

teaching note

Leadership, Ethics, Human Resources, and the External Environment: A Case Study on Resort Turnaround, New Management, and Land Disputes

Summary

Equis Resort is an independent boutique resort in rural South Carolina. It was built in 1952 and purchased by the current owners, an elderly couple now in their seventies in 1971. The resort needed new management to reposition and turnaround the resort's financial performance which had suffered. Declining revenues for several years including a significant economic decline nationally and locally in the last two years. Equis has hired Enchantment Resorts, a boutique resort development and management company, to complete the turnaround as well as a golf course construction project. The golf course project is under construction using land owned by Equis Resort as well as land contributed by several adjacent land owners.

The case takes place in year one of the ten-year management contract. One of the contributing landowners demands he receive a \$500,000 cash payment or he will remove his land from the project. The owner had been offered fair market value for the land, which was rejected. The final contract for the contribution of the owner's land had not been signed. This contractual issue is threatening the completion of the golf course project.

The management company, Enchantment Resorts, was asked by the owners to approach the local government about enacting an eminent domain proceeding on the disputed property. Enchantment Resorts has a management philosophy to match their management staff with the needs of the contract. Ms. Smith was brought in by the corporate office for the position of VP of operations for Equis Resort. While she receives support from the parent company, she is the onsite representative that is tasked with addressing the four practical challenges presented in this case study.

The practical challenges of this case address students' critical thinking in each area. The challenges are supported by the theoretical concepts in the teaching notes and the discussion section of the case study. They relate back to strategies reviewed in the course content and individual mini case studies reviewed weekly, in leadership, human resources, ethics and the external environment. The students have completed study of the text, *Leadership and Management Strategies in the Hospitality Industry* (Woods and King, 2010) with additional support from mini case studies in *Hospitality Management Strategies* (Nykiel, 2005).

Additional Suggested Readings For The Students Include:

Leadership concepts (Leadership-Central.com, 2016; Air University, n. d.; Taskworld, 2016);

Eminent domain (United States Department of Justice (2015), The Free Dictionary (2017), and Legal Dictionary (n. d.));

Supplemental information on how to deal with human resource issues (Gandolfi, 2008; Risher, 2012; The Wharton School of the University of Pennsylvania, 2012);

External environment and how it influences organizations (Qureshi, 2014; Tutor2u, 2015).

Learning Outcomes

The learning objectives for the case stem from the practical scenario that allows students to apply knowledge gained in foundation business and hospitality management courses and the hospitality management capstone course for decision making and solution implementation in the four concept areas: leadership, ethics, human resources and the external environment. In completing the case study questions and follow up discussions the student should be able to:

- Apply management and leadership knowledge to analyze the leadership challenges presented in the case and formulate solutions to the challenges.
- Evaluate relevant ethical issues and recommend appropriate ethical actions for two ethical issues presented in the case.
- Analyze the human resource issues presented in the case and present solutions to best impact a positive outcome for relevant stakeholders.
- Evaluate the external environmental impacts from economic, legal/political and sociocultural areas and provide solutions to mitigate the impact.
- Provide a summary synthesizing the solutions from the four areas that will reach the organizations goals.

Target Audience

The case study was written for the senior level capstone course in hospitality management. The case study teaching notes would be appropriate for junior or senior level hospitality courses using existing textbooks. The case study could be used in graduate level courses by introducing a more rigorous grading rubric and additional suggested scholarly readings.

