

Ethics, Value Systems And The Professionalization Of Hoteliers

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Hoteliers and executives in other service industries should realize that the foundation of success in their businesses is based upon personal and corporate value systems and steady commitment to excellence. The author illustrates how ethical issues and manager morality are linked to, and shaped by the values of executives and the organization, and how improved professionalism can only be achieved through the adoption of a value system that rewards contributions rather than the mere attainment of results.

Hoteliers invariably consider themselves to be professionals. The public with which they come into contact does not always agree. Incidences of overbooking, sanitation infractions, employment discrimination, indifference, and other discourtesies do not endear hoteliers to the traveling public or community at large. Lack of integrity, honesty, and responsibility reveal value systems that are unacceptable. During early Greek and Roman times such acts of inhospitality would have been considered uncivilized and dangerous. Not only was it unwise to offend a stranger/guest since he might turn out to be your enemy, but in so doing the hotelier would have incurred the wrath of the gods; Zeus sanctioned the stranger's right to hospitality. Religious sanction may be a throwback to yesteryear, but in its place we now find active governments eager to protect the unsuspecting traveler, zealous competitors eager to build market share and to promise "no surprises," and vehement consumer groups who, if offended, will fight for their rights.

The time has come for hoteliers to examine their own standards of ethics, value systems, and professionalism. As Thomas Peters and Robert Waterman, Jr. contend in their book, *In Search of Excellence—Lessons from America's Best Run Companies*, the foundation of success in American corporations rests upon personal and corporate value systems and steady commitment to excellence.¹ Hoteliers must become "value-driven." They must be committed to excellence both in actualizing their best potentialities and in excelling in all they do. In other words, the professionalization of the hotelier can be achieved through a high degree of self-control, internalized values, codes of ethics, and related socialization processes.

Serious ethical issues exist for hoteliers as well as for many business people and professionals in positions of responsibility. The acceptance of kickbacks and gifts from suppliers, the hiding of income from taxation authorities, the lack of interest in installing and maintaining proper safety and security systems, and the raiding of competitors' staffs are common practices. Consider a recent case in Boston in which a hotel affiliated with a national chain was accused of blocking competitors' sales by making phoney bookings. The case was reported in a local newspaper, picked up by a wire service, and given national media exposure.

If a hotel or a hotel chain is to avoid such notoriety, questions about corporate and personal ethics must be asked and answered. Examples of such questions for the marketing of a hotel are listed as follows:

General Considerations:

- Are customers satisfied with the marketing process?
- Are there existing mechanisms which can identify and evaluate whether ethical abuses occur in the marketing process?
- What philosophies, ideologies, and social expectations at the customer and societal level can be utilized to help formulate ethical guidelines in marketing?

Product/Service Considerations:

- Are inferior rooms, meals, and other services sold to customers in substitution for superior products and services that were promised?
- Are non-functional changes made only to stimulate repeat business?
- Are package offers needlessly proliferated and intentionally confusing?

Promotion Considerations:

- Are advertising claims based on unbiased research results?
- Are certain claims or benefits exaggerated or embellished?
- Do salespeople utilize questionable psychological pressure to close a sale?

Pricing Considerations:

- Has management indirectly cut prices through unpublicized quality or quantity reductions?
- Are dissimilar prices to different customers attributable to lack of competition rather than actual costs?
- Are multiple pricing deals (e.g., 2 for the price of \$1) used to make it look as if rooms or meals are on sale when in fact they are not?

Distribution/Service Delivery Considerations:

- Are travel agents and other channel members fairly treated when they provide business?
- Are services provided in an evasive and inhospitable manner?
- Are product/service problems encountered by customers corrected in a quick, fair, and equitable manner?

Few hoteliers set out to be intentionally unethical. However, situations occur in which ethical problems do arise. For example, a coercion and control problem may exist when some external force (head office, major customer) attempts to compel the hotelier to make a specific decision by using threats, exhortation, or other sources of power. A conflict of interest situation may arise when the hotelier has more than one interest which, if mutually pursued, may result in injury to an individual or the hotel. A problem involving personal integrity may occur when a decision raises issues of conscience. These and other categories of ethical problems invariably generate a great deal of anguish and decision-making stress for most executives.

