

Prevention Philosophy

1.1 The Future Hospitality Manager and the Legal Environment

“Hospitality law is a legal and social practice related to the treatment of a person’s guests or those who patronize a place of business. Related to the concept of legal liability, hospitality laws are intended to protect both hosts and guests against injury, whether accidental or intentional.”¹ In other words, hospitality law is the body of law relating to the foodservice, travel, and lodging industries governing the specific nuances of transportation, hotels, restaurants, bars, spas, theme parks, country clubs, conventions, events, meetings, and more.

Hospitality managers must be multitasking individuals. In addition to knowledge of their own designated area of expertise, such as food and beverage, marketing, accounting, or rooms management, hospitality managers are often called on to assume specialized roles, such as employee counselor, interior designer, facility engineer, or computer systems analyst. Given the complexity of the modern business world, it is simply a fact that the skill level required for success today in this field is greater than it was in the past.

Hospitality management has always been a challenging profession. Whether in a casino, a school lunch program, a five-star hotel, a sports stadium concession program, a music festival, or myriad other environments, hospitality managers are required to have a breadth of skill not found in many other areas of management. Hospitality managers are in charge of securing raw materials, producing a product or service, and selling it—all under the same roof. This makes them very different from their manufacturing counterparts (who are in charge of product production only) and from their retail counterparts (who sell, but do not manufacture, the product). Perhaps most important, the hospitality manager has direct contact with guests, the ultimate end users of the products and services supplied by the industry.

Additionally, hospitality managers are called on frequently to make decisions that will, in one manner or another, impact the legal standing of their employers. Robert James, founder of one of the largest hotel contract management companies in the United States, once estimated that 60 to 70 percent of the decisions he made on a daily basis involved some type

CHAPTER OUTLINE

- 1.1. The Future Hospitality Manager and the Legal Environment
- 1.2. The Hospitality Manager and Legal Management
- 1.3. Ethics and the Law

IN THIS CHAPTER, YOU WILL LEARN

- 1. Why the study of laws related to hospitality is important.
- 2. The historical origins of the law and its evolutionary nature.
- 3. A philosophical framework to help prevent legal difficulties before they begin.
- 4. How to evaluate management actions on an ethical basis.

¹https://en.wikipedia.org/wiki/Hospitality_law

of legal dimension. This is not to say that a hospitality manager needs to be an **attorney**. He or she does not. However, the decisions made may or may not increase the organization's chance of needing the services of an attorney.

Consider the situation in which a hospitality manager is informed that a guest has slipped and fallen in an area of the dining room containing a salad bar. It appears that the guest had been serving himself and slipped on a piece of lettuce dropped by a previous guest. Was this a simple accident? Could it have been prevented? Is the restaurant responsible? What medical attention, if any, should the manager be prepared to provide? What if the injuries are severe? Should the restaurant be held responsible? Can the restaurant manager be held personally responsible? Most important, what should the manager actually do when the incident is brought to his or her attention? What, if anything, should the employees do? Who is responsible if the employees were not trained in what to do?

From this example, it is clear that the hospitality manager is in a position to profoundly influence the legal position of the operation. Day after day, in hundreds of situations, the actions of hospitality managers will influence the likelihood of the business or the manager becoming the subject of **litigation**.

There is a unique body of law relating to the foodservice, travel, and lodging industries. These laws have developed over time as society and the courts have sought to define the relationship between the individual or business serving as the host and the individual who is the guest. This textbook will give you up-to-date information on the most important of those special laws and relationships. That is not to imply, however, that this book is designed to make you a lawyer. What it will do, if you use it properly, is train you to think like one. It will teach you to consider carefully how the actions taken by you and those you work with will be viewed in a legal context. The industry's very best legal educators, hospitality managers, writers, and reviewers have created this book especially for you. They all speak with one voice when they say, "Welcome to the exciting world of hospitality management!" As an industry, we need your skill, ability, and creativity. This textbook, if studied carefully, will help you become the hospitality manager you deserve to be and that our industry and guests require you to be.

1.2 The Hospitality Manager and Legal Management

Jack P. Jefferies, who served for more than 20 years as legal counsel for the American Hotel and Lodging Association

(AH&LA), has stated: "Over 135,000 new federal and state laws are issued annually, as well as hundreds of thousands of federal and state administrative rules."² With this much change in the **law**, some believe that the topic is too complex to learn in an introductory course or from one book. In addition, they would argue that because the law is constantly changing, even if an individual learned the law today, his or her knowledge would be out of date in a very short time.

Although these positions are understandable, they argue for, not against, the future hospitality manager's study of legal management.

Although the law is indeed complex, certain basic principles and procedures can be established that will minimize a manager's chances of encountering legal difficulty. Since it is possible to prevent legal difficulty by anticipating it beforehand, it is less important to know, for example, the specific rules of food safety in every city than it is to know the basic principles of serving safe food. No one, not even the best lawyer, can be expected to know everything about every area of the law. In the same way, hospitality managers are not required to have a comprehensive knowledge of every law or lawsuit that impacts their industry. What they must know is how to effectively manage their legal environment. To begin this journey, it is important to grasp three key concepts:

1. Laws have historical origins, and managers need to know them.
2. Laws have an evolutionary nature, based on changes in society.
3. It is possible to use a philosophy of preventative management to manage the legal environment and minimize the chances of litigation.

