Golf Pro Retirement Accounts: An Ethical Dilemma?

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Your first day on the job has gone fairly smoothly. A few bumps in the road, but nothing you couldn't handle. Your apprehension over the terminated the contract with the previous golf pro. According to the bits and pieces you have been able to put together from your meetings, the board felt there was a little too much independence in that area and wanted a little more control. Accordingly, this time they hired a golf pro as an employee instead of entering into an independent contractor relation-

condition of the club left in the wake of the previous GM's hasty departure has subsided. Actually, things, so far at least, appear to be in pretty good shape. The meetings with the executive staff members have all gone well. The chef was a little stubborn and resistant to change, but what else is new? One more meeting with the new golf professional and you can call it a day, head home, and see how the new house is coming along.

Simultaneously with the replacement of the GM, the board also ter-

ship. You are a little anxious about the meeting because you recognize how important the relationship between the two of you is to the overall operation of the entire club. The meeting starts out very cordial and looks like a nice fit. The management philosophies mesh really well. So far so good. Then it happens: the pro asks you to sign your consent to a form which authorizes vendors to make contributions to a retirement fund in the pro's name. The pro states that it is a common benefit for pros at most clubs and the signature is just a formality.

Your reaction is a little different. At your last club, the pro did have this arrangement but that pro was an independent contractor and bore the risk of loss on shop and cart operations. This pro is an employee and does not bear the risk of loss, which means that ultimately the members do. What to do?

You inform the pro that since it's your first day on the job and the end of a long day that you would like to consider it overnight and get back to him first thing in the morning. The meeting adjourns and you scramble to find the club's code of ethics which will surely address this issue and get you off the hook. It is not in your office. You pick up the phone and call your contact on the board. Bad news. The board had requested the prior GM to submit a code of ethics for approval but apparently never got around to it — one of the reasons that GM is no longer at the club. It is going to be a longer night than expected.

What a decision to be made on the first day. The implications are enormous for all of the club constituencies, not just the pro.

You decide that adopting an ethics policy now and attempting to apply it to this request would not be wise or fair. So, the next step would be to see if the industry has some guide-

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ance, and if not the club industry then business in general. The next several hours are spent online learning that there is indeed a lot of information available on this topic.

It is time to organize your research, make your decision, and set it out in writing to the pro:

Dear VIP (very important professional),

At our meeting yesterday you requested that I execute a form evidencing my consent, on behalf of the club, for you to participate in a special retirement program to which select vendors make contributions on your behalf based on the volume of purchases of their products made by the club.

I have given your request a great deal of consideration and have come to the conclusion that I cannot sign the consent for the following reasons:

1. As employees of the club we have a fiduciary obligation to all constituencies of the club, including members, the board, other employees, and the community in which we operate. A fiduciary responsibility occurs when one acts for the benefit of another. Simply stated, it requires you to act for someone else’s benefit while subordinating one’s personal interest to that of the other person (or in this instance the club’s interest).

If you are basing certain purchasing or stocking decisions on whether or not a contribution is being made to your personal retirement account it would be difficult to argue that you are meeting your obligation to subordinate your interests to that of the club. Questions that may arise include: are you getting the best quality for the best price; or are you making your decisions based on the amount of the contribution to your account, or are certain vendors being excluded from consideration because they have chosen not to participate in the retirement program?

2. The document and the program itself do not appear to violate any law that I am familiar with; however, as we have all learned very recently, just because an activity doesn’t violate the law doesn’t automatically mean it is an appropriate activity. The ethical aspects of the behavior also have to be considered. The ideal situation would be for our club to have an ethics policy that covers these circumstances, but I have discovered it does not. Rest assured that in the very near future we will develop one and I am hopeful that you will play a role in creating ours.

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Additionally, as we have also learned, again very recently, just because something is an accepted or popular business practice doesn’t necessarily make it right. Just ask Enron shareholders or the corporate officers now facing criminal indictments.

Ethics refers to the behavior of an individual toward another individual or group. Ethical behavior refers to behavior that is considered “right” or the “right thing to do.” Also, it may not always be clear whether a course of action is illegal or simply wrong. Put another way, an activity may be legal, but still be the wrong thing to do.

While it may sometimes be difficult to determine precisely what constitutes ethical behavior, the following eight guidelines can prove to be very useful when evaluating a possible course of action:

1.) Is it legal? Does it comply with the club’s or our professional ethics policies?
2.) Does it hurt any of our constituencies?
3.) Is it fair to all of our constituencies?
4.) Are you being honest about your ability to remain objective in future purchasing transactions?
5.) If this were your business would you want your employee to participate in this activity?
6.) Would you publicize your action to the board, all other employees, and the members?
7.) What if every employee did it?
8.) What would you advise your children to do in these circumstances?

Even though we do not have a code of ethics for our club, I was able to locate CMAA’s Code for Guidance and attached it to this letter for your convenience. Please review this document carefully, and specifically note the sentence: “We will not permit ourselves to be subsidized or compromised by any interest doing business with our clubs!”


I commend you for bringing the issue up at our meeting and I am truly sorry that I cannot accommodate your request. I am hopeful that you feel that you are fairly compensated at the club. If you feel otherwise please let me know and I will see what I can do. If you have any questions or would like to discuss this matter further please stop by at your convenience. CM

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