions that consider the interests of all stakeholders—not just shareholders. This includes guests, employees, suppliers, the local community, and the environment. Lalu (2024) integrates this with ethical decision-making theory to "align ethical decision making with stakeholder value creation" . This approach provides a robust framework for evaluating the "rightness" of a decision by its impact on the entire network of parties affected by it.

2.4 Building an Ethical Organizational Culture

An ethical culture is not created by a policy manual alone; it is cultivated through consistent leadership behaviour and organizational practices. As a senior hospitality executive notes, "memorable experiences begin long before a guest crosses the threshold. They start with culture." The real "environment" we create for our teams is cultural, not physical .

This perspective emphasizes that to create an ethical culture, leaders must model behaviours like selflessness and generosity. These traits manifest in simple, repeatable actions: a manager admitting a mistake, a leader showing up on a night shift to say thank you, or a colleague swapping shifts to help another. These actions build trust and psychological safety, creating a workplace where employees feel empowered to do the right thing for guests. When employees feel safe, "mistakes can be discussed, ideas can be challenged, and contributions will be recognized" . This safe environment is the bedrock of ethical behaviour, as it encourages open communication about dilemmas before they become crises.

2.5 The Impact of Ethical Decisions on Reputation and Trust

In the hospitality industry, reputation is everything. A single ethical lapse can undo years of brand building, especially in the age of online reviews and social media. Unethical practices like hidden fees or mistreating employees can lead to consumer boycotts, negative press, and regulatory action . Conversely, a strong ethical reputation is a powerful competitive advantage. It builds trust with guests, making them more likely to book and become loyal advocates. It also helps attract and retain talent, as employees increasingly seek to work for organizations whose values align with their own. As one industry leader put it, "selflessness and generosity are not soft virtues; they are hard drivers of repeat business," with a clear correlation between high employee engagement, guest satisfaction, and low staff turnover .

3.0 Methodology

3.1 Research Design

This report adopts a qualitative, case-study-based research design. This approach is well-suited for exploring the complex and contextual nature of ethical decision-making in real-world settings. By examining specific instances of ethical challenges faced by hospitality businesses, the report aims to provide rich, detailed insights that go beyond abstract theoretical discussion.

3.2 Data Collection

Data was collected through a structured review of secondary sources. The search focused on:

- **Academic Literature:** Peer-reviewed journals and academic theses were consulted to establish theoretical frameworks and identify key concepts .

- Industry News and Reports: Reputable news sources (e.g., Reuters, CBC News, Business Insider) and industry publications were used to gather detailed, current case studies of ethical dilemmas and outcomes .
- Professional and Trade Publications: Articles from industry leaders provided insights into best practices and the cultivation of ethical culture from a practitioner's perspective .

3.3 Analytical Approach

The collected data was analyzed using a thematic and case-study approach. First, key themes from the literature (e.g., pricing transparency, employee well-being, ethical culture) were identified. Then, real-world cases were selected and analyzed to illustrate these themes. Each case study was examined for the ethical dilemma at its core, the decision-making process (or lack thereof), and the resulting consequences for the business and its stakeholders. This analysis was then synthesized to draw broader conclusions and inform the proposed ethical decision-making framework.

3.4 Limitations

This study is limited by its reliance on publicly available secondary sources. It does not include primary data from interviews with managers or employees directly involved in the cases discussed. The analysis is therefore based on the information as reported by journalists, researchers, and company statements. Furthermore, the fast-paced nature of the hospitality industry means that new ethical challenges and case studies are constantly emerging.

4.0 Findings and Analysis

This section presents the findings from the analysis of real-world case studies, structured around the key ethical themes identified in the literature.

4.1 Analysis of Ethical Challenges: Pricing and Overbooking

4.1.1 Case Study: Hidden Fees and Drip Pricing

The Ethical Dilemma: How transparent should a company be about the total price of a stay?

