

# Organizational behavior at regency hotel case study examples

[Business](#), [Management](#)



## Summary

- Initially a Thai manager managed the Regency Hotel.
- During its fifteen years of operation in Thailand, the Regency was considered one of the most prominent hotels in the country.
- Employees in the hotel were approximately 700.
- Employees enjoyed welfare benefits, above average salaries and job security.
- Every year the employees were awarded a bonus that was equivalent to four months salary. This was not dependent on the performance of the hotel.
- Sale of the hotel to the American chain made the Thai manager retire early.
- An American was appointed to run the Regency hotel.
- The new manager wanted to increase employee empowerment, this was not common in the previous regime and issues such as creativity, and innovation was discouraged. Employees were not allowed to be innovative and required the approval of the top management before doing anything.
- The decision to increase employee empowerment was not met with a lot of enthusiasm by the various managers of the hotel.
- The new managers reduced bureaucratic rules in the hotel.
- The implementation of employee empowerment did not result in an increase, in the performance of the hotel rather the performance deteriorated.
- Employees were unable to make decisions on minor issues and frequently consulted the general manager.

- Guest complaints increased, and the written formal complaints every month increased.
  - The hotel was further named as one of the worst Asia's hotel in an international travel magazine.
  - Stress levels of the employees increased.
  - Issues such as absenteeism of employees increased due to illnesses.
- Turnover of employees increased, and the working relationship that was established under previous management was destroyed.

### **Symptoms indicating that problems exist**

One of the symptoms that exist is the lack of agreement among all the managers of the hotel on the proposal of implementation of employee empowerment by the general manager. In the previous management, employees were punished for their mistakes, but in under the new management mistakes would be allowed only once. The action of the general manager increasing the authority of front line employees and reducing the decision making power of their superiors was not met well by these individuals. This caused some of them to quit their jobs. The superiors normally reversed decisions made by the employees as they deemed to be major decisions that needed approval of the top management. Initiatives by the employees did not receive any feedback. Consequently, the confidence of these employees in making decisions reduced and they stopped making decisions on their own. Managers consulted the general manager even if the problems were minor. Further, increase in level of frustration of the general manager is another significant symptom that problems were increasing.

Complaints from customers both verbally and written increased. This was not common under the previous management. Business and the overall performance of the hotel reduced. Employee mistakes increased tremendously. Reviews on the local newspapers and an international travel magazine indicated that service of the hotel was poor. The employees blamed each other when mistakes occurred. Stress levels of the employees increased, and the turnover rate of the employees was higher than ever before. Additionally cases of absenteeism were also on the rise due to illnesses. There was no longer a good working relationship between the employees and their management.

## **What Caused the Problems?**

The appointment of an American to run the Regency hotel in Thailand was a crucial factor in creating problems for the hotel. The new manager decided to implement changes without first evaluating how the employees and managers worked. The manager had experience in transforming poor profitability hotels. However, the Regency hotel's performance in terms of profit was not bad. The main duty of the new general manager was integration of newly acquired hotels. However, due to his strong beliefs in empowerment, he felt the need to empower employees without conducting an analysis of how the employees operate. The new general manager so that he needed to change the organizational culture of the hotel. Maintaining an organizational culture does not translate in the manager being passive. 1 The manager could have assessed whether those values were right for the organization's environment before deciding to change the culture of the

organization. The manager failed to recognize values and ideologies that were present in the organization. Further, the choice time of implementing changes was quite fast. Change is mostly introduced when the organization is performing poorly. 1 The Regency hotel was not performing poorly thus a need for sudden change was not warranted.

The stripping of decision-making power from supervisors was also major cause of the problems in the organization. Further, these supervisors were given new responsibilities that were equal to their positions of power. The general managers approach in assigning the new responsibilities did not take into account the role and function of the supervisors. Creating such a scenario develops role ambiguity where individuals become uncertain of what their duties are in the organization. 2 Therefore, the individuals feel that their efforts in the organization are unappreciated, thus resulting to some quitting their jobs.

Employee empowerment is normally accompanied by increased stress because of the added responsibilities. The process of employee empowerment meant that employees had to learn new roles especially on decision-making. This was an area where they had not been trained.

Consequently, the extra responsibilities in performing their duties meant that the employees had to work harder, but due to the lack of training making decisions on their own was frustrating.

## **Possible Solutions**

### Assessment of Employees Capabilities

Employee empowerment tends to add responsibilities to employees, and this

can cause stress. Thus, prior to employee empowerment, assessment of their capabilities is important. This assessment helps in understanding the skill set of the employees, which then is essential in assignment of responsibilities. 3 This will be effective as a short-term solution.

## **Training Seminars**

After the assessments of the employees capabilities are done, training may be required to increase the level of skills required by the employees. Training aids in developing a new organizational culture. 4 In this case, both on-the-job training and formal training can be effective in increasing the skills and knowledge of the employees. 5 This will be effective as a long-term solution.

## **Establishing a Feedback System**

Motivation is critical in increasing job satisfaction. There is a need to provide feedback to employees especially from management. The management needs to provide positive feedback and compliments to the employees to increase their confidence levels. In a case where negative feedback is warranted, this must be done without emotion. It is vital to provide the areas where the employee needs to improve and what ways they may use for improvement. 6 This will be an effective short and long-term solution.

## **Bibliography**

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