

PART I

**MARKETING AND MANAGEMENT
IN
HOSPITALITY ORGANIZATIONS**

THE COMBINED EFFECTS OF EMPLOYEE HOSPITALITY PERFORMANCE, ENVIRONMENT, AND ENTERTAINMENT ON CUSTOMER AFFECTIVE RESPONSE AND REVISIT INTENTION IN RESTAURANTS

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ABSTRACT

The exchange experience between customers and host employees significantly influences customer positive affective response and revisit intention to foodservice providers. This study attempts to explore the mechanism linking restaurant hosting performance and customer revisit intention by examining the extent to which customer affective response mediates the effects of employee hospitable behavior, service environment, and entertainment on customer revisit intention. A questionnaire survey was conducted to collect data from a sample of college students who had dining experience in casual restaurants within the last three months. The findings indicated that employee hospitable behavior and service environment both directly and indirectly (through customer affective response) influence customer revisit intention. More specifically, the relationships between hospitable behavior, service environment and revisit intention were strongly mediated by affective response. However, the hypothesis for predicting a positive relationship between entertainment and affective response was not supported. Future research is encouraged to explore entertainment factors that affect customer emotions to enhance dining experience.

Key Words: Hospitality performance, Entertainment, Affective response, Revisit intention

INTRODUCTION

In addition to food and accommodation provision, hospitality in commercial settings stresses the deep guest-host relationship to enhance customer experience (Lashley, 2008). Applying hospitality concepts to service delivery businesses can stimulate interactions between receivers and providers. Previous studies suggest that hospitality research should shift its focus from service quality management to customer social or emotional experience (Hemmington, 2007). Focusing on customer emotional experience requires hospitality providers concerning customer affective response towards service. In the context of foodservice interactions, host employees can enhance customer positive affective response to retain customers via appropriate hosting behavior and service delivery. Ryu and Jang (2008) indicated that restaurant employees exhibiting appropriate behavior and providing a cozy environment significantly influence customer positive emotions during the transaction. Therefore, employee hospitable behavior and the restaurant environment have a significant impact on customer affective response and revisit intention. Additionally, entertainment, which is a basis of social culture and communication, has been regarded as a useful mean to establish close interpersonal relationships (Schell, 2005). Lugosi (2008) noted that foodservice providers should explore entertainment through the lens of hospitality to improve customer emotions and perceived restaurant service. However, little consideration has been given to entertainment and its impact on restaurant customer outcomes. This may neglect the significant impacts of entertainment on customer affective response and service satisfaction. To obtain useful insights into the theoretical mechanism of customer dining experience, this study develops an explanatory model that specifies how and why the three antecedents (employee hospitable behavior, service environment, and entertainment) are related to customer revisit intention. Specifically, this study examines whether customer affective response would mediate the relationships between the three antecedents and revisit intention. Understanding the mechanism can help restaurant operators develop effective marketing and differentiation strategies to enhance customer dining experience.

LITERATURE REVIEW

Employee hospitality performance incorporates employee hosting behavior that displays facial expressions, greeting, emotions, and body languages in service transactions. When service providers demonstrate kind and enthusiastic hosting behavior, customers will feel respected, welcomed, and satisfied. Previous research indicated that service employees display behavior such as smile, sincerity, and friendliness will positively influence customer affective response (Winsted, 2000). Customer affective response refers to customer emotional reactions and descriptions generated by the complex interactions with related cues (e.g., service staff, the restaurant environment, food and other factors) during the meal. Customer emotional states will be affected by staff hospitable behavior and interactions, and further influence customer perceptions of overall service quality (Mattila & Enz, 2002; Ha & Jang, 2010). Accordingly, employee hospitable behavior has a positive effect on customer affective response. Moreover, creating a cozy dining environment is a key factor influencing customer affective response. Previous studies claim that a good quality of physical environment in a restaurant can enhance customer positive emotions and dining experience (Jensen & Hansen, 2007). Additionally, entertainment refers to a form of service which incorporates interesting programs, activities, and special events designed for customers to create customer enjoyable interactions and experiences. Different types of entertainment include shows, games, table service, story telling, and well-designed interpersonal interactions. Wakefield and Blodgett (1994) indicated that customers prefer the service settings with entertainment. Therefore, by providing entertainment to create customer enjoyable interactions, foodservice providers can develop and increase customer affective connections with service staff. Based on previous studies, the current study proposes that:

H1: Employee hospitable behavior will have a positive effect on customer affective response.

H2: Environment will have a positive effect on customer affective response.

H3: Entertainment will have a positive effect on customer affective response.

Revisit intention is defined as repurchase intention and behavior that demonstrates the willingness to recommend and disseminate positive information for a service provider. Revisit intention is an indicator used to predict customer purchase behavior (Jang & Namkung, 2009). Employee behavior not only will significantly influence customer perceived service quality, but also affect customer behavioral intention and loyalty. Employees giving customers special attention and consideration will make customers feel unique and pampered and thus increase their behavioral intention (Bitner, 1990). Additionally, the physical environment and entertainment of a restaurant are regarded as core elements affecting customer satisfaction and behavioral intention. Previous studies suggest that a restaurant environment and space will elicit customer affective response and thus influence revisit intention (Kim & Moon, 2009; Jang & Namkung, 2009). Foodservice providers are encouraged to develop entertainment activities which generate close guest-host interactions to increase customer added-value, positive affective response, and repurchase intention (Hemmington, 2007). Therefore, customer affective response serves as an importance mediator role and the higher affective responses of customers perceived their dining experience, the more positive word-of-mouth (Ha & Jang, 2010) and higher repurchase intention they would generate (Pullman & Gross, 2004). Based on the above theoretical perspectives, this study proposes that:

H4: Employee hospitable behavior will have a positive effect on customer revisit intention.

H5: Environment will have a positive effect on revisit intention.

H6: Entertainment will have a positive effect on revisit intention.

H7: Customer affective response will have a positive effect on revisit intention.

H8a: Customer affective response will mediate the relationship between employee hospitable behavior and customer revisit intention.

H8b: Customer affective response will mediate the relationship between environment and revisit intention.

H8c: Customer affective response will mediate the relationship between entertainment and revisit intention.

