

A NEW LOOK AT ETHICS AND ITS RELATIONSHIP TO EMPOWERMENT

By

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INTRODUCTION

Today, newspapers are filled with stories about white collar crime. Just a few years ago, the term white collar crime was practically nonexistent. So what has changed? Did career criminals discover a new, more profitable field? Well, of course not. Because, if they had, all hard core criminals would have converted to white collar crime. Rather, the cause is the business world culture we so carefully cultivated during the 70's and 80's. This culture said, do whatever it takes to get the job done and make profit, and, do it as fast as possible (Lacey, 1987; Pocock, 1989). For example, recall the news broadcasts of this era, such as, PTL officials squander moneys donated by the ministry's faithful and public officials are indicted on drug trafficking charges.

American business encouraged new managers to cut corners. Even business schools taught the need for maximizing profits and that success meant profits regardless of cost. The movie "Wall Street," starring Michael Douglas, epitomized this national hunger. It supported the theory that it is okay to make a quick buck and get away with it.

This cultural virus, if one can call it that, spread rampantly. And like any virus, its effects impacted the very core of a business. Since cutting corners was acceptable, simple white lies were acceptable. And, since white lies were acceptable, simple

manipulation of rules and regulations and the law was also justifiable.

Any time individuals can take it upon themselves to break or bend the rules, control becomes impossible. Without control, no business can ensure consistency of its products or services. As a result, quality suffers. This eventually affects the financial viability of the business.

Sad but true, only now that the business community is being affected financially is it doing some soul searching. The better managed companies have begun to question their current business policies. They are examining the very ethics of their organizations at large, as well as those of their individual members. Ethics is fast becoming a hot new concept in business management.

At the same time, the hospitality industry and its educators are recognizing that there is a need to address ethical issues. Stephen Hall (1989) sent questionnaires to every hotel in the nation with over 300 rooms. Ten percent of the sample surveyed responded. He concluded from his survey that hoteliers believe that they need more education in ethics, that hotel schools were generally doing an inadequate job of teaching the subject, and that a better understanding of ethics is required in the industry.

Additionally, Professor Linda Enghagen from the Department of Hotel, Restaurant and Travel Administration at the University of Massachusetts (1989) believes that it is hospitality educators responsibility to ensure that students graduate with the ability to identify and analyze ethical problems. Further, she recognizes that hospitality educators as a whole must share their ideas and experiences concerning ethical issues with industry professionals.

The spread of the cultural virus in American business along with the concerns being raised by hospitality industry leaders and educators demonstrates the need for a new look at ethics. This manuscript examines ethics in the hospitality industry and its relationship to empowerment.

SO WHAT IS ETHICS?

According to Webster's II New Riverside Dictionary (1988), it is: (1) the study of the general nature of morals and the specific moral choices an individual makes in relating to others and; (2) a system of morals and values. Since morals, morals made in relating to others and values are all subjective terms, the meaning of ethics is different for each individual, because individuals are inherently different. In addition, each of our interpretations of ethics is influenced by environmental factors, such as, family background, ethnic community and religion. For this reason, it is likely that people in the work place will have different standards,

judgement and moral codes. Thus, creating an ethical work environment is a challenge.

WHAT ARE MORALS?

Notice, the word "morals" appeared in both definitions of the word ethics. Ethics are created by society while morals are an individual's personal beliefs of what is right or wrong. Therefore, as individuals interact with those of different beliefs, their own beliefs are impacted. Thus, to create an ethical work place, one has to juggle differences within the work force, as well as between the work force and society.

One also has to be sensitive to the fact that a company's moral standing is generally impacted by a few individuals, for example, the owners and/or top management. This would suggest that an organization's code of ethics could be established on the morals of a few individuals. If the morals of the select individuals are good or have positive or desirable qualities, they could set the tone for a superior code of ethics. On the other hand, if the morals of the individuals with influence are poor, inadequate or inferior, the reverse could occur. An organization's code of ethics is also impacted by management practices. Quite often, leadership says, "Do whatever it takes to get: (1) the job done, (2) make money, or (3) satisfy the customer. This may call for bending or breaking the rules or the company's code of ethics. For example, the last customer in the restaurant asks for a refill on

his coffee. The pot of regular coffee has finished and without informing the customer, the manager directs the waiter to pour the customer decaf. The manager justifies his decision by telling himself that this was the last customer of the day. Is this ethical, and, in fact, in the best interest of the business?

