



ETHICAL CLIMATES AND ORGANIZATIONAL PERFORMANCE IN CASCADE PREMIER HOTEL IN KIAMBU COUNTY, KENYA

Laurah Wanjiku Kamau & Dr. Joyce Gakobo, PhD

ETHICAL CLIMATES AND ORGANIZATIONAL PERFORMANCE IN CASCADE PREMIER HOTEL IN KIAMBU COUNTY, KENYA

¹ Laurah Wanjiku Kamau & ² Dr. Joyce Gakobo, PhD

¹ MBA Student, (Strategic Management), School of Business, Economics and Tourism, Kenyatta University, Kenya

² Lecturer, Department of Business Administration, Kenyatta University, Kenya

Accepted: March 8, 2024

DOI: <http://dx.doi.org/10.61426/sjbcm.v11i1.2872>

ABSTRACT

This research looked at the effect of ethical climate on organizational performance of Cascade Premier Hotel in Kenya. The study addressed the following specific objectives: to determine the effect of egoistic, benevolence and principle climates on Organizational Performance of Cascade Premier Hotel. This study was underpinned on resource-based view theory, Cognitive Moral Development theory, and social exchange theory. In this study, the descriptive and exploratory research design was adopted. The target population of the study was 150 employees of Cascade Premier Hotel and census approach was adopted. Primary data was collected via the utilization of semi structured questionnaire and validity (face, content, and construct) and reliability (internal consistency) of the research instrument tested. Data collected was analyzed using both descriptive and inferential statistical methods. The outputs of the data analysis were presented in tables, interpretation done using descriptive parameter such as mean and standard deviation, and inferential statistics tested using regression coefficients. Ethical issues guiding research undertaking was adhered to in this study. From the outcome, the study found out the three constructs of ethical climate adopted explained 47.4 percent variation in the dependent variable explained by independent variables in a survey conducted in Cascade Premier Hotel in Kiambu County. It was established from the field survey that benevolence and principle climate had a positive and statistically significant effect on organization performance of Cascade Premier Hotel while the first variable, egoism climate even though was found to be positive, it had a statistical insignificant effect on organization performance of Cascade Premier Hotel in Kiambu County. The research come to a conclusion that ethical climate has a significant effect on organization performance of Cascade Premier Hotel in Kiambu County. The recommendation from the field research is policy makers and authorities in charge of these sectors need to enact, develop, implement, enforce, and put into practices policies that can boost a diverse ethical climate in hotel sector, so as to enable sustained organization performance and growth through a competitive advantage.

Key Words: Ethical Climate, Egoistic, Benevolence, Principle Climates

CITATION: Kamau, L. W., & Gakobo, J. (2024). Ethical climates and organizational performance in cascade premier hotel in Kiambu County, Kenya. *The Strategic Journal of Business & Change Management*, 11 (1), 559 – 575. <http://dx.doi.org/10.61426/sjbcm.v11i1.2872>

INTRODUCTION

The purpose(s) defining the existence of Organizations differs from one Organization to another; nevertheless, no Organization is established without a purpose (Cameton, 2015). The purpose(s) may include economic terms such as profitability, return on investment (ROI), return on equity (ROE), increased sales, and also relational terms ranging from satisfaction (personal and customers), fairness, effectiveness, legitimacy, and among others (Dibo, 2015). The attainment of these purposes is often explained in terms of success or Organizational Performance at both individual and Organizational levels.

Ethical climates vary from one Organization to another; however, such climates have implications that can affect decision making process in an Organization and in addition the purpose for which an Organization is established may also be affected (Newman, Round, Bhattacharya, & Roy, 2017). As remarked in literature, a handful number of reputable Organizations have been embroiled with ethical crisis with majority of them facing threats of existence and going concern (Isaac, 2021). As remarked by Owoeye (2015) ethical transgressions have constituted threats and erosion of public interests in reputable companies including WorldCom, Tyco, Rite, Martha Inc, and among others.

In sub-Saharan Africa, ethical climates of some certain Organizations have accelerated their extinction. In Nigeria, the recapitalization of money deposit banks that occasioned a situation where few banks subsumed others occurred as a result of ethical transgressions that were linked to their climates (Ogundele, 2018). Furthermore, a favorable ethical climate, as remarked in literature, is not only a valuable, rare, and inimitable capability but also a strategic resource that a firm can build and develop to attain desired Organizational Performance in an Organization (Armstrong and Brown, 2019; Akinlade & Shalarck, 2017).

The implications to Organizations as a result of its ethical atmosphere need to be properly examined

as this will provide a platform for new businesses and start-ups to learn and develop strategies to aid informed decision making. As remarked by Schwepker and Schultz (2014) ethical climate has been found to have a link with outcomes such as job satisfaction, Organizational commitment, psychological well-being, and its negative linkage with dysfunctional behaviours has been empirically documented. However, empirical studies investigating ethical climates in Africa context has remained limited and anecdotal (Parboteeah, Seriki, & Hoegl, 2014). The available studies on ethical climates have not addressed how Organizational Performance can be attained in Organizations that provide services to people with diverse culture and values. Therefore, a need is expedient to examine how climates of Organizational practices and procedures can influence Organizational Performance-related outcomes especially on ethical climate in the Hotel industry in Kenya.

A handful of studies employing certain metrics stated that Organizational Performance can either be financial or non-financial (Oliveria *etal*, 2021). As argued further, Organizations that are profit inclined pursue financial indicators ranging from profitability, ROA, ROE, sales growth, and among others. In addition, a profit oriented Organization can also pursue other non-financial goals as precursor to maximization of other financial motives (Kiarie, Kirori & Wachira, 2021). Non-financial indicators have also been identified in studies as goals often pursued by Organizations that their orientations are not inclined to making profit but to render services to the public at reasonable or public costs (Uguoni, 2020). Non-financial indicators may range from personal satisfaction, customer satisfaction, fairness, efficiency, legitimacy, and among others (Muchoki & Njuguna, 2020). Therefore, studies have posited that evaluation of these indicators against the resources and capabilities deployed by Organizations determines whether success or Organizational Performance has been attained.