METHODOLOGY

Sample

The data were collected from a sample of college students in a university in Northern Taiwan. The participants were required to answer questions related to their latest three-month dining experience in a casual restaurant in which average guest checks were more than US\$10 and which provided table service. Using purposive sampling, 300 questionnaires were distributed and 260 were returned, with a response rate of 86.7%.

Measures

The questionnaire contained five scales (employee hospitable behavior, environment, entertainment, customer affective responses, and revisit intention) to measure the main variables in this study. Other measures such as

food quality, busyness, and personal information were rated as control variables. The five scales used in this study were as follows:

Employee hospitable behavior. Ten indicators were developed based on Teng and Hsiao (2010), Lashley (2008), Winsted (1997), and Tsai and Huang (2002). Participants were asked to assign a value of 1 if a behavior was displayed and a value of 0 if it was not displayed.

Environment. This construct was measured by eight indicators retrieved from Teng and Hsiao (2010) and Ryu and Jang (2008). Participants were asked to indicate their perceptions of the quality of physical environment, space, and internal design of a restaurant on a 7-point Likert-type scale ranging from 1 (strongly disagree) to 7 (strongly agree).

Entertainment. This variable was measured by a single question regarding whether the restaurant offers any type of entertainment, e.g., live band, table service, or on-site performance. Participants were asked to assign a value of 1 if entertainment was offered and a value of 0 if it was not offered.

Customer affective response. This construct was measured by fifteen items developed from Teng and Hsiao (2010), Lashley (2005), and Pullman and Gross (2004). Participants were asked to indicate their perceptions about their affection and feelings during dining experience on a 7-point Likert-type scale ranging from 1 (strongly disagree) to 7 (strongly agree).

Revisit intention. Three items obtained from Jang and Namkung (2009) were used to measure the willingness to revisit and pass positive comments to friends, using a 7-point Likert-type scale ranging from 1 (strongly disagree) to 7 (strongly agree).

RESULTS

Exploratory factor analysis (EFA) was used to reduce the size and understand the underlying dimensions of gathered responses for each main variable. To test the appropriateness of factor analysis, Bartlett's test of sphericity was performed and the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was used. Principal axis factoring and varimax rotation methods were used to extract factors for subsequent analyses. With eigenvalues of factors greater than 1, all items with a factor loading above .30 were included in the constructs. The EFA result for environment suggested a one-factor solution, explaining 50.72% of the variance. The result for customer affective response suggested a three-factor solution, explaining 51.44% to 62.34% of the variance. Finally, the result for revisit intention suggested a one-factor solution, explaining 85.88% of the variance. The alpha values for each factor of the constructs were all above .70, which were considered acceptable levels of reliability. Furthermore, the measurement of employee hospitable behavior and entertainment were validated by expert validity, in which the constructs presented a good level of validity.

Before performing the hierarchical regression analyses, intercorrelations between the main variables were investigated and the results confirmed the appropriateness of using the regression method. As shown in Table 1, the correlations between variables were all in the expected direction and significant ($\alpha < .01$). Employee hospitable behavior ($r = .421$) and environment ($r = .689$) were significantly correlated with customer affective response. Hypothesis 1 and 2 predicated that employee hospitable behavior and environment would be positively related to customer affective responses were supported. However, entertainment was non-significantly correlated with customer affective response ($r = -.084$) and revisit intention ($r = -.007$), indicating that Hypothesis 3 and 6 were not supported. Finally, employee hospitable behavior ($r = .357$), environment ($r = .578$), and customer affective response ($r = .664$) were all significantly correlated with revisit intention. Hence, Hypothesis 4, 5 and 7 were supported.

Table 1 Means, standard deviations and intercorrelation matrix among variables

Variables	Mean	SD	1	2	3	4	5
1. Customer affective response ($\alpha = .94$)	5.43	.769	1.00				
2. Employee hospitable behavior	-	-	.421**	1.00			
3. Environment ($\alpha = .87$)	5.34	.762	.689**	.236**	1.00		
4. Entertainment	-	-	-.084	-.049	-.074	1.00	
5. Revisit intention ($\alpha = .95$)	5.82	1.01	.664**	.357**	.578**	-.007	1.00

Note: Employee hospitable behavior and Entertainment were code by 0 and 1

To assess the mediating effect, four sets of simultaneous multiple regression equations were used. The results of hierarchical regression are summarized in Table 2. The results for Eq. (1) clearly show that employee hospitable behavior is a significant predictor of revisit intention. In Eq. (2), the effect of employee hospitable behavior was also found to exert a significant impact on revisit intention. But entertainment was not significantly associated with revisit intention. Additionally, the results for Eq. (3) indicated that employee hospitable behavior and environment are significant predictors of customer revisit intention, in which the coefficient value were .170 and .133. Eq. (4) showed a significant effect of customer affective response on revisit intention, and the coefficient value was .273. In Eq. (4), the effects of employee hospitable behavior, entertainment, and environment on revisit intention showed relatively low coefficient value (employee hospitable behavior = .082; entertainment = .051 and environment = .048). That is, although it is not statistically significant (customer affective response is a complete mediator), the influences of employee hospitable behavior, entertainment, and environment on revisit intention were a lot less when the mediator (customer affective response) was included in the model. Thus, Hypothesis 8a, 8b and 8c were supported.

Table 2 Three antecedents and customer affective response as predictors of revisit intention

	Independent variables	Dependent variable	Regression coefficients		
			Unstandardized	Standardized	t-value
Eq. (1)	Employee hospitable behavior	Revisit intention	.340	.156	3.37**
Eq. (2)	Employee hospitable behavior	Revisit intention	.369	.099	1.97*
	Entertainment		.141	.055	1.15
Eq. (3)	Employee hospitable behavior	Revisit intention	.590	.170	2.14*
	Entertainment		.140	.049	1.04
	Environment		.086	.133	2.03*
Eq. (4)	Employee hospitable behavior	Revisit intention	.362	.082	1.66
	Entertainment		.137	.051	1.09
	Environment		.090	.048	.717
	Customer affective response		.098	.273	3.65**

a. Regression coefficients reflect the full model, including control variables and the independent variable.

b. All correlations are significant at $p = 0.05$.