Historical Origins of the Law

Common law and **civil law** are the two major systems of law in place in the Western world. Common law is the body of law that has descended from the law created in Great Britain and is used in the United States and most countries in the British Commonwealth. Civil law is descended from the law created in the Roman Empire and is used by most Western European countries, as well as Latin America, Asia, and Africa. Although both legal systems certainly defy oversimplification, it can generally be said that common law comes from reviewing past litigation that has been decided by the courts. It is greatly interested in

² Jack P. Jefferies, *Understanding Hospitality Law*, 3rd ed. (East Lansing, MI: The Educational Institute of the American Hotel and Lodging Association, 1995).

LEGALESE

Attorney: Any person trained and legally authorized to act on behalf of others in matters of the law.

Litigation: The act of initiating and carrying on a lawsuit, often used to refer to the lawsuit itself.

Law: The rules of conduct and responsibility established and enforced by a society.

Common law: Laws derived from the historical customs and usage of a society and the decisions by courts when interpreting those customs and usages.

Civil law: The body of law (usually in the form of codes or statutes) created by governmental entities that are concerned with private rights and remedies, as opposed to criminal matters.

precedent or what has been decided in previous court cases with similar situations or facts.

In civil law, decisions evolve based on written laws or codes. Judges in civil law feel less bound by what others have decided before them and more compelled by the law as it has been established by government bodies. Given the nearness of countries within Europe and the influence of the British Empire, it is no wonder that these two great legal systems frequently operated in close proximity, which has often blurred their distinctions. Interestingly, the term *civil law* is actually used in the common law system to refer to private law (or private disputes), as opposed to public or criminal matters.

Common law developed in England following the Norman Conquest. In common law, the principle of **stare decisis** is followed. A decision made by a higher court must be obeyed by all lower courts. In this manner, citizens know which actions are legal and which are punishable. Essentially, the purpose of the common law was to interpret and enforce rules related to the granting of land by the British monarchy to those subjects deemed worthy of such land grants. The barons who received this land would often grant parts of it to those they felt were deserving. The courts that were created at this time were charged with overseeing the peaceful resolution of disputes regarding land, inheritance, marriage, and other issues related to land grants.

Between 1765 and 1769, an Englishman, Sir William Blackstone, wrote four volumes he titled the *Commentaries*. In these books, Blackstone sought to compile a general overview of all the common law of his time. Blackstone's work formed the basis for much of the law in the New World, as his work migrated there with the English colonial settlers. Laws related to those in the hospitality industry were, of course, included.

Despite the anger against Britain that resulted in the Revolutionary War, the colonists of the soon-to-be United States embraced the common law as their favored rules of conduct and responsibility. Blackstone's work was widely used as a textbook in the law schools of the new country, and it influenced many of its early law students, including Thomas Jefferson, John Marshall, James Monroe, and Henry Clay. Inevitably, succeeding generations throughout the history of the United States have taken the common law as they have found it and modified it to meet the needs of their ever-changing society.

Evolutionary Nature of Common Law

It should come as no surprise that a rapidly changing society will often revise its rules of conduct and responsibility. This is true in society as a whole and in how society views the

hospitality industry. In the United States of the 1850s, obviously, one would not have been expected to find a law requiring a certain number of automobile parking spaces to be designated for people with disabilities seeking to enjoy an evening meal at the town's finest restaurant because the world in that era contained neither the automobile nor the inclination of society to grant special parking privileges to those who were disabled. In today's society, we have both. What changed? First, the physical world changed. We now have automobiles along with the necessity of parking them. More significant, however, is the fact that society's view of how people with disabilities should be treated has changed. Parking ordinances today require designated "disabled" parking spaces, generally located close to the main entrances of buildings to ensure easy access. Not only is it good business to have such spaces, but current laws also mandate that the hospitality manager provide them.

Another example of evolving law is that certain state laws now allow their citizens to use cannabis oil, hemp oil, and other related substances that have historically been and are still on the federal list of prohibited drugs for consumption. Consumption is sometimes regulated and restricted to medicinal purposes, but some states have legalized or decriminalized the use of cannabis or marijuana for personal recreational purposes. Hospitality managers need to be familiar with their own state's laws and how these laws affect operations and employment situations.

In this case, parking requirements grew out of a law created at the federal government level. The law is called the **Americans with Disabilities Act (ADA)**. This act, and its many applications to hospitality, will be discussed in greater detail in Chapters 7 and 10, "Legally Selecting Employees" and "Your Responsibilities as a Hospitality Operator to Guests." It is mentioned here to illustrate that laws evolve just as society evolves. Changes in society lead to changes in the law.

Search the Web 1.1

Go to the Internet. Search for categories related to laws regulating tobacco use and sales in your state, city, and/or county.

