

Part Five

Decision-making

CHAPTER 15
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Leadership in the hospitality industry

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In this chapter, we introduce the topic of leadership and its importance to the hospitality and tourism industries. One need only scan the current headlines to understand the importance of leadership and its impact upon the hospitality organization. There are as many examples of failed leaders as there are of successful leaders. For every J. W. Marriott, the visionary force behind Marriott Corporation there is a Steven J. Heyer, disgraced former Chief Executive Officer of Starwood. Mr. Marriott built the world's largest lodging company from an A&W Root Beer Stand in Washington, DC. Mr. Heyer was terminated from leading one of the world's largest lodging companies for inappropriate conduct with underlings. For every Ray Kroc, the legendary driving force of McDonald's, there is a Joe Micatrotto, former Chief Executive Officer of Buca Incorporated. Ray Kroc envisioned the future and led a small hamburger company in its metamorphosis into the world's largest hospitality company. Joe Micatrotto took a small Italian restaurant company, built it up, took it public, and then along with several other corporate officers used it as his piggy bank. He and two other executives were indicted for fraud. He pled guilty to a lesser charge and was sentenced to federal prison as well as fined heavily. What is the difference between these diametrically opposite high profile hospitality leaders? We are sure that they all felt that it was "their company"—but that is where the similarity ceased. Messer's Marriott and Kroc understood their responsibility to the stakeholders of "their company," while Heyer and Micatrotto did not. Therein lies the rub. As the global environment continues its dynamic change, leaders face untold challenges. If they are unable to completely understand their role, they set themselves up for failure and perhaps disgrace.

In examining the current state of the hospitality industry one discerns that the hospitality leader of today must be different. There is no more autocratic "my way or the highway" approach to obtaining productivity gains from today's workforce. As Harold Leavitt (2005) notes "... authority... has never been enough to guarantee effective management, and it is certainly not enough to handle middle manager's jobs today." He goes on to state that due to the fast-changing, speeding world, managers must become equipped with many more skills and competencies than were required in the past. Managers now need imaginative, persuasive, visionary, and inspirational skills—the skills many label leadership. Leavitt states now is the time for managers to become leaders and develop their leadership skills.

In today's business environment, human capital has become the most important asset of hospitality firms. As the hospitality

business environment becomes more and more complex, organizations need employees capable of adapting to change and able to grasp the complexity of their jobs. Bill Darden, founder of Red Lobster Restaurants and the namesake of Darden Restaurants once remarked: “I am convinced that the only edge we have on our competition is the quality of our employees as reflected each day by the job they do.” His words have even greater perspicacity for the future. Employees (human capital) follow leaders because leaders inspire them, motivate them, encourage them to be the best that they can be. Managers must develop their leadership skills including the ability to effectively implement new programmes, the ability to solve new and unique problems, and the ability to communicate to their followers the future they—the leader—desires to create. Today’s and tomorrow’s leaders must possess the ability to motivate their followers to build the future of their organizations. Leadership is not riding the organization into the future determined by others. Leadership is about building the future that one envisions, creating the organization necessary to excel in that future, and then making the vision reality.

How does one go about developing ones leadership skills? What skills constitute the construct that we call leadership? Are there really leadership skills which can be learned and honed? Are leaders born with the requisite traits and not made? These are a few of the questions we will address in this chapter.

What is leadership?

Leadership is a social phenomenon which has occurred throughout the world, regardless of culture. From the earliest times through today people have identified leaders—individuals who inspire followers. There is evidence to suggest that leadership is a social process which can impact the success of business organizations. Day and Lord (1988) demonstrated that executive leadership can account for 45% of the variance in an organization’s performance. Effective leaders create shared values, beliefs, and vision in an organization. They are also capable of focusing their follower’s attention on the important issues facing the organization as well as changing their follower’s understanding of the situation.

