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## Ethical Practices and Challenges in Hospitality Establishments: Evidence from Bohol, Philippines

HersheyLou M. Cabig<sup>1</sup>, Jerviliza A. Item<sup>1</sup>, Val Vincent M. Losaria<sup>1</sup>, Jesszon B. Cano<sup>2</sup>

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### ABSTRACT

This qualitative study examines ethical practices and operational challenges in selected hospitality establishments situated in Bohol, Philippines. Employing semi-structured, face-to-face interviews with managers and supervisors from three anonymized establishments, the study explores the operationalization of ethics across six domains: human resource management, employee well-being and harassment prevention, environmental sustainability, customer relations and service delivery, data privacy and protection, and supply chain management and financial transparency. Guided by Stakeholder Theory (Freeman, 2010) and the Triple Bottom Line framework (Elkington, 1998), thematic analysis following Braun and Clarke (2006) was used to interpret participant narratives. Findings revealed strong institutional adherence to fairness-based hiring and promotion systems, dignity-affirming workplace policies, sustainability-oriented environmental initiatives, and transparent complaint-handling procedures aligned with recognized ethical frameworks. Formal supplier contracts and data minimization protocols further demonstrated a commitment to ethical accountability across organizational boundaries. Despite these strengths, persistent operational challenges were identified, most notably seasonal labor shortages that intensify workload pressures and risk compromising service quality, alongside emerging cybersecurity vulnerabilities accompanying the sector's rapid digital transformation. The anonymized research design employed in this study encouraged candid managerial disclosure while upholding participant and organizational confidentiality. The findings contribute empirically grounded, practice-oriented insights to the underexplored intersection of hospitality ethics and provincial tourism management in Southeast Asia. Implications are discussed for hospitality practitioners seeking to strengthen ethical resilience, for industry stakeholders, advocating sector-wide ethical standards, and for policymakers committed to supporting sustainable, inclusive, and responsible tourism development in comparable regional contexts.

### INTRODUCTION

Ethical practices are foundational to sustainable operations in the hospitality industry, influencing employee well-being, customer trust, environmental stewardship, and long-term organizational reputation. In service-oriented sectors such as hospitality, ethical lapses, whether in labor practices, customer relations, or environmental responsibility, can rapidly erode stakeholder confidence. Prior studies have demonstrated that ethical conduct is positively associated with customer loyalty, employee retention, and corporate reputation (Kapiki, 2012).

In the Philippine context, hospitality and tourism play a critical role in economic development and employment generation. However, the industry continues to face ethical concerns related to labor conditions, sustainability, and data privacy and increasing digitalization. Guided by Stakeholder Theory (Freeman, 2010) and the Triple Bottom Line framework (Elkington, 1998), this study investigates how hospitality establishments operationalize ethical principles in daily practice and the challenges they encounter in doing so.

The study adopts an anonymized approach, referring to participating organizations as Hospitality Establishment 1 (HE1), Hospitality Establishment 2 (HE2), and Hospitality Establishment 3 (HE3), to ensure confidentiality and

encourage candid disclosure from participants.

The study aims to: (1) examine ethical practices in hospitality establishments in terms of human resource management, employee well-being and harassment prevention, environmental sustainability, customer relations and service delivery, data privacy and protection, and supply chain management and financial transparency; (2) identify and analyze major ethical challenges faced in daily operations and their root causes; (3) compare observed practices with established industry standards and ethical frameworks; and (4) discuss implications for hospitality organizations, the industry, and society.

### LITERATURE REVIEW

The ethical dimensions of hospitality management have attracted increasing scholarly attention in recent decades. Ethical leadership, defined as the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships (Brown & Treviño, 2006), is recognized as a cornerstone of organizational integrity in service industries. Within the hospitality sector, ethical leadership has been linked to enhanced employee performance, reduce turnover, and greater customer satisfaction.

Stakeholder Theory (Freeman, 2010), provides a

<sup>1</sup> Bohol Island State University, Bilar, Philippines

<sup>2</sup> Bohol Island State University, Candijay, Philippines

<sup>\*</sup>Corresponding author's e-mail: [hersheyLou.cabig@bisu.edu.ph](mailto:hersheyLou.cabig@bisu.edu.ph)

foundational lens through which to understand the multi-directional ethical responsibilities of hospitality establishments. According to this framework, organizations must balance the interests of multiple stakeholders, including employees, customers, suppliers, and the broader community, in their operational decisions. Complementarily, the Triple Bottom Line framework (Elkington, 1998) extends ethical accountability to encompass economic viability, social equity, and environmental stewardship.