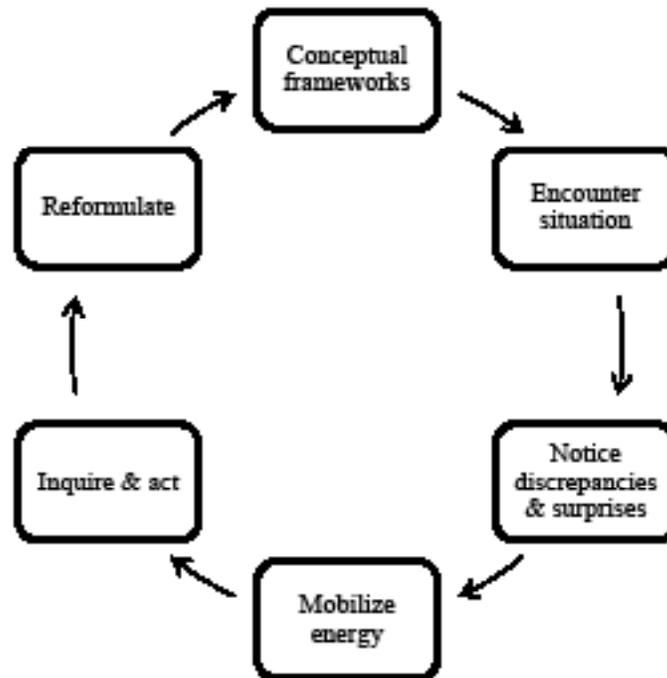
Teaching Approach and Strategy

The Harvard Business School introduced the case study approach in 1908 (Harvard Law School, 2017). The idea is to integrate knowledge and action, and to enhance discussion and promote thinking as well as develop critical thinking skills and an ability to make informed decisions (Lundberg and Young, 2009). Lundberg and Young (2009) describe the three-reading method to learn effectively from case studies using these steps:

- Read the case to become familiar with the case characteristics including the what, why and how.

Figure 1

The Case Study Method



- Reread the case very slowly for the facts and details (the whats).
- Then relook at the how and why.
- And finally use this information to answer the case questions.

Lundberg and Young (2009) developed a figure to represent the case study method (figure 1):

Applicable case studies from Hospitality Management Strategies (Nykiel, 2005) and other sources are introduced throughout the semester. The cases are less complex than this one but follow the same case study reading approach. Typically, the faculty member will present two cases to the students. Half the class takes one and the other half the second. Each student analyzes their case and answers the associated questions. The ideal class size for this case study is fifteen to eighteen students. Larger classes may be accommodated by increasing the group size to four or five, however the individual's presentation and discussion of their solutions will be reduced. Three students per group generally allows adequate time. During the next class period, each case group is broken into groups of three students. Students share their answers to the case study questions with their group mates. The group then comes to a consensus regarding the answers and presents their response to the class. Class discussion ensues.

Class discussions introduce ethical standards as defined by Woods and King (2010), the Daniel's Fund Ethics Initiative Principles (2017) and Steven Covey's Principle Center Leadership (1991) as well

as through additional related hospitality management case studies.

Students encounter this case study capstone exercise in the final two weeks of the semester in a 400-level hospitality course. Students have spent the semester discussing the text "Leadership and Management in the Hospitality Industry" (Woods and King, 2010). Discussion includes additional emphasis in the areas of ethics, human resources, and external environment on leadership, management and decision-making.

The capstone case study provides challenges for Ms. Smith, VP of Operations regarding leadership, ethics, human resources, and external environmental factors.

The course introduces the ethical component through selected excerpts from Ethics in the Hospitality and Tourism Industry (Lieberman & Nissen, 2008) on general ethical philosophies and selected case studies. Students also engage with Daniel's Fund Ethics Initiative Principles (2017) within this course. The external environment and human resource information is introduced through the Woods and King (2010) readings.

Often, students do not understand the concept of eminent domain. This means they may require additional discussion to be ensure comprehension of the concept. Examples of eminent domain are extremely useful and outside articles or videos can help present the concept, as well. Two current sources are Because We Can Doesn't Mean We Should (Harris, 2015) and an informative video Donald Trump: Eminent Domain is a "Wonderful Thing" (Fox News, 2015).

Instructors using this case may draw on a variety of outside articles and foundation courses in their respective programs for supplemental information to be sure the students are prepared for the four practical challenges concepts. Students are expected to have several outside resources supporting their arguments.

The in-class presentation of group analyses, the introduction of (and dialogue regarding) other student groups' analyses, and the instructor's comments throughout provides ample opportunity for feedback. Such comments and pointers will hopefully help students internalize the strategies used within the four areas addressed by this case study, as well as develop skills in applying and using the case study reading method.

In terms of the development of skills to benefit the program graduates within the industry and the general workforce, the understanding and use of management leadership skills, ethical reasoning and behavior, and human resources skills are evident throughout this exercise. The idea is to be able to recognize critical factors and potential options for resolving issues relevant to the field of hospitality management.

Teaching Objectives

Faculty developed this capstone-level case study as part of the final assessment for learning in a Hospitality Management Capstone course, HMGT 470: Hospitality Leadership and Management Strategies. The HMGT students at this level have taken several prerequisite and foundation courses. These courses include Management and Supervision, Principles of Management, Organizational Behavior, and Human Resources. The Daniel's Fund Ethics Initiative Principles (2017) and other, general ethical philosophies and practical case studies have been integrated into all hospitality management and most business courses.

Instructors can assign additional readings and eminent domain, PESTLE environmental analyses, and other ethics/philosophy articles.