Assignment: Draft a one-paragraph essay summarizing the laws governing tobacco use in your state. Are there any special stipulations that a hospitality manager would especially want to be aware of (such as the designation of smoking and non-smoking areas in a restaurant or public lobby)? How is vaping addressed in the law?

LEGALESE

Stare decisis: The principle of following prior case law.

Americans with Disabilities Act: Federal legislation (law) that protects the rights of people with disabilities so that they may be treated fairly in the workplace and have access to places of public accommodation, such as hotels, restaurants, and airplanes.

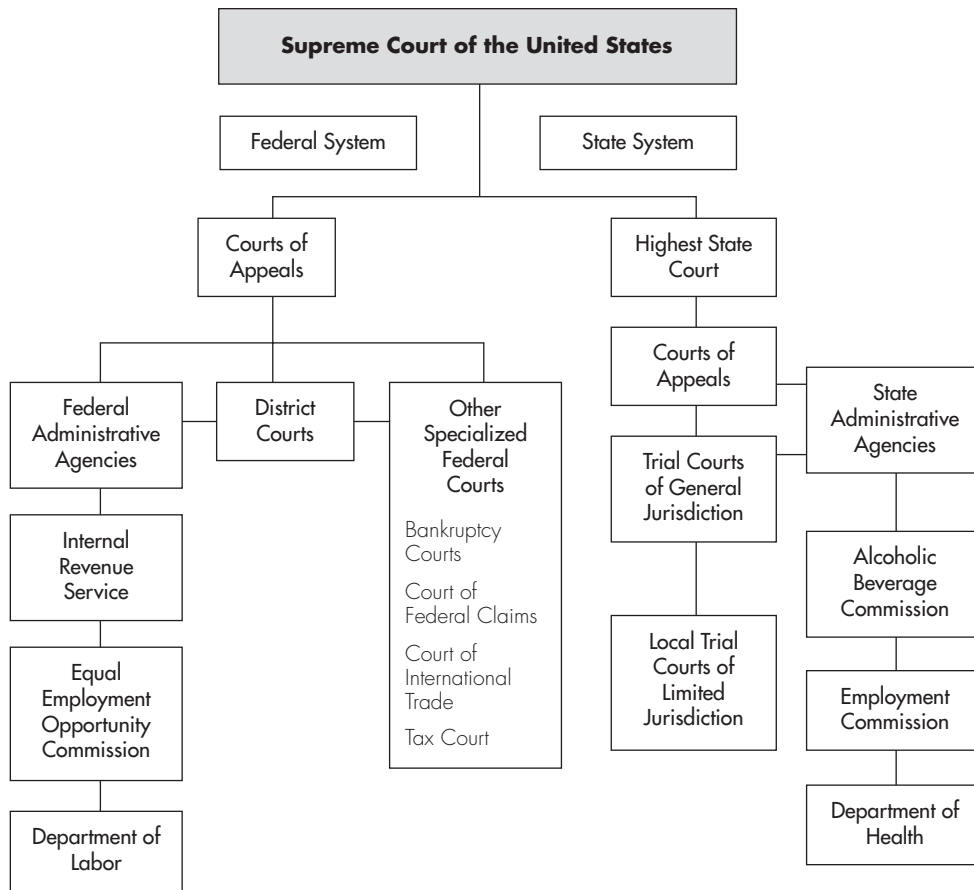


FIGURE 1.1 The U.S. legal system.

Laws in the United States may be enacted at the federal, state, and local levels (see Figure 1.1).

At each of these levels, the laws reflect the changing desires of the citizens and their elected officials. Because society includes members who operate hospitality facilities, **hospitality laws** created and modified by society impact those who work in the hospitality industry.

Preventative Legal Management

Future hospitality managers will encounter laws that do not currently exist. How, then, can they be expected to operate their facilities in full compliance with the law throughout their career? Just as important, how can they be expected to manage these facilities in a way that will minimize their chances of doing something illegal? The answer is not to attempt to monitor every legislative body empowered to enact law. The answer is to operate hospitality facilities in a way that combines preventative legal management with sound ethical behavior and smart judgment.

LEGALESE

Hospitality law: Those laws that relate to the industry involved with the provision of food, lodging, travel, meetings, events, and entertainment services to its guests, employees, vendors, and clients.

Lessons from the Medical Field In the medical field, it is widely agreed that it is better to prevent a serious illness beforehand than to treat it after the fact. For example, doctors advise that it is preferable to prevent a heart attack through proper diet, exercise, and the cessation of smoking than for a patient to have a bypass operation after a heart attack has occurred. In the case of prevention, the doctor advises the patient, but it is, in large measure, up to the patient to put into practice the recommendations of the physician.

In a similar vein, it is far better for hospitality managers to operate their facilities in a way that minimizes the risk of litigation, rather than in a manner that exposes their operations to the threat of litigation.

STEM the Tide of Litigation As noted, the law is not static; in fact, it changes frequently. Managers must stay abreast of these changes so that ultimately, on a daily basis, they integrate their acquired knowledge and awareness of the law into a personal style of management and decision making. The acronym STEM was coined as an easy way to remember the steps in a decision-making process that can assist managers in getting started. It stands for select, teach, educate, and manage. It is presented here as a way of beginning to “STEM” the tide of litigation. The details of how STEM works are included in the box on page 5.