In Sub-Saharan Africa context, dearth of expertise and lack of managerial skills have made hotel industry to introduce and copy Organizational Performance management measures developed in the Western world, and therefore necessitated some studies to identify certain Organizational Performance indicators (Mwangi & Kagiri, 2016; Wandogo, *et al.*, 2010). However, research studies have been found limited in investigating whether specific Organizational Performance indicators can be influenced via the climates characterizing Hotel industry in Kenya. Therefore, this study sought to investigate Organizational Performance related outcomes using perceptually means of measurement.

Egoism as a criterion of ethical climate, emphasized on the principle of self-interest, (Owoeye & Faloye, 2015). In egoism climate, the pursuit of self-interest has been identified as the enabler and driver of behaviour or action occasioning decision making across contexts. Benevolence climate is in an ethical climate criterion that emphasizes on showing concerns and maximizing interests of many people as possible within and outside the Organization (Peterson, 2002). In this type of climate individuals seek to maintain friendship, Organizations are willing and wishing to promote team interest, and societies as a locus of analysis are socially responsible.

Principle climate, otherwise known as deontology, emphasized on universal standards and beliefs for making ethically decisions and shaping behaviours considered to be ethically acceptable (Dinc & Huric, 2016). According to Sunardi and Pradesa (2019), principle climate dwells on the principle of morals to act and make ethical decision. In principle climate, individuals rely on personal morals to make decision without interference, and therefore some studies referred this to as independence climate (Shafer, 2015). In principle climate, Organizations followed the laid down rules and codes to define code of conducts and make ethical decisions, and also professional code of conducts, laws, and rules serve as a platform for societies or communities for

making ethical decisions. A handful of research studies have therefore indicated that principle climate is significantly correlated to positive outcomes at various Organizational levels. Ethical climate as a psychological environment of an Organization affect its activities, yet studies remain limited and researchers have paid inadequate attention to how the personality view of an Organization influence its activities especially Organizational Performance outcomes (Mutebi, *et al.*, 2013).

Hotel industry has been identified as an important sector constituting its Kenya's one of the top foreign exchange earners (Mathenge, 2013). Hotel industry in Kenya has continued to experience a steady growth over the years and the industry has been able to generate revenue for the industry. As remark by Ombui (2019), hotel industry in Kenya generated 509,000 jobs to Kenyans and this constitutes 10 percent of the total employment generated by all sectors in Kenya.

Hotel industry has been facing some challenges over the years and this may be due to decline in patronage, and in addition, the effect of Covid-19 contributed greatly to dwindling fortunes and patronage of hotel industry across Kenya. During this period of uncertainties characterizing hotel industry in Kenya, there is need for evaluation of its ethical atmosphere so as to create a culture that promotes accountability and Organizational Performance related outcomes.

Statement of the Problem

Kenya's Hotel industry, over the years, has been effectively functioning to some certain extent owing to factors ranging from natural and cultural heritage, adequacy of tourism infrastructure, and capability to attain sustainability of its pivotal environmental resources (Masau & Predeaux, 2003). However, hotel industry is facing many challenges in the world today and Kiambu, Kenya is not excluded (Mathenge, 2013). The decline in business travels and intense competition contributed to unhealthy crisis in Hotel sector in Kenya (Mathenge, 2013).

In addition, the Global Pandemic ravaging the entire world (Covid-19) has made the Government of Kenya to initiate policies constraining movement of people across borders to mitigate the spread of Covid-19 virus (Government of Kenya, 2020). These policies affected movement of tourists both local and international and this contributed declined impact on the fortunes of hotel industry sector in Kenya (Muoki, 2021). Therefore, the hotel industry must have a key capability good ethical climate to attain Organizational Performance outcomes, however empirical research studies on ethical atmosphere of hotel industry in relation to Organizational Performance outcomes have attracted limited attention especially research in the context of hotels in Kiambu, Kenya. Therefore, there is a contextual gap that needs to be addressed as far as hotel industry is concerned in Kenyan context.

Studies on ethical climate and Organizational Performance related outcomes have been registered in literature. While some of these studies provided evidence of significant effect of ethical climate dimensions- benevolence and principle, and insignificant effect of egoism on Organizational Performance outcomes (Vasudevan & Iqbal, 2018; Dinc & Huric, 2016), other studies confirmed significant and negative effect of ethical dimension-egoism or instrumental climate on Organizational Performance outcomes at both individual and Organizational level (Ntayi, *et al.*, 2008). The inconsistencies surrounding evidence of findings in relation to the effect of ethical climate dimensions on Organizational Performance related outcomes demand the need for further empirical inquiry.

This present study will then seek to address the contextual gap in the study by investigating hotel industry in Kenyan context and examining how ethical climate can be leveraged to enhance Organizational Performance related outcomes. In addition, there is a gap that needs to be filled in respect to finding the effect of ethical climate dimensions on Organizational Performance related outcomes. This becomes necessary because

countries are different from one another and what constitutes ethical atmosphere in a particular country is different from another.

Performance related output in an organization has been measured via profuse metrics, but hotel sector that calls for researchers to measure organization performance far beyond the conventional metric, (Vasudevan & Iqbal, 2018; Dinc & Huric, 2016). An investigation studies that took place, to measure the performance of hotel sector are limited. From literatures, a number of gaps emerged from the review, the study seeks to conduct out a survey that will be of significance in an attempt to give practical suggestions that can be used in bridging the identified conceptual gap, gaps arising from the theoretical literature, reviewed empirical gaps on ethical climate and performance and even the methodological aspect. Therefore, identify emerging knowledge gaps from the reviewed diverse literature was addressed using the proposed suitable conceptual model.

Objective of the Study

The general objective of the study seeks to investigate the effect of ethical climate on Organizational Performance of Cascade Premier Hotel in Kiambu County, Kenya. The specific objectives of the study were:

- To investigate the effect of egoistic climate on Organizational Performance of Cascade Premier Hotel in Kiambu County, Kenya
- To determine the effect of benevolence climate on Organizational Performance of Cascade Premier Hotel in Kiambu County, Kenya
- To examine the effect of principle climate on Organizational Performance of Cascade Premier Hotel in Kiambu County, Kenya.

