

# **CARROT AND STICKS STRATEGY: DOES IT WORK TO MOTIVATE EMPLOYEES TO BE GREEN?**

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## **Abstract**

The sustainability of the hotel industry depends heavily on the preservation of natural beauty of the country. However, hotels' non-friendly environmental practices have been responsible for directly polluting the environment. The pressure from environmental or green movements has enhanced many hotels' environment. However, changes in operational processes and systems alone are not good enough to reduce their environmental impact. Besides putting in place suitable environmental management practices, a change in human behavior is believed to be necessary. Personnel and cultural controls strategy in management control system is synonym as a carrot and stick approach that is prescriptively utilized to enticing elicit desired behavior. Therefore, the case study tries to advocate the changes that require proper planning and the commitment from the business operators that are vitally important to ensure the employees sustainably carry out the hotel's environmental practices.

## **Introduction**

Many hotels and resorts are located in major areas of natural beauty, such as national parks, wildlife sanctuaries, biological reserves, coastal and marine areas, making these areas of operation more vulnerable to the domestic and hotels' unmanageable waste practices. In addition, the nature and characteristics of the hotel industry are that it excessively consumes substantial quantities of energy, water, and nondurable products. The impact of these practices is detrimental to air, water, and soil quality.

For these reasons, the hotel industry can no longer ignore its responsibility towards maintaining the environment and must develop policies and daily operations that are more environmentally friendly. The hotel industry is also facing many pressures and concerns for it to be greener. Most of these concerns and pressure come from other parties such as governments, NGOs, and the hotel customers themselves. The pressure from environmental or green movements has enhanced many hotels' environment practices resulting in reduced operational costs and improved corporate images. However, changes in operational processes and systems alone are not good enough to reduce their environmental impact. Therefore, besides putting in place suitable environmental management practices, a change in human behavior is believed to be necessary since it is widely acknowledged that the resolution of the environmental dilemma not only depends on technological changes but also on changes in the attitudes and behaviors of people.

Changing attitudes towards environmental awareness by incorporating environmental management practices plays a significant role in ensuring employees give their support and commitment towards achieving the hotels' environmental targets. One of the mechanisms to shape and motivate employees' behaviors and attitudes towards environmental practices is management control systems, which possess the ability to practically and theoretically motivate, culture, and direct organizational behaviors. Based on this concept, molding employees' attitudes in behaving towards organization's objective is critically a vital part to ensure the sustainability of environmental practices in hotel industry. Thus, this case study will discuss one element in management control systems mechanism in shaping and motivating employee's commitment to engage with environmental practices (or hereafter will be named as green practices). The discussion starts with the value of management control systems, follows with a background of case organization and then continues with the management problems faced by the case organization in operationalizing its green practices and objectives.

### **The Value of Management Control Systems**

A control system plays a critical role in managing organizational systems and behaviors, and specifically, a management control system (MCS) provides basic functions in shaping and directing an employee's attitude and behavior towards achieving his or her organizations' objectives. However, it has been argued that employees cannot always be relied on to behave in the best interests of the organization because they are sometimes unable or unwilling to act (Merchant and van der Stede, 2003). So managers are required to play the role of a guardian to prevent the occurrence and the persistence of undesirable behaviors and to encourage desirable behaviors. Thus, to prevent undesirable behavior as well as promoting desired attitudes among employees, Merchant & Van der Stede (2003) suggested personnel and cultural controls as one of the mechanisms can be employed to produce desired results.

Personnel controls build up employees' natural tendencies to control and motivate themselves, and serve three basic purposes. First is to ensure that each employee understands what the organization wants. Second is to ensure that each employee has enough capabilities (such as experience, intelligence) and resources (for instance, information and time) to perform a good job. Third is to increase the possibility that each employee will engage in self-monitoring that pushes the employee naturally to be committed to perform a good job in achieving the organizational goals. In addition, self-monitoring produces conscience that leads employees to do what is right and derives positive feelings of self-respect and self-satisfaction when they deliver a good job that leads to organizational success. Self-monitoring has been labeled differently under various literature, including self-control, intrinsic motivation, ethics and morality, trust, and loyalty.

As a method of implementing personnel controls, the selection and placement of people require the right people to do a particular job, the provision of a good work environment and the necessary resources, all of which increase the probability that a job will be done properly. This is the foundation for achieving good results when selecting and placing staff in an organization. In addition, education, experience, past successes, personality, and social skills are the predictors found in the past studies that contribute to the achievement of excellent selection and placement control objectives. Next, training is another common way to help ensure that employees do a good

job. Training especially has positive motivational effects because it provides a greater sense of professionalism when the employees have an interest and truly understand what their job is all about.

