

## **SOLUTIONS TO MINIMISE THE GAP BETWEEN PERCEPTION AND PRACTICE OF ETHICS-PROMOTERS PERSPECTIVE**

**Chitra Shashidhar**\*

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### **Abstract**

The hotel industry has been emerging as one of the country's leading economic sectors. It has also been aiding and abetting the growth of allied sectors like tourism and transportation. What is striking about the hotel industry is that it uses mostly indigenous resources for its growth and for its eventual contribution to the country's GDP. To better understand the Indian hotel industry, one had better examine the country's tourism and hospitality industry of which the former is a subset.

Ethics or the set of principles that people use to decide what is right and what is wrong is imperative for a business to succeed – more so in the case of hotel business which involves a lot of interpersonal skills. Given that the hotel industry by the very nature of its operations is a great melting pot, entertaining people belonging to various races, various countries, various social classes, etc, is a regular feature. Hence the role of ethics in the hotel industry is cut out and hardly needs any emphasis. . However, the solutions can, if properly developed and targeted, can bring down the gulf between perception and practice.

**Keywords: gaps, solutions, ethical issues, perception, practice**

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\* **Research Guide: Dr M Prakash, Affiliation: Jain University**

## **Introduction**

India's proliferating middle income group and rising disposable incomes have been fuelling the growth of domestic and outbound tourism. Total outbound trips rose by 8.7 per cent to 19.9 million in 2015. Inbound tourist volume grew at a CAGR of 6.8 per cent during 2010-15. Foreign Tourist Arrivals (FTAs) in India rose 11.8 per cent year-on-year to 670,000 tourists in August 2016, while Foreign Exchange Earnings (FEEs) from tourism rose 13.1 per cent year-on-year to INR 12,903 crore (USD 1.92 billion), according to data released by the Ministry of Tourism.

Tourist arrivals in India on e-Tourist Visa (e-TV) grew by 196.6 per cent year-on-year to 66,097 tourists in August 2016. This has been made possible by the introduction of e-TV for 150 countries as against 113 countries earlier, according to data released by the Ministry of Tourism. Online hotel bookings in India are expected to double by 2016 thanks to the rising penetration of the internet and smart phones.

## **Foreign tourist arrivals in India**

Over 7.1 million foreign tourists arrived in India in during January-November, 2015 as the following Figure reveals. Foreign tourist arrivals rose at a CAGR of 7.1 per cent during 2005–25. By 2025, foreign tourist arrivals in India is expected to reach 15.3 million, according to the World Tourism Organisation.

## **Statement of the problem**

Ethics or the set of principles that people use to decide what is right and what is wrong is imperative for a business to succeed – more so in the case of hotel business which involves a lot of interpersonal skills. Given that the hotel industry by the very nature of its operations is a great melting pot, entertaining people belonging to various races, various countries, various social classes, etc, is a regular feature. Hence the role of ethics in the hotel industry is cut out and hardly needs any emphasis. What is more, this has to be perceived correctly at least by the four major stakeholders associated with the industry, namely, the promoters, the executives, the employees and last but not the least, the patrons of the hotel industry. However, not all perceptions are practicable for various reasons, some of them valid and some of them not so valid. Hence in its own interest the industry has to ensure that the gulf between the perception of

ethics and practice of ethics is minimized, if not eliminated altogether. This is easier said than done for obvious reasons – not all solutions are implementable. However, the solutions can, if properly developed and targeted, can bring down the gulf between perception and practice. As is the case with any industry that is a melting pot, the regulatory environment can contribute the most to narrow down the gap. Hence it is necessary to streamline the regulatory regime in such a way that the gap between the perception of ethics and the practice of ethics is minimized if not eliminated altogether, in the interest of all the stakeholders, including the government. The present study sets out to address this problem.