LITERATURE REVIEW

Theoretical Literature Review

Cognitive Moral Development Theory

Kohlberg (1981) developed moral development theory for understanding individual moral reasoning

ability. According to Kohlberg (1981), moral development theory emphasized that the ethical reasoning ability of individuals is developed via a fixed sequence of distinctive stages. The stages are identified as pre-conventional, conventional, and post-conventional stages. The values-orientation characterizing individuals at these levels differ from one stage to the others. The pre-conventional morality emphasized that individuals are more concerned with consequences that may result from their actions and therefore they seek to avoid retribution (Wepukhul & Namasak, 2017).

In the conventional phase, moral reasoning is based on personal gratification but individual develops a sense of duty by considering the needs of others, and also repaying a favour. The second stage of moral development, individuals internalized moral values of social groups, and tries to conform to social order. In the last stage of moral development- post-conventional, individuals engaged in actions that are considered for the good of society, and identified with decision making that is based on ethical principle of right and wrong.

As remarked by Kikoyo (2017), what determine one's action or behaviour are not only alone values, but the product of Organizational and social culture, and people's influences. Drawing from moral development theory, Kikoyo (2017) explained the link between ethics and Organizational Performance of livestock development in Kenya. As argued by Kikoyo (2017), ethical values such as transparency, accountability, and professionalism are virtues influencing Organizational Performance-related outcomes in Kenya. In the study of Ambrose, Arnaud, and Schminke (2008), moral cognitive development theory was explored to explain Person-Organization fit on job attitudes. Therefore, moral development theory was useful in this study to underpin how ethical climate of an Organization can serve as a means to creating competitive advantage leading to Organizational Performance-related outcomes.

Social Exchange Theory

Social exchange theory (SET) is developed from the norms of reciprocity by Blau in 1964. SET posits that the relationship between two parties is reciprocal, that is an action of one person will have a reciprocal effect on another. In literature, SET has been employed to explain employer-employee relationships, and using SET as theory, the relationship between employer and employee can be best understood based on social transactions within the Organization. As it is explained in literature, employees that perceived Organizational systems are directed towards enhancing their welfares may consider it as gestures that need be reciprocated (Owoeye, 2020).

In ethical climate literature, ethical climate of in an Organization may influence employee attitudinal and behavioral outcomes, which in turn enhance Organizational Performance-related outcomes. In the study of Lee and Ha-Brookshire (2017), the insight was drawn from social exchange theory to underpin the link among ethical climate, job attitudes, turnover intention, perceived Organizational Sustainability Organizational Performance of employees in fashion retail business in China. In a similar vein, Lilly, Duffy, and Wipawayangkool (2016), employed SET as a platform to explain the association between ethical climate, trust, and business Organizational Performance.

Resource-Based View Theory

The Resource-Based View theory has a history with different theorist including, (Penrose 1959, Wernerfelt, 1984, and Barney, 1991). According to Barney (1991), RBV emphasized on the need to develop and build internal resources and capabilities that a firm need to obtain a sustainable competitive advantage in a dynamic and competitive environment. As remarked by Barney (1991), the sustainable competitive advantage is achievable by firm if its internal resources and capabilities are valuable, rare, inimitable, and non-substitutable. Therefore, the deployment of ethical climate characterizing an Organization can be

considered as capabilities to create competitive advantage leading to Organizational Performance-related outcomes.

In ethics literature, RBV has been employed to understand the valuable position of ethical climate in creating competitive advantage. In the study of Manroop, Singh, and Ezzedeen (2014), a theoretical lens of RBV was leaned on to understand the values of ethical climates and how HRM systems can be used to create those values. In a similar vein, Sabiu, (2019) elucidated the impact of ethical climate on the link between Organizational Performance appraisal and Organizational performance by drawing theoretical insights from RBV. The argument supporting the use of RBV to underpin ethical climate studies is premised on the explanation that ethical climate can function as a capability that can be leveraged to attain competitive advantage leading to Organizational Performance-related outcomes. Therefore, this present study pose to draw insight from RBV to explain that Organizational Performance in an Organization can be enhanced by ethical climate dimensions.

Empirical Review

Otuya, (2019) carried out empirical investigation of the effect of ethical climate on job satisfaction among SMEs employees in Western Sugar Belt, Kenya. The study correlational survey design and data obtained from 100 employees were analyzed using frequency to determine the distribution of responses and correlation and regression analysis to determine the direction of the relationship in the study. It was found that job security negatively influenced employee loyalty. In addition, the study also found no relationship between job security and handling of employees. However, drawing from the title of this study, there is a clear deviation from the study objective because the concept of ethical climate lacks appropriate operationalization. Job security, as operationalized in the study, is a proxy of Organizational factors, and therefore using it as an indicator of ethical climate seemed inappropriate. Therefore, there is a need for proper

conceptualization of ethical climate to reflecting its dimensions and influences on Organizational Performance-related outcomes.

Mathenge (2013) examined from the ethical perspective of the value system of commercial banking in Kenya. The study formed a conceptual framework on ethical values affecting commercial banking activities, and data collected from respondent were analyzed using both descriptive and inferential statistics. From the analysis, it was found that ethical consideration is needed in banking practices to form a formidable ethical banking in Kenya. The study identified practices indiscriminate banking, financial slavery, and unethical conducts in banking sector in Kenya; however, there is no clear explanation on how these practices relate to ethical climate and their impacts on Organizational Performance-related outcomes. There was need to investigate the influence that ethical climate dimension such as egoistic climate has on Organizational Performance-related outcomes.

Williams and Seaman (2014) researched on the relationship between corporate governance and ethical climate and the role of perceived environmental uncertainty. The study collected data from CFO/controllers of Canadian firms. Data collected and analyzed and the results showed that corporate governance had a significant relationship with ethical climate, and also perceived environmental uncertainty moderated the relationship. The study considered all dimensions of ethical climate relating to benevolence and principle climate; however egoistic climate dimensions were excluded from investigation in the study. Therefore, there was need to find if egoistic climate had any influence of Organizational Performance-related outcomes.