CONCLUSIONS

The research findings indicate that customer affective response is the key factor mediating the effect of employee hospitable behavior and service environment on customer revisit intention. These empirical results assist in clarifying what causes customers to revisit a restaurant. The service encounters in commercial hospitality settings emphasize both tangible and intangible elements (e.g., staff hospitable behavior, comfortable environment, and entertainment) that are able to enhance customer affective responses to increase customer revisit intention. Thus, the service staff, as a critical and powerful hospitality provider, must perform appropriate hosting behavior to express sincerely welcoming, respected, and friendliness to customers. From the perspective of hospitality, foodservice operators must also create a cozy and aesthetic dining environment to enhance customer hospitality experience and perceived values. However, the results of this study reveal that entertainment fails to be a strong predictor of both customer affective response and revisit intention. Perhaps this is due to the measurement of entertainment evaluated by a single question which is unlikely to reflect the construct. Future studies are recommended to explore the contents and measures of entertainment to understand the role of entertainment in the restaurant industry. Since the provision of entertainment and social events is a basic requirement facilitating enjoyable interpersonal interactions in a restaurant, hospitality researchers and operators should focus on how and what can enhance customer positive emotions and affections.

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COUNTRY OF ORIGIN'S ROLE IN BRAND PERSONALITY: EVIDENCE FROM QUICK SERVICE RESTAURANT CUSTOMERS IN TURKEY

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ABSTRACT

In this study, the role of country of origin (COO) of a brand on the brand personality (BP) is investigated in the context of the quick-service restaurant (QSR) industry in Turkey. In order to observe the possible differentiation affect of COO on BP, three international and three local QSR brands are investigated based on a modified version of Aaker's (1997) Brand Personality Scale (BPS) customized by Musante et al. (2008) for the restaurant industry. Results indicate that there is a significant difference between the brand personality perception of local and international QSR. This research also validates the modified BPS in a different geographic and cultural context.

Key Words: Brand Personality, country of origin, quick service restaurants

INTRODUCTION

The major aim in offering a service or product under a specific brand is likely to distinguish it from other similar services and products. Such a distinction is thought to be a key factor in establishing a sustainable competitive advantage (Murase & Bojanic, 2004). For a service or product, what it does (functional attributes) and what it represents (emotional attributes) can place it in a unique place in the mind of the customer. Such a view moves away from conceptualizing services and products too narrowly as a "bundle of functional attributes" and recognizes the significances of product symbolism (Austin et al., 2003).

Conceptualization of brand personality, as well as measurement of the symbolic meaning attributed to brands by consumers, have become hot topics in recent years (Austin et al., 2003). In this line of research, building upon the constructs of brand identity, brand image and brand personality have gained in popularity in recent years (Musante et al., 2008). Aaker's (1997) meticulous attempt to develop a reliable, valid and generalizable scale for brand personality has been recognized as an important catalyst in brand personality research (Austin, et al., 2003; Geuens et al., 2009). Until recently most of the research papers on brand personality have been based on Aaker's BPS (Azoulay & Kapferer, 2003). In the hospitality context, the BPS was first utilized by Siguaw et al. (1999), where nine restaurants from three restaurant segments have been examined. However, BPS's generalizability across industries has been criticized and certain shortcomings have been identified as a measurement tool for the restaurant industry (Austin et al., 2003). Revisiting Austin's et al. (2003) criticism of the BPS Musante et al. (2008) developed a modified brand personality scale for the restaurant industry (M-BPS-RI).

The first aim of this study is to test the validity of the M-BPS-RI on a non-US sample. Another aim of the study is to observe, if the perception of brand personality differs based on the country of origin (COO) of the brands among the quick service restaurant (QSR) customers in Turkey. The study also investigates which of the dimensions of brand personality, if any, are associated with brand familiarity.

THEORETICAL BACKGROUND

The American Marketing Association (AMA) defines a brand as a name, term, sign, symbol or design, or combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors (Kotler & Keller, 2006). Branding can provide value both for the consumer as well as for the producer/seller. From the consumer side branding can simplify the purchasing

decision and reduce the purchase risk (Jacoby et al., 1977). From the producer/seller side, successful branding, among many other advantages, can be an important tool to achieve competitive advantage through brand loyalty (Kotler & Keller, 2006).

This two sided ability of branding to create value has been best conceptualized with the term brand equity. Even though the brand equity concept originated as a financially oriented term in the early 1980s it was later adopted by marketers to “understand and explain the benefits or values consumers seek from brands, how branding can influence consumer perception and behavior” (Bailey & Ball, 2006).

Any anticipated financial gain due to branding depends on consumer’s (purchase) behavior which is greatly influenced by the perception of the brand. Based on this view, Biel (1993) states, that brand equity is driven by the consumer concept of brand image, where brand image is defined as the cluster of hard/functional and soft/emotional attributes related to the brand. Kapferer (2008) on the other hand, argues that the brand image is the consumers’ perception and interpretation of the brand’s identity, which is the brand’s meaning as put forward by the firm. In any case most of the academic studies conceptualize brand image and brand identity as multi-dimensional constructs of which brand personality is an important component (Geuens et al., 2009; Azoulay & Kapferer, 2003). The soft/emotional attributes mentioned by Biel (1993) such as excitement, trustworthiness, fun, can also be used to explain the personality of a brand.

Aaker (1997) refers to brand personality as the “set of human characteristics associated with a brand”. Pandey (2009) quotes King (1970) stating “people choose their brands the same way they choose their friends in addition to the skills and physical characteristics, they simply like them as people”. Thus, establishing an appropriate brand personality can indicate a stronger emotional tie between the consumer and the brand, enhancing trust and loyalty (Siguaw et al., 1999). Since a successfully composed brand personality is difficult to imitate (Aaker, 1996) it can be a very powerful tool for establishing an ongoing differentiation (Aaker & Fournier, 1995).

Country of Origin

Country of origin (COO) is defined by Zhang and Zarb (1996) as “information pertaining to where a product is made”. The role of COO on product evaluation has been extensively researched (Fetscherin & Toncar 2009). Most of the previous research on COO focused on how consumers perceive the informational cues (Bilkey & Nes, 1982) cognitive cues (Verlegh and Steenkamp, 1999) and symbolic/emotional cues (Amine and Shin, 2002) arising from COO and usage of these cues to evaluate products. Berentzen et al. (2008) considers COO as an extrinsic cue in the decision making process of consumers and Zhang and Zarb (1996) states that in the absence of intrinsic cues, extrinsic/intangible cues can become surrogate indicators for the customers. Due to the nature of service characteristics (intangibility, perishability, heterogeneity, and inseparability) as identified by Zeithaml et al. (1985) such extrinsic/intangible cues might become more influential in the evaluation of services compared to products.