### **Scope of the present study**

The study confines itself to the hotel industry of Karnataka and the four categories of respondents associated with it, namely the promoters who are considered the major stakeholders pertaining to hotel industry. The area selected for study is in and around the Bengaluru City because more than 80% four and five star category hotels are situated in Bengaluru. For the purpose of the study only four and five star category hotels are selected for the study.

### **Objectives of the study**

The objectives of the study are to:

1. Devise solutions to minimize if not eliminate the gap between the perception and practice of ethics in the hotel industry.
2. Suggest how the regulatory regime can be fine-tuned to smooth the way for minimizing, if not eliminating the gap between the perception and practice of ethics.

### **Methods of data collection**

Interview schedules specially designed for the purpose were used to collect primary data. The study involved collection of opinions / preferences from respondents; hence, interviewing was deemed appropriate. The interview was a structured / directive interview. Hence the interview was conducted with a detailed standardised schedule.

Secondary data was collected / downloaded in hard version / digital form the stakeholders associated with the hospitality industry.

### **Sources of data**

Primary data was collected from the respondents, viz., hotel promoters, hotel executives, hotel employees and hotel patrons.

Secondary data was collected / downloaded in hard version / digital form the stakeholders associated with the hospitality industry like the Hotel Association of India (HAI), the Federation of Hotel and Restaurant Associations of India (FHRAI), Federation of Associations in Indian Tourism and Hospitality (FAITH), CII, FICCI, ASSOCHAM, the relevant departments of the governments of India and Karnataka and the financial press.

### **Sampling plan**

*Promoters:* Given the limited number of four star hotels and five star hotels operating in Karnataka, purposive or judgement sampling under the non-probability method was deployed to select the promoters. Applying controlling interest as the criterion, the Researcher selected 25 promoters. This criterion, according to the Researcher, is the most appropriate one for the present study. What matters is the typicality and the relevance of the sampling units to the study and not the overall representativeness to the population. Thus it guarantees inclusion of the relevant elements in the sample. Probability sampling plans cannot give such a guarantee.

### **Field work**

Fieldwork was undertaken by Researcher and by utilising the services of suitably-briefed manpower for the purpose. The respondents were contacted individually and personally and their responses were recorded. Observations also used suitably to understand the environment in Hotels.

### **Data processing and analysis plan**

The Statistical Package for the Social Sciences (SPSS) was used for data processing. Statistical tools like chi-square test, correlation test and analysis of variance were used for data analysis and testing the hypotheses.

### Limitations of the study

Primary data has sometimes been deduced through constant topic-oriented discussions with the respondents. It is possible that a certain degree of subjectivity, even if negligible, has influenced their views. Nevertheless, the fact is that the respondents, being human, could err and hence the Researcher would like to admit candidly that the findings of the thesis, which draw equally heavily from the discussions the Researcher held with the said respondents, may have been affected, albeit to a negligible extent. Hence it will not affect the accuracy of the findings of the study.

### Analysis of Primary Data Collected from Promoter Respondents

In the following paragraphs, the primary data collected from the 25 promoter respondents is analysed.

### Roots of Ethical Behaviour

Ethical behaviour has its roots in several character traits and personality traits. Hence the Researcher requested the respondents to indicate the roots of ethical behaviour. Their replies to the query appear in the following Table.

**Table-1**

#### Roots of Ethical Behaviour

<b>Roots of Ethical Behaviour</b>	<b>Number of Respondents</b>
Personal ethics	25
Leadership	21
Decision-making processes	19
Organizational culture	13
Unrealistic performance goals	3
<b>Total</b>	<b>25</b>

All the 25 respondents indicate that ethical behaviour has its roots in personal ethics. 21 of them indicate that ethical behaviour has its roots in leadership. 19 of them indicate that ethical

behaviour has its roots in decision-making processes. 13 of them indicate that ethical behaviour has its roots in organizational culture. Three of them indicate that ethical behaviour has its roots in unrealistic performance goals.

