

STREAMLINING THE REGULATORY REGIME TO MINIMIZE THE GAP BETWEEN THE PERCEPTION AND PRACTICE OF ETHICS IN HOTEL INDUSTRY

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Abstract

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.

This paper explains how the regulatory regime can be streamlined to minimize the gap between the perception of ethics and practice of ethics as perceived by the respondents, namely, the promoters, executives, employees and patrons. Towards this end, the primary data collected from the respondents is analysed

Keywords: perception, practice, regulatory regime, hotel industry

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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.

1.1.3 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, the executives, the employees and the patrons. These four categories of respondents 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.

2.4 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.

2.5 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.

Executives: Simple random sampling under the probability sampling method was deployed to select the executives since it gave each element an equal and independent chance of being selected. Accordingly, Interview Schedules were administered to four executives of each of the 25 hotels the promoters are associated with, aggregating 100. The first two Interview Schedules received from the executives, duly completed, from each of the said 25 hotels, aggregating 50, were selected for the study.

Employees: Simple random sampling under the probability sampling method was deployed to select the employees since it gave each element an equal and independent chance of being

selected. Accordingly, Interview Schedules were administered to eight employees of each of the 25 hotels the promoters are associated with, aggregating 200. The first four Interview Schedules received from employees, duly completed, from each of the said 25 hotels, aggregating 100, were selected for the study.

Patrons: Simple random sampling under the probability sampling method was deployed to select the patrons since it gave each element an equal and independent chance of being selected. Accordingly, Interview Schedules were administered to eight patrons of each of the 25 hotels the promoters are associated with, aggregating 200. The first four Interview Schedules received from patrons, duly completed, from each of the said 25 hotels, aggregating 100, were selected **for** the study.

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.

Analysis of Primary Data Collected from Promoter Respondents

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

Fine-tuning the Regulatory Regime

The industry is by and large of the view that 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. Hence the Researcher sought to know from the respondents 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. Their replies to the query appear in the following Table.

Table-1

Fine-tuning the Regulatory Regime

Fine-tuning Measures	Number of Respondents
Legislation to ensure that animals do not endure unnecessary suffering should be strictly enforced	25
A dedicated legislation should apply to food miles	25
Installation of food traceability system should be mandated by law	25
Legislation regulating sewage, air pollution and waste disposal should be strictly enforced and violations should be dealt with exemplarily	20
Law should mandate workplace safety and safety training for the industry	18
Ensure smoke-free restaurants and bars to reduce exposure to tobacco smoke toxins among hospitality workers and patrons even if it affects the bottom line	16
The law should require the licensee not to permit any person under the age of 18 years to drink any intoxicating liquor on any licensed premises.	14
The minimum wage laid down by the statute should be strictly enforced	13
Legislation should require the industry to be sensitive to consumer attitudes about the use of biotechnology	13
Law should define minimal acceptable standards to safeguard the basic rights of employees	13
A dedicated legislation required to mandate the industry to provide fair trade prices to suppliers so the latter can avoid poverty and sustain business longevity	12
Law should mandate regular audit of foreign subsidiaries and subcontractors (if any) to ensure that the standards are met	10

All the 25 respondents suggest that the legislation to ensure that animals do not endure unnecessary suffering be strictly enforced. They also suggest a dedicated legislation covering food miles and a mandate for installation of food traceability system. 20 of them additionally want the legislation regulating sewage, air pollution and waste disposal to be strictly enforced and violations dealt with exemplarily. 18 of them additionally want the law to mandate workplace safety and safety training for the industry. Smoke-free restaurants and bars to reduce exposure to tobacco smoke toxins among hospitality workers and patrons even if it affects the bottom line should be ensured, according to 16 of the respondents. 14 of them additionally want the law to require the licensee not to permit any person under the age of 18 years to drink any intoxicating liquor on any licensed premises. 13 of them additionally want the minimum wage laid down by the statute to be strictly enforced; legislation should require the industry to be sensitive to consumer attitudes about the use of biotechnology; law should define minimal acceptable standards to safeguard the basic rights of employees. 12 of them additionally want a dedicated legislation to mandate the industry to provide fair trade prices to suppliers so the latter can avoid poverty and sustain business longevity . 10 of them want the law to mandate regular audit of foreign subsidiaries and subcontractors (if any) to ensure that the standards are met.