Based on course content, the students should be able to analyze and provide strategic assessment for the practical case. They are asked to follow the process indicated by Young and Lundberg (2009) described above and to answer discussions independently. The students receive the case study in the form of introduction, case overview, discussion questions and the case study rubric. The group then reviews the case and the answers given by their group mates and comes to a consensus on the best answers to the discussion questions posed at the end of the case study. During the next class session, the groups present these responses to the class and engage in discussion. The instructor then brings in other relevant information and solutions for discussion.

Discussion Questions

Students should be prepared to identify the key issues and give solutions to the following including, and include their reasoning. The assignment will have a minimum of 2,500 words (approx. 500 words per question), professional written in APA format.

- **Leadership**
 - a. What are the major leadership challenges for the VP of Operations?
 - b. What were leadership failures, if any, in the case?
 - c. What leadership traits would be necessary to resolve the challenges and why?
 - d. How would you as the leader?
 1. Have avoided the failures?
 2. Outline your leadership solutions and why?
- **Ethics**
 - a. What do you see as the major ethical dilemmas in this case?
 - b. How would you address them and why?
- **Human Resources**
 - a. What are the major human resources issues?
 - b. How would you address them and why?
- **External Environment**
 - a. Describe the external environmental factors in the influencing case? (Legal/Political, Economic, Socio-Cultural, etc.)
 - b. What can the VP do to mitigate or use these environmental factors to reach the resort's goals?
- **Summarize how you integrate the four previous questions in reaching the stated organizational goals.**

The group-level discussion of the case study, the group presentations of case study problems and solutions, and the instructor recap of the case study take two class periods to complete. This can be broken down as follows:

Class period one – 75 minutes

- Groups are assigned from 3-5 students. Group leaders are designated. Groups receive the blank rubric document. Individual students present and discuss their solutions. – 40 minutes
- Group leaders lead the discussion and record a consensus based on best solutions. – 35 minutes

Class period two – 75 minutes

- Individual solutions assessments are returned to students. Groups present to the class. – 50 minutes
- Instructor recap. – 25 minutes

The students complete the case study assignment (discussion questions) and turn it in online prior to the first in-class discussion. Two additional class periods are dedicated to process discussion of the case study. Students are asked to bring a hard copy of their paper to class and to be prepared to explain and debate their answers in small groups.

During the next class period (75 minutes), students are put into small groups, the group members then present and debate their solutions, hopefully coming to a group consensus on the best solutions for

the four challenges.

The instructor walks around the room to help direct and explain various aspects of the case. The students generally do a very good job identifying the issues, but struggle with creative solutions. This can be encouraged by the instructor as they interact with groups. The final minutes of the class session are used to discuss the group presentations for the next class period.

During that next class period, groups have up to ten minutes to present their solutions. The instructor lists the solutions on the white board including similar solutions other groups share. The instructor provides a recap of the case in the remaining class time. The final recap emphasizes the overall best practices for the four practical scenario challenges.

Individual Discussion Questions – Assessment of Responses

The instructor completes the assessments of students' papers based on the course objectives. The papers are returned to the students for a final review on the second day of in-class discussion and group presentations.

Rubric

The rubric supplied to students reiterates the case study reading method. (Students are expected to follow this process.) The rubric then breaks the discussion question prompts (outlined in the Discussion Questions section of these Teaching Notes) into the four main factors (leaderships, ethics, human resources, external environment), emphasizing how these relate to the theoretical concepts presented in the course, and earlier case studies and the summary component, with assigned maximum point values. Student scores can range from 0-20 points and have score categories ranging from Unacceptable to Excellent. A sample rubric can be found in Table 1.

Suggested Answers to Discussion Questions

Leadership

Addressing these questions should involve discussion of the need to balance the staff, ownership, landowners, and community interests to reach the organizational goals of the stated stakeholders. Students should give specifics in these areas, e.g., staff being happy, engaged, and productive.

The owners of the company who originally put the golf course deal together did not follow through on the final signing of the contract with one of the owners. The issue was then transferred to the management company and the owners asked the management company to try to convince the city to enact eminent domain over a private asset, creating issues with the VP of Operations and the local government.

The VP of Operations needs to have strong personality leadership traits such as self-confidence, honesty, and integrity. She will need strong critical thinking and problem-solving skills, knowledge

of similar situations (and how they were resolved), and outstanding judgement. She should be able to use critical thinking to make decisions, as well. Additionally, she needs excellent social skills as well as the ability to cooperate and drive consensus with tact and diplomacy. A discussion on conceptual, technical and human skills may be incorporated into the theoretical concepts presented in the course.

Students' answers will vary, but should focus on the characteristics and skills necessary for effective leadership and the development of solutions (as identified above).

