

# teaching note

## *A High Wire Act: Balancing guest, employee, and organizational perspectives concerning marijuana use in the hospitality industry*

### Summary

Joel Schneider practiced law for 30 years before he decided to pursue his passion, running a 'Bud+Breakfast' property in Colorado. Schneider is a marijuana smoker and advocate. When he had previously traveled to Colorado, he was forced to hide in the bathroom in order to consume the product. When Colorado passed legislation that legalized recreational marijuana use, Schneider capitalized on the opportunity and opened a cannabis-friendly hotel. Schneider's 'B+B' is one of the properties in Colorado that accommodates cannabis enthusiasts over the age of 21. CASH INBIS TV named him one of the most successful businesspersons in the hospitality industry in Colorado (Wells, 2017).

Because Schneider's 'B+B' is first and foremost a lodging operation, he needed qualified staff to operate it, like any other property. This presented him with one of his first challenges, sourcing and recruiting competent, qualified staff. Once he did find and hire staff, it was very difficult to retain them as he found that many of them would partake of marijuana while on the job. He realized that the workers he was attracting were those that were users of marijuana, and that they were either coming to work impaired, or using while on the job, which was hampering their ability to perform their duties (Wells, 2017).

Schneider received reports and complaints from guests that employees were regularly spending their free-time staying up very late into the night consuming alcohol and marijuana. They were not only disturbing the guests during those hours, but then were not prepared to work effectively the next day. Even though these customers were on that property because of its marijuana theme, they still had certain expectations regarding the professional manner of the staff, and the commensurate discharging of their duties. As a result, Schneider took the extreme action of dismissing his entire staff. He had just experienced one of the major downsides of operating a marijuana themed property. How could he effectively manage employee versus guest use of the substance? How could he ensure that his employees were diligently executing their duties?

This reality was further exacerbated by his initial intention of operating a 'bud bar' within the property where guests could partake in 'free' marijuana, prepared by the staff. As discussed in the social availability theory, the increased contact with the substance may lead to increased use of it. This seemed to be born out in this setting, as Schneider noted that it was during these times at the 'bud bar' that employees would consume the product as well. This consumption thus hampered their abilities to discharge their other duties within the property.

Additionally, Schneider found himself on the wrong side of the law when he was cited by local law enforcement for selling drugs without

a license. These two significant challenges made Schneider regret making his company public to raise money only for it to be delisted later (Wells, 2017). However, he survived these challenges. Despite working with employees who consume marijuana, he had repeat customers who come to enjoy cannabis in a social setting. Schneider found that cannabis use among his employees was high, and had led to on the job injury as well as consumer dissatisfaction, both of which cost him financially. He further acknowledged that this was an issue with which needed to be dealt. The main issue is that policies are: not in place, not effectively communicated, and/or not effectively enforced (Wells, 2017).

While providing an economic boon, the legalization of marijuana also comes with some challenges for all purveyors of the substance. Particular to the hotel industry are the challenges in balancing, on one hand, the new found freedom for customers to imbibe on the property with, on the other hand, (1) finding qualified employees who desire to work in a marijuana inclusive property, (2) creating and enforcing policies ensuring that guests and employees stay safe, and (3) creating and enforcing policies that provide clear guidance with regards to employee use of marijuana. Further challenges are derived from the legal aspect of being involved in the marijuana industry: (1) use and organizational liability in all its forms and (2) the discrepancy between state and federal law with its implications for banking.

### Target Audience

The case study is tailored to be useful for students at both the undergraduate and graduate levels. The higher levels of analysis (e.g. writing a policy and procedures manual) may be more suitable for graduate students, the assignments may also be used as a group project or tailored to suit undergraduate students. Additionally, all of the topics are suitable for active discussions regarding balancing, on one hand, the new found freedom for customers to imbibe on the property with, on the other hand, (1) finding qualified employees who desire to work in a marijuana inclusive property, (2) creating and enforcing policies ensuring that guests and employees stay safe, and (3) creating and enforcing policies that provide clear guidance with regards to employee use of marijuana. The legal implications and policy discussions may be used in conjunction with the appropriate/relevant materials and subjects taught in hospitality law classes. The topics regarding substance use, overuse, and policies may be employed in human resources management, leadership, and ethics classes.

### Learning Outcomes

This case study identifies an emerging and important topic of discussion as more and more states are passing laws that legalize the

medicinal and recreation use of marijuana and cannabis products. The key emergent topics for discussion and consideration include: balancing (1) the new-found freedom for customers to imbibe on the property with, (2) finding qualified employees who desire to work in a marijuana inclusive property, (3) creating and enforcing policies ensuring that guests and employees stay safe and provide clear guidance with regards to employee use of marijuana. Further challenges are derived from the legal aspect of being involved in the marijuana industry: (1) use and organizational liability in all its forms and (2) the discrepancy between state and federal law with its implications for banking.