In another scenario the menu states, "We serve prime beef." Yet, when the price of prime beef increases by 25%, the manager substitutes choice beef without recording the change on the menu. The chef is aware of the substitution but ignores it. He has to consider his job. Once again, does this allow the manager or other members of an organization to act unethically?

Finally, a hotel lounge manager encourages waitresses to allow male guests to flirt with them? "What the heck." he says, "It is usually harmless. Besides, it helps sales and almost always means better tips." If this is acceptable, then can the same waitresses date guests? Does that include visiting them in their rooms?

WHY IS ETHICS IMPORTANT?

Well, for one thing ethical behavior is expected. Customers, employees and the industry at large assume that an organization is ethical. They believe it will adhere to the ethical parameters defined by society. Return again to the coffee situation. In it, the customer expected the waiter to serve him regular coffee when he requested it. At least the waiter could have asked to

substitute decaf coffee for regular. At the same time, the waiter expected the manager to serve regular coffee each time a customer ordered it. When the manager told the waiter to do otherwise, he asked the waiter to compromise his own ethics.

It is understood that an organization will serve the product it promotes. Only then can it build the public's trust. Consider the practice of a few unscrupulous restaurateurs who cooked with margarine while claiming to use butter. As a result of this practice, the entire industry became suspect. Suzie Stephenson (1988) said it like this in her Restaurant & Institutions article, "Each day, food service executives and managers are faced with temptation. What is ethical and what is practical is a balancing act for the conscience."

The American public is more sensitive to unethical behavior. They are no longer willing to tolerate that which does not live up to their expectations. Today, Americans are questioning organizations' about their business practices and demanding promises, more frequently written ones. They are requiring organizations to communicate their code of ethics and make their policies available. On this basis, Americans are developing trust in the quality of services provided by organizations. While unethical and illegal behavior still persists, its rewards are becoming more short lived. Greater effort is being made to expose such behavior (Andrews, 1989).

Another reason organizations should develop a code of ethics is to inform their employees how to act and make decisions in their daily job situations. Often, employees don't know the house policy. Therefore, they act in the manner they deem most appropriate. Remember the earlier example with the cocktail waitresses. If there had been a written policy which stated no fraternizing with the guests, both the manager and the waitresses would not have questioned whether flirting, dating and/or visiting guests in their rooms was allowed.

TYPES OF ETHICS

Two types of ethics affect any business, the community's and individual's. Who's ethics should an individual follow? Perhaps, businesses should practice the ethics of their target market since ethical values differ among markets. This requires careful consideration when developing a code of ethics.

Consider the following example. A sizeable percentage of the American motel industry is owned by Asian Indians. It is common to bargain in their culture. Therefore, it is likely Asian Indian motel operators in the United States will expect to do some negotiating with their customers. Since bargaining by American operators is unheard of, this practice by Asian Indians causes distrust among customers. In order to alleviate this problem,

perhaps Asian Indians should follow the practices of the target market.

IMPLEMENTING A CODE ON ETHICS

The successful implementation of an ethics policy is dependent on three factors. First, it must be communicated to the entire organization. The communication must convey to all employees both the policy's moral intent and its parameters. The policy should be written and all employees given a copy. To emphasize the policy's importance, the company's mission statement should be printed on the same pamphlet. While a written policy statement is essential, it also needs to be communicated verbally. This helps to ensure that all concerned parties understand the intent of the code.

Second, employees must understand the organization's ethics policy. This can be achieved by introducing all new employees to the company's policies during orientation. In addition, it is essential that management frequently reiterate and continue to reinforce the organization's ethics policy.

Finally, employees must be able and empowered to practice it in their jobs. Everyone in the organization must be empowered to do their job ethically. Empowerment is often overlooked when companies develop their ethics policies.