In the realm of human resource management, Adam's Equity Theory (1963) and Organizational Justice Theory (Greenberg, 1987) highlight the importance of perceived fairness in recruitment, compensation, and promotion processes. Employees who perceive organizational processes as fair demonstrate higher levels of commitment and organizational citizenship behavior (Blau, 2017). Herzberg's Two-Factor Theory (2017) further underscores the role of hygiene factors, such as safe working conditions and fair treatment, in preventing dissatisfaction and fostering a positive workplace climate. Environmental responsibility in hospitality has become a prominent area of ethical discourse. Driven by growing stakeholder expectations and regulatory pressures, hospitality firms increasingly adopt sustainability-oriented practices such as energy efficient measures, waste reduction programs, and responsible sourcing (Elkington, 1998). These initiatives reflect a broader shift toward stakeholder-inclusive governance models.

Customer relations ethics are similarly well-documented. Procedural Justice Theory (Thibaut & Walker, 1975) posits that customers are sensitive not only to service outcomes but also to the fairness of the processes through which services are delivered. Ethical complaints-handling, transparent communication, and responsive service recovery have been identified as critical drivers of customer loyalty and trust (Singh, Kotler & Keller, 2018).

The proliferation of digital technologies in hospitality has elevated data privacy as a pressing ethical concern. Deontological ethics (Walle, 2001) provides a principled basis for data protection obligations, emphasizing that individuals have an inherent right to informational privacy regardless of consequential considerations. This perspective aligns with contemporary regulatory frameworks governing personal data in service industries. Supply chain ethics, addressed through Agency Theory (Jensen & Meckling, 2019) and Ethical Supply Chain Management Theory (Seuring & Muller, 2008), highlight the risks of opportunistic behavior among supply chain partners and the necessity of transparent procurement practices. Establishing formal contractual relationships and ethical sourcing criteria reduces information asymmetry and support organizational accountability.

Despite substantial theoretical development, empirical research on the operationalization of ethical practices in Philippine hospitality establishments remains limited, particularly in rural and provincial tourism contexts. This

study addresses that gap by providing qualitative, practice-oriented evidence grounded in the lived experiences of hospitality managers and supervisors.

## MATERIALS AND METHODS

A qualitative research design was employed to capture in-depth perspectives of managers and supervisors regarding ethical practices and challenges in hospitality operations. This approach allows for a nuanced understanding of lived experiences and organizational realities that may not be fully captured through quantitative methods. The interpretivist paradigm guided the inquiry, recognizing that meanings and understandings are socially constructed and context-dependent.

Data were collected through semi-structured, face-to-face interviews lasting approximately 30 to 60 minutes. Open-ended questions focused on ethical policies, operational dilemmas, and strategies for maintaining integrity in service delivery. Probing questions were employed to elicit elaboration and ensure depth of response. All interviews were conducted with informed consent and transcribed verbatim. An interview guide was developed based on the theoretical frameworks of Stakeholder Theory and Triple Bottom Line to ensure conceptual alignment with the study objectives.

Participants were managers or supervisors from hospitality establishments located in rural tourism areas of Bohol, Philippines. A purposive sampling strategy was used, requiring participants to have held a supervisory or managerial role for at least one year. Three establishments participated in the study, referred to herein Hospitality Establishment 1 (HE1), Hospitality Establishment 2 (HE2), and Hospitality Establishment 3 (HE3). This approach ensured that participants possessed adequate organizational experience and positional authority to provide informed and credible accounts of ethical practices.

Thematic analysis following Braun and Clarke (2006) guided data interpretation. The process involved six iterative phases, familiarization with the data through repeated reading and note-taking; generation of initial codes from relevant features of the data; searching for themes by clustering related codes; reviewing and refining themes against the coded data and the full dataset; defining and naming themes; and producing the final report. To ensure rigor, themes were continuously compared against participant narratives and relevant theoretical frameworks. Member checking and peer debriefing were used to enhance credibility and trustworthiness.