It is important to understand that leadership must exist at all levels of the organization. Leadership is not simply a function of the CEO. It must be found throughout. There is no longer a gulf between managers and leaders. All managers must be leaders. It was once said that “Managers do things right and

leaders do the right thing.” That is no longer the case. Within today’s hospitality organization, much is accomplished by the front line service employees who must make decisions on the spot. They can not wait for a manager to solve the problem. This environment requires that service employees possess the knowledge necessary to make the correct decisions. They are knowledge workers. Drucker defined knowledge workers as “... Knowledge workers are neither bosses nor workers, but rather something in between—resources who have responsibility for developing their most important resource, brainpower, and who also need to take more control of their own careers” (Edersheim, 2007). As we look towards the continuing shift to a world based upon knowledge workers, we posit that hospitality leaders must recognize that this changes the type of individual who is employed in the hospitality industry. This shift to the knowledge revolution is similar to the shift from agriculture to the industrial revolution. As the industrial revolution changed the face of the globe, so too will the knowledge revolution. This means that hospitality workers entering during this revolution will have their value to the hospitality organization based upon not only what they can do but also upon what they know. For the most part, these types of individuals cannot be led by autocratic styles from the top. They must be inspired by the leadership they encounter at all levels within the hospitality firm. In this scenario, many employees emerge as leaders of groups or teams throughout the organization, especially as hospitality firms become more decentralized and decision is pushed to the lowest levels of the organization.

Peter Drucker states that leadership can be learned. He goes on to note that effective leaders understand four basic points:

1. leaders have followers—without followers who share the same values and vision there can be no leader;
2. leaders are highly visible—they set the example for their followers behaviour. It is up to the leader to develop the culture of the organization through their actions, whether symbolic or dynamic;
3. their followers do the right thing—leadership is not a popularity contest. Successful leadership is results oriented, it accomplishes the mission of the organization;
4. leaders have responsibility not rank. As we noted in the introduction, the difference between successful leaders such as Marriott and Kroc and the fallen leaders such as Heyer and Micatrotto is the understanding of the personal responsibility of leadership. The trappings of leadership can quickly ensnare the unwary and lead to their ultimate failure (Drucker, 1996).

At the end of his life, Peter Drucker realized that today's business leaders had to provide three types of leadership—strategic leadership, moral leadership, human leadership—and strike the appropriate balance between them (Edersheim, 2007). This ability to balance takes courage. As Edersheim notes, it takes courage to do what is right. There are so many temptations faced by hospitality leaders. How does one turn against short-term profits which ensure large bonuses in order to invest in the long-term success of the organization? Courage. What does it take to break the rules in an industry full of “me too” firms and innovate? Courage (Edersheim, 2007).

What traits are required of successful CEO's in today's dynamic environment? In her conversations with Peter Drucker shortly before his passing, Edersheim reported that he thought that there were three leadership behaviours unique to a successful CEO:

1. A wide field of vision which enables them to see the whole—the inside and outside of the organization—combined with the perspicuity to challenge organizational assumptions about the present and the future. Drucker held that most businesses fail not due to things being done poorly but due to the fact that the assumptions upon which the organization has been built no longer fit the present and the future. It is up to the CEO to ask and answer what needs to be done;
2. Willingness to assume accountability for their imprint on the organization's character, values, and personality. The CEO must realize that they set the tone of the organization. Drucker was always dismayed when the CEO's embroiled in scandals such as the Enron debacle proclaimed that they were unaware of what was happening within their organization. He thought that this was anathema—why have a CEO if they were not responsible for the actions of the organization? They were willing to accept the plaudits, they must be responsible for the shortcomings;
3. Understand the influence the CEO has upon individuals and the organization as a whole. Drucker posited that the CEO must understand that the key role they play in the organization is a personal one. It is up to them to develop the relationships with people both inside and outside the organization in order to establish a mutual confidence and the creation of a community. This is something that of necessity falls to the CEO (Edersheim, 2007).

Leadership then can be defined as the process used by an individual to influence group members towards the achievement of

a goal or goals. It is important to note that most authors think that these individuals must view the influence as legitimate, by this we mean that the influence is reasonable and justifiable given the situation. According to Howell and Costley this definition requires five core characteristics of an effective leader:

1. Leadership is a process or a pattern of behaviours directed towards achievement of group goals. It is not a single act or even a series of acts performed only in certain situations. It is continuous until the group goals have been achieved;
2. The actions of the leader are designed to influence people to modify their behaviour. As their behaviour is influenced towards the group goal they become followers and the leader's position is recognized by the group. It is important to remember that without followers there is no leader, only a voice crying in the wilderness. It is also critical to remember that successful leaders must be successful followers at some time in their lives;
3. While leadership activities may be shared among individuals during the course of the day, a single individual must be recognized among the group as the overall leader responsible ultimately for the achievement of the group's goals;
4. Followers must view the leader's influence as legitimate. The legitimacy may be formal such as their position in the organization or informal because of their interaction with the other members of the group;
5. The leader's influence is directed towards the achievement of group goals. There are two separate scenarios of group goals—in one, the leader plays an important role in setting the group's goal and in the other, the leader inherits established group goals. In either case, the most important concept is that there is a goal which the group is seeking to achieve with the assistance of the leader (Howell and Costley, 2006).