***By the end of this lesson, undergraduate students should be able to:***

- Identify what level of marijuana inclusion is most appropriate for a given property.
- Discuss how an organization can effectively recruit high quality employees to work in a marijuana inclusive property
- Identify the issue that may result from marijuana use prior to, during and after shifts in the hospitality industry
- Identify, discuss, and evaluate methods by which an organization can effectively create policy to minimize employee exposure to and use of marijuana while on the job
- Identify, discuss, and evaluate methods by which an organization can ensure that employee on the job performance is not suffering from off the job activities
- Identify the various legal issues surrounding marijuana inclusion
- Identify, explain, and justify methods for mitigating the various legal issues surrounding marijuana inclusion
- Evaluate, recommend, and justify if a prospective increase in revenues for an organization is worth the potential legal, employee, and guest issues that come with the inclusion of marijuana in the property.

***Graduate Level – all of the above, plus the following:***

- Create a policy and procedure manual for a company to use that desires to offer cannabis products. Explain how these would be implemented and how the culture would dissuade staff from using the products
- Compare and contrast the challenges and opportunities of operating a marijuana inclusive property domestically (U.S.A.) versus an international location.
- Identify additional theories (other than those discussed in the case study) that could be applied to the given scenario.

## Instruction

Prior to the lesson, students will be asked to read this case study along with supplementary materials on the opportunities and challenges that operating a marijuana inclusive property presents.

***Students will also be asked to have a general understanding and be able to discuss the following topics:***

- Social availability theory
- Work as a calling theory
- Strategic business differentiation
- Recruitment and talent management
- Common corporate policies for substance use (on and off the job)
- Legal implications of the sale of marijuana

There are many ways to utilize the information provided in the case. The case may be used across various courses and used to highlight legal implication in a law class or human resources management implications in a human resources management, leadership, ethics, or organizational behavior class. The case may also be used in a single class and divided across four class periods to discuss the various topics of interest: (1) organizational opportunities to include marijuana, (2) finding qualified employees who desire to work in a marijuana inclusive property, (3) creating and enforcing policies ensuring that guests and employees stay safe and provide clear guidance with regards to employee use of marijuana, and (4) the legal implications. Additionally, one class period may be used and four groups may each tackle one of the aforementioned topics. At least one hour should be devoted to understanding, analysing and explaining each topic, though more time may be afforded to each. It is recommended that the case be assigned as homework before the class in which it will be discussed so that the topic(s) may be fully fleshed out during the meeting time.

## *Small Group Discussion*

Students should be placed (or self-select) into four evenly sized groups (60 seconds). Each group will be responsible for highlighting the main points of the study using the lens they have been provided and answering specific questions from one of the four topics provided (24 minutes).

## *Class Discussion*

Each group will present their findings to the class and answer any questions that classmate or the professor may pose (20 minutes). Supplementary materials should be used to generate additional discussion topics and questions.

## *Understanding Check*

The remaining time (15 minutes) should be devoted to a written assignment in which the students explain what they learned and how

they will use the information from their group and from the groups in which they were not participants.

## Discussion Topics, Questions, & Answers

### *Marijuana inclusion as a differentiator*

*What are some different possible levels of marijuana inclusion?*

Possible Answer: Hospitality organizations have a variety of options concerning the inclusion of marijuana use on their properties. These could be described in a tiered fashion with differing levels of acceptability and exposure to the other guests of the property. At the lowest level, organizations could allow guests to smoke marijuana in their own rooms, which have been specially designated for this purpose. This would be akin to some current practices of the smoking/non-smoking rooms currently available for tobacco use. This would allow guests to partake in private with no exposure to the other guests. The next level could include the guest rooms as well as specially designated lounges and cafes within the property. This would allow for a more public and shared experience, while still segregating smokers from non-smokers. Finally, an organization could allow guests free access to imbibe throughout their property. This would allow for the greatest level of freedom for guests that would like to partake, but would also infringe on the experience of the guests who are averse to being exposed to second hand marijuana smoke.