The practice of "drip pricing," where mandatory fees are hidden until the final stage of booking, presents a clear ethical challenge. It pits the short-term goal of showing a low headline price to attract clicks against the long-term value of honest, transparent communication with customers.

The Case: In August 2025, the Texas Attorney General announced a \$9.5 million settlement with Booking Holdings, the parent company of Booking.com, Priceline, and Kayak. The state had sued the company for deceptive marketing practices related to hidden hotel fees. The lawsuit alleged that Booking employed a drip pricing strategy, where mandatory charges like resort fees were only revealed in a single "taxes and fees" line item at checkout, making advertised prices deceptively lower than the final cost. The settlement required Booking to change its pricing disclosures to show customers all fees upfront .

Analysis: This case exemplifies a "legal-ethical dichotomy." While the practice may have been technically compliant with certain regulations, it was deemed deceptive by the state of Texas. From the perspective of normative stakeholder theory, the decision prioritized the interests of shareholders (short-term revenue and competitive advantage) over the interests of guests (honest information for comparison shopping). The consequence was a multi-million

dollar settlement, negative press, and a mandated change in business practices. This case directly illustrates a failure in the "multidirectional candid communication" that Lalu (2024) identifies as a pillar of ethical behaviour. The company's lack of transparency eroded trust, leading to regulatory action and reputational damage.

4.1.2 Case Study: Reservation Cancellations and Overbooking

The Ethical Dilemma: What duty does a booking platform owe to a consumer once a reservation is confirmed? When a pricing error occurs, who should bear the cost—the business or the customer?

The Case: In November 2025, CBC News reported on Erika Mann, a Canadian woman who booked a four-room unit on Booking.com for the 2026 Montreal Grand Prix for \$4,300.

Weeks after her reservation was confirmed, both the hotel and Booking.com informed her that the price was a mistake. If she still wanted the unit, she would need to pay over \$17,000.

The platform and hotel blamed a "synchronization error" and refused to honor the original price. It was only after CBC's consumer watchdog program "Go Public" intervened that Booking.com took another look at the case.

Analysis: This case highlights the ethical pitfalls of rigidly adhering to fine-print disclaimers about pricing errors. While legally, the company may have had a right to cancel the booking, the ethical implications of leaving a customer stranded—especially for a major event where alternative accommodations would be scarce and exorbitantly priced—are severe. This action directly contravenes the foundational principle of trust in the guest-company relationship.

The company's initial response prioritized its own financial interest (or that of the hotel) over the customer's well-being and reasonable expectations. The fact that the issue was only resolved after media intervention suggests a reactive, rather than proactive, ethical stance.

The potential reputational harm from such a story, amplified by national media, can far outweigh the short-term financial gain of correcting the price.

4.2 Analysis of Ethical Challenges: Business Partnerships and Guest Safety

4.2.1 Case Study: The Sonder and Marriott Collapse

The Ethical Dilemma: What is a company's responsibility to guests when a business partnership fails? Where does responsibility lie when a guest is caught in the middle?

The Case: In November 2025, just before the US Thanksgiving holiday, guests staying at properties operated by Sonder (and branded "Sonder by Marriott Bonvoy") were suddenly locked out of their rooms or told their reservations were no longer valid. This chaos was the result of the sudden collapse of a licensing agreement between Marriott and the financially troubled startup, Sonder. Marriott terminated the deal, claiming Sonder had defaulted, and Sonder immediately filed for bankruptcy, leaving guests stranded in the middle of their stays, some in the middle of winter storms .

Analysis: This complex case is a masterclass in how ethical failures in business partnerships can have devastating consequences for end consumers—the guests. The findings from investigative reporting reveal several layers of ethical concern:

- **Due Diligence and Partner Selection:** Marriott entered into a 20-year licensing deal with Sonder, a company that had a history of "sloppy accounting, a litany of lawsuits, and a stock price so low it was nearly delisted" . Industry experts questioned Marriott's due diligence, calling the partnership a "bad risk" . An ethical organization has a responsibility to its stakeholders, including guests, to ensure that its partners are

reliable and operate with integrity. Marriott's apparent failure in this regard created the conditions for the subsequent crisis.