Morality Of Managers Is Involved In Tradeoffs

Ethical problems seem to arise most frequently in the trade-offs managers must make in order to maximize profits. The dominant question of hoteliers who seek to maximize profits is an economic one: Which course of action will make the most money? Theodore Levitt concludes that "the businessman exists for only one purpose, to create and deliver value satisfaction at a profit to himself" and the "cultural, spiritual, and moral consequences of his actions are none of his occupational concerns."² Similarly, Max Lerner says that "the business principle focuses on market sale for profit. It puts the making of money ahead of other craft and civilization values, gives privacy to the cultural and personal traits which lead to that end, and tends to apply money values even to the human personality."³

Of course, not all hoteliers can be classified as "profit maximizers," willing to make as much profit as possible at all costs. Common sense and life experience suggest that there exists a wide variety of moral types of business people. Michael Maccoby's typology of managers partially illustrates the diversity. Interestingly, though, Maccoby points out that while each of the four character types—craftsmen, jungle fighters, company men, and gamesmen—may not be in hot pursuit of profit, they invariably use their intelligence in order to plot their course toward winning their own respective prizes: quality, power, belongingness, and glory.⁴ As such, Maccoby contends that successful managers manifest "qualities of the head"; in other words, their subordination of reason to the service of material and psychological values enthrones expediency as primary.⁵

Maccoby does not believe that successful managers demonstrate such "qualities of the heart" as compassion, generosity, and idealism. Indeed he sees such qualities as handicaps in moving up the corporate ladder. In contrast, empirical research of many well-known theorists

(McGregor,⁶ Likert,⁷ Tannenbaum and Schmidt,⁸ Argylis,⁹ Schien,¹⁰ and Blake and Mouten¹¹) suggests that the most effective manager must manage from the heart as well as from the head. In other words, the successful manager is self-actualized and is people-oriented. He or she sets the value norms of the organizational culture as a policy-making executive; believes that people are the most important resources of the corporation and its primary source of productivity; motivates by being a model for others, a living proof of how to be the best; and makes things happen with and through others, coupling business success with morality. The self-actualizing manager is dedicated to excellence in all he or she does.

Being able to achieve the self-actualized state whereby one actually determines values and renders more ethical decisions within an organization seems to represent an ideal state for many. First of all, values exist at a variety of levels: personal, professional, organizational, or societal. Secondly, there may be conflict between levels, and the influence among them can be varied. For example, the individual values of one department manager or employee have little impact on a company's values, but the company's values may have a considerable impact on the manager or employee. The exception lies with the values of key executives; they have a very powerful influence on the entire organization. Julian R. Phillips and Alan A. Kennedy stated: "When the chief executive's statements and his actions remain consistent with the established values of the company, people remain oriented to those values. When the pattern of his actions begins to diverge from those values people become confused, their own focus dissolves, and the drive born of the sense of shared values may simply evaporate."¹²

When an organization clearly defines, communicates, and acts on its values in a consistent way, values form a sturdy foundation for developing the mission and goals of a business. They silently give direction to the hundreds of decisions made at all levels of the business every day. Options that run counter to the value system are unlikely to be even considered.

The existence of ethical questions and other conflicts over values in organizations and between individuals can be quite disruptive. It is relatively easy to manage different perceptions of a problem or proposed courses of action; but, when the difference is over a basic value, egos are more likely to become involved and defensiveness may cloud people's judgments. More energy goes into proving a point, assigning blame, and criticizing colleagues who differ than into seeking a simplistic solution.

The considerable cynicism and personal stress caused by a lack of shared values suggests the need for an increased dialogue about "what is really important around here."

Human And Corporate Excellence Can Be Realized

Values and ideals play a major role in the lives of executives and corporations; they measure the distance between success and failure. Michel de Montagne, a 16th Century French businessman and essayist, says that "the greatest and glorious masterpiece of man is to know how to

live to purpose; all other things, to reign, to lay up treasure, to build are just so many props and appendage." Leading a life in conscious pursuit of a life-goal and having a corporation seek the fulfillment of its self-realizing value structure are purposeful and powerful existences, allowing both individual employees and the corporation to fully become what personal and corporate possibilities permit under the circumstances. The higher people aspire, the more meaningful their lives and the greater their worth and self-respect. Similarly, the higher level of excellence a hotel corporation aspires to, the more successful a business it will be, and the more exciting and self-actualizing a place for its employees. The worth of both individuals and corporations is ultimately measured not by bank accounts and buildings but by values. Personal and corporate degeneration are the fruits of inferior values.

Hoteliers can help shape the value system which characterizes their hotels in operating and in dealing with their many publics. A consistently applied right value scale leads to both personal and corporate success and happiness. Therefore, it is important not only in a personal but also in a corporate sense that executives attempt to be self-actualizing.