Ethics

Ethical issues that arise in this case study include the management company's request to push the local government to enact eminent domain regarding the contractual issue for the golf course property. Additionally, students need to consider the potential risk of staff and community welfare should owner and management company objectives override factors of social well-being.

Students' answers will vary but instructors should expect students to be able to look at how eminent domain may not be in the best interest of all stakeholders (even if it is a legal option) and provide analysis of the ethical predicament and indicate potential solutions.

Human Resources

The diminishing morale of the staff could reduce productivity, guest service effectiveness, increase turnover, and ultimately influence the success of the resort. Owners and management have subjected the staff to extreme stress and asked them to operate with a lack of adequate budgets to further the overall viability of the resort.

Students' answers may vary here but they should address specifically how they would handle the human resources issues that they identify. Ideas may include more transparent communication on what is happening with the golf course issues as well as communicating how the golf course will affect the long-term viability of the resort which in turn affects all stakeholders. The short-term sacrifices by employees will be rewarded once the golf course is completed and the turnaround is accomplished.

External Environment

External factors in this case study include negative economic impacts (e.g., from the recent, sharp economic downturn in the region), legal /political impacts (e.g., from dealing with local governments and the issue of eminent domain), and social/cultural/environmental factors (e.g. the transformation of largely agricultural land to a golf course, dealing with a small rural community, impacts on local stakeholders). About economic factors, the VP of Operations has several options here including but not limited to analyzing the impact of these factors on both the resort and the surrounding local community. She could then bring in all stakeholders to discuss workable solutions for new sources of revenue, budget cuts, etc.

Table 1

Capstone Case Study Rubric

CAPSTONE CASE STUDY RUBRIC (100 POINTS)					
<p>Case study reading method steps:</p> <ol style="list-style-type: none"> 1. Read the case to become familiar with the case characteristics including the what, why and how. 2. Reread the case very slowly for the facts and details (thewhats). 3. Then relook at the how and why. 4. And finally use this information to answer the casequestions. 					
	<p>EXCELLENT 18-20 POINTS Answers all sections of the questions in detail relating to concepts learned during the course. Answers are clear and concise and show creative critical thinking.</p>	<p>GOOD 16-17.9 POINTS Answers all sections of the questions relating to concepts learned during the course. Answers are provided with adequate and competent rationale for solutions.</p>	<p>ACCEPTABLE 14-15.9 POINTS Answers all sections of the questions relating to concepts learned during the course. Answers are provided with some rationale for solutions.</p>	<p>NEEDS IMPROVEMENT 12-13.9 Doesn't answer all questions and doesn't provide adequate solutions.</p>	<p>UNEXCEPTABLE 0-11.9 POINTS Did not address questions or provide adequate solutions.</p>
<p>I. Leadership (20 points)</p> <ul style="list-style-type: none"> • What are the major leadership challenges for the VP of Operations? • What were leadership failures, if any, in the case? • What leadership traits would be necessary to resolve the challenges and why? • How would you as the leader? • Have avoided the failures? • Outline your leadership solutions and why? 					
<p>II. Ethics (20 points)</p> <ul style="list-style-type: none"> • What do you see as the major ethical dilemmas in this case? • How would you address them and why? 					
<p>III. Human Resources (20 points)</p> <ul style="list-style-type: none"> • What are the major human resources issues? • How would you address them and why? 					
<p>IV. External Environment (20 points)</p> <ul style="list-style-type: none"> • Describe the external environmental factors in the influencing case? (Legal/ Political, Economic, Socio-Cultural) • What can the VP do to mitigate or use these environmental factors to reach the resort's goals? 					
<p>V. Summary (20 points)</p> <ul style="list-style-type: none"> • Summarize how you integrate the four previous questions in reaching the stated organizational goals. 					

The legal and political factors are challenging for students to address but a foundational understanding of eminent domain is very useful for the students. Options such as holding a briefing and planning session for how an argument for eminent domain could be presented to the city council, including potential consequences, could be considered. Students should present a thorough analysis of the major stakeholders in the community and an understanding of the public relations impact of an attempt at eminent domain for a private enterprise. They should indicate the necessity of a coalition in favor of an eminent domain case within the community if there is to be any chance of success.

Summary

Within their summary, the instructor should look for the students' ability to synthesize the four main factors addressed by this case study into a rational, practical, and cohesive solution. Students should produce a plan, addressing these factors, to support the institutional goals: rebrand and reposition the resorts, keep staff happy, complete the golf course project, and achieve financial success for stakeholders.

Suggested Additional Assigned Content

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