## **The Case Background**

The La-Resort<sup>1</sup> is located at the northern part of Malaysia. The hotel was established in the early 1990s, with accommodation of 100 rooms situated on a three-hectare site located along 400 meters of beachfront. Initially, it was a foreign-owned three-star hotel and has 103 staffs. In early 2000, the hotel was taken over by a Malaysian businessman with the total acquisition value of around RM 18 million, and then another RM five million was spent on upgrading the hotel. The hotel now has 118 rooms, bungalows and villas, and is managed by 130 staff, including 11 management-level personnel. With the upgrading and innovation done, the hotel has now gained a four-star status. Rather than contract a professional management company, the hotel is managed by the owner who makes monthly visits. Most of the resort's guests are from overseas, such as Sweden, Russia, Germany, and Switzerland. It also receives guests from the Middle East and a small number of local visitors. The average occupancy rate for the low season (April and May) is around 60 percent, but during the peak season (November to February), the resort is able to achieve nearly 100 percent occupancy rate.

## **Introduction to Environmental Management Practices at the La-Resort**

The key player and driver behind the green resort setup is the current owner of the hotel. Nurturing a passion for outdoor life and nature, he embarked on a career in the tourism industry in his youth. A passionate outdoor adventurer, his concern for nature has led him to develop eco-tourism projects. He is also a regular presenter at both national and international conferences and seminars on eco-tourism, and is regularly called upon for consultation and advice. As a result of his efforts in promoting eco-tourism locally and internationally, he had been appointed positions in travel, congress and convention associations. Based on his experience with eco-tourism, it was natural for him to seize the golden opportunity in buying The La-Resort from the previous property owner. Years of interest and experimenting in green practices has allowed him to formulate and implement these at his newest resort.

## **Changing to Environmental Management Practices**

When the hotel was first purchased, the owner did not make drastic changes to the hotel's management systems. He maintained the existing systems without introducing green practices. However, over time, his concerns with the hotel's cleanliness and sanitation led him to instruct and monitor the staff in maintaining the hotel's compound. From the sanitation and hygiene concerns, the hotel developed four 'R' concepts (i.e. Reduce, Reuse, Recycle, and Rethink) that guide the maintenance work and enhance the hotel's cleanliness. Consequently, the four 'R' concepts flourished and became the basis of the hotel's environmental management practices.

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<sup>1</sup> For confidentiality agreement, the name remains anonymous.

The hotel relatively able to operationalize the concept of a green business in their day-to-day practices with the Reduce, Reuse, Recycle and Rethink as a guide. This approach has yielded impressive results. Firstly, they have reduced purchasing, partly through the reuse and recycling of old or discarded materials. For example, to reduce waste, glass and jugs are used to provide drinking water during meetings instead of bottled water. Secondly, decorations are made from old furniture, roof tiles and recycled polystyrene, old carpet is reused as soundproofing between rooms, coconut husks as ashtrays and coconut shells as flower pots, while used marble is transformed into signage, used glass bottles into decorations and decorative lamps, and paint pails as watering plant pots, etc. In addition, the staff also incorporates some traditional home care practices in the hotel operations, such as Neem leaves as pesticide and coconut trunks as a termite traps.

To maintain a consistent approach, the hotel has appointed a manager in charge of environmental management practices whose duties are to facilitate and monitor the progress of the hotel's green practices. In order to gain staff support and commitment, a 'green team' was formed with every department represented on the team. The team contributes new ideas to improve the current practices, and also conducts eco-friendly training classes. Thus, the staff is trained in eco-management. In addition, the green team set up the Green Champion Award (GCA) to encourage and recognize the department putting in the most effort towards green practices. The green champion competition considers three areas: department organic garden, creating handicrafts from recycled items, and green decorations. The winning staff receives a token in the form of money, recognition and an award.

Inculcating green practices among the hotel's guests is also part of its agenda. Guests are encouraged to conserve electricity, reduce water usage, and change towels and bed linen only when needed. Environmental awareness and the resort practices are disseminated to guests through the bulletin board, guest information packs, and pamphlets, etc. The hotel now has more than 100 green practices in place. Details of those practices relating to 1) waste management, 2) conservation of water, 3) energy conservation, 4) usage of natural resources, and 5) the resort's social and community programs.