*What factors should management consider when determining what level of marijuana inclusion is most appropriate for a given property?*

Possible Answer: As management considers the possibility of including marijuana use on their property, there are a variety of factors that need to be taken into account. The first is that of the market. How will the organization's guests respond to the policy? What would be the balance between losing current guests and attracting new guests? In the same vein, how would this impact revenue? Would any gains in revenue offset and/or outpace the losses? Could this be seen as a point of differentiation? Would it give the organization a presence that it would not otherwise have, providing a competitive advantage? A big issue needing to be addressed would be staffing. Would the HR department be able to recruit and retain high quality employees willing and able to work in an environment where marijuana is being consumed? Finally, management would need to investigate all the legal ramifications associated with the allowance of marijuana on the property as well as the potential sale of the substance.

### *Talent Recruitment*

*How can an organization effectively recruit high quality employees to work in a marijuana inclusive property?*

Possible Answer: It can be very challenging to find highly qualified employees for any hospitality organization, and even more so for an operation that will be dually involved in the marijuana industry. In

order to accomplish finding and recruiting these employees the organization will need to pursue a variety of avenues and policies. First, they should identify outlets where they can advertise appropriately. They should still advertise in the traditional hospitality recruiting places, but may need to expand into channels that cater more to the marijuana consumer in order to attract employees that would be amenable to that type of work. Once applications have been received, the challenge then becomes to identify the candidates that are willing to work in a marijuana friendly environment, but are also well qualified for the position. The fear would be that the candidates could be inferior and only be interested in the position because of the relation to marijuana and the stigmas that are attached. The HR department should develop interview protocols and hiring standards and procedures that would force a candidate to demonstrate their capabilities with regards to the specific job tasks required of the position for which they are applying. Thus, the organization can find a balance between the quality of the candidate and their willingness to work in the specific environment.

### *Goals and Objectives of an Employee Marijuana Policy*

*What are the issues surrounding employee marijuana use, both on and off the job?*

Possible Answer: Just as with alcohol and other drugs, employers must be concerned with their employees' performance and possible use of the drug both on and off the job. It is quite a realistic scenario to envision employees of a marijuana friendly establishment partaking in the substance off the job. The case study already illustrated that many hospitality workers already do so, and it is a reasonable assumption to think this would continue, if not increase. Some concerns with this scenario is that an employee may consume the product off the job but come to work still under the influence and not be able to perform. In addition, even if the employee is sober, they may not be able to function properly because of the off the job use of the substance. Finally, employees may indulge in late night social activities that would prevent them from getting enough sleep to function properly at work. All these scenarios can lead to underperformance in the workplace.

In addition to off the job consumption, it is possible that employees could imbibe while on the job. The issues with this scenario could be disastrous for a hospitality organization. The employee may not be able to function properly in whatever task they are attempting. They also may not be able to provide the appropriate level of customer service needed by the guests. Finally, there is potential for accident and injury on the job due to slower reaction times and lowered inhibitions. These factors taken together certainly pose a daunting issue for employers.

*How can an organization effectively create and enforce policy to minimize employee exposure to and use of marijuana while on the job?*

Possible Answer: There are several ways to combat the legal is-

sues surrounding the distribution and consumption of marijuana products on property. It is suggested that management work to create and disseminate policies that highlight the consequences for being under the influence while on the job. It is pivotal that these policies be discussed and that they be enforced when they are not adhered to. Using random drug testing that indicates whether or not an employee is currently under the influence is also advisable. It is also important to document every incident of an employee being found to be under the influence while on the job and it is advised that the employer provide counseling for employees found to be under the influence while on the job. Use the policies set in place to identify how many strikes are acceptable and then dismiss any employee that is found to be under the influence while on the job above the set threshold. This will ensure that the employer has created a culture where employees understand that only customers are allowed to partake on property – much like bartenders and servers in a restaurant.

*How can an organization ensure that employee on the job performance is not suffering from off the job activities?*

Possible Answer: There are several ways in which an organization may ensure that employees on the performance is not suffering from off premise activities. First, it is suggested that the organization create programs and incentives to encourage employees to always perform at the best level possible. These might include competitions for sales of specific products or rewards for being the high seller during a certain time frame. For back of house staff, it may be an incentive for the team to go for a certain number of days with no accidents and no call outs. The organization might also use education as a tool to combat these issues. By creating and distributing materials discussing how low employee performance can hurt the property and themselves, it may dissuade them from use. Because research has shown that hospitality employees who use and overuse substances focus on short-term negative effects, emphasizing these (e.g. hangovers, low performance, missed day of work, lower tips) in addition to the negative long-term effects (e.g. loss of employment, loss of life) would be beneficial. Finally, it is pivotal to create a culture where it becomes unacceptable to underperform due to impairment. Having policies in place that are enforced will help to create this environment.