Organizational and personal identifiers were removed from transcripts and all research reports. Data were stored securely in password-protected digital files accessible only to the research team. Participants were fully informed of the study's purpose and their right to withdraw at any stage without penalty. The anonymization of establishments was a deliberate methodological and ethical strategy designed to protect confidentiality, minimize potential reputational risks, and encourage candid disclosure.

Institutional ethical clearance was obtained prior to data collection.

## RESULTS AND DISCUSSION

Thematic analysis of the interview transcripts yielded seven major themes corresponding to the study's research objectives. The findings are presented thematically, integrating participant perspectives with relevant theoretical and empirical literature.

### Fairness and Transparency in Human Resource Management

Participants across all three establishments reported structured and merit-based systems for hiring, promotion, and performance evaluation. HE1 emphasized performance-based promotion criteria, while HE2 and HE3 highlighted strict adherence to labor regulations and standardized procedures. These practices align with Adam's Equity Theory (1963), which posits that employees assess fairness by comparing their input-outcome ratios to those of relevant others. Consistent with Organizational Justice Theory (Greenberg, 1987), participants described procedural mechanisms – including transparent evaluation rubrics and documented appeals processes – designed to reinforce perceptions of distributive and procedural fairness. These findings corroborate broader evidence linking organizational fairness to employee motivation, satisfaction, and retention (Blau, 2017).

### Ethical Treatment of Employees and Workplace Well-Being

All three establishments reported having formal codes of conduct and anti-harassment policies in place. Formal investigation procedures were emphasized as mechanisms for ensuring due process and impartial resolution of workplace grievances. These findings reflect Maslow's Hierarchy of Needs (1943), wherein safety and belonging constitute foundational conditions for employee engagement. Herzberg's Two-Factor Theory (2017) further contextualizes these practices as hygiene factors whose presence prevents dissatisfaction, even if they do not independently generate high motivation. The emphasis on dignity-affirming workplace policies is consistent with ethical leadership theory (Brown & Treviño, 2006), which identifies leader modeling of respectful conduct as a critical determination of organizational culture.

### Environmental Sustainability and Responsibility

Environmental initiatives varied across establishments but consistently included renewable energy utilization, systematic waste segregation, and application of the 3Rs principles – reduce, reuse, and recycle. HE3 additionally reported participation in a local environmental certification program. These practices demonstrate operational alignment with the Triple Bottom Line approach (Elkington, 1998) and Stakeholder Theory (Freeman, 2010), which together frame environmental responsibility as both an ethical obligation and a source

of competitive differentiation. The variability observed across establishments suggests that environmental commitment is mediated by organizational resources, management philosophy, and local regulatory environments.

### Ethical Customer Relations and Service Delivery

Participants described transparent complaint-handling procedures, active listening practices, and standardized service protocols as central features of their customer relations ethics. HE2 reported a formalized service recovery protocol that was regularly reviewed and updated. These practices support Procedural Justice Theory (Thibaut & Walker, 1975), which holds that customers evaluate service quality not only by outcomes but also by the fairness and transparency of the processes through which services are delivered. Ethical service recovery has been identified as a significant driver of customer loyalty and word-of-mouth recommendation (Singh, Kotler & Keller, 2018), underscoring the strategic as well as ethical value of these practices.

### Customer Data Privacy and Protection

Data minimization strategies, employee training programs on data privacy legislation, and strict confidentiality protocols were reported across all establishments. HE1 highlighted the deployment of access-controlled digital systems to limit data exposure, while HE3 described mandatory data privacy training for all guest-facing staff. These practices reflect deontological ethical principles (Walle, 2001), which ground data protection in the inherent right of individuals to informational privacy rather than in utilitarian calculation. The growing emphasis on cybersecurity preparedness observed in this study is consistent with emerging industry trends driven by regulatory compliance requirements and heightened stakeholder expectations regarding digital trust.