### **Suggestions to Minimize if not Eliminate the Gap between the Perception and Practice of Ethics in the Hotel Industry**

Additionally, the Researcher invited suggestions from respondents to minimize if not eliminate the gap between the perception and practice of ethics in the hotel industry. Their replies to the query appear in the following Table.

**Table-2**

### **Suggestions to Minimize if not Eliminate the Gap between the Perception and Practice of Ethics in the Hotel Industry**

<b>Suggestions</b>	<b>Number of Respondents</b>
Hire and promote people with a well-grounded sense of personal ethics	25
Ensure that the leaders within the business act in a manner that is consistent with ethical behaviour	19
Build an organisational culture that places a high value on ethical behaviour	18
Develop moral courage	16
Implement decision-making processes that require people to consider the ethical dimension of business decisions	15
Instil moral courage in employees	14
Appoint Ethics Officer	13

All the 25 respondents suggest hiring and promoting people with a well-grounded sense of personal ethics; according to 19 of them it should also be ensured that the leaders within the business act in a manner that is consistent with ethical behaviour; building an organisational culture that places a high value on ethical behaviour is suggested by 18 of them; 16 suggest development of moral courage; 15 suggest implementation of decision-making processes that

require people to consider the ethical dimension of business decisions; 14 suggest that moral courage be instilled in employees; 13 suggest appointment of Ethics Officers.

### **Routine Functions of Ethics Officers**

With 13 respondents suggesting appointment of Ethics Officers, the Researcher sought to know from them the routine functions to be assigned to Ethics Officers. Their replies to the query appear in the following Table.

**Table-4**

#### **Routine Functions of Ethics Officers**

<b>Routine Functions</b>	<b>Number of Respondents</b>
They should ensure that all employees are trained to be ethically conscious	13
They should ensure that the company's code of ethics is adhered to	13
They should ensure that ethical considerations become an inseparable part of the business decision-making process	8

All the 13 respondents want the Ethics Officers to ensure that all employees are trained to be ethically conscious and the company's code of ethics is adhered to. Eight of them additionally want the Ethics Officers to ensure that ethical considerations become an inseparable part of the business decision-making process.

### **Specific Responsibilities of Ethics Officers**

With 13 respondents suggesting appointment of Ethics Officers, the Researcher sought to know from them the specific responsibilities to be assigned to Ethics Officers. Their replies to the query appear in the following Table.

**Table-5**

#### **Specific Responsibilities of Ethics Officers**

<b>Specific Responsibilities</b>	<b>Number of</b>
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	<b>Respondents</b>
They should audit decisions to make sure that the decisions are consistent with the code of ethics	13
They should handle confidential inquiries from employees	13
They should report findings and recommend changes	13
In short, they should act as an internal ombudsperson	13
They should investigate complaints received from employees or others	8

All the 13 respondents want the Ethics Officers to audit decisions to make sure that the decisions are consistent with the code of ethics; handle confidential inquiries from employees; report findings and recommend changes; act as an internal ombudsperson. Eight of them additionally want them to investigate complaints from employees or others.

### **Role of Moral Courage**

With 14 respondents suggesting that moral courage be instilled in employees to minimize if not eliminate the gap between the perception and practice of ethics in the hotel industry, the Researcher sought to know from them how moral courage helps. Their replies to the query appear in the following Table.

Table-6

### **Role of Moral Courage**

<b>Role of Moral Courage</b>	<b>Number of Respondents</b>
Moral courage leads employees to shun unethical decisions even if they are profitable	14
Moral courage emboldens employees to defy instructions to pursue unethical actions	5
Moral courage emboldens employees to go public to the media and blow the whistle on persistent unethical behaviour of the company	3

All the 14 respondents aver that moral courage leads employees to shun unethical decisions even if they are profitable; five of them additionally state that it emboldens employees to defy instructions to pursue unethical actions; three of them additionally state that moral courage emboldens employees to go public to the media and blow the whistle on persistent unethical behaviour of the company.