When all is said and done, how do we know that a leader is successful? Most management scholars measure a leader's effectiveness against two metrics:

1. individual follower's behaviours such as job performance. This metric usually examines such measures as employee productivity, performance appraisals either by supervisors or external examiners. Other behaviours may also be measured such as employee satisfaction, commitment to the organization, and motivation. These behaviours most typically measure the most immediate impacts of a leader's behaviour upon the group;

2. group or organizational outcomes indicate the effectiveness of the leader's behaviour on the group or organization as a whole. Measures of success may be profitability, increased market share, or low employee turnover.

In the end it is the accomplishment of group goals within the norms and mores of society which defines the effectiveness of the leader. Follower satisfaction means little if the group's goals are not achieved. Many failed organizations have had satisfied employees. It must be remembered that ultimately the leader is responsible for the achievement of the group's goals. It is the leader to whom the followers look to provide the necessary support and resources to achieve the shared goal.

Leadership traits

Until recently, most people believed that leaders were born and not made. Successful leaders were thought to have inherited the necessary personal characteristics which enabled them to achieve beyond their peers. Early researchers focused upon the characteristics which they identified as traits. These traits were defined as permanent characteristics which did not change no matter the situation faced by the leader. During the first three quarters of the twentieth century, much research was published concerning these traits. Researchers developed a list of personal characteristics which they posited provided the leader the ability to be successful. Some of these traits included height, social status, energy, aggressiveness, assertiveness, and popularity. However, it was discovered that this theory had several flaws:

1. most researchers could not agree upon which of the leadership traits were the most important;
2. most of the published research compared leaders to followers. There was little attempt to distinguish between effective and non-effective leaders;
3. there was no universal agreement on either the definition of the individual traits or their measurement;
4. there was no measurement of how much or how little of each trait was necessary to predict leadership success (Howell and Costley, 2006).

While the theory of the leader being born not made has been largely discredited, there is some validity to the idea that effective leaders do possess certain common traits. Most researchers

agree that effective leaders do possess high levels of intelligence and cognitive ability. Intellect is a driver of outstanding performance while cognitive ability—big picture thinking, creativity, and long-term vision—enables the leader to achieve group goals. Creativity is an illusive concept. It is difficult to describe but usually we know it when we see it. Many argue that only a few are creative, that it is something with which they are born. Others suggest it can be learned. We argue the latter. If one is able to truly expand their perceptual window, see patterns of change in the big picture, and are motivated and excited by the thought of developing something new, it is easy to be creative. It is important that hospitality leaders work at expanding their cognitive and perceptual skills. The leader of tomorrow will be required to personally grow through the acquisition of knowledge and experience. As we move towards a knowledge or information society, this need is no longer a desirable objective, it is mandatory. Leaders must be able to use their intellectual power to lead creative change if they expect to remain the spiritual and rational leaders of their organizations.

We agree that there are other personal traits which can assist the leader in their quest towards the goal. However, these traits depend on the situation for their effectiveness—they are not universally applicable to all situations in which leaders may find themselves. It appears that traits such as fluency of speech, self-confidence, adaptability, and assertiveness assist effective leaders in a fairly broad range of situations. Most of the traits we have identified can be developed by the leader. Fluency of speech, assertiveness, social ability are all skills which can be honed with practice. The one trait which is difficult to enhance is native intellect. It is virtually impossible for individuals who lack basic intelligence to become effective leaders.

It seems that while some of these traits can assist a leader in certain situations, their effectiveness varies with the situation. They are contingent—which supports our position that leadership can be learned. It falls to the leader to recognize the situation and employ the traits appropriately.