Legally Managing at Work

Applying the STEM Process in Hospitality Management

A process can be implemented that will help reduce employee errors and omissions and, therefore, litigation and liability. The process is called STEM, for *select, teach, educate, and manage*. It works like this:

1. **Select:** Managers can begin reducing litigation by selecting the right employee for the right job. Managers cannot hire “just anyone” at the last minute. Employees must be selected based on specific job qualifications, written job specifications, and information derived from a thorough investigation of the candidate for the position, whether the employee to be hired is a bus person, waitperson, hostess, door supervisor, or line supervisor.
2. **Teach:** Managers must develop proper training methods for employees, including feedback devices such as competency testing, to ensure that the training is effective.
3. **Educate:** Managers must continuously educate themselves so that they know which topics and procedures must be passed on

to employees through effective teaching methods. Effective managers stay on top of all current happenings in the hospitality industry. One useful tool is the industry news and newsletters from www.smartbrief.com. You can sign up for free daily e-newsletters on most industry segment topics. For hotels, see <http://www.smartbrief.com/hotels>, and for restaurants, see <http://www.smartbrief.com/nra>.

4. **Manage:** Effective managers know that if you consistently do things the right way, the chances for mistakes—and, therefore, for litigation—will diminish. Management has been defined as consisting of four functions: planning, organizing, controlling, and motivating. Although all four have legal implications, the STEM process focuses almost exclusively on the motivating function. A manager who creates a supportive work environment will gain the trust and respect of employees, who will then be motivated to do their best work and thus avoid making errors that could result in litigation.

On any given day, the general manager of a hotel or restaurant in the United States will make decisions about hiring, firing, and/or providing benefits to employees. Other daily tasks might include approving a meeting space contract for a major event to be held on the property, an event that involves the service of alcohol. Decisions regarding if and when to add a lifeguard to the pool area, whether to subcontract parking services to a local valet company, and even the uniform requirements of staff, will all be made by the manager. All of these seemingly independent decisions have a significant common denominator—they all have legal implications.

Whether it is opening a restaurant, operating a country club, or hiring a housekeeper, hospitality managers must be aware of the legal implications of each and every decision they make. It is of vital importance that managers resolve to be fair, to operate within the law, and to manage preventatively. On occasions when they do not and a lawsuit results, the courts may hold managers **liable** for their inattentiveness.

This philosophy of preventative management becomes even more important when one considers that a great many litigation matters encountered by hospitality operators have a common denominator: a poorly prepared employee. Injuries and the resulting damage, whether financial, physical, or mental, are usually a consequence of an employee who has not been sufficiently taught to perform his or her duties. He or she might make an omission, such as not cleaning up a spill near a salad bar, or might pursue an activity outside the scope of his or her duties, such as sexual harassment or arguing with a customer. Hospitality managers should also consider specific training in anticipation of likely events surrounding certain services of a

more personal nature, such as spa or massage services. This training should include procedures for proper draping, how to handle intoxicated customers, and when a therapist should cease providing services and walk away.

The recent increasing number of lawsuits is not caused solely by employees, of course. The legal system and some attorneys certainly share the blame. Managers, however, bear most of the responsibility for what has been occurring. When an employee makes a mistake, often it is the result of management error. The wrong person was hired for the job, the duties of the job were not effectively communicated to the employee, the employee was not properly trained, or the employee was not effectively supervised or motivated to do the job properly.

To create an environment conducive to motivation, you must first establish trust and respect. When managers make a commitment to employees or guests, they must follow through. They also must be willing to accept responsibility for their mistakes and to apologize for them when appropriate. Managers must set an example: If managers ask employees to be on time, then managers must also be on time; if managers expect employees to pay for food, beverages, and services, then he or she must also pay for food, beverages, and services. In current parlance, managers must walk the talk!

Finally, all of the planning, organizing, controlling, and motivating in the world will not help if management cannot effectively communicate its vision and plan to the employees who will carry out that vision. The ability to communicate with skill and grace is a critical component of being a successful manager.

Today's culturally diverse workforce will require diverse motivating techniques. Remember that different people are motivated by different incentives. Money is a perfect example. To some, it is a strong motivating factor; others would prefer more time off instead of additional pay. Managers must know their employees and

LEGALESE

Liable: To be legally responsible or obligated.

determine—by asking them, if need be—what will motivate them, both as individuals and as a work team. Examples of possible motivational efforts include the following:

- A sales contest with a significant prize
- A parking space with recognition for the employee of the month
- A 50 percent discount on meals at the restaurant
- A card on their birthday
- A written “pat on the back” for a job well done
- Taking the time to ask employees how their day was
- Involving employees in setting goals
- Seeking employee input in developing work schedules
- Listening to employees’ concerns

All of those listed and others are the types of activities a manager should undertake to build the trust and loyalty of employees. If a consensus can be reached on what to do and how to do it, the motivating task becomes much easier.