Analysis of Primary Data Collected from Executive Respondents

In the following paragraphs, the primary data collected from the 50 executive respondents is analysed.

Fine-tuning the Regulatory Regime

The industry is by and large of the view that 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. Hence the Researcher sought to know from the respondents 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. Their replies to the query appear in the following Table.

Table-2

Fine-tuning the Regulatory Regime

Fine-tuning Measures	Number of Respondents
Legislation to ensure that animals do not endure unnecessary suffering should be strictly enforced	50
A dedicated legislation should apply to food miles	50
Installation of food traceability system should be mandated by law	50
Legislation regulating sewage, air pollution and waste disposal should be strictly enforced and violations should be dealt with exemplarily	50
Law should mandate workplace safety and safety training for the industry	50
Ensure smoke-free restaurants and bars to reduce exposure to tobacco smoke toxins among hospitality workers and patrons even if it affects the bottom line	50
The law should require the licensee not to permit any person under the age of 18 years to drink any intoxicating liquor on any licensed premises.	50
The minimum wage laid down by the statute should be strictly enforced	50
Legislation should require the industry to be sensitive to consumer attitudes about the use of biotechnology	50
Law should define minimal acceptable standards to safeguard the basic rights of employees	50
A dedicated legislation required to mandate the industry to provide fair trade prices to suppliers so the latter can avoid poverty and sustain business longevity	43
Law should mandate regular audit of foreign subsidiaries and subcontractors (if any) to ensure that the standards are met	39

All the 50 respondents suggest that the legislation to ensure that animals do not endure unnecessary suffering be strictly enforced. They also suggest a dedicated legislation covering food miles and a mandate for installation of food traceability system. Legislation regulating sewage, air pollution and waste disposal to be strictly enforced and violations dealt with exemplarily. The law should mandate workplace safety and safety training for the industry. Smoke-free restaurants and bars to reduce exposure to tobacco smoke toxins among hospitality workers and patrons even if it affects the bottom line should be ensured. The law should require the licensee not to permit any person under the age of 18 years to drink any intoxicating liquor on any licensed premises. The minimum wage laid down by the statute should be strictly enforced; legislation should require the industry to be sensitive to consumer attitudes about the use of biotechnology; law should define minimal acceptable standards to safeguard the basic rights of employees. 43 of them additionally want a dedicated legislation to mandate the industry to provide fair trade prices to suppliers so the latter can avoid poverty and sustain business longevity. 39 of them want the law to mandate regular audit of foreign subsidiaries and subcontractors (if any) to ensure that the standards are met.

Analysis of Primary Data Collected from Employee Respondents

In the following paragraphs, the primary data collected from the 100employee respondents is analysed.

Fine-tuning the Regulatory Regime

The industry is by and large of the view that 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. Hence the Researcher sought to know from the respondents 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. Their replies to the query appear in the following Table.

Table-3

Fine-tuning the Regulatory Regime

Fine-tuning Measures	Number of Respondents
Legislation to ensure that animals do not endure unnecessary	100

suffering should be strictly enforced	
A dedicated legislation should apply to food miles	100
Installation of food traceability system should be mandated by law	100
Legislation regulating sewage, air pollution and waste disposal should be strictly enforced and violations should be dealt with exemplarily	100
Law should mandate workplace safety and safety training for the industry	100
Ensure smoke-free restaurants and bars to reduce exposure to tobacco smoke toxins among hospitality workers and patrons even if it affects the bottom line	100
The law should require the licensee not to permit any person under the age of 18 years to drink any intoxicating liquor on any licensed premises.	100
The minimum wage laid down by the statute should be strictly enforced	100
Legislation should require the industry to be sensitive to consumer attitudes about the use of biotechnology	100
Law should define minimal acceptable standards to safeguard the basic rights of employees	100
A dedicated legislation required to mandate the industry to provide fair trade prices to suppliers so the latter can avoid poverty and sustain business longevity	63
Law should mandate regular audit of foreign subsidiaries and subcontractors (if any) to ensure that the standards are met	62

