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The Development of an Ethical Strategy for Managers of International Hotels in Third World Countries

Abstract

This article discusses some of the dilemmas of conscience that greet the international hotel manager in the Third World. It offers realistic and ethical guidelines for decision-making and problem-solving. Some of these guidelines require only common sense and good will to implement; others require a great deal of creativity, sensitivity, effort, and care; and a few will demand the courage to stand up for what is right in the face of competitive pressure.

Keywords

Brother Herman E. Zaccarelli, Ethical Strategy, Third World, International Hotels

The Development of An Ethical Strategy for Managers of International Hotels in Third World Countries

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This article discusses some of the dilemmas of conscience that greet the international hotel manager in the Third World. It offers realistic and ethical guidelines for decision-making and problem-solving. Some of these guidelines require only common sense and good will to implement; others require a great deal of creativity, sensitivity, effort, and care; and a few will demand the courage to stand up for what is right in the face of competitive pressure.

Halfway around the world or in our own Caribbean backyard, poor nations look to the international travel and hospitality industries to offer them a way out of poverty and into the modern world. Tourism and hotel development have been hailed enthusiastically by the United Nations, by UNESCO, by the International Chamber of Commerce, and by many governments as a way for Third World nations to strengthen their economic development and to earn needed foreign exchange.

Poor countries have hoped that great good would come from the development of international travel and hospitality in their lands. Foreign travelers would mean the blessings of employment and foreign money, the stimulation of industrial development, the mobilization of natural resources, the building of the infrastructures of modern life, and an improvement in the quality of life for the whole community.

Hotel jobs pay well compared to other jobs in many poor countries, leading Third World governments to expect that the tourism industry would bring prosperity. The money tourists pour into the local economy would be spent and re-spent throughout the society, leading to considerable diversification of economic activities. International travelers would create jobs in agriculture, food processing, handicrafts, light manufacturing, construction, and service industries such as communications. Industrial development would follow.

Industry Has Created Problems

The reality of international hotel development is extremely complex. The gains for host countries are undeniable, but so are the problems industry has caused. In some places, the good effects have been

paltry by comparison with the destruction that has been wreaked upon the host community.

In the last 10 years, a tremendous amount of research has documented the deleterious effects of our industry's growth on Third World countries. Hardly an island or nation has escaped the eye of the anthropologists and sociologists. They have demonstrated clearly that the assumption that the hospitality industry inevitably improves the situation of the poor is false. Tourism is not a magic wand which will solve Third World ills.

Some scholars would lay the entire responsibility for control of international hospitality at the feet of the host government. McIntosh claims: "It is the function of the (host) government to ensure that the well-being of the national community is not put in jeopardy through the sometimes revolutionary changes that rapid tourism may entrain, and to take whatsoever action may be necessary to safeguard the interest of the resident population."¹

The responsibility of the industry cannot be easily awarded. When an area "opens up" to tourism, the results can be explosive. Many Third World governments lack effective personnel and organization at the local level. Their capacity to control international hotel developers is often weak, especially where development is rapid and massive. In 1967, for example, Pan American Airlines scheduled two flights weekly to Guam and actively promoted the island as a tourist destination. From virtually zero, the number of tourist entries rose to 200,000 in 1973. The sheer strength of such numbers can overwhelm a government's efforts to control development.² As a guest and member of the host community, the hotelier bears a significant responsibility toward that community.

Other scholars call for research on a grand scale, integrating planning commissions, regional strategy boards, and the like. While such macro-analysis might be useful, it does not substitute for responsible behavior on the part of the industry.

Some call for a complete halt to the expansion of the international hospitality industry. Whatever its economic benefits, they say, the cost in human terms is so great that the whole business should simply be stopped.³ Realistically, this is not going to happen. International hospitality is growing, and rapidly.

Industry Needs to Understand

What the industry needs is a clear understanding of tourism and international travel on the micro level. The relationship between the industry and the hosts in each particular place and time, for each particular hotel and its managers, must be totally evaluated. American hoteliers in a foreign country are there to make a profit. That goes without saying. But they have no wish to make it on the backs of exploited and oppressed people. Management theorists long ago realized that businesses must maintain healthy relationships with their communities, whether they are local, national, or international.