Leadership behaviours

Since we have argued that leadership can be learned and that there are few universal leadership traits, how do we differentiate effective leaders from ineffective ones? Largely through their leadership behaviour. There are numerous behaviours among which leaders can choose. Which are effective are based

upon the situation and follower characteristics. Once again, effective leadership behaviours similar to effective leadership traits are contingent or situational. If this is the case, then effective leaders must vary their behaviours as the situation or followers change. This mandates that the leader possesses the intellect necessary to accurately assess the situation and choose from among a repertoire of leadership behaviours. Once again demonstrating that effective leadership can be learned. This contingency theory of leadership posits that the most effective leadership behaviour depends on the situation. It follows then that leadership training is important and is a key to successful leadership.

In today's dynamic hospitality environment there seems to a number of leadership behaviours which enable individuals to successfully lead their organizations. We will examine five such patterns of behaviour which can be applied to most of the situations faced by today's hospitality leader. We caution you that these behaviours are not usually used independently of one another nor are they mutually exclusive. An effective leader will probably use a number of the behaviours at the same time as required by the situation. The five behaviour patterns are:

1. Supportive—this pattern demonstrates the leader's concern for follower needs, open communication and follower development. One of the primary goals of organizational leaders is to develop their followers to the point that the organization functions at peak performance. In addition, the effective leader must work to develop their successor. A sign of ineffective leadership is the decline in organizational performance upon leadership succession;
2. Directive—this pattern refers to the assignment of tasks to followers. To assure the successful completion of those assignments, the leader must ensure that the methods to be utilized are understood by followers, that lines of communication are open and clear, that there are specific goals and expectations of performance understood by all. This behaviour is related to organizational structure and is necessary until all members of the organization possess a clear understanding of what is expected of them and are capable of meeting those expectations;
3. Participative—this behaviour is demonstrated by the level of follower participation in decision making and goal setting utilized by the leader. This behaviour ranges from one-on-one interactions to group interaction in an effort to elicit input for decision making. This behaviour is appropriate when there is knowledge possessed by the group which the

leader can effectively utilize in decision making. This behaviour has an implicit understanding that when participation is requested it will be valued by the leader. Symbolic use of participation by the leader can result in group dissatisfaction and poor morale and performance;

4. Reward and punishment—this behaviour is necessary because the leader must signal to the followers whether they are positively or negatively impacting the organization. When followers positively impact the organization, the effective leader must provide them with some form of reward. The rewards can range from a simple word of praise to more tangible actions such as bonuses and promotions. It follows that followers who negatively impact the organization must also be acknowledged in a manner which will encourage them either to modify their behaviour to a more acceptable level or leave the organization. This type of behaviour must be based upon performance if it is to be effective. To base it upon the whim of the leader, is to turn it from a positive impact to a negative impact upon the organization;
5. Charismatic—this behaviour is best demonstrated by the leader as they communicate their vision of the future and serve as a role model to their followers. Max Weber defined charisma as the influence based upon the exceptional characteristic of the individual person. In his nineteenth century industrial revolution setting, he juxtapositioned behaviours of managers of large political and manufacturing organizations which he named bureaucratic against the behaviour of heroic or revolutionary leaders who had successfully advocated actions to resolve crises which he named charismatic (Weber, 1947). This characterization continues today as charismatic leadership behaviours are defined as behaviours which elicit extreme devotion, commitment, or trust from followers. The leaders who through the power of their personal characteristics are able to motivate their followers to follow their vision of the organization utilize charismatic leadership behaviour. Reverend Martin Luther King, Jr. was such a leader. He possessed little power except for his spirit and his vision. Yet he was able to bring about great change to society.

Emotional intelligence

In the middle 1990s, Daniel Coleman introduced the concept of “emotional intelligence” to the leadership literature. His research of 200 large, global companies led him to posit

that while the traditional qualities associated with successful leadership—intelligence, toughness, and vision—were necessary but not sufficient for effective leadership (Coleman, 1998).