The Brand Personality Scale

Brand personality needed a consistent operationalization in order to contribute to consumer research (Aaker 1997). Since personality is a psychological term the Big Five theory of human personality has been the main starting point in the development of a theoretical foundation and scale to measure brand personality. There is a general consensus on the conceptualization and measurement of human personality with using the Big Five or the OCEAN model which stands for Openness, Conscientiousness, Extraversion, Agreeableness and Neuroticism (Mulyanegara et al., 2009). The five dimensions can be statistically represented by a small number of adjectives ‘markers’ (Saucier 1994).

In order to develop a consistent theoretical foundation and construct a reliable and generalizable scale, Aaker (1997) followed the psychologists’ steps in their investigation of human personality. Aaker used a factor analyses which resulted in a 42-item scale with a five factor solution of excitement, sincerity, ruggedness, sophistication, and competence (Musante et al., 2008). Three of Aaker’s dimensions relate to Big Five dimensions while two do not (Geuens et al., 2009).

Even though Aaker’s BPS has been very popular in measuring brand personality, its application in tourism and hospitality research has been rather limited.

Criticism of the BPS

Despite its wide popularity Aaker’s BPS has encountered some significant criticism. In order to build a sound theoretical construct to explain brand personality, Aaker (1997) followed psycholexical tradition in personality psychology, specifically the Big Five approach, however the OCEAN model of human personality structure

seems to be inappropriate in describing brands (Austin, et al. 2003). Lack of generalizability of the factor structure especially for the respondent level has been another major criticism raised against the BPS (Austin et al., 2003). The five factors of the BPS could not be replicated in certain cross-cultural studies, which lead to the development of country specific brand personality scales in Turkey (Aksoy & Özsoy 2007), in Germany (Bosnjak et al. 2007), and in Croatia (Milas & Mlacic 2007).

Modified Brand Personality Scale

All the above mentioned criticism towards Aaker's BPS should not be overlooked however; attempts have been made to modify the BPS's applicability in the restaurant industry (Musante et al., 2008). Musante and his colleagues conducted a two stage study, whereby in the first stage a principle components factor analysis was employed and 24 items eliminated that were not appropriate for assessing brand personality in the restaurant industry. The revised scale consists of 4 dimensions, eliminating the "ruggedness", and 18 items with a factor solution that explained 69.62% of the variance. 192 participants rated six restaurants using the revised scale in the second stage, and the internal reliability of the revised scale has been investigated by another exploratory analysis. The Cronbach's alphas for the four dimensions reported competence as ,7959, sincerity as ,9000, excitement as ,6738, and sophistication as ,8430.

METHODOLOGY

Measurement Tools: the M-BPS-RI, Brand Familiarity & Brand Preference Scale

In this study, the brand personality perception of six QSR was measured using the modified and adapted (to the restaurant industry) version of Aaker's (1997) brand personality scale which was developed by Musante, et al. (2008). The abbreviation M-BPS-RI was coined by the authors of the present research to stand for "Modified Brand Personality Scale for the Restaurant Industry." M-BPS-RI scale consist of four dimensions and 18 items. Prior to responding to the survey questions, students were instructed to consider each brand as if it was a person and rate it on a five-point scale (1=not at all descriptive, 5=fully descriptive). The brand familiarity variable was measured by using a single item measured by a five-point Likert-type scale where 1=not familiar at all and 5=very familiar. Participants were also asked to rank the brands in terms of their preferences from most favorite to least favorite. In addition to two demographic questions (age and gender) data was also collected on the respondents' patronizing frequency of QSR, monthly expenditures at QSR, and current living arrangements.

Sampling and Data Collection

In this study the brand personality perception of six quick service restaurants (QSR) was measured by means of a survey administered among students at three universities in Istanbul, Turkey. Since the brands under investigation were all QSR, a sample drawn from a student population was deemed as appropriate. Musante et al.(2008)'s survey was translated into Turkish language, a few demographic questions were added, and the survey was applied on a test group of 30 students in order to receive feedback for improvement. In line with the received feedback the survey was finalized. Though the data collection method was predominantly convenience sampling, it is believed that limiting the sample universe to university students produced a more harmonious and balanced data set which lends itself more to a linear comparative analysis among the variables in question. Surveys were administered by the authors to class attendees during or after the class sessions; the print copy included full directions on how to approach and fill out the survey, and the administrators gave exactly the same directions to each group, therefore any probable verbal questions were eliminated in order to counter the possibility of bias among the different classes in which students participated in the survey. Responses from the print copies were then manually entered to www.freeonlinesurveys.com from where the data set was obtained on Microsoft Excel, and finally imported to SPSS v.16 for analysis. A total number of 255 surveys were received, all of which were usable, totaling in a data set of (255 x 6) 1530 responses for six QSR.

Brand Selection

In this study three internationally known QSR brands active in Turkey (McDonald's 125-2160, KFC 122-256 and Domino's Pizza 115-2163) and three locally known QSR brands (Sampi 122-238, Hacıoğlu 118-242 and Pizza Max 115-210) were investigated. The international QSR brands chosen for this study are very much in line with the previous research conducted on the subject. The local brands for this study were selected among the members of the Turkish Franchising Association (UFRAD) for a higher level of credibility. The local brands have fewer units on average (30 units) compared to their international counter parts (126 units). However, the average years in operation is very close in each group (19.5 years for international brands and 18.3 years for local brands).

1 Years in operation in Turkey

2 Number of Units in Operation

RESULTS

Demographics

Of the 255 participants, %53 were women and %47 were men. The age range was 18 to 28 years, with the majority concentration between the ages of 19 and 23. The frequency of patronizing QSR is displayed in Table 1 below.

Table 1
QSR Patronizing Frequency

<i>Patronizing Frequency</i>	<i>Percentage of Respondents (%)</i>
1 or 2 times per week	35.5
3 or 4 times per week	25.5
Once every 2 weeks	15.5
More than 5 times per week	12.0
Once per month	11.6

Table 2
Amount of Monthly Expenditure at
(in Turkish Liras)

<i>Expenditure (1 TL =0.63 USD, 0.46 Euro)</i>	<i>Percentage of Respondents (%)</i>
50 – 149	40.1
Less than 50	26.2
150 – 249	15.9
250 – 349	11.5
More than 350	6.3

%77.5 of the respondents have the opportunity to cook at their residence whereas the rest do not. Almost half of the respondents live with their families, %20 share a room in a dormitory, %16 share an apartment, %14 live in an apartment on their own, and %3 live in a dormitory room on their own. The amount of monthly expenditures at QSR is presented in Table 2 above.