## **Problem in Personnel and Cultural Controls**

### ***Lack of Formalized Working Procedures***

Even though the LA-Resort relatively managed to operationalize its green practices by the support of the owner, there were few issues that hinder the LA-Resort's operation effectiveness and subsequently affect the employees in carrying out and maintaining green practices in their work. Among them, the critical ones are the absence of proper standard operating procedures and lack of human resource capabilities. Standard operating procedures (SOPs), the main guideline used by the organization's staff to perform its functions and activities, especially operational activities, are often lacking or inadequate. The hotel has faced administrative issues that hinder the process of developing and producing practical and efficient SOPs, namely inadequate commitment from the senior management team and insufficient manpower. From the perspective of the top management, achieving profit and reducing costs are the most important tasks, not developing control

mechanisms used to direct and monitor employees' behaviors. As a consequence, the hotel is overly dependent on verbal instructions to employees for its operational tasks. In addition, new employees have often not received a proper explanation on how the systems work, but in most cases they just follow the existing practices, and subsequently these practices become routine. As described below:

Written rules never exist in this hotel, for two years I worked here I have never seen a written policy. Most of the information inside the S.O.Ps for HR is only for administrative processes such as annual leaves, staffs' holiday, and overtime payment. In developing S.O.Ps we always used our own idea, copy from other hotel and adjust so it seems relevant to our hotel context. It was done only based on our logic. (GM secretary)

This experience is supported by a new HR executive:

...as I mentioned earlier, we do not have a code of conduct, but it is actually already there but not complete. All forms were there but we do not have an officer in charge of it. We do not have a specific officer who has the power to monitor this matter. I was in a process to construct new policies that were better than the previous management concept of hotel policy...we try to incorporate green elements this time. (HR executive)

The main contributor to the poor state of the hotel's SOPs is the working procedures are often delayed due to a high turnover among the top management. Several crucial posts, such as sales and marketing director, accounts manager, and financial controller, have been vacant for many years, and within the last five years, the hotel has changed general manager two times. When the new head of department replaces the former officer, they might propose new ideas and/or execute the previous head's plans. However, with such high turnover, the previous plans are often incomplete, as explained by the hotel's admin secretary:

...we have training program last time but it was stopped because our General Manager always comes and goes. When we plan to do something, they appointed a new General Manager and when we go to execute the plan, they are gone.

The same comment arises from a landscape, pool and sustainability executive:

...it happens [lack of formal working procedures] because we always change our G.M.

The policy remains the same but we need to follow the new G.M.'s requirements.

This obstacle to formal, effective, work procedures results in the employees not performing their daily tasks efficiently, and worsens when new staff, especially operational level, join the hotel but take too much time to adapt to the hotel's green practices and procedures. This situation only compounds the strain and workload on the department heads, as they have to deal with extra learning and coaching, especially for new employees who lack the educational background or experience with the concepts of a green hotel. As commented by the junior gardener:

In the beginning, when I start working in this hotel I was little bit confused since I do not know what should I do, but I managed to cope the workload within one month.

This deficiency was admitted by the hotel's new general manager:

In order to ensure the staff's mindset and behavior are in line with green concepts, you need to structure your staff mindset and behaviors through S.O.Ps...My vision is to make sure everything is properly done. If I am unable to achieve it 100 percent, I hope that I will be able to achieve half of it. My current focus is to ensure the S.O.Ps must be in place...if you do not structure your hotel and you do not synchronize your S.O.Ps, it is like you instruct them to work but you do not give them the right tools to perform the jobs.

### ***Issues in Human Resource Management***

The educational level and other criteria, such as work experience, are not the most important criteria in hiring new staffs. However, hiring remains a constant activity at the hotel due to the difficulties it faces in retaining its employees, especially top and middle managers. There are two major reasons why these positions frequently change; firstly because of the location of the hotel, and secondly they receive a better offer. Since all the top managers and several executive personnel are from the mainland, the tendency is for them to return to their hometown after a short time, and staff turnover is certainly higher amongst this group as compared with the local staff.

As an example, the hotel has lost its new sustainability officers, the sustainability head of department, two new biologists and environmental education officer. All these positions were filled by staff from the mainland, and three resigned to obtain new jobs close to their family while one resigned to reduce the traveling. However, despite the absence of critical officers in several departments, such as accounting, hotel housekeeping, marketing manager, and food and beverage manager, and the lack of formal working procedures, the hotel is still able to maintain its green practices.

### **Conclusion**

While the evidence has shown that customers' demands have influenced the resort to implement EMPs, most of the green practices were initiated for cost-saving purposes and as a competitive advantage. Conversely, the resort still experiences some impediments to its EMPs. It does not have proper policies and procedures for environmentally friendly operations for all departments, and the shortage of staff, especially in vital departments such as accounts, sales and marketing, and housekeeping, does not enable to effective control mechanisms. Consequently, the lack of these important elements hinders the employees to effectively sustain green practices in their work. Thus, effective control mechanisms can be employed in enhancing employees' motivation to maintaining EMPs in the resort.

### **Selected Main References**

Merchant, K.A., & van der Stede, W.A. (2003). *Management control systems*. UK: Prentice Hall.  
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**Discussion Questions**

1. By employing the personnel and cultural controls, provide the suitable and/or practical solutions to the La-Resort to overcome its management problems.
2. As per described by the case write up, why La-Resort is relatively able to maintain its green practices even though it has missing few critical components (i.e. issues in improper S.O.P and lack of human resource capabilities)?