EMPOWERMENT

Empowerment is the level or degree to which owners/managers allow their employees to act within their job descriptions. It is the ultimate extension of the authority-responsibility debate. It occurs when every employee has the appropriate authority to perform all the tasks for which they are responsible. Employees are given the power to make decisions relevant to their respective jobs. The key words are "decisions" "relevant" to their respective jobs. Thus, when the waiter was faced with the coffee dilemma, he should have been empowered to do his job - satisfy the customer. He could have accomplished this in a number of ways. He could have made a new pot of regular coffee, poured the customer the decaf coffee with his permission, dropped the charge for the single cup of regular coffee or provided a complimentary dessert in lieu of a refill on the regular coffee. Regardless of the decision, the waiter should have been empowered to act without the manager's approval.

Why is empowerment important? It serves several functions: (1) it saves the company time and money, (2) increases customer satisfaction and (3) gives employees a sense of worth and ownership.

Time and Money:

Time can be saved by allowing employees to handle most job problems on their own. When an irate customer has waited too long for his

food, the server should be allowed to make adjustments for the inconvenience rather than turning to the manager. This could include "comping" food. By empowering employees to act, the manager is saved time. Saving time means saving money. In addition, nipping the problem in the bud is usually cheaper than resolving it after it becomes full blown. In this situation, if the server had been allowed to resolve the problem expeditiously, all parties could have benefited. A quick solution could have prevented an already irate customer from becoming even more disgruntled while waiting for the manager to address the problem. Moreover, the manager did not have access to any special knowledge that would have helped him to make a better decision than the waiter.

Customer Satisfaction:

Empowerment can increase customer satisfaction. The time span between the point at which the problem begins to become serious and it is solved can be reduced through employee empowerment. Prompt handling minimizes the problem and optimizes damage control. Proper administration requires training employees how to act and make decisions. It is also necessary for companies to provide their employees with the resources to do so in an effective manner.

Worth and Ownership:

Empowerment provides a sense of - I can make difference. It gives employees the responsibility to get the job done and the authority

to do it. This new attitude helps employees feel that they can make a difference and are contributing to the organization. This feeling of accomplishment fuels a sense of self worth and employees begin to act and behave like owners.

EMPOWERMENT - HOW MUCH

How much empowerment is too much? Should all employees be empowered equally? The answers are simple. The amount of empowerment is solely dictated by the job description. Every employee should be empowered to make all decisions relative to their responsibilities. In other words, employees should be given the appropriate authority to successfully meet their responsibilities. More important is the need for proper training. Historically, employees have not been empowered. They have relied on management for decisions. Effective training with continuous reinforcement will produce results. Empowerment should be based on each employee's job description, not on equity between workers.

CURRENT INDUSTRY PRACTICES

Empowerment is a hot new buzz word in our industry. Everyone is talking about it, yet, not everyone is practicing it. Companies that have implemented an empowerment program are not practicing it completely. Empowerment is still a foreign idea and it will take time before companies accept the concept and implement the process.

Marriott:

Leading the way in the lodging industry is Marriott Corporation. Long recognized as an industry leader, Marriott recently implemented a company wide empowerment program. According to Greg Behm (1990), director of human resources, Marriott corporate, "The foundation of empowerment is the belief that outstanding service requires front line employees who are trained, equipped, authorized and trusted to meet or exceed customer expectations and needs." He believes "The barriers to employee performance must be removed and appropriate boundaries or limitations established and understood through a collaborative effort with managers and employees." Marriott is phasing in empowerment over a three year period. Employees are no longer referred to as such. Instead, they are called associates. It is becoming apparent that this is not just another management program. Rather, it is a business philosophy that defines the company's moral outlook towards both its customers and its employees.

Marriott's implementation program has involved training its associates area by area, from the top down. Each level in the organization removed the "barriers" hindering progress and simultaneously established new "boundaries". In their training, each associate learns the how, who, what, where, when and why of empowerment. They then practice these new skills through role playing. Once in place, associates are rewarded for their empowerment related work. Noteworthy acts of empowerment are

posted on the wall of fame, as well as, acknowledged in the company newsletter.

The general consensus within Marriott is that the program is a success, though it is too early to measure any monetary gains. Satisfaction, both customer's and associate's appears to have increased. At the same time, associate's errors and turnover were decreased.