## ***Marijuana and The Law***

*What are the state versus federal legal issues a marijuana inclusive organization might face?*

Possible Answer: The overarching issue is that marijuana sales and consumption are still illegal at the federal level, which supersedes state law. However, even at the state level, the laws regarding the sale and consumption of marijuana and marijuana products varies from state to state. The sale and use may be classified as illegal, decriminalized, ignored, medically legal, or recreationally legal depending on the location.

Therefore, even if an organization is operating above board from a legal perspective in all other aspects of the business, they may still be subject to scrutiny and legal issues due to the discrepancies in legal classification and treatment across states and due to federal regulations.

*How does this impact their banking?*

Possible Answer: Due to the fact that the sale of marijuana is illegal at the federal level, an organization that sells the substance cannot use an FDIC (Federal Deposit Insurance Corporation) bank, as it falls within the jurisdiction of the federal government and is subject to federal law. The same holds true for the other agency that insures the safety of deposits: the NCUA (National Credit Union Association). Therefore, the organization must deal in cash, which poses issues of safe keeping and storage of money, as well as poses issues to the cash flow and ways in which money is handled and documented.

*What are possible legal issues surrounding guest use of marijuana?*

Possible Answer: There are several liabilities that may result from guest use and overuse of marijuana products while on property. The first issue may arise if the guest who is intoxicated from the use of marijuana products gets injured or injures someone else while on property. The second issue that may arise is if the guest who is intoxicated from the use of marijuana products gets injured or injures someone else while off property, either through actions or with an automobile. NOTE: While marijuana falls outside of the scope of the Dram Shop Laws because the substance is not alcohol and it is an illegal substance at the federal level, it may be beneficial to examine the liabilities through this lens in terms of how these issues impact the organization.

*What are possible legal issues with employee use of marijuana?*

Possible Answers: There are several liabilities that may result from employee use and overuse of marijuana products while on property. The first issue may arise if the employee who is intoxicated from the use of marijuana products gets injured or injures someone else while on property. The second issue that may arise is if the employee who is intoxicated from the use of marijuana products gets injured or injures someone else while off property, either through actions or with an automobile. NOTE: While marijuana falls outside of the scope of the Dram Shop Laws because the substance is not alcohol and it is an illegal substance at the federal level, it may be beneficial to examine the liabilities through this lens in terms of how these issues impact the employee and the organization.

*How can management minimize these legal issues surrounding marijuana inclusion?*

Possible Answers: There are several ways to combat the legal issues surrounding the distribution and consumption of marijuana products on property. It is suggested that management work to create and disseminate policies that highlight the consequences for being under the influence while on the job. It is pivotal that these policies



be discussed and that they be enforced when they are not adhered to. Using random drug testing that indicates whether or not an employee is currently under the influence is also advisable. It is also important to document every incident of an employee being found to be under the influence while on the job and it is advised that the employer provide counseling for employees found to be under the influence while on the job. Use the policies set in place to identify how many strikes are acceptable and then dismiss any employee that is found to be under the influence while on the job above the set threshold. This will ensure that the employer has created a culture where employees understand that only customers are allowed to partake on property – much like bartenders and servers in a restaurant.

Regarding customer consumption, it is important to treat the substance as one treats the sale of alcohol. It is important to identify if a customer is impaired before they are allowed to leave the property. Using the same test that is used to test employees would be advised. Additionally, the hotel could form a partnership with a ride share company to ensure the safe transport of guests.

## Assesment

### *Undergraduate and Graduate Students*

Students will be given an assignment to conduct and write an analysis of the opportunities and challenges presented by undertaking a marijuana inclusive property. The paper should answer the following question: Is the prospective increase in revenues for an organization worth the potential legal, employee, and guest challenges that come with the inclusion of marijuana in the property? Student should be sure to evaluate the situation, make a recommendation, and justify that recommendation in terms of the balance of the challenges and the opportunities. Students should include three to five references outside of those that have been provided in the case and by the instructor.

### *Graduate Students*

Graduate students will complete the preceding assignments and then additionally complete one of the following two assignments, determined either by the student or the instructor.

Students will create a policy and procedure manual for a company to use that desires to offer cannabis products. Explain how these would be implemented and how the culture would dissuade staff from using the products. Be sure to include at least 5 references not used or provided by the instructor.

Students will compare and contrast the challenges and opportunities of operating a marijuana inclusive property domestically (U.S.A.) versus an international location. Be sure to include at least 5 references not used or provided by the instructor.

Students will conduct library research to find new theories that could be applied to the given scenario. They will then evaluate the the-

ories' appropriateness and effectiveness in explaining the phenomena.

## *Additional Readings*

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