Survey participants were asked to rank the six QSR in accordance with their general preference, on a scale of 1 to 6. Among the sample international brands outperformed the local brands and occupied the first three places. McDonalds ranked highest with a 5,19 average, followed by Dominos (4,96), and KFC (4,30). The most popular local brand was Hacıoğlu (3,27) followed by PizzaMax (2,36) and Sampi (2,23).

Data Analysis

The data set was tested for validity and reliability. It was found that the data was valid and the reliability scores for the personality dimensions are given in Table 3 below. The Cronbach alpha value for the whole data set was ,973. It can be seen that the data had adequately high Cronbach alpha values and was therefore accepted as a valid and reliable data set.

Table 3
Reliability Scores for the Personality Dimensions (Cronbach's alpha values)

QSR	D1_Compotence	D2_Sincerity	D3_Excitement	D4_Sophistication	N
McDonald's	,812	,880	,642	,722	255
KFC	,844	,885	,729	,741	255
Dominos	,841	,899	,705	,767	255
Sampi	,910	,938	,820	,872	255
Hacıoğlu	,874	,911	,826	,807	255
Pizza Max	,891	,935	,827	,830	255
Overall	,760	,835	,784	,830	255

A regression analysis was run in order to determine whether the perception of the four brand personality dimensions have any significant influence on brand preference, therefore:

[H1: Brand personality dimensions have a significant influence on brand preference]

The regression analysis revealed no significant influence of the four dimensions on brand preference, thus H1 was rejected. Next, another regression analysis was run in order to determine whether the perception of the four brand personality dimensions had any significant influence on brand awareness, therefore:

[H2: Brand personality dimensions have a significant influence on brand awareness]

The analysis revealed that among the four dimensions only “D1_Competence” had a positive and significant influence on brand awareness, thus H2 was only partially accepted.

The brand personality dimensions were also analyzed in order to determine whether there exists any significant difference between the perception of local and international brands. T-tests revealed a significant difference between local and international brands on all four dimensions at both %95 and %99 confidence intervals. Finally, a two-sample t-test revealed no significant difference between genders regarding the four brand personality dimensions.

DISCUSSION AND CONCLUSION

The main aim of this research was to clarify the role (if any) of the country of origin on the brand personality perception of customers. Regarding this aim, a clear and strong difference on competence, sincerity, excitement and sophistication dimensions was found between local QSR and international QSR. Local QSR ranked much lower than their international competitors on the general brand preference rankings as well, pointing to quite a significant overall difference in the perception of customers in favor of international QSR, although the selected local QSR were possibly among the most established and well known Turkish QSR with a high level of credibility. This perception gap in favor of international QSR may be at least partly due to the aggressive marketing and promotion campaigns that are carried out by international QSR which compared to local QSR, on a general scale have a much larger budget allocated to advertising and promotion. The international QSR presence is more visible, with a much higher number of outlets positioned in strategic locations, such as food courts of shopping malls.

Another aim of this study was to explore the effectiveness of Musante et. al.(2008)'s modified brand personality scale in a cross cultural setting. Based on the high reliability values it can be concluded that this modified scale is a usable one in a different geographic and cultural context. On the other hand, among the analyses performed on the data, the only significant finding with relation to the internal workings of the scale has been the positive influence of the perception of QSR competence on brand awareness. According to the present findings the other dimensions, namely sincerity, excitement and sophistication do not have a significant influence neither on brand preference nor brand awareness. Data on these variables was obtained through only one question item each, which may have contributed to the instability of the results.

Limitations and Suggestions

One important source of limitations for the study arises from the population and sampling of the study. First of all, similar to the previous research on brand personality in the restaurant industry, the population of the study was also limited to university students. Secondly, due to time and resource constraints convenience sampling has been used. Thirdly, even though the M-BPS-RI was a shorter version of Aaker's BPS, a certain level of respondent fatigue has been observed. These issues limit the generalizability of the findings to the general population. In order to further investigate this modified scale, Aaker's original scale could be employed to observe whether it is effectively reduced to the same variables for the hospitality industry in different geographic and cultural contexts.

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**ASPECTS OF THE CLIENTS' PERCEPTION OF TOURIST ACCOMMODATION STRUCTURES
CONCERNING THE QUALITY OF THE SERVICES OFFERED.
CASE STUDY FOR THE AREAS VATRA-DORNEI AND NEAMŢ (ROMANIA)**

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ABSTRACT

Due to the favourable Romanian conditions, of the beauty of the places, of the purity of the air, of the waters, of the mountain areas, as well as of the precious cultural and religious patrimony, Vatra-Dornei and Neamţ areas have a relatively high tourist potential, which can be compared both with other famous tourist areas from the country, and from abroad. Not only the picturesque of the region, but also the well-known hospitality, folk traditions, customs, Moldavian specific gastronomy, and the quality of the services offered give the local colour to attract the tourists. Consequently, we intended to realize a case study with the main purpose to identify the clients' perception of the tourist accommodation structures from Vatra Dornei and Neamţ areas concerning the quality of their services. The present work intends to survey the concept of quality of the tourist services offered by tourist accommodation structures, as well as the inclusion of the results of this research, offering eventually a general image of the correlation between the quality offered, and the clients' perception of quality.

