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EMPLOYEE EMPOWERMENT THROUGH ETHICAL DECISION-MAKING

An Honors College Project Presented to the
Faculty of the Honors College
James Madison University

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There are many different ways in which an organization can be arranged. These organizational structures reflect the chain of command and power dynamics within an organization. A Forbes article from 2015 identifies five major types of organizational structure. They range from “The traditional hierarchy” to “Flat organizations” and “Holacratic organizations”. The traditional hierarchy is probably the most familiar. It looks like a pyramid with the head of the company at the top, and grows wider as you move downwards. The pyramid begins to flatten out, resembling more of a rectangle which then leads to the “Flat” organization. A “Flat” organization is represented as a two-dimensional circle where all members of the organization have equal power. Then there are “Holocratic organizations,” which resembles the traditional hierarchy structure except that at each level there is a group of people with equal power. (Morgan, 2015) The distribution of power is one of the defining factors in an organization’s structure, but it is not the entire structure.

Organizational structure is crucial in a successful business, and many factors must be taken into account. One of these factors is the span of management within an organization, which refers to the number of employees under the direction of a single manager. A narrow span of management allows for more personal relationships between an employee and their manager, and allows the manager to more effectively control and monitor the work of their employees. However, this system results in slower decision-making, and is more expensive for the company.

On the opposite end of the spectrum, an organization can have a wide span of management. A wide span of management can sometimes make it more difficult for managers to develop personal relationships with their employees, and managers are not able to provide as much support to their employees. There can also be a lack of consistency within the team.
However, a wide span of management often saves the company a lot of money, allows for decisions to be made more quickly, and provides for more flexibility within the team.

Employees in an organization with a wide span of management do not always have direct access to their manager at all times, which presents a need for employee empowerment. (Halushchak & Halushchak, 2015, p. 234) For example, a small mom and pop store may not have as great of a need for employee empowerment because whenever a decision needs to be made the owner is around to make the call. However, this type of supervisor accessibility is not found in large organizations. An employee may not have direct access to their supervisor at all times, and therefore they need to be able to make decisions on their own. A 1992 article in Sloan Management Review describes an empowered employee as one who has access to and understands information about company performance, is rewarded for their contribution toward company performance, and “has the power to make decisions that influence the organizational direction and performance” (Bowen & Lawler, 1992, pp. 32, 35). On a more basic level, employee empowerment refers to the autonomy of an employee, and the authority given to them to make decisions on their own.

Employee empowerment is particularly important in the hospitality industry because in addition to getting work done, there is an additional aspect of guest satisfaction. Anyone can follow procedures or protocols, but in hospitality decisions have to be made that depend on unique situations. The hospitality industry is centered around service. Unlike other industries, front-line hospitality employees have a large amount of contact with customers. A report by two UK professors said that “the simultaneity of production and consumption” in the service industry makes it necessary to give “contact employees” more freedom to interact with guests. (Rafiq and
Ahmed, 1998, pp. 1-2). In hospitality, the sooner you can deal with a guest’s issue, the better. Through employment at Walt Disney World Resort, I learned that guests who had an issue during their stay, but had it resolved quickly rated their overall experience higher than a guest who encountered no problems during their stay. Managers are often busy, and so the best way to ensure that guest problems are resolved quickly is to give the front-line employees the power to make decisions themselves. While having scripted responses and general protocol may be an alternative solution, guests have a wide range of problems, and treating their situation individually will result in higher guest satisfaction. Letting employees have complete freedom to make any decision they would like would likely result in chaos and loss of revenue for the company. Ethical decision-making, when utilized correctly, allows for employee empowerment while also ensuring that the decisions they make align with the company’s values.

Employee empowerment has a positive impact on job satisfaction. This is demonstrated by a study conducted in Taiwan. Customarily, “organizations in Taiwan have strong hierarchies, which means employees should wait for orders and follow manager’s decisions.” However, globalization has prompted many hotel companies in Taiwan to adopt new management techniques that empower employees. This study identified four main aspects of psychological empowerment: meaning, competence, self-determination, and impact. By analyzing surveys completed by 159 employees of seven different hotels in Taipei, Taiwan, researchers were able to demonstrate a correlation between leadership and perceived empowerment. Supportive leadership was positively related to both managerial trust and organizational culture. In turn, both managerial trust and organizational culture contributed to all four aspects of psychological empowerment. Of these four aspects, it was self-determination, defined by the researchers as “perceived freedom to determine how to carry out work tasks” that was most strongly related to
job satisfaction. Strong job satisfaction was also related to strong organizational commitment. (Chiang & Jang, 2008, pp. 41, 42, 47-58). This research does not have implications only in Taiwan. The findings of this study have been confirmed by many other studies around the world.