Mutinda, Senaji, and Sintari (2019) investigated employee work ethics and its impacts on Organizational Performance in Insurance Industry in Kenya. The study targeted 62 insurance companies in Kenya and data were collected from them. It was found from the analysis of data that ethical

guidance, values, and reporting of employees had significant effects on Organizational Performance of insurance firms in Kenya. However, what constitutes ethical climate across firms in Kenya has been left out unexamined, and their impact on Organizational Performance related outcomes has limited investigation. In addition, there is no clear research design employed in the study and the method of sampling the respondents were not clearly specified. There was therefore need to address the gaps inherent in the study by fronting the need for additional studies on effects that benevolence climate has on Organizational Performance-related outcomes.

Chinomona, Popoola, Imuezerua (2017) investigated the effect of ethical climate on job satisfaction in South Africa. The study was based on quantitative research design and primary data were collected and analyzed using PLS software. It was found from the analysis that ethical climate had significant effect on job satisfaction. That is the higher level of ethical climate will result to higher state of job satisfaction in South Africa. The study investigated ethical climate, and however there was no clarity on the dimensions of ethical climate that can exert effect on job satisfaction. In addition, there is also need to examine the effect that ethical climate will have on outcomes at Organizational levels apart from employee attitudinal and behavioral level. This present study focused on examining the effect that benevolence climate has on Organizational Performance-related outcomes.

Sabiu (2017) investigated the effect of HRM practices on Organizational Performance with ethical climate examined as the mediating function in Nigeria. The study adopted a cross-sectional survey design and stratified random sampling was used to select 181 respondents from which data were drawn from using questionnaire. Data collected were analyzed using inferential statistical method, and it was found that ethical climate mediated the relationship between HRM practices and Organizational. Ethical climate has dimensions and these dimensions have varying degree of

influences on Organizational Performance-related outcomes which Sabiu's study lacked. Therefore, there was need for empirical inquiry on benevolence dimension of ethical climate and its effect on Organizational Performance-related outcomes.

Onyago (2021) investigated the relationship between whistle blowing behaviour and anti-corruption approaches in public administration in Kenya. The study is based on case study approach and via the interview conducted it was found that ethical guidelines tend to underperform in an administrative environment that is characterized with autocratic and largely centralized decision making processes. The study was able to identify that ethical guidelines that were underperforming make corruption issues to fester at county governments in Kenya. However, the study is largely qualitative, and few respondents interviewed might not represent the general view of what ethical guidelines and corruption issues are in Kenya. There was therefore a need for quantitative empirical enquiry into ethical guidelines climate (principle) activities and its effect in Kenya drawing data from a more sizeable number of respondents.

Karanja (2016) investigated the effect which Organizational climate has on job satisfaction and technological innovation in Kenya. The study utilized a quantitative research method and data collected were analyzed utilizing both descriptive and inferential statistics. It was found from the analysis that no significant effect of Organizational climate was found with job satisfaction. However, Organizational climate was found to have significant effect on innovative behaviour. The study is restricted in a number of ways: Organizational climate was not properly conceptualized, and there was nowhere in the study showing statistical methods for determining the effect or the relationship among the study construct. In addition, ethical climate is a component of Organizational climate and it was not addressed in this study. This

therefore become a gap that necessitates the need for future research studies.

Kikoyo (2017) investigated the effect that ethics has on Organizational Performance of livestock development project in Kenya. The study utilized a descriptive research design. Primary data were collected from the study respondents and analyzed using descriptive statistics. From the analysis it was found that ethical values-professionalism, accountability, transparency significantly contributed to Organizational Performance of livestock development projects in Kenya. However, the study made generalization of findings from descriptive analysis of data, and this is wrong in

research undertakings. When a sample is drawn from the target population, there is need for inferential statistics for analyzing sample data where inferences can be made about the population of interest. Therefore, there was a gap that calls for additional empirical studies on the effect that ethical values have on Organizational Performance-related outcomes.

Conceptual Framework

The conceptual framework of this study was drawn to address the study problem gaps and express the directions of relationships between ethical climate construct and Organizational Performance. The conceptual framework is presented in Figure 1:

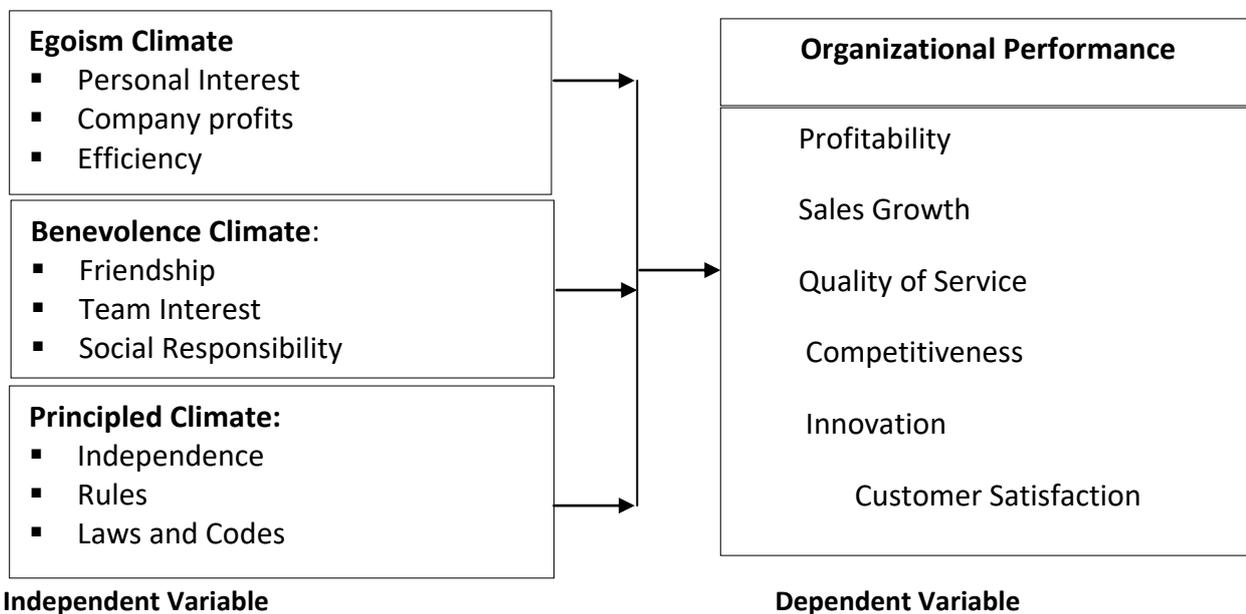


Figure 1: Conceptual Framework

Source: Researcher conceptualization (2023)

As shown in Figure 1, ethical climate is the independent variable which is measured using proxies of egoistic, benevolence, and principle climates. While the dependent variable is the Organizational Performance which will be measured at Organizational level using indicators of both financial and non-financial measures such. Based on the conceptual framework, the dependent variable (Organizational Performance) was regressed against the independent variable (ethical climate) so as to

determine the direction of the relationship between the study's constructs.