The goal of STEM is to reduce employee mistakes. By continually encouraging and rewarding good performance, managers can create an environment that will, in fact, reduce the

number of times employees make mistakes. Remember that even if a goal is reached, the efforts of the individual or group still might merit praise. In other words, managers should try to catch their employees doing something right instead of trying to catch them doing something wrong.

It is not possible to manage effectively while sitting behind a desk. Effective managers know that “management by walking around” is alive and well, particularly in a service industry such as hospitality. Of course, an important part of managing is the ability to motivate employees. As much as managers would like all employees to come to the job every day brimming with enthusiasm, the fact is, too often, just the opposite is true. A significant number of employees may dislike coming to work, their jobs, their situation in life, and much more. They must be motivated to perform at the level management has targeted in order to exceed management’s own expectations, and, more important, those of the guest.

To recap the STEM process: Select, not just hire, the right employee for the right job; continuously teach employees while creating a training trail; educate management; motivate staff in a positive and nurturing manner. All these efforts will help foster loyalty and goodwill, while reducing the likelihood of litigation.

Analyze the Situation 1.1

A fellow supervisor confides in you that he has been arrested for a second time in two years for driving under the influence of alcohol. His current case has not yet gone to trial. This supervisor is responsible for the late-night closing of the restaurant in which you both work.

1. Should you discuss this situation with the restaurant’s general manager?
2. After reading the next section on Ethics, has your answer changed?
3. Which aspect of STEM is relevant here?

1.3 Ethics and the Law

It is not always clear whether a course of action is illegal or simply wrong. Put another way, an activity might be legal but still be the wrong thing to do. As a future hospitality manager who seeks to manage his or her legal environment and that of other employees, it is important that you are able to make this distinction.

Ethics refers to the behavior of an individual toward another individual or group. Ethical behavior refers to behavior that is considered “right” or the “right thing to do.” Consistently choosing ethical behavior over behavior that is not ethical will go a long way toward avoiding legal difficulty. This is true because hospitality managers often will not know what the law requires in a given situation. In cases of litigation, juries may have to make determinations of whether a manager’s actions

were ethical or deliberately unethical. How juries and judges decide these questions may well determine their view of a manager’s liability for an action or inaction.

Although it is sometimes difficult to determine precisely what constitutes ethical behavior, the following seven guidelines can be very useful when evaluating a possible course of action:

1. *Is it legal?* Does the law or company policy prohibit this activity?
2. *Does it hurt anyone?* Will this action negatively affect any stakeholders?
3. *Is it fair?* Is it fair to all the stakeholders?
4. *Am I being honest?* Are you being honest with yourself and with the company?
5. *Would I care if it happened to me?* Would it bother you if you were the recipient of the action?
6. *Would I publicize my action?* Would you be embarrassed if stakeholders became aware of your action?
7. *What if everyone did it?* Could the business effectively operate in an equitable fashion?

LEGALESE

Ethics: Choices of proper conduct made by an individual in his or her relationships with others.

Consider the hospitality manager who is responsible for a large wedding reception in a hotel. The bride and groom have selected a specific champagne from the hotel's wine list to be used for their champagne punch. The contract signed by the bride and groom lists the selling price per gallon of the punch but does not specifically mention the name of the champagne selected by the couple. In the middle of the reception, the hotel runs out of that brand of champagne. A less costly substitute is used for the duration of the reception. Neither the bride and groom nor the guests notice the difference. Using the seven ethical guidelines just listed, a manager could evaluate whether he or she should reduce the bride and groom's final bill by the difference in selling price of the two champagnes.

How an individual determines what constitutes ethical behavior may be influenced by his or her cultural background, religious views, professional training, and personal moral code. A complete example of the way someone would actually use the seven ethical guidelines is demonstrated in the following hypothetical situation.

An Ethical Dilemma: Free Champagne

Assume that you are the food and beverage director of a large hotel. You are planning for your New Year's Eve gala and require a large amount of wine and champagne. You conduct a competitive bidding process with the purveyors in your area and, based on quality and price, you place a very large order (in excess of \$120,000) with a single purveyor. One week later, you receive a case of very expensive champagne, delivered to your home with a nice note from the purveyor's representative stating how much it appreciated the order and that the purveyor is really looking forward to doing business with you in the years ahead. What do you do with the champagne?

Ethical Analysis Your first thought might be the most obvious one—that is, you drink it. But, hopefully, you will first ask yourself the seven questions of the ethical decision-making process.

1. Is it legal?

From your perspective, it might not be illegal for you to accept a case of champagne. However, there could be liquor laws in your state that prohibit the purveyor from gifting that amount of alcoholic beverage. You must also consider whether it is permissible within the guidelines established by the company for which you work. Many companies have established gift acceptance policies that limit the value of the gifts that employees are eligible to accept. In this case, violation of a stated or written company policy may subject you to disciplinary action or even the termination of your employment. Accordingly, you need to be extremely familiar with the ethics policy that has been adopted by the company you are working for. Assuming that it does not violate a law and/or company policy, go to question 2.