A similar study was conducted in Izmir, Turkey. This study used the same four aspects of empowerment: meaning, competence, self-determination, and impact. This results of this study agreed with the Taiwan study that the four aspects of empowerment, as well as the overall perception of empowerment positively influenced job performance. However, the Turkey study also took demographics into account. The researchers found that there was a correlation between age and gender and perceived empowerment. Women seemed to have a higher perception of empowerment than men, as well as employees who had been with the company for more than six years. However, there was no significant correlation between the education level of the employees and their perception of empowerment. (Yilmaz, 2015, pp. 35-43) Empowerment goes beyond simply providing personal satisfaction for employees, it also improves their performance at work.

A study conducted by hospitality professors in China studied over 68 different hospitality organizations, including 31 hotels. They were looking to see how an employee’s psychological empowerment affected the quality of their service, as well as how their perceived empowerment was affected by the organizational empowerment climate (OEC). They found that there was a positive correlation between employee empowerment and quality of service regardless of the organizational empowerment climate. However, the correlation was much stronger in organizations with high levels of OEC. (Lin, Wu, & Ling, 2017, pp. 413-420) When employees
feel empowered, they provide better service. Although this will happen to a small degree in any hospitality organization, having a strong culture of employee empowerment is much more effective for bringing about change.

While the correlation between employee empowerment and increased job satisfaction can be seen in many different industries, studies show that there is a much stronger correlation in fields with more customer contact. In fact, a study conducted by hospitality professors from all over the world found that empowerment increases job satisfaction for customer service employees at over double the rate of employees without customer interaction, and job satisfaction continues to grow over time. (Lee, Kim, & Perdue, 2016, p. 6). It is clear that employee empowerment has a positive impact on employees, but its impact goes even further that.

Employee empowerment affects not only employee satisfaction, but guest satisfaction as well. Customer experience consultant John R. Dijulius uses the analogy of a “voice-maze” to demonstrate the importance of empowerment from the perspective of a guest. Most people have experienced calling a large company and going through a seemingly never-ending automated menu. After listening to a list of options, the caller is asked to select the number that corresponds to their need. From there, they are given a second series of options; and this process can go on for quite some time. (Dijulius, 2003, p. 61) Similarly, if a guest approaches the front desk for assistance, but the front desk agent is not empowered to deal with their complaint, the guest can become frustrated as the front desk agent has to climb the chain of command to find a manager who is able to handle the situation.
This happened often at a resort I worked at one summer. Several times a day, I would find myself in a long line of fellow front desk agents waiting for a chance to talk to the manager to help resolve our issue. Sufficed to say, the guest was never thrilled when I returned twenty minutes later, often times with news they did not want to hear. Vivian Deuschl, the vice president of public relations at Ritz-Carlton, says that “the least costly solution is the one that happens immediately… the longer and higher a customer complaint lives in an organization, the more it grows” (Michelli, 2008, p. 111). Empowered employees are the key to providing the efficient service that guests desire. When an employee has the authority to resolve a situation soon after it occurs, they are able to prevent the situation or “guest distress” from escalating, and ultimately save the company money.

Two of the main instances in which employee empowerment can be an essential part of the guest experience is during service delivery and service recovery. Service delivery refers to the routine interactions with guests. At a hotel, the check-in process is an example of service delivery. Service recovery refers to situations in which something has gone wrong for the guest, and the company is trying to recover from the bad experience. (Bowen & Lawler, 1992, p. 33) During my time as a Cast Member at Walt Disney World, I was told multiple times that guests who have a problem during their stay, but have it resolved well by a Cast Member often end up rating their overall vacation experience more highly than a guest who had no problems during their stay. This is why it is so important for employees in the hospitality industry to be empowered.

The question that companies are then faced with is how to provide a high-quality, standardized service while allowing employees to make their own decisions. Empowerment
presents a need for as set of guidelines that help to standardize service but are not too restrictive that they nullify the empowerment itself. Situations in hospitality are not always black and white, and can become complex rather quickly.