METHODOLOGY

In this study, descriptive research design and causal research design was adopted. The design of a research study served as a 'blue print' that guided a researcher on how formulated research objectives and research questions or hypotheses were accomplished (Blumberg, Cooper, & Schindler, 2014). Cascade Premier Hotel has a total strength of

150 staff that are operating in headquarter of the firm located at Kiambu County, Kenya. Therefore, the total number of 150 staff was the target audience for this study. As a result of the small size of the population, census approach was adopted in the study. Primary data was collected through the survey to be carried out in this study. The respondents were the main source where the data was collected from. The instrument of data collection was through structured questionnaire. The procedure for collecting data in relation to getting appropriate permission from the researcher's institution and agency in charge of research studies maintained. Firstly, the researcher sought for authorization letter to carry out a research study and collect data from a designated Organization as described in this study. Accordingly, researcher often used internal consistency as a measure of reliability of items based on the value of Cronbach Alpha statistics.

FINDINGS AND INTERPRETATIONS

Descriptive Statistics

The primary data collected on a 5-pointer Likert scale using a closed ended questionnaire to gather

information from the various latent variables used in this survey. The appropriateness of scale used in the structured questionnaire to achieve the expected responses through the participants expressed views on the respective constructs was by ticking on the most appropriate measurement scale, on the statements inquiries on predictor, and dependent, variables (1-Strongly Agree to 5 Strongly Disagree). Standard deviation and mean as measure of central tendencies were calculated and data analyzed, and respective interpretation for each variable presented in a summarized tables as descriptive statistics.

Egoistic Climate

The first variable construct of ethical climate (independent variable) was egoistic climate which was measured on 5 pointer scale ranging from 1=strongly agree to 5= strongly disagree. The construct of egoism climate had 10 items, drawn from extant literatures reviewed, and the result on descriptive statistics on the measured statements on the variable tabulated in Table 1.

Table 1: Descriptive Statistics on Egoistic Climate

Statement	N	Mean	SD
The major concern in this Organization is on profitability	122	4.4063	1.09138
This Organization prefers to make more income than addressing workers' concerns	122	3.3229	1.22685
The best way to be along in Hotel business is to focus attention income	122	3.1979	1.36590
Workers considered important their interests equal to that of their Organization	122	2.8021	1.19314
There is nothing bad or negative if workers are treated differently from one another	122	1.8333	1.17578
My Organization shows interest in using few resources to attaining more results	122	3.4688	1.66039
My Organization wants minimization of resources but shows less support for workers welfare	122	3.2187	1.43786
My Organization does not frown at taking advantage of clients to attain benefits	122	3.4271	1.38977
My Organization is interested in any manipulation to wade off competitors in the Hotel environment	122	2.5417	1.23899
Taking advantage of opportunities at workplace to benefit oneself is not frown at in my Organization	122	1.7813	1.08776
Aggregate	122	3.0000	1.28680

Source: Survey Data (2023)

An aggregate on the mean and standard deviation presented in Table 1. above stood at 3.0000 and 1.28680 respectively. Approximately, the mean=3 scored shows that most of the items as per the responses from the participants were neither in agreement nor in disagreement agreement with the adopted scale I the survey (5-point Likert's). The mean score of 3 being neutral showed that the respondents were not well informed nor understood what egoistic climate entails at their place of work. The statistical score (mean=3) from the majority respondents egoism climate has an influence on hotel sector performance in Cascade Premier Hotel. Additionally, the value of the standard deviation scored being more than zero implies that there exists a high deviation among the participants' responses, which is not in agreement with the literature that supports function and consistency of the sample mean being the truth estimate of the population so the study. The

descriptive analysis, egoism climate statements with regards to involve ethical climate with an approximate means ranging between 4.4063 and 1.7813 as the highest and lowest score respectively. The statement on hotel that major concern is on profitability scored 4.41(approx.=4) while those touching organization showing interest in using few resources to attaining more results scored a mean of 3.48 (approx. =4), thus egoism remained as one of the ethical climate has an influence on performance of Hotel Sector in Kenyan context.

Benevolence Climate

The second variable on benevolence as the independent variable under ethical climate had 8 statements all items informing this study were drawn from the literatures reviewed. The results on descriptive statistics on each of the 8 items measured on benevolence climate are illustrated in Table 2.

Table 2: Descriptive Statistics on Benevolence

Statement	N	Mean	SD
Seeing workers (employees) as important assets will generate actions preceding good performance results	122	4.0521	1.20848
My Organization maintains a friendly atmosphere and space within work environment	122	3.9479	1.14588
Emphasis on team interest and commitment works and promotes unity of direction in my Organization	122	3.7917	1.08499
My Organization works as a team and therefore team interests is giving utmost priority	122	3.3438	1.27178
Friendly relations with clients/customers are encouraged and it improved efficiency and effectiveness in my Organization	122	3.6146	1.37167
My Organization is committed to environmental wellbeing of the space it operates	122	3.6875	1.12683
My Organization is internally responsible socially to it its staff and client	122	3.1667	1.16679
My Organization carries out external social responsibilities by way of addressing certain needs in the environment it operates	122	3.2604	1.40858
Aggregate Score	122	3.6081	1.2231

Source: Survey Data (2023)

As illustrated in Table 2, an aggregate mean and std dev scores stood at 3.6081 and 1.2231 respectively. The result on the scored mean (approx. =4) as per the adopted likert scale implied that respondents were in agreement with most of the statements on construct of benevolence climate. To an extent the

respondents agreed with the elements measuring benevolence climate that existed and employed in hotel. Also with the standard deviation score being high (above 0) was an indication of dispersion on the spread of the responses across the mean. Std dev score of 1.2231 (high value), implying that

sample mean as a true estimator of the population parameter, and cumulatively the mean and std dev statistics showed that majority of the hotels in Cascade Premier Hotel had experience and knowledge on benevolence climate.