2. Does it hurt anyone?

Well, it probably would not hurt you unless you drank all of the champagne at once, but, realistically, are you really

going to be fair and objective when you evaluate next year's bids or is your mind going to be thinking back to the case of champagne that you received? Assuming that you do not think that it is hurting anyone, go on to question 3.

3. Is it fair?

Before answering this question, you have to recognize who the stakeholders are in this particular situation. How might others in your company feel about the gift you received? After all, you agreed to work for this firm at a set salary. If benefits are gained because of decisions you make while on duty, should those benefits accrue to the *business* or to *you*? Assuming that you have decided that it is fair for you to keep the champagne, go to question number 4.

4. Am I being honest?

This question gives you the opportunity to second-guess yourself when you are answering questions 2 and 3. Do you really believe that you can remain objective in the purchasing aspect of your job and continue to seek out the best quality for the best price, knowing that one of the purveyors rewarded you handsomely for last year's choice and may be inclined to do so again?

5. Would I care if it happened to me?

If you owned the company you work for and you knew that one of the managers you had hired was given a gift of this magnitude from a vendor, would you question the objectivity of that manager? Would you like to see all of your managers receive such gifts? Would you be concerned if they did?

6. Would I publicize my action?

If you have trouble remembering the other questions, try to remember this one. Would you choose to keep the champagne if you knew that tomorrow morning the headlines of your city newspaper would read: "Food and Beverage Director of Local Hotel Gets Case of Champagne after Placing Large Order with Purveyor"? Your general manager would see it, other employees would see it, all of the other purveyors that you are going to do business with would see it, and even potential future employers would see it.

7. What if everyone did it?

If you justify your choice of keeping the champagne, consider: Does this process ever stop? What would happen if the executive housekeeper had a bed delivered to their home every time they ordered new bedding for the hotel? What would happen if every time they ordered new washers and dryers, they received a matching set at home?

Alternative Options What are some of the realistic alternatives to keeping the champagne?

- Return it to the purveyor with a nice note stating how much you appreciate it but that your company policy will not allow you to accept it.
- Turn the gift over to the general manager to be placed into the normal liquor inventory (assuming that the law will allow it to be used this way).
- Donate it to the employee Christmas party.

Use the seven questions to evaluate each of these three courses of action. Do you see any differences?

Codes of Ethics

Some hospitality managers feel it is important to set their ethical beliefs down in a code of ethics or core values. Figure 1.2 is the code of core values developed by Meeting Expectations, an award-winning event management and association management company with headquarter offices located in Atlanta, Georgia.

In some cases, a company president or other operating officer, will relay ethical philosophies of a company to its employees in a section of the employee handbook.

Additionally, some companies will require its vendors and/or suppliers, as well as its franchisees, to adhere to stated and shared ethical standards in furtherance of doing business. See Figure 1.3, which reproduces Marriott's Business Principles for Franchisees.

Notice that in both the Meeting Expectation's core values and in Marriott International's shared values reference is made to the importance of honesty and integrity as well as following the law and legal rules. Laws and regulations do not exist, however, to cover every situation that future hospitality managers will encounter. Society's view of acceptable behavior, as well as of specific laws, is constantly changing. Ethical behavior, however, is always important to the successful guidance of responsible and profitable hospitality organizations.

Meeting Expectations Core Values

CORE VALUES

At Meeting Expectations, our team lives and works according to the following values:

1. We are customer driven. We will take action and feel a sense of urgency on matters related to our customers.
2. We respect the individual employee and believe that people treated with respect and given responsibility will respond by giving their best. We treat others as we would like to be treated.
3. We require complete honesty and integrity in everything we do. We insist on open and honest communication. Hidden agendas and gossip will not be tolerated.
4. We make commitments with care, and live up to them. When we discover a problem, we own that problem until it is resolved, even if it involves someone else doing the work.
5. We expect continuous improvement in our journey towards excellence.
6. We challenge ourselves and each other as it brings out the best in us. We look for others doing the right thing so that we can celebrate success along the way.
7. We insist on giving our best effort toward everything we do and take responsibility for our actions. We understand that even despite our best efforts, bad results may sometimes occur. Bad results are unacceptable if they are the consequence of sloppiness or lack of effort.
8. We are financially responsible with company and client funds and guard them with the same vigilance that we use to guard our own.
9. Clarity in understanding our mission, goals, and what we can expect from each other is critical to our success.
10. Work is an important part of life and should be enjoyed by striking a balance between fun and seriousness.

FIGURE 1.2 Meeting Expectations Core Values.
(Reprinted with permission from Meeting Expectations.)



Responsible Business Principles for Franchisees

INTRODUCTION

Marriott International (“Marriott”) is committed to responsible business practices and operations and seeks to do business with franchisees that share our values. Our franchisees are an integral part of our business and play a vital role in upholding the reputation of Marriott’s brands for excellence with guests, associates, business partners, owners, investors, contractors, and other important stakeholders.

Marriott seeks to develop and strengthen our relationships with our franchisees based on collaboration and mutual respect. In this document, we are sharing Marriott’s Responsible Business Principles for Franchisees (“Responsible Business Principles”), which represent our shared values. These Responsible Business Principles are intended to establish our mutual commitment to uphold brand reputation and trust in the different environments in which our franchisees operate globally.