### Ethical Supply Chain Management and Financial Transparency

Formal supplier contracts incorporating ethical procurement criteria were utilized by all three establishments to ensure transparency and accountability in vendor relationships. HE2 described a supplier evaluation framework that included criteria for labor standards compliance and environmental performance. These practices are consistent with Agency Theory (Jensen & Meckling, 2019), which highlights the risk of opportunistic behavior in principal-agent relationships and the value of contractual mechanisms in aligning incentives. Ethical Supply Chain Management Theory (Seuring & Müller, 2008) further supports the integration of social and environmental standards into procurement decisions as a strategy for risk mitigation and value creation.

### Ethical Challenges in Daily Operations

Despite the robust ethical frameworks reported by participating establishment, labor shortages during peak

tourist seasons emerged as a recurring and significant operational challenge. Participants described increased workload pressures, heightened staff fatigue, and associated risks to service quality and ethical compliance during high-demand periods. This issue reflects Resource Dependence Theory (Pfeffer & Salancik, 2015) which highlights the vulnerability of organizations to fluctuations in critical resource availability and the strategic importance of proactive resource management. Cybersecurity vulnerabilities were identified as an emerging challenge, particularly in establishments that had recently adopted digital reservation and payment systems. Participants expressed concern about the adequacy of existing data protection infrastructure and the need for ongoing staff training. These concerns signal the growing intersection of technological adoption and ethical accountability in hospitality operations. Taken together, these findings suggest that while ethical intentions and frameworks are well established in the studies establishments, structural and resource constraints continue to pose practical barriers to consistent ethical performance. Addressing these challenges will require both organizational investment and broader industry-level policy attention.

### Implications

The findings suggest that strengthening workforce planning mechanisms, particularly through advance recruitment strategies and cross-training programs, can reduce vulnerability to peak-season labor shortages while maintaining ethical service standards. Investment in cybersecurity infrastructure and the development of comprehensive digital data governance frameworks are recommended to address emerging risks associated with hospitality digitalization. Continuous professional development programs that embed ethical reasoning into employee competencies can reinforce organizational ethical culture across all levels of operation.

The study reinforces that ethical practices function not merely as compliance mechanisms but as strategic assets that shape brand reputation, stakeholder trust, and long-term competitiveness. Industry associations and regulatory bodies in the Philippine hospitality sector are encouraged to develop standardized ethical benchmarks and certification frameworks that enable establishments, particularly those in rural and provincial contexts, to measure and communicate their ethical performance. Peer learning networks among hospitality establishments can facilitate the sharing of effective ethical practices and the collective identification of systematic challenges.

Ethically managed hospitality establishments contribute meaningfully to broader social goals, including sustainable tourism development, the protection of employee dignity, and enhanced consumer welfare. In the Philippine provincial tourism context, such establishments serve as anchors of community economic development and models of responsible enterprise. Policymakers are encouraged to recognize and incentivize ethical hospitality

practices through targeted support programs, public recognition schemes, and regulatory frameworks that reward proactive compliance over reactive enforcement.

### CONCLUSIONS

This study demonstrates that hospitality establishments in a provincial Philippine tourism context like Bohol are capable of operationalizing ethical principles across multiple operational domains, including human resource management, employee welfare, environmental sustainability, customer relations, data privacy, and supply chain management. Thematic analysis of managerial perspectives revealed strong foundational commitments to fairness, transparency, and sustainability, underpinned by recognized ethical frameworks including Stakeholder Theory, the Triple Bottom Line, and various organizational justice models.

Notwithstanding these positive findings, persistent structural challenges, most notably labor shortages during peak seasons and emerging cybersecurity vulnerabilities, were identified as significant impediments to consistent ethical performance. These challenges highlight the need for proactive workforce planning, digital infrastructure investment, and ongoing capacity development to sustain ethical commitments amid evolving operational demands. The study contributes to the hospitality ethics literature by providing empirically grounded, context-sensitive insights from a setting that has been underrepresented in prior research. The anonymized methodology employed strengthens the credibility and completeness of participant disclosures, offering a model for future research in sensitive organizational contexts.

Future research may expand the sample size to include a broader range of hospitality segments and geographic contexts, enabling cross-contextual comparisons. Longitudinal designs would allow for examination of the long-term impact of ethical practices on organizational performance outcomes, including financial sustainability, employee retention, and customer loyalty. Mixed-methods approaches incorporating quantitative measures of ethical climate could further enrich understanding of the conditions that facilitate or constrain ethical practice in hospitality organizations.

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