From the statistics results from the benevolence variable, there is an indication that the highly rate items were those that focused on investing on employee (asset), providing friendly work space, commitment to promote unity, friendly customer/client relation, and environmental wellbeing for improved performance(4.0521,3.9479,3.7917,3.6146 and

3.6875).Items that scored a relatively low value in addressing benevolence variable were focused on priority on team interest, internal and external social responsibility with a score of 3.3438,3.1667 and 3.2604 .

Descriptive Statistics on Principle Climate

The field survey sought to investigate the third constructs of principal climate as an independent variable of study. The principal climate was measured 7 statements drawn from extant reviewed studies, and descriptive results measuring the constructs exhibited in Table 3.

Table 3: Principle Climate

Statement	N	Mean	SD
My Organization has code of ethics that guide the activities of employees	122	4.1979	1.01172
Rules of conducts are documented to promote ethical standards in my Organization	122	3.8854	1.26383
My Organization a culture that differentiates it from other Organizations	122	3.2396	1.35914
Both rules of engagement and disengagement are codified in my Organization	122	3.2500	1.20525
Staff are subjected to disciplinary actions when found culpable of certain offenses	122	3.2188	1.61704
There are laid down procedures for trials and of erred staff in my Organization	122	3.6562	1.36750
Ethical standards are always maintained in my Organization	122	3.0104	1.38027
Aggregate	122	3.4940	1.31496

Source: Survey Data (2023)

The cumulative aggregate mean and standard deviation as shown in Table 3 scored 3.4940and 1.31496 respectively. An approximate cumulative mean of 4 on scale employed implied responses from the participants who took part in the survey agreed with the items, being in agreement showed that principal climate practices existed in hotel sector under this survey. Additionally, the scores on standard deviation had a higher variability on the respondents' responses, and the value supports that the aggregate mean as a true estimate of the population measures. From the descriptive statistics its evidence that principal climate as one of the

ethical climate adopted in Cascade Premier Hotel. Among the dimensions on ethical climate with the highest score were promoting ethical standards, code of ethics and procedures for trials with an approximate mean score of 4.

Hotel Performance

The dependent variable (Hotel Performance) was measured using profitability, sales growth, quality of service, competitiveness, innovation, and customer satisfaction. The results from the survey findings by the respondents rating were illustrated in Table 4.

Table 4: Descriptive Statistics on Hotel Performance

Statement	N	Mean	SD
Profit in my Organization has improved over the years	122	4.3818	.67704
I always take advantage of identifying business opportunity and ideas in the environment	122	4.4091	.62509
I often engage in unilateral decision-making processes that effectively foster and advance my entrepreneurial concepts.	122	4.3727	.64134
I consistently have a need to introduce new concepts and generate innovative creations.	122	4.3028	.68439
Our ethical standard has helped to attain competitive edge in the Hotel market	122	4.3303	.61866
Customers prefer to do business with my Organization	122	4.4128	.64556
Through ethical culture my Organization has innovated in the areas technological and non-technological innovation	122	4.4364	.67704
Aggregate	122	4.3780	0.65273

Source: Survey Data (2023)

The items measuring hotel performance scored a mean aggregate of 4.3780 and a standard deviation of 0.65273 respectively an indication that the responses from the participants were in agreement with most of the items. All the seven items in approximation on a scale used of a 5-likert scale scored 4= agreed with the statements that variable on hotel performance on the dimension of profitability, sales growth, quality of service, competitiveness, innovation, and customer satisfaction are adopted in the hotel. The mean scored was in agreement wand in line with the 5-pointer scale meaning that all the items on ethical climate on hotel performance as constructs of the study. The variability from the scored standard deviation was low (0.65276 less than zero) an implication that hotel performance achieved a relatively low value and therefore the sample mean

was dependable and adequate as a true measure of the population parameter. Further it can an interpretation that ethical climate had achieved slightly higher deviation on the level of hotel performance among Cascade Premier Hotel in a Kenyan context. The descriptive statistics recorded shows that ethical climate may have an influence on hotel performance in the Kenyan context.

Diagnostic Tests

Normality Test

The assumption of normality in a regression analysis was computed using Kolmogorov-Smirnov and Shapiro-Wilk statistical parameter as supported in the extant literature. The suggested decision criteria for confirming normality tests not being violated is exhibited in n Table 5.

Table 5: Results of the Normality Test

Variable	Kolmogorov-Smirnov ^a			Shapiro-Wilk			Observation
	Statistic	Df	Sig.	Statistic	Df	Sig.	
Hotel Performance	.091	122	.073	.093	122	.078	Normal Distribution
Egoism Climate	.032	122	.062	.047	122	.201	Normal Distribution
Benevolence Climate	.097	122	.071	.058	122	.069	Normal Distribution
Principle Climate	.034	122	.003	.049	122	.103	Normal Distribution

Source: Survey Data (2023)

Table 5 above is a presentation from normality test using Kolomogorov-Sminov and Shapiro-Wilk tests, the results from the coefficients are not significant (p-values are greater than 0.05). The requirement

that both test Shapiro-wilk and Kolmogrov-Smirnoff should be significant, that is the p-value should be greater than 0.05%, thus result from the data collected did not violate the assumptions of

normality test. Therefore, the analysis of the data satisfied the required appropriateness in giving answers to the research objectives through further inferential statistics.

Linearity Test

To test for the assumption of linearity test, the study used Pearson correlation coefficient as recommended by Dancy and Reidy (2004). The result from liner regression test is presented in the Table 6.

Table 6: Correlations

	Egoism Climate	Benevolence Climate	Principle Climate	Hotel Performance
Egoism Climate	1	.694**	.658**	.487**
Benevolence Climate	.694**	1	.753**	.396**
Principle Climate	.658**	.753**	1	.343
Hotel Performance	.487**	.396**	.343**	1**
Sig.	.000	.000	.000	
N	122	122	122	122

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Data (2023)

Perfect correlation exist when the principle results to a value close to 1 or -1 , alternatively an indication on no or there exist little muticollinearity when the results is a value closer to zero from the illustration in Table 6, Egoism Climate had a correlation coefficient of 0.487, (significant at $p=0.01$), Benevolence Climate and Hotel performance had a correlation coefficient of 0.396, (significant at $p=0.01$), and Principle Climate and Hotel performance had a correlation coefficient of 0.343, significant at $p=0.01$. The table shows that the obtained correlation coefficients for each variable had a significant correlation, an indication for non-violation of the linearity assumption and

implying that the subsequent analysis the data is suitable for analysis.