Key Words: quality, the tourist accommodation structures, the services offered, market research

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INTRODUCTION

Specialty literature offers several meanings to the quality concept, term derived from the Latin *"qualitas"*, i.e. "characteristic" or "way of being". However, the shortest and the most used definition is considered to be: quality as *"the aptitude for the use"* (Juran, 2002). Consequently, in the economic field, where the term has the highest frequency, quality can be defined as *"the totality of characteristics and features of a product or service, joined in order to satisfy a certain specified or implied necessity"* (British Standard 4778, 1987). The specified or implied necessity means that the client becomes eventually the quality referee. The activities developed in the service providing companies involve the clients' necessities. For example, in the moment of closing a service providing contract, these new types of necessities can be established in a mutual agreement with the client. They become then a series of expectations from the clients' point of view - concerning the type of service which they would desire, or as long as they are willing to pay for that type of service, and so on. If these expectations are greater than the ones desired or imagined by the clients, then they will be satisfied, and they will have a "quality" experience. However, if these unwritten expectations are not in agreement with the ones desired or imagined by the clients, then quality cannot be offered, and consequently the clients and their expectations will remain unsatisfied. These differences between the clients' expectations and the offer of the required services were very well studied by Parasuraman, Zeithaml and Berry (Melidonioti, Gotzamani, 2007). In ISO 9000-2000 standard, quality is defined as *"the degree in which a totality of intrinsic characteristics fulfil the demands"*. Quality nowadays has become a strategic element in the service providing companies, due to the fact that it determines *"competitiveness"* at its highest degree. In the European Quality Chart, quality is defined as *"the key to competitiveness"* of the companies, which should work towards the mutual objective of quality promotion in all the countries from the European Union.

The concept of quality must be analysed from the point of view of both the consumer (the client), and of the provider (the producer). For **the consumer**, quality means *"the satisfaction which a certain good can offer in its use or consumption"* (Maxim, 2007), and for **the producer**, quality means *"the level of the characteristics of*

the products or services offered to the clients” (Juran, 2000). Therefore, we can conclude that the companies have the clients’ demands as a reference of the quality performed. This is why the clients’ expectations must be thoroughly analysed, “*both from the perspective of the results, and from the perspective of the realization process*” (Maxim, 2007). Among the factors determining the clients’ expectations we mention: the experience they had regarding a past offer from the company, the dialogue with other clients, the expectations in what concerns solving a problem, and so on. Other *notions* are also correlated with the concept of quality: *quality management*, defined as the totality of the modalities to obtain quality; *quality planning*, activity implying the establishment of the objectives; *quality control*, process measuring the results; *quality improvement*, process of positive change of the company performances; *quality objective*, an active target of the quality; *zero defects*, i.e. a product with no flaws; this notion is practically a slogan used to stimulate quality (Crosby, 1984). With such a multidimensional character, quality is also of several types (Armean, 2003): *designed quality* – it involves individual values of the product, at a level chosen as a result of the comparison among several alternatives, in order to satisfy the clients’ needs; *prescribed quality* – it indicates the level of the product characteristics as compared to the standards and norms; *certified quality* – having the characteristics of a product certified by a competent commission; *real quality* – the real product quality level determined at a certain moment; *commercial quality* – concerning commercial characteristics; *contracted quality* – the level of the quality characteristics established between the parts involved. Meanwhile, quality allows the economic units to benefit of a competition advantage, because by quality, each organization is different from the other, with similar products or services. On the other hand, quality is in a close correlation with the field of marketing, because the marketing decisions must consider quality, for it “*influences the volume of services demand and the structure of the clientele*” (Niță, 2004). The exhaustive definition, joining a great part of the definitions given to the term along the time, is as follows: *quality represents the aptitude of an entity to dispose of a totality of intrinsic characteristics, which offer it the possibility to satisfy in a certain degree some specified or implied necessities*” (Maxim, 2007).

Research concerning the clients’ perception of tourist accommodation structures from the areas Vatra Dornei and Neamț (Romania) regarding the quality of tourist products and services offered. Comparative analysis 2008 - 2009

OBJECTIVES AND METHOD

The research realised for the elaboration of this work has the **main purpose** to learn about the managers’ perception regarding the tourist accommodation structures from the areas Vatra Dornei and Neamț, in what concerns the quality of tourist products and services offered.

The objectives of the research regarding the purpose mentioned above were as follows: **O.1.** To obtain the necessary data for the realization of a complex market research, using as a data collecting instrument the questionnaire applied to the clients of the tourist accommodation structures. **O.2.** The comparative analysis 2008 – 2009 of the data obtained as a result of the research regarding the clients’ perception of the quality of tourist products and services offered by the tourist accommodation structures from the areas Vatra Dornei and Neamț.

The working hypotheses concerning the basis of the present research are as follows: **I.1.** The perceptions of the clients from the tourist accommodation structures of the areas Vatra Dornei and Neamț are different for the two periods of time under study. **I.2.** There is a certain degree of subjectivism of the clients from the tourist accommodation structures from the areas Vatra Dornei and Neamț concerning the quality of tourist products and services offered.

RESEARCH METHODOLOGY

The methods used in this research were varied and in agreement with the objective established. These methods are as follows: the documented study which consists of two aspects: the bibliographical documentation from internal sources, and the bibliographical documentation from external sources; the theoretical analysis; the observation; the practical documentation and gathering the informative material by field research; statistical data analysis; the exploratory study, which means obtaining the data with the help of the inquiry, using the questionnaire applied to the clients of tourist accommodation structures from the areas Vatra Dornei and Neamț - Romania (109 clients in the area Vatra Dornei and 121 clients in the area Neamț) as a data collecting instrument. This inquiry had the result of obtaining quantitative data essential for the research; the synthesis of the information. The information was gathered and processed with the SPSS 13.0 programmes for centralising the information, and Excel for centralising the frequencies.

The research area consists of two tourist Romanian areas: Vatra Dornei tourist area and Neamț tourist area. **The intended group of subjects** is formed by the total number of clients of tourist accommodation structures from the area under study which were functioning during that particular period of time;

The resulted group of subjects is formed by: *a target group for Vatra Dornei tourist area*: 109 clients of tourist accommodation structures (hotels, tourist B&B, and agricultural tourism), representing the total present population during the development of the research in the locations under study on October 11th, 18th, and 25th, 2008; *a target group for Neamț tourist area*: 121 clients of tourist accommodation structures (hotels, tourist B&B, and agricultural tourism), representing the total present population during the development of the research in the locations under study on October 11th, 18th, and 25th, 2008. As we also repeated the research in the year 2009, we used as subjects the target group from the year 2008, because we intended to make a comparative analysis of the results obtained after the research concerning the perception of the clients of the tourist accommodation structures referring to the quality of tourist products and services offered. We also used the same periods of time for the development of the research. The questionnaire was applied on October 10th, 17th, and 24th, 2009. We mention that both in the year 2008, and in the year 2009, the three days of research were the

Table 1

Centralizer with the frequency average of the answers received to the question no 15 from the questionnaire, addressed to the clients of the tourist accommodation structures concerning quality services in the tourist areas