- **Lack of Contingency Planning:** Both companies appeared to have no viable plan to protect guests in the event of a contract termination. Marriott accused Sonder of trying to use "guest safety as a bargaining chip" to extract millions of dollars for a wind-down, while guests were left to fend for themselves . This represents a fundamental failure of the duty of care owed to customers.
- **Blame-Shifting and Distancing:** In the aftermath, Marriott's lawyer emphasized in court that there was "a license agreement, and, quite frankly, nothing more between Marriott and Sonder," attempting to distance the giant chain from the chaos . While legally defensible, this stance was ethically problematic to stakeholders who had booked a "Sonder by Marriott" property, trusting in the Marriott brand's reputation for reliability.

The Sonder case starkly illustrates that ethical decision-making must extend beyond a company's direct operations to include its business relationships. The consequences of this partnership failure—stranded guests, ruined holidays, and a "black eye" for Marriott's reputation—were entirely foreseeable and, arguably, preventable .

4.3 Building an Ethical Culture: Positive Examples from the Industry

In contrast to the previous cases, some hospitality organizations demonstrate a proactive and integrated approach to ethics.

4.3.1 Case Study: Radisson Hotel Group's Sustainable and Ethical Framework

The Ethical Approach: Radisson Hotel Group has embedded ethical considerations into its core operational strategy through a comprehensive sustainability and ethical framework. This is not presented as a separate "CSR" initiative but as integral to how they do business.

The Case: Interviews with Radisson Blu and Park Inn by Radisson managers in Krakow reveal a multi-faceted approach to ethical operations . Their activities cover:

- Environmental Ethics: Measuring and reducing energy/water consumption, eliminating plastic, and obtaining Green Key certification.
- Employee Ethics: A code of conduct addressing forced labor and human trafficking; educational activities through Radisson Academy; promoting diversity and inclusion; and ensuring workplace safety through regular audits.
- Supply Chain Ethics: Preferring local suppliers and seasonal products to shorten supply chains and support the local economy.
- Guest Engagement: Involving guests in sustainability efforts through programs like "Green Housekeeping," where guests can opt out of daily cleaning in exchange for eco-friendly gifts.

Analysis: Radisson's approach exemplifies the integration of ethics with business strategy.

By treating "sustainable development as an opportunity to create value for guests and the environment," they move beyond compliance to a model where ethical behaviour becomes a source of competitive advantage . This aligns directly with Lalu's (2024) concept of an ethical organization being the "intersection of an ethical workplace and [an ethical] purpose" . Their focus on employee development and well-being also resonates with the leadership principles outlined by Tim Cordon of Radisson, who argues that creating a culture of safety and belonging is what unlocks extraordinary service .

4.3.2 The Role of Leadership in Fostering Ethical Behaviour

The positive example from Radisson is reinforced by the leadership philosophy articulated by Tim Cordon, COO for the Middle East & Africa at Radisson Hotel Group. He argues that leaders must make "selflessness and generosity non-negotiable" in their daily behaviour. This is not about soft skills but about creating the conditions for ethical behaviour to flourish.

When leaders admit their own gaps in knowledge, show up to support teams, and create a safe environment where mistakes can be discussed, they build the trust that is the foundation of an ethical culture . This perspective provides a practical, human-centric counterpoint to the systemic failures seen in the Booking and Sonder cases.

5.0 Discussion

5.1 Synthesis of Findings

The findings from the literature and case studies paint a clear and consistent picture of the role of ethics in hospitality. The industry operates on a bedrock of trust, and ethical lapses that breach this trust carry severe consequences. The cases of Booking Holdings' hidden fees and the reservation cancellation scandal illustrate how practices that prioritize short-term revenue or rigid adherence to legal interpretations over transparent, honest communication with guests can lead to significant regulatory, financial, and reputational damage .