Ironically, three outcomes have consistently surfaced throughout the company: First, initially, employees are hesitant to exercise their newly given power. They must be convinced that management will support their decisions (good or bad), and, more importantly, will not punish them for making decisions. Secondly, the number of mistakes may not decrease. However, the cost of correcting the mistakes has reduced. This is reasonable. When a customer complaint is resolved in a timely manner, it requires less time than one that is not resolved promptly. Third, the properties that were better managed previously appear to have become more successful in the program than those that were not. Good managers/leaders tend to accept the program better and more willingly than weak ones. In addition, they do a better job of implementing it. This includes training the associates. At some point, employees are able to determine if management believes in the program and wants them to be empowered.

Marriott logs all acts of empowerment performed by its employees. This allows the company to monitor the program, spot trends and decide on future training needs and/or changes.

These are a few examples of Marriott's employees using their empowerment.

1. A single female employee was working late one night on a report in the hotel lobby. Around 4 am the security officer approached her with a cup of coffee and a light snack. Without being asked, he prepared and delivered it to her.

2. A guest approached the hotel front desk to ask where he could borrow a tie for the evening. The airlines had lost his luggage and he was required to wear one to dinner. The front desk supervisor offered the guest the one he was wearing.

3. The room service operator received a call from a very distraught guest. The guest wanted to cancel an order she had placed a few minutes earlier. Noticing her distress, the operator asked the guest if she was okay. The guest told the operator she had just received a call from her brother. Her mother in California had suffered a massive stroke and was not expected to survive the night. She had called the airlines to schedule a flight. They told her that there was only one flight out and it was leaving in 35 minutes. Realizing that she could not make it to the airport in time, she made a reservation for the next morning. She was cancelling her room service order because she was too upset to eat.

The room service operator jumped into action. She called the restaurant hostess, briefly informed her of the problem and forwarded the room service phones to the restaurant. She hurried to the guest's room, greeted her with a hug, told her to quickly pack and that she would take her to the airport. While the guest was packing, she called the airline, changed the flight reservation, called the front desk to prepare the guest's bill and the bell desk to get a cab and her bags.

Because of the operator's actions the guest was able to arrive at her mother's bedside before she passed away that night.

Satisfaction Guaranteed Eateries:

Another pioneer in the field of empowerment is a Seattle based company called Satisfaction Guaranteed Eateries. It operates four restaurants. Timothy W. Firnstahl, president of the company discussed a strategy in Harvard Business Review (1989) that worked wonders in his operations and was convinced would do the same in others like his.

A few years ago, when the book, In Search of Excellence by T. J. Peters (1982) became popular, Firnstahl instituted its "Ten Tenets of Excellence" in his operations. However, over time, both he and his staff could not recall the tenets. It was at this point that Firnstahl discovered a simpler and more compelling strategy to

direct his company, the guarantee. His operations expressed it as a promise: Your Enjoyment Guaranteed Always (YEGA). For about a year, YEGA dominated the company's consciousness. But as time passed, Firnstahl grew increasingly uncomfortable with YEGA. His operations were receiving complaints at rates equivalent to previous years. He could see that the guarantee was being implemented here and there, now and then, but not on a regular company wide basis.

Thus, he realized the guarantee by itself wasn't enough. His employees had been given responsibility without any authority. The result was that they tried to bury mistakes or blame others. This, of course, was not unique to either his company or the industry in general.

Firnstahl believed it would not be possible for hospitality organizations to make a guarantee that would be truly effective unless they gave workers the power to make good on the guarantee, at once and on the spot. Initially, his staff was skeptical of the process and afraid to exercise their authority. But eventually, the guarantee became immensely successful.

These are the three steps Firnstahl suggests to formulate a successful strategy: (1) Make the guarantee simple and easy to understand -a memorable acronym helps, (2) Make sure employees

know how to use their new authority - training, (3) Make progress visible.

In addition to Marriott Corporation and Satisfaction Guaranteed Eateries, other companies, both large and small, have implemented similar programs. Sheraton Hotel Corporation and Taco Bell Incorporated are two such companies. While each company's program may be unique to their organization, any movement toward ethical empowerment is progress.

CONCLUSION

For a company to succeed in the nineties, it must be ethical. For a company to be ethical, each of its members must be informed of its policies, understand them and finally, be empowered to implement them. Implicit in this empowerment is the mandate that all employees take responsibility for customer satisfaction. At the same time, if a company's guarantee of satisfaction is to be appreciated by customers, it must be honored immediately.

Through an effectively transmitted empowerment program, an environment can be created for the long term success of a business.

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