The contention of Peters and Waterman's *In Search of Excellence—Lessons from America's Best Run Companies* is that the key to the history of success of American corporations is their value system and steady commitment to excellence. Hospitality companies like McDonald's and Four Seasons Hotels are identified as self-actualizing organizations which reflect the value scale of their executives. The authors maintain that "as the excellent companies are driven by coherent value systems, so virtually all of them were marked by the personality of a leader who laid down the value set."¹³ Therefore, the examination of values and moral types is of practical significance for executives who wish to leave their mark of excellence on a company.

In aspiring to excellence, there is usually an attempt to identify with men and women of excellence. This is the process of what Peter Drucker calls "the ethics or aesthetics of self-development."¹⁴ According to their admired heroes, it is possible to classify and appraise the value of both people and corporations. The heroes of a corporation express the essence of its value system. By considering whom people or corporate cultures admire, we can understand them. For example, the aphorisms of founding fathers are often repeated in the corporate offices, boardrooms, and training seminars of Disney, McDonald's, Marriott, and Hilton. This admiration gives companies hope, strength, and enthusiasm to emulate excellence; helps them grow in the process; and transmits ideals which their heroes admired.

Ideals of excellence move employees and managers to aspire to self-actualization. However, nothing which exists in reality fully measures up to the ideal and never will. As Robert Browning remarks in *Andres del Sarte*, "A man's reach should exceed his grasp, or what's a heaven for?" As successful hoteliers approach their ideal in practice, they constantly set newer and higher standards of excellence, for the ideal continues to evolve to still loftier heights.

To have a moral ideal is to have a conception of human excellence

possessed by an ideal person or moral hero. In addition to the knowledge component in the concept of what an ideal person is like, it also has a motivational force which spurs us to translate the knowledge of the ideal into externally observable behavior. The moral development of hoteliers and also the institutional ethics of hotels are also helped by forces in the business environment which are likely to lead to rising levels of business ethics in the future. Among these forces John Steiner lists public indignation over unethical practices, increased professionalism of today's managers, consumerism, governmental surveillance, and growing interest in business ethics as a field of study. In comparing forces upgrading ethical business behavior with those downgrading it, Steiner optimistically concludes that the positive forces outweigh the negative ones and we can expect more ethical business practices.¹⁵

Ethical hoteliers, however, must be "value-driven." They are committed to excellence both in actualizing their best potentialities and in excelling in all they do. These hoteliers must be leaders and managers in a truly professional manner.

Professionalism Is Hard To Achieve

From an academic point of view it is unlikely that innkeeping or hotel management will ever become a pure profession because it does not meet all the conditions mentioned as necessary. According to Barber (1967)¹⁶, these are:

- high degree of generalized and systematic knowledge
- primary orientation to community interest rather than individual (or corporate) self-interest
- high degree of self-control through internalized codes of ethics, and related socialization processes
- system of rewards as symbolic of work achievement

It seems that the first and last requirements are met by the activities of hoteliers. The second can only be achieved by a few despite the legal definitions of a hotel being a public place. The third, as evidence seems to suggest, is often not present, at least in a formalized way. Should hoteliers adopt a behavior mode as suggested in the third, however, they would be nearing a "professional" position.

If hoteliers want a revived sense of professionalism and vocation, not in the traditional or formal way, but in a modern context, they must come to an understanding of what their work is all about and what its social implications and consequences are, and, on the basis of that understanding, accept those special responsibilities which rest upon all those who work in the hotel industry. The concept of "professionalism" implies that hoteliers should consider how they can shift the emphasis of assessments from success in obtaining rewards to success in making contributions.

Success in making contributions requires the embracement of values. One of the most succinct and applicable sets of values is contained in Lawrence Miller's *American Spirit, Visions of a New Corporate*

Culture.¹⁷ Questions are posed regarding each of Miller's values in order to focus, shape, and organize management's attention to each. By accepting, living, and acting on these values, it is anticipated that hoteliers can make extremely important contributions to the hotel industry, and in the process achieve new professional heights.

Purpose Principle: To be successful, a hotel must establish a well-defined sense of purpose, a definitive idea, a basic philosophy or set of beliefs that provides each individual in the company with a point of reference and direction in producing the products offered, performing the services required, and satisfying the needs and wants of customers.

Question: Do your employees understand the mission of your hotel and do they consider that mission worthy? Effective leadership creates the energy in the company by instilling and communicating this sense of purpose. Success can only be defined and measured in terms of accomplishment of the business purpose, the success of the product or service. This will inspire and motivate all employees of the hotel to do their best. It is up to the hotelier to ensure that all individuals in the company achieve their personal and highest values by contributing to the achievement of company purpose.

Question: Are management decisions made with consideration to the mission or purpose of the hotel or do they tend to be primarily expedient?