One night I was working the night shift at a resort and a woman came in who had clearly had a difficult night. She was at the resort with her boyfriend and children. She had lost her room key, and her boyfriend was not available. Her kids were still in the room, and she was locked out. Technically, the reservation was under the boyfriend’s name, so she could not get the key. However, the clerk who had checked the couple in earlier that day remembered her, so the Manager on Duty (MOD) decided that the right thing to do was make her a key. As the woman was talking to us and crying, she asked if we had medicine. My MOD told her that we did not sell medicine at the front desk, and the stores were closed for the evening. She asked if the MOD had any ibuprofen she could take, and the MOD said that she did not. The woman then turned to me and asked if I had any. I knew that I had some in my purse in the back office. I hesitated and turned to my manager. She said that it was my call, and she would support my decision. So, I went in the back to get my purse. Later, it was explained to me that we are not really supposed to give out any type of medicine while at work due to the resort’s liability. We never know if someone is allergic to a medication or if other things they are on could interact with it.

So, several things happened that night. A key was given to a woman whose name was not on the reservation, and a front desk clerk gave a guest their medicine. Did we make the right choice? It is because of complex situations like this one that it is useful for a company to put a
system of ethical decision-making in place and not leave employees in a situation where they have to make a tough call.

Ethical decision-making is a process in which people use a set of core values to make decisions. At James Madison University, ethical decision-making is taught to all students in the form of ‘The Eight Key Questions’. These questions explore eight different factors: Fairness, Outcomes, Responsibilities, Character, Liberty, Empathy, Authority, and Rights. The order of these values is not important, and students are asked to identify the ones they find most important personally. At Disney, the ethical decision-making process is called ‘The Four Keys’, which are Safety, Courtesy, Show, and Efficiency. The order of the keys is very important and must be followed when making decisions about how to respond to a situation. The Harrisonburg Department of Public Transportation (HDPT) has stickers on some of their busses that read “Safety first, Service second, Schedule third,” reminding drivers of their top priorities. Simply having ethical guidelines in place is not enough to see true change. In order for this to work, there are some necessities as well as challenges to consider.

There are several things that are essential for a system of ethical decision-making to work well. The first is a reciprocal trust between employees and management. Management has to be able to trust that their employees will not abuse the power they are given and will make wise decisions. The employee needs to be able to trust that as long as they follow the parameters they are given when making decisions that their managers will support them.

The second necessity is that all employees must have a good understanding of the ethical decision-making process of their employer. At Disney, the Four Keys are emphasized throughout the entire week-long on-boarding process. They are reviewed at morning meetings,
and there are follow-up trainings from time to time to practice the application of the Four Keys in a plethora of scenarios. Psychologists have a term called the “spacing effect”, which is the idea that people are able to remember information better when they are exposed to it repeatedly over a period of time (Cepeda, Pashler, Vul, Wixted, & Rohrer, 2006, pp. 354, 365). Learning the ethical decision-making process during your initial training, and never being exposed to it again will not result in employees being able to remember or internalize the information. Due to repeated exposure over time, most Cast Members could recite the Four Keys in their sleep, which enables them to be able to apply them quickly and correctly whenever a situation arises. This is not true of the 8 Key Questions.

The vision of James Madison University is “to be the national model for the engaged university: engaged with ideas and the world.” To achieve that, one of the core values of the university is Integrity. The vision statement defines integrity as “pursu[ing] ethical reasoning because it is essential to meaningful citizenship.” (“JMU’s Strategic,” n.d.) The Madison Collaborative was established in 2010 to help address the Integrity portion of the university’s goal. They did this by creating the 8 Key Questions to familiarize employees and students with the process of making ethical decisions. (“Madison Collaborative,” n.d.) Students are first introduced to the 8 Key Questions during their first week at James Madison University, called 1787. Students are broken into groups and given a complex hypothetical problem and asked to use the 8 Key Questions to make difficult choices.

However, the 8 Key Questions do not influence the everyday lives of students they way that the university intended. While some seniors have had classes over their four years that reinforce the questions, speaking to seniors from a variety of majors revealed that in an actual
dilemma, students do not think about the eight key questions. The consensus was that the training freshman year had been enjoyable. One senior said it was “interesting and thought-provoking”, and another said that it taught them how to “consider every solution” and gave them an appreciation for how difficult decisions can be. Although every senior remembered having gone through the training and could even recall the situation that their group had to solve during 1787, they could not remember the 8 Key Questions themselves. On average, seniors remembered less than four of the key questions. Those that remembered more did so by using the acronym ‘FOR CLEAR’. The 8 Key Questions deal with complex ideas, which is not necessarily a good thing for a company. Simplicity is another important part of getting all employees to understand the ethical decision-making process.