When general managers, executive chefs, or food-and-beverage directors are sent into a poor Asian or African or Caribbean country,

they are rarely given an adequate understanding of what they will encounter there. They often are not educated as to the practical ethical difficulties with which they will be required to cope. They are also not always encouraged to exercise their consciences as well as their brains in daily business decisions.

Students must be educated to the complexities they will face so that, within their own spheres of authority as managers, they will be able to behave responsibly. They must be provided with ethical guidelines that will support and direct their good intentions and their desire to perform their jobs honorably.

Much can be done to make relationships with the unfortunate peoples of the Third World mutually strengthening. Much can be done that will improve the image of Americans as business people and as Americans. Much can be done that will further the cause of peace and prosperity in this all-too-small world. Though it may never have been articulated to them, Western hotel managers are party to a "contract" in which the host country tacitly agrees to accept some negative consequences of tourism in order to gain its benefits. For the responsible hotel manager, the question is how to secure those economic benefits while minimizing the adverse social impacts. Third World peoples should not have to pay a terrible price for the presence of industry among them.

Creation of Jobs is Positive

Jobs are the best thing that our industry offers a developing country. Because hospitality industry development often requires little capital investment on the part of the host country, job creation in tourism can cost as little as one-twentieth of that in the industrial sector.⁴ But as modern employment intrudes upon a traditional society, a number of changes occur. Family structures and social stratifications loosen. Boom-or-bust cycles are introduced into what, in many cases, has been a simple agrarian economy.

As employers, hotel managers may find themselves answering to conflicting ethical demands. On the one hand, for example, they are called upon to hold the host country's culture sacred. Sensitive hoteliers do not trample on its values or violate its accepted norms of behavior. On the other hand, those values can offend their own ethical beliefs or even force them into the role of oppressors.

In countries that are ethically stratified, for example, the employment hierarchy often mirrors the ethnic one, causing the American hotel manager/employer to participate in and perpetuate the oppression. In Guam, Fiji, and Tahiti, where certain native groups have been subject to longstanding internal oppression, those people make up the lowest levels of workers in the tourism industry. Their oppression continues.⁵

Developing local management talent should be a priority objective for any business investing in Third World countries. In societies that have a powerful caste system, people with sufficient education for such positions will be from the higher castes. More than one hotel manager in such a society has discovered carefully-nurtured native

supervisors mistreating lower-caste employees. The manager must make it clear that this will not be tolerated by setting clear rules about the rights of employees, and enforcing them. A caste system cannot be changed, but it should never be used as an excuse to tolerate oppressive behavior in places of business.

Sometimes merely hiring people disrupts their culture. A survey done in Tunisia in 1975 demonstrated that two groups of people especially benefit from tourism employment: young people and women. There, as in most traditional societies, relations between the generations and between the sexes are governed by strict authority patterns underpinned by the economic dependence of youths and women.

In Malta, for example, thanks to tourism employment, young people have experienced considerable mobility. Unmarried women have been able to move out of their traditional, mother-controlled, house-bound existence. In Tunisia, on the other hand, employers in the tourist industry have been prevailed upon to pay young women's wages to their fathers.⁶ In this way, the authoritarian family structure and the social subordination of women has been maintained, a human rights quandary that has to give pause to the Americans involved.

Economy Can Be Influenced

Employment in the tourist industry can play havoc with the economy of a small country. The West gives and the West takes away. David Wilson tells of the effects of tourism on the work force in the Seychelles, a group of islands off the coast of Tanzania. Between March 1970 and May 1971, during the hotel-building phase of the development, the number of workers in the construction industry rose to nearly one-fourth of the islands' labor force. When the building boom ended, the number needed in construction dropped rapidly and thousands of people were put out of work. Many were not rehired for other hotel jobs.⁷

The vast Mexican Ixtapa-Zihuatenejo tourist project, by contrast, was constructed mainly by migrant Mexican laborers who lived in temporary camps and moved on when the buildings were complete. The local people did not suffer the boom-and-bust effect. Neither did they benefit from the influx of money that the construction brought.