He believed as we do that different situations call for different types of leadership behaviours and that the personal styles of effective leaders varied greatly throughout the world. The overwhelming number of researchers agree that effective leaders must possess intelligence but they disagree on the other necessary qualities. Coleman reports that all of the effective leaders he studied possessed one trait in common—emotional intelligence. He studied the competency models used to predict leadership potential of employees of 188 global companies. These models had been designed by asking senior managers at the companies to identify the common characteristics that were typical of their organization's outstanding leaders; in addition objective measures were used to identify those leaders who positively influenced the performance of their units. Star leaders were interviewed and tested. As a result, the researchers developed a list of 15 characteristics which were linked to highly effective leaders in the companies. Coleman divided these characteristics into three constructs: intelligence, technical skill, and emotional intelligence. He found that while the first two—intelligence and technical skill—were important, emotional intelligence seemed to be twice as important as the others in effective leadership. He also discovered that as the leader rose higher in the organization, emotional intelligence increased in importance at the expense of technical skill. Coleman (1998) maintains that individuals can develop their emotional intelligence.

Since emotional intelligence is important to the success of a leader and it can be developed in most intelligent people, we thought that it should be discussed in this chapter. Coleman holds that there are five components of emotional intelligence:

1. Self awareness—effective leaders understand themselves. They understand their emotions, strengths, and weaknesses, their needs, and their drives. They are honest with themselves and their followers. They are neither overly critical nor overly hopeful. They understand what they value and their goals. This understanding enables them to make decisions which are in alignment with their values and goals. Self awareness enables leaders to be candid with themselves and others. This is important since effective leaders must make decisions that require them to candidly assess their capabilities as well as the capabilities of their followers and their organization;

2. Self regulation—effective leaders control themselves in a manner which frees them from their emotions and feelings. While they still feel their emotions they are able to separate them from the actions necessary for success. This is important because leaders who are in control of their emotions create an environment conducive to productive behaviour from their followers. In addition, in this environment of constant and unpredictable change, they are able to adapt to the environmental dynamism. Much of the negative behaviour exhibited in organizations can be traced to impulsive behaviour on the part of the leaders. The executives in Buca, Incorporated did not plan on defrauding the company, it occurred due to their impulsive behaviour. Once they began down the slippery slope their behaviours became even more impulsive. As a result of their lack of self regulation, they were imprisoned and the company was nearly destroyed;
3. Motivation—this is a trait common to all effective leaders. They are driven to achieve for the sake of achievement. They have an innate desire to excel. They desire to stretch in order to develop themselves. They embrace the challenge and exhibit a passion for whatever it is they are attempting. It is a characteristic of motivated people that they maintain an aura of optimism which is infectious to their followers. Not only are they optimistic they are also committed to the organization. These two attributes—achievement and commitment—are fundamental to effective leadership;
4. Empathy—this is demonstrated by the leader’s thoughtful consideration of follower’s feelings as part of their decision-making process. This does not mean that the needs of the followers are placed before the needs of the organization to achieve its goals. It simply means that when important decisions are made, the needs of the employees are taken into consideration. Empathy is important in today’s business environment due to the increasing importance of knowledge workers and the need to retain them, the increasing use of teams, and the global expansion of large companies;
5. Social skill—this quality is demonstrated by the leader’s ability to develop relationships both inside and outside the organization. Socially skilled people are adept at a number of important leadership behaviours—leading teams to attain their objectives, developing partnerships with entities necessary for the survival of the organizations, and establishing effective networks to support their initiatives. No leader is alone. They all need to accomplish their goals through others and it is their competency with social skills which enables them to be effective (Coleman, 1998).

It is apparent that emotional intelligence as defined by Coleman is important to successful leadership. While these attributes seem to be innate, they can be learned. It requires hard work and commitment. It is not easy for the inwardly focused individual to develop social skills but it can be accomplished. It is important that potential leaders honestly examine themselves and evaluate their level of effective emotional intelligence.

Ethics and leadership

Ethics has been defined as “the discipline of dealing with what is good and bad and with moral duty and obligation” (Dictionary, 1996). While philosophers have studied ethics for centuries, it has now become a critical business issue. It is no wonder when we examine the recent headlines of executive misbehaviour. The Human Resource Institute’s 2003–2004 Major Issues Survey found that among North American companies ranking 120 issues facing managers today, ethics was among the top three most important in terms of impact on the company (American Management Association, 2006). The American Management Association reported that business leaders reported that they believe that ethics has a great impact upon their brands and reputation as well as customer trust and investor confidence (American Management Association, 2006). This is of particular interest to leaders in the hospitality industry where customer trust and investor confidence is of the utmost importance. In the hospitality industry, brands are everything. Any actions that adversely impact the image of a hospitality brand are to be avoided at all costs. Thus hospitality leaders should be very interested in business ethics. The number one reason for ethical behaviour in the hospitality enterprise is protection of the company’s reputation. It is the leader who models and supports ethical behaviour in their organization that has the most impact on the company’s ethics.