Excellence Principle: Every company must promote the pervasive spirit of excellence by providing the right climate for reinforcing and increasing the probability that more of its members will achieve excellence. This is partially achieved through the belief that the ways in which things are accomplished today will be inadequate tomorrow—a system of creative dissatisfaction.

Question: Are managers generally satisfied or continually dissatisfied with today's performance? The three ingredients that result in excellence are standards, motivation, and feedback. Standards need not be formal guidelines but rather examples of excellence, reference points, and virtues that are easily understood, accepted, and rewarded. Hoteliers, or someone associated with the organization, could be used as a role model or mentor in order to promote these ingredients of excellence. Motivation is achieved by setting a few objectives that are of consequence to the hotel and the accepted responsibility of the individual, by measuring performance, and by rewarding behavior based on achievement.

Question: Is there an understanding that every employee is responsible for self-evaluation and accepting responsibility for change? In order to create the climate for excellence, it is the hoteliers' job to set the right example, and to continually communicate and reinforce the values and virtues that the company deems important.

Question: Are employees and managers engaged in a continual process of value clarification, education, and improvement?

Consensus Principle: Management should attempt to steer away from command leadership and move toward a more positive type of leadership: consultative and consensus. If the goal is to achieve more determined and united action, individuals within the firm must feel as if they contributed to and are part of the decision-making process. Through improved communication and listening, the gap between personal and organizational value systems can be narrowed.

Question: Do managers have the skills necessary to facilitate consultative and consensus decision-making?

Unity Principle: More consensus can occur when the differences and barriers between “we” and “they” are broken down. It is necessary to establish a unity of purpose and ownership. All individuals working for a hotel, for example, should feel as if they are the hotel. This means that hoteliers must openly share responsibility for achieving objectives and provide more responsibility at the lower levels of the company. For this to work, hoteliers must be seen as more trusting.

Question: Are employees working toward goals which they believe will contribute to the hotel achieving its goals?

Question: Do managers assume that employees are capable of making a meaningful contribution to the decision-making process?

Performance Principle: Hoteliers must reinforce and reward good performance. When rewards are granted without regard to performance, productivity suffers and individuals will abuse the system and turn to unethical means to accomplish their own goals. Only when rewards are tied to good performance and good work, do individual and corporate performances improve.

Question: Are the rewards that have the highest motivational force achieved by performance or length of tenure?

Question: Is there a system for sharing in the rewards of performance that normally accrue to the hotel?

Question: Do individuals clearly understand the relationship between rewards and their performance?

Empiricism Principle: The future of a business depends upon the ability of all individuals within the firm to think clearly, critically, and creatively. It is necessary that every individual is given the tools to help think through a problem or decision rationally, and is given the skills to measure or determine their own performance.

Question: When problems arise and decisions made, are people given access to the right data and provided with the best tools to evaluate it?

Intimacy Principle: Individual employees display loyalty for the hotel when they know that management respects and is concerned about them as people. This bond between the individual and the corporation

occurs when people feel as if they truly are part of a group, and are making an important contribution. With this closeness comes increased commitment and greater creative performance.

Question: Do employees believe that the hotel is committed to their individual development?

Question: Is management concerned with employee welfare and well-being?

Integrity Principles: Faith and commitment to a business is based on the integrity displayed by executives. Integrity does not only refer to simple honesty, but embodies a consistency and predictability built over time that simply says, "I will do exactly what I say I will do when I say I will do it. If I change my mind, I will tell you well in advance so you will not be harmed by my actions." Such a statement is partly a matter of ethics, but even more a question of vital practicability. This kind of integrity builds trust. From trust comes security. So integrity is a core element in keeping large, amorphous organizations from collapsing in their own confusion.

A hotelier's integrity is manifest by actions. For example, any employee will know the priorities of managers by observing what they say and do. Integrity, therefore, is demonstrated by ensuring that any decisions made do not compromise the hotel's basic purpose and long-term objectives; that promises are kept; that talk and action are consistent; that attention to the product and service is given top priority; that the person is honest, trustworthy and trusting; that the concerns and ideas of others are listened to sincerely; and that all actions are guided by the spirit of ethical conduct.

Question: Has management developed and communicated a code of ethics or a clearly understood value system?

Question: Is the long-term interest and purpose of the hotel ever compromised?

Question: Is the behavior of all executives, managers, and employees beyond reproach in dealing with each other, with customers, or with the public in general?

The professionalization of innkeeping or hotel management is the responsibility of all hoteliers. Their values shape the companies they manage and the ethical behavior of individual employees. Since business ethics is largely a question of corporate character, it is vital that hoteliers carefully and thoroughly assess their own values and the values that should be or ought to be important to their companies.

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