

Regency hotel business case study



EMPOWERMENT AND CULTURAL DIVERSITY

INTRODUCTION

The case study is about Regency Grand Hotel, a five star hotel in Bangkok. It was established by local syndicate of investors 15 years ago and was managed by Thai general manager. Regency is Bangkok's most prestigious hotel having 700 satisfied staff members. Lately, Regency was obtained by big American hotel chain. Due to this the old general manager took premature retirement & an American John Backer with ten years of management experience was appointed as new general manager. Becker is a strong supporter of empowerment soon after his appointment as a general manager Becker implied empowerment to achieve success as in the past.

ISSUES AND CONSEQUENCES AFTER EMPOWERMENT

Empowerment can be described as People having the skills and the self-belief to proactively deal with issues and make the most of the opportunities available to them. but soon after the execution of empowerment new general manager realise that things are not going according to his expectation because staff of regency don't know what is empowerment? Because they use to work as per their manager order in the previous management they are not allowed to innovate & generate anything new , and were discouraged by the senior managers and after all this they don't want to take risk and get punished by the management but general manager in America was working in a empowered environment where staff has a power of decision making & can take minor decision on their own . basically it's a cultural difference between management and staff where is

from Thailand where they believe in team work and management is from America who believes in individuality they believe that they can do anything unaccompanied which was the first issue.

According to Hofstede's index

Country	Power Distance	Individualism	Masculinity	Uncertainty Avoidance
Thailand	64	20	34	64
U. S. A	40	91	62	46

Power Distance - The extent to which large differentials of power for example between a boss and a subordinate or between a higher status and lower status are expected and tolerated. Autocratic behaviour by a boss would be much better tolerated in a high power distance country

Uncertainty Avoidance-The extent to which the culture emphasizes focusing on way to reduce un certainty and create stability-for example having clear written rules and procedure to guide action. Formal organisational procedure may be much more necessary in the high Uncertainty avoidance country.

Masculinity/Femininity- The difference between the traditional male goals of ambition and achievement and female orientation to nurturance and interpersonal harmony-for example the balance between seeking promotion at work and having good relations with others.

Individualism- In individualism culture people are most concerned about the consequences for the action for themselves, not others. They prefer activity conducted on one's own or in relatively private interactions with friends.

Decision are made by the individual according to the judgement he or she makes as to that is appropriate and the individual rewards that will accrue.

Other reason for the failure of empowerment is staffs don't have proper training about empowerment . They doesn't know how to use this decision making power for guest satisfaction and for companies profit because they are not properly trained about empowerment.

General manager told that staffs has power to make minor decision but major decision has to be taken by supervisors but staff was unable to distinguish between minor and the major problems. It was not clear that what decisions can be made by staff members? These boundaries must be defined or employee empowerment efforts fail. In regency grand supervisor don't trust staff to make good decisions. Staff members know this and either craftily makes decisions on their own and hides their results or they come to you for everything because they don't know what they really control . Supervisor can don't motivate the staff for decision making. And without motivating the staff it is impossible to execute empowerment properly.

From last 15 years the staff member of Regency grand hotel were working under hierarchy management but suddenly after the arrival the new general manager's Empowerment policy come under existence without any prior notice and any proper training to the staff so it is natural for the staff to resist this change because they are in habit of working as per the manager order , they were not allowed to take their decision or do any pioneering and it's a human tendency to first resist the change some staff don't want to take responsibility of empowerment, (Bacal 1996) they like to work as per the old system in which managers have to take the decision and staff has to blindly follow that order and if anything goes wrong managers are there to help them out but in empowerment nobody will take responsibility if a error is committed by you and you are the one who is going to pay for it. We can say that empowerment is not properly applied on the staff member which lead to the failure of the empowerment.

OUTCOMES OF THE FAILURE OF EMPOWERMENT

Due to failure of empowerment hotel Regency grand was losing its profit, client's and status in Bangkok. Becker thought that empowerment will help his hotel to earn more profit and guest satisfaction. Overall Performance of the hotel begins to decline. Increase in number of written guest complaints both verbally and in written. Disgrace in the news paper as *one of the Asia's nightmare hotel* . Criticism about service standards of the hotel. Staffs were also not happy raise of nervous tension level among the employees. Good working atmosphere has been harshly strained. Lack of team spirits among the employees now they were against each other when mistakes were made by any employee.

POTENTIAL SOLUTION FOR THE PROBLEM

New general manager comes with a great idea of empowerment but the way he put into practice it was inappropriate, following can be some of the potential solution of the problem. They have a uncertain view that employee empowerment means you start a few teams that address workplace employee morale or safety issues. The staff should be encourage to take their decision and to believe in their decision they should provide proper training before giving them decision authority. (Heathfield, 2000)

John Becker move from American work culture to Thai work culture which are totally different from each other. In America they believe in individualism but in Bangkok the believe in team work and John Becker fails to understand that . he try to impose his American work culture which prove to be a disaster before implementing Empowerment in the hotel he should study about their work culture and try to fill that communication gap between him and the employees. He should be ready to accept the changes that he have to make according to work culture he is working for.

CONCLUSION

Empowerment is a good weapon to increase the decision making power and leadership quality among the employee but it should be implemented in a proper manner and procedure otherwise if it's not executed properly it can destroy the organisation just in case of Regency Grand hotel and John Becker. Becker's intension was good to implement empowerment but the way he executed was wrong.

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