In a survey of 1665 executives around the world, researchers discovered that 95% of the respondents indicated that the ethics of the CEO play a meaningful role in the way that business is conducted throughout the company (Verschoor, 2006). Their findings indicated that while personal ethics are important, corporate culture is critical. Their respondents were in concert with the Human Resource Institute’s findings that most of today’s business leaders thought that strong ethical practices in business help build brands, win over customers, and save money in the long run. When we speak of unethical behaviour

in organizations we mean not only the headline catching activities such as Cendant and Enron, we also mean employee activities such as:

1. inflating sales forecast numbers to senior management and investors;
2. taking office supplies home;
3. inflating company sales to win a client;
4. charging personal expenses to the company account.

Reasons employees have given for such actions include:

1. I do so much for the company that they do not pay me for, they owe it to me;
2. I did it because of the pressure from senior management to increase my performance;
3. I did it to buy time and keep my job.

Obviously, these are not the actions of individuals whose behaviours reflect the corporate culture of an ethical company. In a 2005 report on their ongoing research in business ethics of employees in for-profit, non-profit, and governmental sectors in the United States, the Ethics Resource Center (2005) found that little had changed during the 11 years they had been conducting their research. The Center surveyed more than 3000 employees for their research. They found that in spite of increasing implementation of formal ethics programmes, positive outcomes remained unchanged or declined. The Center reported that 52% of employees responding to the survey witnessed misconduct in the workplace, with 36% of them reporting multiple instances of misconduct. Of those who witnessed the misconduct only 55% reported it to management, a decline of 10% from the 2003 survey (Ethics Resource Center, 2005). In 2005, 10% of the employees reported pressure to compromise their or company standards. These findings should ring alarms in the minds of hospitality leaders. Unethical behaviour does have an impact on organization morale and performance.

The insightful hospitality leader understands that managers and employees in the industry are constantly placed in situations which test their ethical behaviours. Employees handle large amounts of cash and credit cards, control large inventories of food and liquor, have access to guest rooms, and also engage in complex service exchanges with guests and suppliers. Given this scenario, it is important for hospitality leaders to establish ethical codes of conduct for their organizations. However, Stevens (2001) reported that approximately 50% of

hotel companies published ethical standards compared to 80% for mid-to-large American companies.

While all can agree that stealing money is unethical, there is great disagreement on other actions such as sexual harassment, racism, competitor information, etc. It falls to the leader to develop the code of conduct by which the actions of the followers as well as the leader will be judged. It is up to the leader to build the ethical culture which will minimize the need for a compliance based infrastructure. Research has found that when employees think that something will be done to correct unethical behaviour they are more likely to report it to the proper authority (Stevens, 2001). The leader must focus upon what situations exist within their organizations which either prevent employees from doing the right thing or keep employees from taking appropriate action when they observe other employees not doing the right thing. The role of corporate culture is increasingly recognized as an important influence on ethical behaviour. Steven Cutler, recently retired Director of the Securities & Exchange Commission's (SEC) Division of Enforcement, stated the manner of how the SEC viewed the CEO's responsibility for ethical behaviour in their organizations had changed. He stated "We're trying to induce companies to address matters of tone and culture. ... What we are asking of that CEO, CFO, or General Counsel goes beyond what a pep walk or an enforcement action against another company executive might impel her to do. We're hoping that if she sees that a failure of corporate culture can result in a fine that significantly exceeds the proverbial 'cost of doing business,' and reflects a failure on her watch—and a failure on terms that everyone can understand: the company's bottom line—she may have a little more incentive to pay attention to the environment in which her company's employees do their jobs" (Gebler, 2006).

The SEC clearly expects more of CEO's and their impact on corporate culture than they did in the recent past. Corporate culture goes beyond ethics training programmes and compliance infrastructure. Culture can not be developed in the corporate offices and then implemented by the human resource department. Corporate culture is the sum total of the shared values and behaviours of all of the company's employees, managers, and leaders. The leader can move an organization towards ethical behaviour only when they understand the full range of values and behaviours needed to meet their ethical goal. The leader must understand how their managers deal with ethical issues and how the values they (the leader) demonstrate impact upon their manager's behaviours. The leader must understand the pressures that all the members of their organization are under

and how they react to those pressures. The leader must understand how the lines of communication work throughout the organization and if they are effective in developing a sense of accountability and purpose among the managers and employees. These are great challenges for today's hospitality leaders. It is no wonder that we see the failures in leadership that we are seeing today.