Vatra Dornei and Neamț
Comparative analysis 2008 – 2009

Aij Factor 2008	Quality accommodation services	Quality transportation services	Quality food services	Quality entertainment services	Frequency average 2008
	%	%	%	%	%
A11	26.6	26.6	39.8	31.2	31.05
A12	62.4	41.3	45.9	48.7	49.57
A13	11	29.4	11.9	18.3	17.65
A14	0	2.7	0	0	0.68
A15	0	0	2.4	1.8	1.05
Total	100%	100%	100%	100%	100%
A21	44.6	37.8	24	35.5	35.48
A22	55.4	42	68.6	49.6	53.9
A23	0	13.5	7.4	12.4	8.32
A24	0	1.7	0	0	0.42
A25	0	5	0	2.5	1.88
Total	100%	100%	100%	100%	100%
Aij Factor 2009	Quality accommodation services	Quality transportation services	Quality food services	Quality entertainment services	Frequency average 2009
	%	%	%	%	%
A11	28.4	28.4	39.4	30.3	31.63
A12	61.5	41.3	46.8	49.5	49.78
A13	10.1	27.5	11	16.5	16.27
A14	0	2.8	2.8	0.9	1.62
A15	0	0	0	2.8	0.7
Total	100%	100%	100%	100%	100%
A21	43.8	33.9	23.1	34.7	33.87
A22	55.4	40.5	62.8	48.8	51.87
A23	0.8	15.7	11.6	10.7	9.7
A24	0	3.2	0.8	2.5	1.63
A25	0	6.7	1.7	3.3	2.93
Total	100%	100%	100%	100%	100%

Significance: A11 – Vatra Dornei area, answer alternative “1”; A21 – Neamț area, answer alternative “1”, A12 – Vatra Dornei area, answer alternative “2”, etc.

Saturdays from the middle weeks of the month of October. We intended by this research to get information from the clients of the tourist accommodation structures in the research area regarding the quality of tourist products and services offered to them. We elaborated a questionnaire for the two categories of subjects (clients of the tourist accommodation structures from Vatra Dornei area, and from Neamț area), whose questions targeted the general objectives of this research.

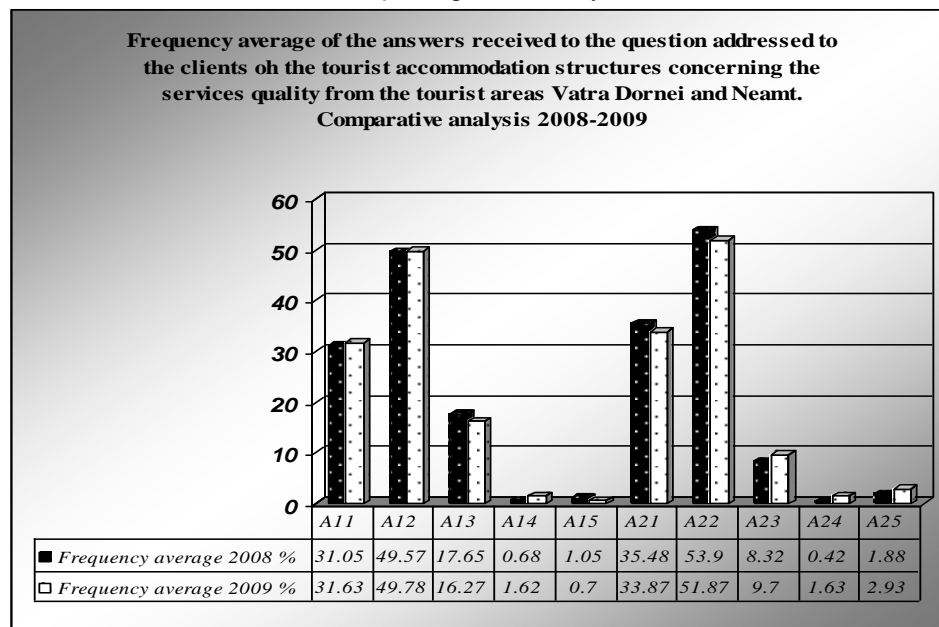
Statistical research based on the frequency of the quality of tourist products and services demanded by the clients of tourist accommodation structures from the areas Vatra Dornei and Neamț (Romania)

Knowing that a completely integrated tourist product is joining four categories of tourist services (*accommodation, transportation, food, entertainment*), the questionnaire applied to the clients also included a question from which we could get the **qualitative** appreciation of services of which the clients of the tourist accommodation structures from the research area benefited. In table 1 it was calculated the average of the frequency of the answers received to the question no 15 from the questionnaire, addressed to the clients of the tourist accommodation structures concerning the **quality services** in the tourist areas Vatra Dornei and Neamț. For these answers we used the following grading system: **factor A** (Vatra Dornei area and Neamț area) for the quality levels 1...5 (1 - very satisfied, 2 - satisfied, 3 - neither satisfied, nor dissatisfied, 4 - dissatisfied, 5 - very dissatisfied, or I don't know, I will not answer); **factor B of appreciation of quality services** for the levels 1...4 (*accommodation, transportation, food, and entertainment*).

The purpose was the identification of the significant influence factors in order of their importance.

The values from Table 1 are presented graphically in Figure 2 – The histogram of the frequency average concerning quality tourist services for the areas Vatra Dornei and Neamț. Comparative analysis 2008 – 2009.

Figure 2
The histogram of the frequency average concerning the quality of tourist services for the areas Vatra Dornei and Neamț. Comparative analysis 2008 – 2009