All the 100 respondents suggest that the legislation to ensure that animals do not endure unnecessary suffering be strictly enforced. They also suggest a dedicated legislation covering food miles and a mandate for installation of food traceability system. Legislation regulating sewage, air pollution and waste disposal to be strictly enforced and violations dealt with exemplarily. The law should mandate workplace safety and safety training for the industry. Smoke-free restaurants and bars to reduce exposure to tobacco smoke toxins among hospitality

workers and patrons even if it affects the bottom line should be ensured. The law should require the licensee not to permit any person under the age of 18 years to drink any intoxicating liquor on any licensed premises. The minimum wage laid down by the statute should be strictly enforced; legislation should require the industry to be sensitive to consumer attitudes about the use of biotechnology; law should define minimal acceptable standards to safeguard the basic rights of employees. 63 of them additionally want a dedicated legislation to mandate the industry to provide fair trade prices to suppliers so the latter can avoid poverty and sustain business longevity. 62 of them additionally want the law to mandate regular audit of foreign subsidiaries and subcontractors (if any) to ensure that the standards are met.

Analysis of Primary Data Collected from Patron Respondents

In the following paragraphs, the primary data collected from the 100patron respondents is analysed.

Fine-tuning the Regulatory Regime

The industry is by and large of the view that 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. Hence the Researcher sought to know from the respondents 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. Their replies to the query appear in the following Table.

Fine-tuning the Regulatory Regime

Fine-tuning Measures	Number of Respondents
Legislation to ensure that animals do not endure unnecessary suffering should be strictly enforced	100
A dedicated legislation should apply to food miles	100
Installation of food traceability system should be mandated by law	100
Legislation regulating sewage, air pollution and waste disposal should be strictly enforced and violations should be dealt with exemplarily	100

Law should mandate workplace safety and safety training for the industry	100
Ensure smoke-free restaurants and bars to reduce exposure to tobacco smoke toxins among hospitality workers and patrons even if it affects the bottom line	100
The law should require the licensee not to permit any person under the age of 18 years to drink any intoxicating liquor on any licensed premises.	100
The minimum wage laid down by the statute should be strictly enforced	100
Legislation should require the industry to be sensitive to consumer attitudes about the use of biotechnology	100
Law should define minimal acceptable standards to safeguard the basic rights of employees	100
A dedicated legislation required to mandate the industry to provide fair trade prices to suppliers so the latter can avoid poverty and sustain business longevity	57
Law should mandate regular audit of foreign subsidiaries and subcontractors (if any) to ensure that the standards are met	52

All the 100 respondents suggest that the legislation to ensure that animals do not endure unnecessary suffering be strictly enforced. They also suggest a dedicated legislation covering food miles and a mandate for installation of food traceability system. Legislation regulating sewage, air pollution and waste disposal to be strictly enforced and violations dealt with exemplarily. The law should mandate workplace safety and safety training for the industry. Smoke-free restaurants and bars to reduce exposure to tobacco smoke toxins among hospitality workers and patrons even if it affects the bottom line should be ensured. The law should require the licensee not to permit any person under the age of 18 years to drink any intoxicating liquor on any licensed premises. The minimum wage laid down by the statute should be strictly enforced; legislation should require the industry to be sensitive to consumer attitudes about the

use of biotechnology; law should define minimal acceptable standards to safeguard the basic rights of employees. 57 of them additionally want a dedicated legislation to mandate the industry to provide fair trade prices to suppliers so the latter can avoid poverty and sustain business longevity. 52 of them additionally want the law to mandate regular audit of foreign subsidiaries and subcontractors (if any) to ensure that the standards are met.

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.

The Researcher faced a few problems from the executive respondents during collection of primary data. They were a bit suspect when requested to fill in the Interview Schedule for the purpose of the study. It took a lot of time and effort on the part of the Researcher to allay the suspicions of some of them who feared that the Researcher was part of the team from the labour department / commercial tax department of the State government, out to ascertain if the hotel had violated the labour laws / VAT laws.