In order for employees to be able to understand their employer’s ethical decision-making process, the process must be accessible for everyone. The hospitality industry employs a wide variety of people. This diverse workforce means that language barriers can be difficult to overcome. Not all employees will be fluent in English, and some employees may barely speak any English at all. This diversity makes it crucial for companies to make their ethical decision-making process as simple as possible. Not only is it easier for people with only basic English skills to understand, but it is also more easily translated into other languages. The ethical decision-making system of HDPT and Disney are simple, with only three and four steps respectively. They involve concrete ideas, such as safety, schedule, and efficiency. All of these words are easy to explain.

In contrast, when you look at some of the words in the 8 Key Questions, such as liberty and empathy, those are more complex ideas that may not have a simple definition. Using these
complex and somewhat abstract words makes it difficult for people for whom English was not their first language or may not have had a good education. The question that James Madison University associates with ‘Liberty’ is “How does respect for freedom, personal autonomy, or consent apply?” While freedom might be a concept that more people can understand, personal autonomy is yet another abstract concept. Fairness asks “How can I act equitable and balance legitimate interests?” Again, ‘equitably’ and ‘legitimate interests’ are more difficult to understand. While this high register tone may be appropriate for a collegiate setting, it would never work in a diverse organization in which the employees have a wide range of English proficiency. There is one other thing that the 8 Key Questions does differently than Disney and HDPT. For example, the 8 Key Questions presents their ethical considerations in no particular order, which can create a problem for companies.

It is necessary to have a hierarchy of ethics. While the 8 Key Questions succeed in presenting a comprehensive overview of the possible considerations, they are self-contradictory. Complex decisions rarely can satisfy all of the 8 Key Questions, so people choose the considerations that seem most important to their own needs. There is no situation in which one can say, “Yes, I followed the eight key questions correctly.” One dilemma can have many different solutions, all of which can be supported by at least one of the 8 Key Questions. While this may work in personal decision-making, hospitality companies strive to provide consistent service. Although there still may be several solutions to a problem using the Four Keys, no Cast Member is going to skip checking the seatbelts on a rollercoaster to make the line move faster because at Disney Safety comes before Efficiency. No Cast member is going to rush to get a small child a new ice cream cone before making sure that the one they dropped is cleaned up and no longer a safety hazard to other Guests. Similarly, HDPT is very clear about the importance of
each of their service goals. “Safety first, Service second, Schedule third,” leaves little room for misinterpretation. Any HDPT bus driver following these guidelines would be expected to act in a similar way. They would not speed up through a yellow light and risk the safety of their passengers because they were running a few minutes behind schedule. Now, if the bus drivers were all told to follow the 8 Key Questions while at work, you would not see the same outcome. There still may be a bus driver who feels it is their responsibility to keep everyone on their bus safe, and the outcome would not change. One bus driver may feel as though their responsibility is to get to their stops on time and choose to prioritize the schedule. Based on this ethical viewpoint, this driver would run the light regardless of the danger it could pose to the passengers.

A driver who viewed authority as most important would obey all traffic laws. They would never proceed on a yellow light and may rarely turn right on red for fear of pulling out in front of another car and take their right of way. While this driver would most likely get full marks for safety, they may completely miss the mark on service and schedule. When making personal choices, it is okay to make decisions based on what we value at the time. However, when a company is trying to provide a standard, quality service to their customers, they cannot allow their employees to make decisions based on an ethical system that could be interpreted in practically any way.