Franchisees are encouraged to share these Responsible Business Principles with franchise management companies operating hotels under Marriott brands.* Franchisees and their management companies are independent business operators. Employment decisions and policies at franchised hotels are made solely by franchisees or their management companies.

BUSINESS CONDUCT AND ETHICS

Marriott adheres to high ethical and legal standards and expects franchisees to comply with all relevant laws regulating business conduct and operations.



Business Integrity: Marriott expects franchisees to act with integrity and honesty. This applies to business interactions with customers, associates, competitors, vendors, government officials, and others.



Protection of Intellectual Property: Marriott expects franchisees to safeguard Marriott’s assets, including Marriott’s intellectual property, which may be used only as authorized in the franchise agreement. Franchisees must respect intellectual property rights, including copyright laws, and protect Marriott’s trade secrets and confidential information.



Privacy and Disclosure of Information: Marriott expects franchisees to protect guest data, adhere to Marriott’s privacy policies, and accurately disclose all amounts charged to guests as required by Marriott’s standards and applicable law. All financial information and reports provided to Marriott must be accurate and complete. Manipulation of books and records is prohibited.



Anti-Corruption: Marriott is committed to observing the standards of conduct set forth in the U.S. Foreign Corrupt Practices Act (“FCPA”) and the anti-corruption and anti-money laundering laws of the countries in which Marriott operates. Franchisees must comply with all applicable anti-corruption and anti-money laundering laws, as well as laws governing lobbying, gifts, and payments to public officials, political campaign contributions, and other related regulations.



Fair Competition: Marriott is committed to fair competition and compliance with the antitrust and competition laws of the countries in which Marriott operates. We consider compliance with these laws of vital importance. Franchisees should embrace fair competition and comply with applicable antitrust and competition laws.

FIGURE 1.3 Reproduced with permission of Marriott International, Inc. © 2025. All rights reserved. For updated and additional information on ethics and compliance, see www.marriott.com.

HUMAN RIGHTS

Marriott is committed to promoting an environment that respects human rights, fosters mutual respect, and provides access to opportunity.



Anti-Discrimination: Marriott expects franchisees to promote a harassment-free environment that fosters mutual respect and access to opportunity.

Grievance Mechanisms: Marriott encourages franchisees to provide workers with an anonymous complaint mechanism and to maintain a process for timely correction of legal and ethical compliance violations.

Prevention of Forced Labor and Human Trafficking: Franchisees should support the elimination of all forms of human trafficking and forced, bonded, or compulsory labor, as well as the exploitation of children. Franchisees must not retain, destroy, conceal, confiscate, or deny any person access to their identity or immigration documents or personal valuables and belongings.

Prevention of Child Labor: Marriott expects franchisees to comply with child labor laws.

Ethical Recruitment: Marriott expects franchisees to implement ethical recruitment principles, including not charging recruitment fees as part of the application process. Franchisees must be transparent in their recruiting activities, including disclosing that employment opportunities are with an independent franchisee or management company, and not with Marriott International, Inc. or its subsidiaries.

Freedom of Association and Collective Bargaining: Franchisees should respect workers' legal rights to freedom of association and the right to bargain collectively, if desired.

Health, Safety and Security: Marriott is committed to health and safety of workers and customers. Marriott expects franchisees to provide workers with information and training on applicable health and safety laws, policies, and procedures to ensure safe work practices, and take appropriate steps to prevent health and safety hazards and breaches of security.

ENVIRONMENTAL RESPONSIBILITY

Marriott is committed to reducing environmental impacts by integrating sustainability into our business, designing and operating sustainable hotels, sourcing responsibly, and mitigating climate-related risk. Further information can be found in [Marriott's Sustainability Policy](#).



Environmental Impact Reduction: Marriott strongly encourages franchisees to surpass environmental regulations where feasible and demonstrate continuous improvement in reducing the environmental impact of hotel construction and operation. Marriott strongly encourages franchisees to mitigate negative impacts, such as deforestation and pollution affecting biodiversity and ecosystems.



Greenhouse Gas Emissions Reduction: Marriott strongly encourages franchisees to reduce greenhouse gas emissions and other acts that contribute to climate change.



Resource Management: Marriott strongly encourages franchisees to address the use of resources to ensure efficient and sustainable processes are in place with respect to water (inclusive of quantity, quality, and risk), raw, processed, and non-renewable materials, and energy.



Waste Management: Marriott strongly encourages franchisees to safely and properly manage and minimize waste, inclusive of universal, hazardous and e-waste, packaging materials, single-use plastics, and wastewater, by implementing prevention, recycling, re-use, and other waste reduction processes.

FIGURE 1.3 (continued)



Animal Welfare: Marriott is committed to the humane treatment of animals. Franchisees should endeavor to work toward the ethical, humane, and legal treatment of animals across their operations, including entertainment, food & beverage, furniture & fixtures.



Responsible Sourcing of Materials: Franchisees are expected to obtain the products and services used in connection with the construction and operation of their businesses from sources that produce and deliver products and services in a legal, responsible, and ethical manner. Franchisees should refrain from knowingly purchasing products made with illegally harvested, produced and/ or traded materials. Marriott expects franchisees to exercise diligence in the selection of materials in their supply chain.