In general, the smaller and the less developed a country is, the greater the impact the tourist industry will have on its labor force. In Jamaica, for example, tourism provides jobs for only about 5 percent of the work force⁸. In Bermuda, however, employment created directly and indirectly by tourism accounts for three-fourths of the labor force, effectively making the island a company town, and incurring for the hotel industry the responsibilities of being a sole employer.⁹

Ron O'Grady, in his book *Tourism in the Third World*, tells how in 1976 both Quantas and Air France dropped Tahiti from their through routes. The former symbol of all that was exotic in the South Pacific found its tourism industry and thus its entire economy plunging downward. In the Caribbean, airlines pick up and drop smaller island destinations with regularity, and with devastating effects on their work forces. Airline deregulation has served to exacerbate this

situation.¹⁰

Western hotel managers are not merely innocents caught in difficult situations. Carleen O’Laughlin reports how in Antigua, where the hospitality industry is the island’s most important one, a 10 percent gratuity is collected from guests. It is not paid to staff, however, but is retained by the hotel management.¹¹

In one instance in East Africa a major hospitality employer purposely bypasses qualified native managers in favor of Europeans. To do this, he even falsifies information on the host government’s work permit application. If a local person complains, he is likely to find himself unemployed or possibly even blackballed. Unfortunately, this is not an isolated case.

Training Can Be Difficult

Development of native employees can be very difficult for Western managers. In many non-Western societies, upward social mobility has simply never existed. Life for throngs of people in subsistence economies is a painful trudge to nowhere. To hotel managers, it may seem as though they are surrounded by a sea of illiterate, unskilled people who hardly know how to work and often seem not to want to. They may not begin to comprehend the Western work ethic or its reward of upward social mobility. It is therefore the responsibility of each hotel manager to make this connection clear by example.

People have to be trained to run telephone systems, to handle office responsibilities, to garden, to repair equipment, to do building and auto maintenance and the like. A whole host of responsibilities must be taken. The savvy employer will make an example of employees who work hard by training and promoting them. Many countries have established hotel schools, some with the assistance of UNESCO. Though their standards and results vary, smart hotel managers will get involved with their local schools. If they are found lacking, they should take the responsibility to help improve these facilities.

In African countries servants in private households are much better employees than workers in hotels. This is probably because they are better trained, better paid, and better treated. There is no reason why hotel employees should not be equally well-trained and paid.

Employee training should be put into the cultural idiom of the people. In a Buddhist country, hotel managers should learn about Buddhism and adapt management and training to it. Finding native trainers and developing their skills should be a high priority.

In many Third World countries, unemployment is severe. Job candidates line up 12 across when an opening is announced. In such a situation, it takes real effort and commitment for an employer not to exploit employees. Managers of international properties sometimes express dismay at the hordes of unemployed people all around them. The best managers can do in such a situation is to do right by those employees they do have to contribute to the general improvement of the local economy. People in Third World countries often resent “stepping and fetching” for Western tourists and business people. Those in countries that have witnessed colonial oppression or slavery are

particularly sensitive to servility. The answer to this resentment is promotion from within. Just as at home, the most menial job can be palatable if the employee knows that it will lead somewhere.

Developing countries have long known that sending a young person to school in the West is an investment that pays a high return. Toward the goal of developing native management teams, hospitality company management should seriously consider American HRI training for promising young people from its international properties.

Hotelier Can Bridge Cultures

Tourism and international travel call attention to a country's cultural heritage. If promoted well, as in Mexico where the government prides itself on restoring its historical architecture and preserving its ancient customs, the tourist industry can improve a country's self image. If it is not, the result can be the permanent loss of a society's cultural treasures.

A comprehensive study of tourism's impact on the island of Bali, published in 1974, spoke of dramatic changes taking place in social and cultural patterns. Religious ceremonies, music, and dance were being changed and "packaged" for tourist consumption. Temples had been pillaged for salable artifacts. Real cremations were even held for tourists. The report had little effect. When it was published in 1974, 85,000 visitors came to Bali each year. In 1980, the number exceeded 500,000. The destruction of sacred rituals continued.¹²

When rituals become commodities, says Greenwood, their meaning for the local population diminishes, resulting in a permanent loss of the "stuff" that holds the culture together as a healthy organism.¹³ A nation's culture, as O'Grady points out, is the setting in which human development takes place. Culture is dynamic; it changes. But there is a significant difference between a society's natural evolution and that change which is imposed by unsympathetic and exploitive external forces.¹⁴

The willingness of at least some of the Balinese to see their holy places desecrated and their rituals prostituted does not excuse those Westerners who participate in the destruction. The profit motive that operates unrestrained by ethical controls is destructive, regardless of whether it is pursued by East or West.