The catastrophic failure of the Marriott-Sonder partnership elevates this lesson to a strategic level. It demonstrates that ethical responsibility extends beyond a firm's direct operations to include the partners it chooses and the diligence it performs. The failure to anticipate and plan for the potential consequences of a partnership's collapse, and the subsequent attempt to

legally distance the brand from the ensuing chaos, left thousands of guests stranded and severely tarnished Marriott's reputation . This case powerfully validates the normative stakeholder theory, showing the real-world harm that occurs when the interests of only one or two powerful stakeholders (the partnering companies) are considered, while others (the guests) are treated as expendable.

Conversely, the positive examples from Radisson Hotel Group provide a compelling model for how ethics can be embedded into the fabric of an organization . Their approach demonstrates that ethical conduct is not a constraint on profitability but a driver of it. By treating employees ethically (through development, safety, and inclusion) and operating sustainably, they build a strong internal culture that naturally translates into better guest experiences and a powerful brand reputation.

5.2 A Proposed Framework for Ethical Decision-Making in Hospitality

Based on the synthesis of theory and case study analysis, the following multi-stage framework is proposed to guide hospitality managers facing ethical dilemmas.

Stage 1: Ethical Awareness - "Is this an ethical issue?"

- Action: Pause and consciously consider whether the decision at hand has ethical dimensions. Does it affect the well-being, rights, or expectations of any stakeholder (guests, employees, suppliers, community)?
- Guiding Principle: Research shows that ethical awareness is a critical first step that is often missed . Train yourself and your team to see the ethics in everyday operations.

Stage 2: Stakeholder Analysis - "Who is affected and how?"

- Action: Identify all stakeholders who will be impacted by the decision. Map out the potential positive and negative consequences for each group. Consider guests, employees, shareholders, partners, the local community, and the environment.
- Guiding Principle: Use normative stakeholder theory to ensure a holistic view of the decision's impact . Do not prioritize one group (e.g., shareholders) to the detriment of others without very careful consideration.

Stage 3: Values-Based Deliberation - "What would our core values dictate?"

- Action: Refer to the organization's stated values and ethical code. Would a proposed action align with commitments to transparency, fairness, respect, and safety? Leaders should model behaviour based on principles like selflessness and generosity .
- Guiding Principle: If a decision cannot be openly and honestly communicated to all affected stakeholders, it is likely unethical.

Stage 4: The "Front Page" Test - "How would this look on the front page of a newspaper?"

- Action: Imagine the decision and its consequences being reported on by a major news outlet or going viral on social media.
- Guiding Principle: This test provides a powerful gut check for the long-term reputational impact of a decision, as illustrated by the very public failures of Booking and Sonder .

Stage 5: Decision, Implementation, and Communication

- Action: Make the decision and implement it in a way that is consistent with the espoused values. Communicate the decision and the rationale behind it transparently to affected stakeholders.
- Guiding Principle: Ethical communication, or "multidirectional candid communication," is a key pillar of ethical behaviour . Explain why a decision was made, especially if it involves a negative outcome for some stakeholders.

Stage 6: Reflection and Learning

- Action: After the decision, reflect on the process and its outcomes. What went well? What could have been done differently? Use this learning to inform future decisions and, if necessary, update organizational policies.
- Guiding Principle: An ethical organization is a learning organization, continuously improving its ability to navigate complex dilemmas.

5.3 Real-World Relevance and Implications

This framework provides a practical tool for managers. In the case of the Booking.com price error, applying this framework would have involved considering the impact on the guest (stakeholder analysis) and the "front page" test of stranding a family for a major event. This might have led to a decision to honor the original price as a cost of customer acquisition and brand protection, rather than fighting the charge until media intervention forced a resolution. For Marriott, a more rigorous stakeholder analysis during the due diligence phase might have revealed the high risk of partnering with Sonder and the potential catastrophic consequences for guests, leading to a different, more ethical strategic choice.