Multi-Collinearity Test

In order to test for the presence of multicollinearity, the study was done by sue of variance inflation factor (VIF), adopting a tolerance level rate of above 10 and less than 0.1 to show that multi-collinearity exist, as well as to give an indication of non-compliance requirement in regression analysis assumption (Mahajan, & Bergier, 1977, Field, 2009, and Hair et al, 2010). The results from multicollinearity test are illustrated in Table 7.

Table 7: Multi-collinearity Test Results

Variable	Tolerance	VIF	Remarks
Egoism Climate	0.445	2.085	No Multicollinearity
Benevolence Climate	0.406	3.805	No Multicollinearity
Principle Climate	0.614	2.247	No Multicollinearity

Source: Survey Data (2023)

The result on multicollinearity test shows a tolerance and VIF shown in Table 7. above. From the result it shows all the three variables complied with the threshold level that is suitable for the research to conduct further process from the data

collected for purpose of giving answers to the formulated research questions and objectives.

Heteroscedasticity Test

The research employed the suggested Warner (2008) Breush-Pagan test, with a decision criteria based on chi-square value obtained, as well as a P-

value ($P \leq 0.05$) to concluded presence of heteroskedasticity, while a p- value ($P \geq 0.05$) to

imply non presence of heteroskedasticity, as shown in exhibited in Table 8.

Table 8: Breusch-Pagan Heteroskedasticity Test

Chi – Square	Df	Sig.
2.768	1	.072

Source: Survey Data (2023)

The evaluation outcomes from the test for heteroscedasticity as demonstrated in Table 8. above, a Chi-square value of 2.768, with a p-value ($P \geq 0.05$) an illustration for non-violation on the assumption of regression model. Therefore, the findings from the collected data meant that the further subsequent analysis on the regression model was supported.

Inferential statistic

The survey was undertaken to determine the effect of ethical climate on hotel performance of Cascade Premier Hotel Kiambu County, Kenya, with the guide of three research objectives. The study used one regression model to establish the direct effect of ethical climate (independent variable) on hotel performance (dependent variable). Using various test in line with the requirements in scientific statistics for multiple regression model analysis and interpretations done (using F values, Adjusted R^2 and the beta coefficients). The investigations on the direct effects on regression model are entailed in this section.

SUMMARY

Objective one research study sought to evaluate the effect of egoism climate on organization performance of Cascade Premier Hotel in Kiambu County, Kenya. The findings presented demonstrated that egoism had a positive statistical non-significant effect on organization performance of Cascade Premier Hotel. Worth noting from the three dimensions of ethical climate latent construct in the survey, egoism climate accounted for the great variation on organization performance of Cascade Premier Hotel ($\beta = .044$, $p = .513$). Therefore, a consequence of positive significant effect of egoism climate on organization

performance of Cascade Premier Hotel was evidenced. Notably a conclusion of this research explained objective one and gave answer to first research question of the study anchored on theories underpinning the constructs of egoism climate, employing descriptive characteristics of the latent constructs, as well as the extant studies of the variable of interest. The moral development theory of organization linking creation of competitive advantage leading to Organizational Performance-related outcomes was found relevant in explaining the positive significant effect of egoism climate on organization performance of Cascade Premier Hotel. The application of egoism to a large extent in the descriptive statistics findings concurred some past studies research findings, therefore the first objective has an implication on the role of egoism climate as a dimension of ethical climate in order to environmental demand required in vision and mission alignment towards a competitive edge.

Objective two sought to investigate of benevolence climate effect on organization performance of Cascade Premier Hotel. Inferential output implied that benevolence climate had a positive significant statistical effect on organization performance of Cascade Premier Hotel. The observation from the present survey on the achieved effect on organization performance by benevolence climate variable was relatively low ($\beta = .510$, $p = .000$), a descriptive feature adopted by the Cascade Premier Hotel to a high extent. The study noted that the SET theory is relevant in this study, in providing understanding of how Organizational Performance-related outcomes can be linked to perceived ethical climate of growth, as well as its relevancy in explaining the type of effect achieved on the

construct (dependent variable). From the explanation and conclusion towards giving answers to this study objective, it was noted that the study findings had an implication on the role of ethical climate on organization performance, in agreement with the other studies findings, (Chinomona, Popoola, Imuezerua 2017, Mathenge ,2013)

The third objective intended to establish the effect of principal climate on organization performance of Cascade Premier Hotel Kiambu County. The findings revealed that principal climate had a positive statistically significant effect on organization performance of Cascade Premier Hotel. It was pointed out that the effect of principal climate variable on organization performance was of important in terms of presenting useful lessons and practices on the field of strategic management in organizations. The study paid attention to note that the principal climate dimensions were to a large extent ($\beta = .203$, $p = .018$) adopted by the Cascade Premier Hotel. Specifically, three dimensions of the latent constructs were on independence, rules, and laws and codes obtained from the ethical climate. From the findings, it was concluded that ethical climate has an implication with regards to the path that gives an explanation on its effect on organization performance. The study concurred with the report from Jonyo, Ouma, & Mosoti, (2020) that found significance from the examined effect of ethical values on success and organization performance. The study finding is of critical consideration in presenting a much needed clear understanding on the role played by the various the dimensions of principal climate variable in a manner to give an explanation on the contribution made by ethical climate adoption towards organization performance.

CONCLUSION

The filed survey made conclusion on the three research objectives that was under investigation. The first conclusion on the first objective is that egoism climate has a statistical positive non-significant effect organization performance of Cascade Premier Hotel. The attributes of this latent

construct (egoism climate) has a non-significant but contributes positively towards organization performance on issues that touches on personal interest, company profits, and efficiency that result to a positive impact on profitability, sales growth, quality of Service, competitiveness, innovation, and customer satisfaction as dimensions of organization performance. Therefore, the adoption of egoism climate on Cascade Premier Hotel may be a driver that can enable to solve challenges related to organization performance.

