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Case Study – The Regency Grand Hotel

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Summary of the Information

The Regency Grand was Thai owned and operated. Its performance was very good. It was a profitable and successful company during its 15 year existence with very high morale within the company. Employee's worked according to management's instructions. Employees were not allowed to be innovated and creative. All decisions were at management level. Recently, the hotel was sold to a large American hotel chain (Calrity, 2010). Its general manager got retirement and manager of the American hotel chain, John Becker, became the general manager. Becker has been a successful management person in the hotel chain, so he was given the charge of this hotel as well to handle it and make it more successful. John has 10 years experience with the American company. John was appointed due to his previous success integrating newly acquired hotels in the US. In most previous acquisitions, Becker took over operation with poor profitability and low morale (Bakker, & Schaufeli, 2008)

Previously the employees were not allowed to be creative and innovative, while Becker implemented empowerment in the hotel. For the employees, the decision of good and motivational that they can make many decisions by themselves, as they were not allowed under the previous management. They started working but then realised that their supervisors do to allow them to make any decision and they become demotivated, which affected the performance and profitability of the hotel. The performance of the hotel started becoming negative and it worried the general manager (Guest, 2011). After he implemented changes the employees morale decline, absenteeism increased, customer complaints increased, and poor ratings in the media.

Major Issues of the Company - Symptoms

Some main symptoms indicating that there are certain very serious issues in the hotel are: personality and organisational fit; stress; job satisfaction; job design and role ambiguity; absenteeism; decision making process and power hierarchy; and high staff turnover. Some employees of the hotel were moved to other positions when the hotel was sold to American hotel chain. The employees who were moved may not have the skills and capabilities to achieve the full variety of the new work. Supervisors and some other employees feel losing power due to the exercise of empowerment (Bakker, & Schaufeli, 2008). Many of them then left their job. The main issue in the hotel is the dimension of a main or a small issue. There is not a proper meaning, description or criterion defining what a main problem is.

One other problem in the hotel is that many supervisors still deal with minor issues by themselves, not allowing employees to do so properly. This things wastes their time. Becker is not well at giving minor decision directions to subordinates. Difference turns up when the management argues with the ideas of employees. Due to all this, all the employees were no longer joined and helpful of each other (Calrity, 2010).

Some main symptoms are following: Culture - The US based company failed to research or invested in any culture changes that might affect employees when they acquired the Regency Hotel. Change - John made sweeping changes that once worked in the past for fledging acquired hotels. Becker failed to plan and implement change. He did not involve any staff in the change process nor did he have a change agent to help oversee the change process within the newly acquired hotel. John based his decisions off what was successful in the past in American style

business. He failed to consider the Regency was already successful and profitable with high employee morale (Shove, 2010).

Communication - John empowered employees to make minor decisions while only elevating major decisions to management. John failed to communicate expectations of what are minor decisions and what are major decisions. He also encouraged employees to be innovative and creative (Shove, 2010).

What is Causing the Symptoms

There are several issues with this case, but the three main problems in this case are Culture, Change, and Communication. The American based company provided no culture training to John Becker or the staff at the Regency. John Becker had no plan for changes he implemented. Lastly, but most important was the poor communications within the entire company. Even with the best plan; if it is not communicated properly then it will fail (Guest, 2011).

Problems and Issues

The main problems faced during the acquisition of the Regency Hotel may have been got out of or at least lessened noticeably with the help of successful and effective communication strategies, including a complete opinion sphere to make sure understanding of changes and new needs on an organisational level in addition to individual level for all employees. All the three aspects, which are cultural, personal and organisational, should be considered; and modifications

to job design and job roles should be illuminated to ensure booming implementation of the new system. At this stage, the hotel is in a condition of instability, with fall in staff retention, status and profit.

Main problems in the case are related to organisational change which was not managed adequately. The distinction in the newly combined workers with different reports had not been dealt with. Understanding this, the new general manager did not make use of a communication strategy that cared for the differences between management and employees and their diverse cultures (Furnham, 2012). The indistinct decision making process and power chain of command, lack of appropriate examination of the probability of achievement of the strategy of empowerment are some other problems which were experienced by the hotel. There was not a proper management within the overall team, when trying to executing the empowerment approach (Calrity, 2010).

The Hotel also experienced the issue of social emotional clashes among employees. Incident of power like source of power were not clearly defined in the hotel. These problems led towards turnover, high levels of stress, and absenteeism. During staff meeting with management, Becker did not communicate his expectations, nor did he ensure every manager understood the tool empowerment. Using the MARS model under roles perception, if tasks such as John expectations, standards, rules, and definitions such as the difference between major and minor issues were properly communicated then managers would not over turn employees decisions. Employees would have job satisfaction, high morale and a sense of purpose (Shove, 2010).

Employee's decisions were over turn by management led to increases in absenteeism, turnover, and customer complaints resulting in the decline of service in the media's eye. Using

the Expectancy Theory of Motivation, provide role clarity and increase reward with desired outcomes. ABC of Behaviour Modification can be used to set effective goals using the Specific, Measurable Achievable Relevant Time-frames Exciting Reviewed (SMARTER) (Furnham, 2012).

Possible Solutions

Alternative actions to improve the performance are following. Build a manager/employee guide to communicate the standards, rules, expectations, and define what major/minor decisions are. Hire a SIGMA 6 facilitator to oversee the process. Provide comment boxes for suggestions of improvement, feedback, and open communication (Shove, 2010). In addition to employees Performance appraisals, provide a 360 scoring of managers/employees such as online surveys. In addition to the first choice, open lines of communication within the organization such as the open door policy. Get the whole team involved in the decision making process through meetings geared to meeting their needs both for management and the employees. Provide employees an avenue to voice concerns (anonymous if needed), and address issues on an individual basis (Van Knippenberg, 2000).

Consequences of Possible Solutions

This alternative also fights for feedback both from management and employees. People must communicate the change to the entire staff, listen to the concerns, and allow for anonymous feedback (Van Knippenberg, 2000). After meeting with management to explain the change, have

a facilitator oversee this process. After the management team is onboard. The general manager should involve the employees with the same concept as the management. Get the whole team involved in the development ideas for the guide. Assign certain team both management and employees with the task of creating the guides. The possible solutions are very effective but need to be implemented in an appropriate way and system, or else it is not carried out suitably it can pull down the organisation just like the Regency Grand hotel.

Recommendation

Recommended alternative in the case of hotel is the second one discussed above. This alternative provides open communication, training to the entire staff, and both managers/employees handbooks that outlines expectations, rules, and standards. It also provides an expert to oversee the process. This should be implementing immediately (Furnham, 2012). Successful and effective change management approaches as given a rough idea in this case should now be presented to help the employees to put up a new organisational culture and integrate the empowerment strategy. Empowerment is an outstanding tool to increase the decision making power and leadership worth among the employees. The intension of Becker was not bad to put into practice empowerment but the way he implemented was not right.

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