Finally, in order to make the system work, you need to hire people who have a passion for the hospitality industry. Ultimately, employees have to care about providing good customer service to every guest. It is sometimes difficult to get employees to buy into the system. Having people who have a passion for what they are doing and are not just in the job for a paycheck makes all the difference. Employee buy-in can be achieved through training, and by rewarding those employees who display a good understanding of the system. Disney has ‘Four Keys
Cards’ that managers can hand out to Cast Members when they see them displaying one of the Four Keys. These cards are not only a source of pride but can be entered into monthly drawings for various prizes. But training and rewards can only go so far. If an employee is not internally motivated, there is little a company can do to garner their enthusiasm. The company need to recruit people who are committed to delivering outstanding guest service and can get behind the values of the company. While this job normally falls on the Human Resources (HR) department, many hospitality companies, particularly restaurants do not have and HR employee on staff, and the task of hiring new employees falls on managers, who are often very busy and do not take the time to conduct thorough interviews. A 2015 article from the *American Journal of Management* discusses the issue of hiring the right people in the hospitality industry. The authors emphasize that asking the right questions during the interview makes a lot of difference. It is particularly important to ask questions that give employees the opportunity to express their views about hospitality, even as directly as “what does hospitality mean to you?” (Biga, Spott, & Spott, 2015, p. 115-123)

Even with all of these important things in place, there are still two large obstacles for a hospitality company to overcome to successfully implement an effective ethical decision-making system. Limited resources and a high employee turn-over rate can make it difficult for a company to start and maintain an effective ethical decision-making system.

Resources are an enormous barrier to establishing a good decision-making system. In order for the system to be effective, employees must receive training on it when they first are brought into the company and then at fairly regular intervals. The reality is that training people takes time and money. According to Josh Bersin, founder of the corporate research company
Bersin by Deloitte, companies usually spend the equivalent of at least 10 to 20 percent of an employee’s salary on their training (Bersin, 2013). During my time as a front desk clerk at a resort, I found that many of the issues I encountered were due to the fact that I did not have permission to make many changes to the property management system (PMS), the main program used to run a hotel. If a guest had been assigned a room on the first floor, and requested one on the second, I would often have to seek out a supervisor to make the room change. Even my trainer was shocked when she found out how many things we could not do from our accounts. I was told that some time ago front desk clerks did have many more permissions in the system, but some clerks made changes that messed a lot of things up. I received perhaps two hours of “official” training on the PMS system during my first week, and the rest was learn-as-you-go. The dissatisfaction of guests that resulted from having to wait sometimes a long while for a clerk to do a simple room change could have been prevented with a bit more training. With proper training, management would not have felt the need to restrict our access to the PMS system. Guest service would have been better, reviews would have been better, and the resort would have gained more business. Had I been given training about the liability involved with giving a guest ibuprofen, I never would have done it. Investing in training can be costly, but without proper training, it is hard to empower employees.

In addition to that, the hospitality industry has a very high turnover rate. As of February 2018, The U.S. Bureau of Labor Statistics reports that the hospitality industry has a turnover rate of 6.0 percent, well above any other industry, and much higher than the total US turnover rate of 3.5 percent (U.S. Department, 2018). This high turnover rate indicates that there is an almost constant stream of employees leaving the industry, and new people coming in to take their place. This means that the hospitality industry has a lot of new employees to train. Training is a way
that a company invests in its employees. For many companies, it is difficult to justify an increase in training costs if the employees do not stay with the company for long.

Despite the financial investment required, employee empowerment through ethical decision-making is crucial to the success of any hospitality company. Hospitality companies generally have a wide span of management, particularly at the bottom of the hierarchy, where the guest-facing employees are. They do not have constant access to a supervisor to approve their decisions, so employee empowerment is essential in order for the employee to be able to deliver prompt service to guests. Not only does this system of empowerment benefit guests, but it also results in higher job satisfaction for employees, which further enhances the quality of service for guests.

With this empowerment comes a need for an ethical decision-making system to guide the decisions of employees. By comparing James Madison University’s Eight Key Questions, Disney’s Four Keys, and Harrisonburg Department of Public Transit’s motto, we begin to see what elements are necessary to make an ethical decision-making process successful. Beyond trust between the employer and employee, the system must be well-explained and implemented on a routine basis. It must also be simple enough to be accessible to a diverse workforce with varying degrees of English literacy. A hierarchy is imperative in order to provide a standardization of service while still giving employees autonomy to handle situations themselves. The final necessity for the system to work well is to hire employees who have a passion for the industry. These are the people who are going to get behind the system and take the initiative to provide high quality service. If there were a clear system of ethical decision-making in place at the resort the night we were faced with a complex situation, things would
have gone differently. After the woman left, we would have not all been standing behind the
desk looking at one another as we tried to decide if we had made the right call. We could have
done the right thing by the company and been confident in our decision. It may require the
company to spend more money on their onboarding and training, but the benefits of empowering
employees and implementing an ethical decision-making system make the investment well worth
it.
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