6.0 Conclusion and Recommendations

This report has demonstrated that ethical decision-making is not a peripheral concern but a central, strategic imperative for success in the hospitality industry. The sector's foundation in trust and service makes it uniquely vulnerable to ethical failures, which can rapidly escalate into reputational crises with significant financial and legal consequences. The analysis of negative case studies, from drip pricing to the Sonder collapse, shows that prioritizing short-term gains at the expense of transparency, fairness, and stakeholder well-being is a high-risk strategy that often backfires.

Conversely, the positive example of Radisson Hotel Group illustrates the powerful competitive advantage of embedding ethical values into organizational culture, strategy, and daily operations. Such an approach fosters employee engagement, builds guest loyalty, and enhances brand reputation, creating a virtuous cycle of sustainable value creation.

Based on these findings, the following recommendations are made for hospitality businesses:

1. **Move Beyond Compliance:** Treat ethics as more than a legal checklist. Proactively cultivate an ethical culture where "multidirectional candid communication" and psychological safety are the norm .
2. **Integrate Ethics into Strategy and Partnerships:** Apply the same rigorous ethical scrutiny to strategic partnerships as to internal operations. Conduct thorough due diligence on partners, considering the potential impact on all stakeholders, especially guests.

3. Adopt a Formal Decision-Making Framework: Implement a structured framework, such as the one proposed in this report, to guide managers through complex dilemmas, ensuring that all dimensions of the issue are considered before a decision is made.
4. Invest in Ethics Training: Focus training not just on rules and regulations, but on building ethical awareness—helping employees at all levels recognize the ethical dimensions inherent in their daily work, as research suggests this is a critical and often overlooked skill .
5. Lead by Example: Senior leadership must consistently model the selflessness, generosity, and transparency they wish to see throughout the organization. Culture is set from the top .

By embracing these recommendations, hospitality businesses can navigate the complex ethical landscape of the 21st century, build enduring trust with their stakeholders, and secure a truly sustainable future.

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8.0 Appendices

Appendix A: Summary of Key Ethical Decision-Making Models

Model / Framework	Core Concept	Application to Hospitality
Tenbrunsel & Smith-Crowe Model	Distinguishes between moral awareness (seeing the ethical issue) and ethical decision-making (choosing the action).	Highlights the need for training to help staff recognize ethical dimensions in routine situations like overbooking or rate errors .
Normative Stakeholder Theory	Decisions should consider the interests of all parties affected by the outcome, not just shareholders.	Provides a holistic lens for evaluating decisions like pricing strategies or partner selection based on their impact on guests, employees, and the community .
Values-Based Leadership	Leaders cultivate an ethical culture by modelling selflessness, generosity,	Emphasizes that ethical culture is built through small, consistent actions by managers that create

Model / Framework	Core Concept	Application to Hospitality
	and transparency in their daily behaviour.	psychological safety for employees .

Appendix B: Illustrative Examples of the Legal-Ethical Dichotomy

Practice	Legal Status	Ethical Assessment	Potential Consequence
Drip Pricing	May comply with some advertising laws but faces increasing legal challenges.	Ethically problematic due to lack of transparency and honesty with the customer .	Regulatory fines, lawsuits, reputational damage, loss of customer trust.
Cancelling a Reservation Due to Pricing Error	Likely legal based on terms and conditions.	Ethically questionable if it leaves a customer stranded without recourse, especially for a major event .	Negative publicity, customer backlash, erosion of brand loyalty.

Practice	Legal Status	Ethical Assessment	Potential Consequence
Overbooking	Generally legal as a revenue management tool.	Ethically acceptable only if there is a fair, transparent, and compassionate system for "walking" guests when necessary.	Guest frustration, potential reputational harm if handled poorly.