### Measures to Ensure Fair Treatment of Whistleblowers

With three respondents claiming that moral courage emboldens employees to go public to the media and blow the whistle on persistent unethical behaviour of the company, the Researcher requested them to suggest measures to ensure fair treatment of such whistleblowers. After all, a vindictive management can sack such whistleblowers. Their replies to the query appear in the following Table.

Table-7

#### Measures to Ensure Fair Treatment of Whistleblowers

Measures	Number of Respondents
Companies should undertake not to retaliate against employees exercising moral courage	3
Companies should undertake not to retaliate against employees who say 'no' to superiors	3
Companies should undertake not to retaliate against employees who otherwise complain about unethical actions	2
Companies should set up ethics hotlines to allow employees to anonymously register a complaint with the Ethics Officer	1

All the three respondents want the hotel companies to undertake not to retaliate against employees who exercise moral courage and say 'no' to superiors. Two of them additionally want the hotel companies to undertake not to retaliate against employees who otherwise complain about unethical actions. One of them additionally wants hotel companies to set up ethics hotlines to allow employees to anonymously register a complaint with the Ethics Officer.

### Hiring and Promoting People with a well-grounded Sense of Personal Ethics

All the 25 respondents have suggested hiring and promoting people with a well-grounded sense of personal ethics to minimize if not eliminate the gap between the perception and practice of ethics in the hotel industry. However, this is easier said than done. Hence the Researcher sought to know from the respondents how the industry should go about the task of hiring and promoting people with a well-grounded sense of personal ethics. Their replies to the query appear in the following Table.

Table-8

#### Hiring and Promoting People with a Well-Grounded Sense of Personal Ethics

Measures	Number of Respondents
Industry should not promote employees who have displayed poor ethics	21
Industry should check with prior employers regarding the potential employee's reputation	17
On their part, the potential employees should ascertain as much as they can about the ethical climate in the organisation concerned	14
Industry should try to discern the ethical predisposition of potential employees through psychological tests	9

21 of the 25 respondents state that the industry should not promote employees who have displayed poor ethics. 17 of the respondents additionally state that the industry should check with prior employers regarding the potential employee's reputation. 14 of the respondents additionally state that on their part, the potential employees should ascertain as much as they can about the ethical climate in the organisation concerned. Nine of the respondents additionally state that the industry should try to discern the ethical predisposition of potential employees through psychological tests.

### Building an Organisational Culture that values Ethical Behaviour

18 of the 25 respondents have suggested building an organisational culture that values ethical behaviour to minimize if not eliminate the gap between the perception and practice of ethics in the hotel industry. Hence the Researcher sought to know from the respondents how the industry should go about the task of building an organisational culture that values ethical behaviour. Their replies to the query appear in the following Table.

**Table-9**

#### Building an Organisational Culture that Values Ethical Behaviour

Measures	Number of Respondents
Companies must explicitly articulate values that emphasise ethical behaviour by drafting a code of ethics	18
The leadership should use every available opportunity to stress the importance of business ethics and make sure that key business decisions not only make good economic sense but are also ethical.	18
Companies should hire independent auditors to make sure the company is behaving in a manner consistent with its ethical codes.	11
Companies must introduce incentive and benefit systems including promotions that benefit people who engage in ethical behaviour and sanction those who do not.	7

All the 18 respondents state that the hotel companies must explicitly articulate values that emphasise ethical behaviour by drafting a code of ethics; the leadership should use every available opportunity to stress the importance of business ethics and make sure that key business decisions not only make good economic sense but are also ethical. 11 of the respondents additionally state that the hotel companies should hire independent auditors to make sure the company is behaving in a manner consistent with its ethical codes. Seven of the respondents additionally state that the hotel companies must introduce incentive and benefit systems including promotions that benefit people who engage in ethical behaviour and sanction those who do not.