Supplier Program: Marriott encourages franchisees to do business with suppliers who reflect and understand the needs of our global customers, including people with disabilities and veterans.



Management System: Marriott is committed to upholding standards of social and environmental integrity. Marriott expects that our franchisees will implement or maintain, as applicable, management systems that facilitate compliance with all applicable laws, identify and mitigate related operational risks, and undertake continuous improvement as appropriate.

Endnote

* Marriott may take steps to assess adherence to the Responsible Business Principles. If a franchisee fails to uphold the Responsible Business Principles, it may jeopardize their business relationship with Marriott. Marriott retains all rights under the franchise agreement and applicable law.

FIGURE 1.3 (continued)

International Snapshot

Mitigating Risks Associated with Legal and Ethical Compliance in International Business Transactions

A legal and ethical compliance program is critical to the success of a multinational company. Such a program reduces reputational risk and the risk of legal liability, both civil and criminal. Most countries and jurisdictions have enacted prohibitions against bribery and corruption. While such laws may not be consistently enforced, particularly in developing countries, the risk of enforcement proceedings may be higher for a U.S. company, depending on the status of diplomatic relations. The U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act are well known and yet many companies have run afoul of these laws and other laws when doing business outside the United States.

Nevertheless, even a comprehensive legal and ethical compliance program is not enough to adequately shield a company from risk.

Legal and ethical compliance policies are meaningless without the support of a company's chief executive officer. A culture of compliance begins with the CEO's full and continuing commitment to ethical compliance as a core value. This is far more effective at reducing risks than any program championed solely by a company's law department.

And yet, outside the United States, a corporate culture that supports a comprehensive legal and ethical compliance program is still

not adequate to mitigate risks arising from legal and ethical lapses. The following actions should also be taken.

1. **Conduct Due Diligence.** Transactions outside the United States mean doing business with local, foreign entities. Know your counterparty. A business venture will succeed only if the local "partner" shares ethical core values. Law firms, accounting firms, the U.S. Embassy or Consulate and others can provide accurate and reliable information about local entities and individuals.
2. **Communicate Ethical Values.** Once a local entity has been selected, it is important to communicate your company's values and policies regarding legal and ethical compliance to the entity's key individuals. These communications should be in writing so you will have evidence that such values and policies have been provided. Initially and periodically discussing and providing written information about company policies will educate and set expectations.
3. **Develop Personal Relationships.** A personal relationship with a local business partner is often more important to the success

(continued)

of a transaction than a strong contract. A written agreement is useful but often difficult to enforce, especially in a developing country. A local business partner may view a contract merely as an indication of the parties' intent at the time of signing and so may repudiate contract terms if circumstances change. Personal relationships will help resolve disputes involving legal or ethical problems. Such relationships require significant time and effort to nurture. American executives doing business outside the United States are often criticized for failing to invest such time and effort. Developing business relationships internationally is subject to certain key caveats. First, while a relationship with the local partner's representative is helpful, it is no substitute for a personal relationship with the local partner's most senior

executive, usually its CEO or chairman. Second, one should be alert to local politics. The local partner may have close ties to the government's party in power but could, after a coup or vote or the passage of time, lose all political influence or even be viewed as toxic in the local business community.

In sum, due diligence, personal relationships and the communication of strong ethical corporate values will, in addition to a corporate culture supporting a comprehensive compliance program, mitigate the risks of legal and ethical lapses when doing business outside the United States.

Provided by J. Weili Cheng, former Sr. VP and Deputy General Counsel of The Ritz-Carlton Hotel Company, LLC currently with a business consortium known as Laguna Strategic Advisors; www.lagunastrategicadvisors.com.

WHAT WOULD YOU DO?

Assume that your local municipality is considering the passage of a law that would prohibit the sale of all tobacco products from the interiors of bars and restaurants but not grocery stores, including all electronic nicotine delivery systems or "ENDs", including E-cigs, vapes, vape pens, dab pens, dab rings, and

tanks. The restaurant you manage has a cocktail lounge, and cigarettes are both consumed and sold in that section of your restaurant. There is

no current effort to prohibit smoking or vaping in cocktail lounges such as the one you operate. You are considering whether to address the local government body charged with creating such legislation:

1. What are the major considerations you will think about before you decide to support or oppose the proposed legislation?
2. Will the fact that you do or do not smoke or vape influence your position?
3. Which ethical issues are in play here?

WHAT DID YOU LEARN IN THIS CHAPTER?

As a manager, you will be called on to make many decisions that have legal consequences. It is unrealistic to expect a manager to know all of the laws that could potentially impact his or her operation. Because litigation

is prolific in the hospitality industry and laws change frequently, it is imperative that you develop and practice a management philosophy of prevention, such as STEM.

Just because a law does not prohibit a particular activity does not make it the right thing to do. Accordingly, you should also follow a process that will assist you in determining the ethical implications of a decision, as well as the legal implications, such as the one described in the chapter.