The second objective on benevolence climate, the result documented a positive statistically significant effect on organization performance of Cascade Premier Hotel in Kiambu County. Among the dimensions of found as activities identified as benevolence climate (friendship, team interest and social responsibility) showed a statistically significant effect and the research made a conclusion that adoption of this elements of benevolence variable will result to improved and better organization performance as well as leveraging on it as a competitive edge.

Lastly on the third objective, from the statistical report, the survey found that principle climate has a positive significance effect on organization performance of Cascade Premier Hotel, making conclusion, the researcher concluded that ethical climate through the dimension of principal climate variable namely: independence, rules, and laws and codes had a significant impact on performance of Cascade Premier Hotel, thus an adoption of this variable may enable the organization to realize superior and improved performance through having a competitive edge in the market.

From the literature studies, the majority adopted a linear correlation between the ethical climate and organization performance, while in the present field survey contribution to knowledge database revealed that ethical climate significantly played a role of organization growth, on Cascade Premier Hotel. The application of various theories; cognitive development theory, SET theory, and RBV theory that anchored and supported the variable of

interest in this study further contributes to the knowledge database. Additionally, the scope of the present study as applied by the theories presents a description on the association between ethical climate and organization performance of Cascade Premier Hotel. Therefore, this study has made a useful milestone contribution through the employed model that demonstrates how ethical climate contributes to improved and robust organization performance of Cascade Premier Hotel, and this model can be utilized by strategic management on areas that requires decisions a making using ethical climate and organization performance.

RECOMMENDATIONS

The study findings, and conclusion enabled the researcher to present the various recommendation as follows; the call for Cascade Premier Hotel to undertake and put in place the egoism measures through personal interest, company profits, and efficiency that result to a positive in an effort to address challenges related to organization performance. Additionally the need for strategic professional to review and consider the benevolence and principal climate related elements that can create a room for competitive opportunities so as to promote a superior performance in terms of its profitability, sales growth, quality of Service, competitiveness, innovation, and customer satisfaction as dimensions of organization performance.in order to

attain a superior and improved performance, the need to focus on enhancement of efficiency when implementing ethical climate for purpose of obtaining a competitive advantage is wanting, as this will enable them to be a game changer and be able to survive even in the most challenging and difficult economic times, as well as the dynamic situation in the business environments.

The research evaluated the effect of ethical climate on organization performance of Cascade Premier Hotel in Kiambu County, Kenya. The duplication of the study recommendation in future research, through application of various set of constructed as employed in this study in the hotel sector and other commercial industries in Kenya in an effort to give a documented results report, on the effect of the predictor constructs within hotel sector in a more generalized manner. The conceptual aspect of egoism climate using three dimensions and the need for future scholars to expand the scope on the concept of ethical climate other than the one used in this study. Lastly the interrogation of principal climate via use of three indicators, the researchers call is to broaden the scope, and recommendation to use other dimensions of principal climate. This was a cross section study, with its limitation, and therefore the scholars need to consider other research design such as longitudinal in their effort to interrogate the effect of ethical climate on organization performance in a Kenyan context.

REFERENCES

- Akinlade, D., & Shalack, R. (2017). Strategic human resource management in nonprofit organizations: A case for mission-driven human resource practices. *Global Journal of Management and Marketing*, 1(1), 121-146.
- Ambrose, M. L., Arnaud, A., & Schminke, M. (2008). Individual moral development and ethical climate: The influence of person–organization fit on job attitudes. *Journal of Business Ethics*, 77(3), 323-333.
- Armstrong, M., & Brown, D. (2019). Strategic Human Resource Management: back to the future. *A literature reviews Chartered Institute of Personnel and Development (CIPD)*. Berger, R.
- Blumberg, B., Cooper, D., & Schindler, P. (2014). *EBOOK: Business Research Methods*. McGraw Hill.

- Chinomona, E., Popoola, B. A., & Imuezerua, E. (2017). The influence of employee empowerment, ethical climate, Organizational support and top management commitment on employee job satisfaction *Journal of Applied Business Research (JABR)*, 33(1), 27-42.
- Dibo, N. (2015). What drives employee performance: a look at abilities, motivation and financial performance in an ICT consultancy setting? (Master's thesis, University of Twente).
- Githui, D. M. (2013). The value system of commercial banking in Kenya: An ethical perspective.
- Isaac, K. (2021). Crisis, Opportunity & Virtue: The Role of Virtue Ethics in Corporate Crisis Management.
- Jonyo, B. O. (2020). Ethical Attributes Precipitates Organization Success in Private Universities in Kenya. *European Journal of Economics, Law and Politics*, 7(2), 14-28.
- Lee, S. H., & Ha-Brookshire, J. (2017). Ethical climate and job attitude in fashion retail employees' turnover intention, and perceived organizational sustainability performance: A cross-sectional study. *Sustainability*, 9(3), 465.
- Lilly, J., Duffy, J. A., & Wipawayangkool, K. (2016). The impact of ethical climate on organizational trust and the role of business performance: if business performance increases, does ethical climate still matter? *Journal of Behavioral and Applied Management*, 17(1), 1164.
- Muchoki, E. N., & Njuguna, R. (2020). Effects of corporate acquisitions on non-financial performance of commercial banks in Kenya: A case of the acquisition of Giro Bank Ltd by I&M Bank Ltd. *International Academic Journal of Economics and Finance*, 8
- Muoki, D. (2021). Impact Assessment of COVID-19 Pandemic on the Tourism and Hotel Industry in the EAC and Post Recovery Strategy for the Sector.
- Newman, A., Round, H., Bhattacharya, S., & Roy, A. (2017). Ethical climates in organizations: A review and research agenda. *Business Ethics Quarterly*, 27(4), 475-512.
- Ogundele, B. (2018). *Management accounting system changes: a case study of a family controlled bank* (Doctoral dissertation, University of Salford).
- Sabiu, M. S. (2017). Relationship between aspects of human resource management practices and performance: mediating role of ethical climate. *Universiti Utara Malaysia*.