Gebler (2006) states that leaders must understand how the myriad of human behaviours and interactions fit together in the organization in order to see the whole picture of corporate culture. He presents a Culture Risk Assessment Model to assist CEO's in assessing the ethical corporate culture in their organizations. He states that over 1000 organizations in 24 countries have utilized the model and McKinsey & Co. has adopted it as its method of choice for mapping corporate cultures and measuring progress towards culture change. The model is based upon the principle that all values can be categorized in one of seven constructs. The constructs are grouped by level and the levels grouped by commonality. Levels 1, 2, and 3 relate to the organization's basic needs, level 4 relates to accountability while levels 5, 6, and 7 focus upon the common good. The levels are defined as:

1. Financial stability—if the organization is not financially stable unethical or illegal behaviours can be rationalized. Organizations which are struggling for survival frequently do not focus a lot of attention on how they conduct themselves. CEO's in struggling organizations must be confident that their managers understand and stay within the desired ethical boundaries;
2. Communication—the key is to clearly communicate the correct messages which enhance good relationships between employees, customers, and suppliers. The CEO must effectively communicate a vision which creates a sense of loyalty among employees as well as creating a sense of connection between the organization and its customers in order for the organization to successfully attain this level;
3. Systems and processes—the CEO must ensure that they have implemented strong internal controls and established clear standards of conduct in order for the organization to successfully operate at this level. It is important that the internal controls are viewed as the opportunity to create more efficient, timely processes. However, the leader must be cautious of being too focused upon processes which can lead to bureaucracy and eventual degradation;
4. Accountability—the CEO must focus on creating an environment where managers and employees take responsibility for

their actions. For the creation of an ethical corporate culture, the environment must be such as all employees think that they have a personal responsibility for the integrity of the organization. In order for the organization to successfully reach this level the leader must invite employee participation in the building of the processes and develop a feeling of trust throughout the organization;

5. Alignment—in order for the organization to operate at this level the CEO must create a shared vision of the future as well as a shared set of corporate values. The shared vision provides employees with an accepted organizational purpose, while the shared values provide them with guidance for decision making;
6. Social responsibility—at this level it becomes apparent to stakeholders that the organization is making a difference in society through its products and services and its involvement in the community. Organizations operating at this level are dedicated to becoming good responsible corporate citizens;
7. Sustainability—to be successful at the highest level, CEO's must ensure that their organization's employees accept the highest levels of ethical behaviour in all of their relationships with other employees, customers, suppliers, and all other stakeholders (Gebler, 2006).

Organizations may be successfully operating at some levels and not at others. For example an organization may have fully developed values around 5, 6, and 7 but be lacking in levels 1, 2, and 3. These organizations probably possess visionary leaders and externally focused social programmes but lack the core systems which ensure that higher level commitments are imbedded in the day-to-day operations. It is up to the leader to bring about the necessary changes in levels 1, 2, and 3 to ensure that the ethical standards are upheld in the daily operations of the organizations.

In this section, we have attempted to communicate the importance of ethics in the hospitality firm of today and the future. Ethical behaviour is a moving target, which requires commitment and focus on the part of the leader. It is clear that society no longer condones nor rewards unethical corporate behaviour and holds the CEO responsible for the actions of their organization.

Summary

In this chapter we have introduced the reader to the concept of leadership and our point of view that effective leadership can be

learned. Effective leaders are highly visible, take responsibility for their actions, and have followers who do the right thing. Leaders are goal oriented, judged by the actions of their followers, they glory in the strength of their followers, and they are intolerant of poor performance. Effective leaders understand that leadership is situational and they must either modify their behaviour or the situation to successfully attain their goals. They realize that in addition to intelligence and technical skills, they must possess emotional intelligence if they are to be effective in today's complex environment. They understand that emotional intelligence is essential if they are to lead the knowledge workers of today and tomorrow. Above all, effective leaders understand that they are responsible for the ethical behaviour of their organizations.

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