A hotel manager is responsible for his guests' behavior, as well as for his own. The day of the "ugly American" is past, but guests can still be insensitive to local people if they are ignorant of their ways. Hotel managers must educate guests and encourage them to behave responsibly. They should make it possible, for instance, for guests to have some kind of genuine encounter with local people, not just a trip through a human zoo. They can sponsor lectures and discussions about the host culture and make sure that any tour guides hired are knowledgeable about and sensitive toward the local culture. Tourism has the potential to break down barriers between people; unfortunately, it often builds them.

When there is an overt clash between value systems and moral beliefs, something has to give. Most of the time, it is the values of

the host country that gives. A strong nation, such as Saudi Arabia, can make rules that protect its values. There, Western women with their "loose" ways are simply not welcome. They may live there with their husbands, but their movements are severely restricted and their behavior is carefully watched. What Westerners see as prudishness, Saudis see as simple propriety. Many weaker countries are not so effective in their efforts to control their own destinies.

The presence of free-spending, affluent Westerners in marginal societies creates a terrible resentment among the host people. Tourism injects the behavior of a wasteful society into the midst of a society of want. What the average tourist consumes in one week in the way of meat, dairy products, fruits, and pastries is equivalent, Bouhdiba says, to what two out of three Tunisians eat in an entire year. The rift between rich and poor societies at this point is no longer an academic issue, but an every day reality.¹⁵

Hotelier Is User Of Resources

A large hotel complex is a major user of its area's resources — land, farming capacity, water, raw materials, and utilities. Hoteliers cannot in good conscience misuse those resources or deny them to the host people. Throwing local fisherman out of their most productive fishing areas so they do not offend the eyes of Western tourists on a beach is not good business. Supporting the local farm economy is one of the basic ways in which hotel managers enable the host country to earn needed foreign exchange. Hoteliers must purchase local foodstuffs. If necessary, they must help to develop local agriculture so that local people can supply the hotel's needs. Only required food products that cannot possibly be grown locally should be imported. If managers or chefs find themselves requiring many imported foods, they should revise their menu. It is hardly culinary sophistication to serve imported steak and baked potatoes to American travelers in Thailand.

The same principles apply to building supplies. A shopping center project recently considered by the government of Nigeria was to have been built entirely with U.S. materials. Unless a developer uses native materials, the host country cannot possibly build its foreign exchange credits. There can be no justification for this.

The very existence of a large-scale purchaser in a community can tend to drive prices up and the local standard of living down. It is important to keep in mind that one's purchasing behavior has a wide-ranging effect on the local economy. The hotelier must walk a fence to pay a fair price for goods and services without creating runaway inflation.

A hotel's purchasing clout can be used for good purposes. When hoteliers negotiate with local contractors or suppliers, they are in an excellent bargaining position. They can make a habit of doing business with only those suppliers who pay their employees a living wage or who develop their own people. The goodwill this will generate in the community will far outweigh the difficulties it will create.

Resources are cultural as well as natural. The more sophisticated Third World countries, such as Egypt, have the wherewithal to pro-

tect their cultural resources. The less sophisticated do not. During the 1970s, a vast tourist complex was planned for Egypt's Valley of the Kings, site of the Great Pyramid. The resort was to include a golf course, tennis camp, four luxury hotels, gambling casinos, and villas for Saudi oil millionaires.

The project was recently scrapped because of an uproar over its desecration of the national heritage. Egyptian environmentalists argued that the project's artificial lake would cause the pyramids themselves, several miles away, to sink into the sand. An international arbitration panel in Paris awarded the developers \$165 million in damages, but the Egyptian government has refused to pay. The failed venture has left bitter feelings on both sides.¹⁶ The project should never have been planned.

Manager Must Be A Good Neighbor

No hotel or resort is an island unto itself. Managers become members of the host community. They affect the ways the people in the community live, and vice versa. Just as at a domestic property, hoteliers must be good neighbors.

Many anthropologists call for a go slow approach to tourism development in poor countries. There appears to be a direct relationship between the damage done to a country's cultural fabric and the speed with which tourism development takes place, says Noden.¹⁷ If an area is developed rapidly, local people experience an exaggerated "future shock" and the stresses that accompany it.

One effective way for managers to soften their impact on the community is to set up and work with a community advisory group. Hoteliers should consult community people, just as they would at home, on issues in which the needs of the hotel and local needs come together. Whether it is a question of water use, sewage disposal, employee training, or other services, advisory groups will give managers an organized way to listen to those in whose midst they are attempting to do business.

This way of operating does not necessarily come naturally to the Western hotelier. It requires greater patience, sensitivity, and deliberation than is required in a developed country. Besides the ethical argument that we cannot ride roughshod over local interests, it is simply sound business practice to establish and maintain the community's goodwill.

A well-developed hospitality business requires improvement of a country's social services such as medical care, fire and police protection, and transportation. It is important that these benefits be available to local people, and not limited exclusively to tourists.

Occasionally, whether at home or abroad, a business person is called upon to stand up for what he or she believes to be right, even if it means finding another job. The American hotelier abroad must decline to participate in, or permit at a hotel property, activities that are clearly destructive to the people or the culture of the host community.

One tragic example of such an activity is the sex tours organized by Japanese travel agencies. In Manila, Seoul, Bangkok, and other

Asian cities, thousands of young women are recruited annually to serve Japanese businessmen who come there for sexual purposes. These cities have always had busy red light districts, which were none of the hotelier's concern. The tours being run today are organized in collaboration with the hotels, which make extra money because of the presence of a second person in the room.

Because higher prices can be charged for virgins, organizers use all manner of subterfuge to draw young girls from their villages. In a traditional Asian society, a young woman who has become part of this world cannot simply change her mind and go back home. The course of her life will be irrevocably changed. In many cases, the tours are supported, encouraged, and run by local people, some of them highly placed in the government or military.¹⁸ Their participation does not make the hotelier's participation acceptable since that would mean operating at the host society's lowest moral level.

An Ethical Strategy Is Needed

We have become part of the Third World. We cannot simply pack up and go home. Among current development projects are Hilton International in Aberja, Nigeria; Sheraton in Colombo, Sri Lanka, and Guayaquil, Ecuador; Holiday Inns in Penang, Malasia, Kuala Lumpur, New Delhi, and Bangalore, India; Intercontinental in Mombassa, Kenya; and Meridien Hotels in Lagos, Nigeria.¹⁹

Worldwide, the drive to modernize is irreversible. People everywhere long for the blessings of modern life — prosperity, improvements in safety, health and welfare, clearer recognition of human rights. The hospitality industry is not singlehandedly responsible either for the problems of the Third World or for its modernization. But it does act as catalyst, accelerating change and disrupting age-old ways. Because the industry is a part of this movement, those involved must recognize and accept some of the responsibility for it.

The hunger, overpopulation, oppression, and illiteracy that plague much of the Third World today seem impervious to solution. Macro-analysis, with its appalling catalogs of human suffering, can lead to feelings of helplessness and despair. However, micro-analysis can be used to judge our performance according to what we do at each particular property in each particular time. What are we doing there within our individual spheres of authority to lessen the suffering around us? As purchasers, what are we doing to strengthen the local economy? As employers, what are we doing to enhance the futures of the people we hire? As neighbors, what are we doing to benefit the community?

The author's own experience as a member of a religious community provides a special perspective on the Third World. Missionary organizations that developed a native clergy have become valued members of their host communities. Those that did not have been perceived as imperialists and have sometimes seen their members imprisoned or harmed when revolutions have come. The same could well be true of hotel companies which must not endanger their own people by sowing the seeds of hatred among the hosts. Though the

goal may be a long way off, it is nonetheless necessary to set out toward it.

It goes without saying that the same imperatives pertain at the corporate policy-making level as with the individual hotel manager. There are tremendous differences among international hotel companies in how they address these issues. The Third World is a small one. A company's reputation will precede it into a country. For pragmatic reasons, as well as moral ones, a hotel firm should have a consistent ethical statement to make wherever it does business.

A number of Third World countries will soon be able to run their own hospitality industries in their own way. As they begin to do this, they will see Westerners either as friends and allies or as exploiters. To do business successfully in a small town, a small country, or a small world, the industry must take the long view and keep in mind the long-term consequences of its actions, for good or ill. By not becoming part of the problem, the hospitality industry can become part of the solution.

Note

This article was published by Purdue University as a report and is available from the Educational Resource Library; Restaurant, Hotel and Institutional Management Institute; Stewart Center; Purdue University; West Lafayette, IN 47907 for \$8.50.

Footnotes

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