From the graphical representation of the values it results that: **in Vatra Dornei area**, in the year **2008**, from the 109 clients who benefited from the services offered by the tourist accommodation structures under research, 62.4% were satisfied with the accommodation services, while 11% were neither satisfied, nor dissatisfied; 41.3% were satisfied with the transportation services, and 2.7% were dissatisfied; 45.9% were satisfied with the food services, and 2.4% were very dissatisfied; 48.7% were satisfied with the entertainment services, and 1.8% were very dissatisfied. *Calculating the frequency average it results that 49.57% of the 109 clients were satisfied with the tourist products and services offered by the tourist accommodation structures from the area Vatra Dornei.* In the year **2009**, from the 109 clients who benefited from the services offered by the tourist accommodation structures under research, 61.5% were satisfied with the accommodation services, while 10.1% were neither satisfied, nor dissatisfied; 41.3 % were satisfied with the transportation services, and 2.8% were dissatisfied; 46.8% were satisfied with the food services, and 2.8% were very dissatisfied; 49,5% were satisfied with the entertainment services, and 2.8% were very dissatisfied. *Calculating the frequency average it results that 49.78% of the 109 clients were satisfied with the tourist products and services offered by the tourist accommodation structures from Vatra Dornei area.* Making a comparative analysis, we can say that in the year 2009, according to the results obtained, we registered a slight increase (with 0.21%) of the frequency average reflecting the quality degree of tourist products and services offered by tourist accommodation structures from Vatra Dornei area. **in Neamț area**, in the year **2008**, from the 121 clients who benefited from the services offered by the tourist accommodation structures under research, 44.6% were very satisfied with the accommodation services, and 55.4% were satisfied; 37.8% were very satisfied with the transportation services, and 42% satisfied, 13.5% neither satisfied, nor dissatisfied, 1.7% dissatisfied, and 5% very dissatisfied; 68.6% were satisfied with the food services, and 49.6% were satisfied with the entertainment services. *Calculating the*

frequency average it results that 53.9% of the 121 clients were satisfied with the tourist products and services offered by the tourist accommodation structures from Neamț area. In the year 2009, from the 121 clients who benefited from the services offered by the tourist accommodation structures under research, 43.8% were very satisfied with the accommodation services, and 0.8% were neither satisfied, nor dissatisfied; 33.9% were very satisfied with the transportation services, and 40.5% satisfied, 15.7% neither satisfied, nor dissatisfied, 3.2% dissatisfied, and 6.7% very dissatisfied; 62.8% declared that they were satisfied with the food services, and 48.8% were satisfied with the entertainment services. Calculating the frequency average it results that 51.87% of the 121 clients were satisfied with the tourist products and services offered by the tourist accommodation structures from Neamț area. Making a comparative analysis for the two periods under research, we notice that in Neamț area it was registered a slight decrease (with 1.03%) of the frequency reflecting the answers for the clients' perception concerning the quality of tourist products and services consumed.

TESTING THE HYPOTHESES

In order to test the **H.1.** and **H.2.**, we analysed the results obtained after the application of the questionnaire to the 230 clients of the tourist accommodation structures from the research areas. From the analysis of the answers received it results that the hypothesis **H.1.** is confirmed, and *the perceptions of the clients of the tourist accommodation structures from the areas Vatra Dornei and Neamț are indeed different for the two periods under research*, as the results obtained are registering differences in the year 2009 as compared to the year 2008. The same, the hypothesis **H.2** is confirmed, because *there is a certain degree of subjectivism manifested by the clients of the tourist accommodation structures from the areas Vatra Dornei and Neamț concerning the quality of tourist products and services offered by them.*

CONCLUSIONS

From the analysis of the answers received from the 31 questions of the questionnaires applied to the 230 clients of the tourist accommodation structures from the research areas, we can identify the most important tendencies and strategic directions of action which could be taken into account in order to assure, improve, and increase the quality of tourist products and services offered. For this matter, according to the answers received from the clients of the tourist accommodation structures to the questions from the questionnaire, the following orientation and strategic direction are necessary in what concerns the assurance, improvement, and increase of the quality of tourist products and services: in what concerns **the quality of the accommodation services**, the analysis indicates that an improvement of the quality of this type of service is necessary, so as the satisfied clients would become very satisfied ones; the same, big investments in infrastructure are necessary, for example in the modernization of the roads, because **the quality of the transportation services** should be highly improved; the analysis showed that 144 clients from the 230 questioned ones, declared they were just satisfied by the **quality of food services**. For that matter, it is necessary to improve the quality of this type of service by the training of the existent personnel, or by hiring new ones; in what concerns **the quality of entertainment services**, the analysis showed positive answers, and the clients were satisfied. However, it is necessary to improve the quality service in order to transform the satisfied clients in very satisfied ones, and the dissatisfied clients in satisfied ones; In conclusion, we can say that the field of research is vast and extremely interesting, due to the complexity involved by the dynamics of the economic environment. Therefore, we grant this work the role of an attempt of conceptual analysis and of structuring of the research through the particular study over the perception of the clients of the tourist accommodation structures from the areas Vatra Dornei and Neamț in what concerns the quality of tourist products and services in the context of Romanian economy. By this work we are not able to evaluate all the issues. However, by the theoretical and practical news brought on to everybody's attention, this work can lead to new directions of analysis and scientific research.

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AFFLUENT MARKETING AND IMPLICATIONS ON HOSPITALITY: CASE FROM IZMIR

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ABSTRACT

Affluent market has a huge potential in terms of being a profitable segment with a tendency of growth. In relation, affluent tourism segment is one of the growing segments of global tourism industry for the last 10 years, thus, gaining special importance during these economic crisis days. The aim of the research is to have a brief understanding and characteristics of the affluent segment marketing, its application in hospitality industry and the success criteria. The case study consists of 4 and 5 star luxury hotels in Izmir and their marketing approach to this special segment. The last part of the research concludes comments on findings and suggestions. The aim of this original study is to make a preliminary study on affluent marketing applications of 4 and 5 star hotels in Izmir and to discuss and analyze the aspects of affluent marketing applications directed to the luxury tourism segment.

Key Words: affluent tourism, luxury tourism trends, affluent travel marketing, luxury marketing,, Izmir

RESEARCH QUESTION

This research is questioning; “*whether Izmir has potential for affluent tourism and if the luxury hotels are utilizing this segment*” and if not “*why*”. This research question is addressing the important reasons that may undermine the potential of the city and some important strategies might be developed according to the findings gained through the interviewees.

INTRODUCTION

Turkey is one of the main tourism destinations in the global market and recently has become one of the world’s most popular tourism destinations due its natural attractions, unique historical and archaeological sites, improving touristic infrastructure, new investments in the tourism sector, a more sophisticated brand of tourism, wider choice of alternatives and the good value offered and its tradition of hospitality by Turkey for foreign visitors have all contributed to this success. The tourism and travel sector contributed a lot to Turkey’s economic development over recent decades by creating employment, increasing national GDP and positively effecting to the balance of payments. “In 2009, combined with the travel sector, the industry generated TL 95.3 billion of economic activity (approximately 10.2% of Turkey’s GDP) with an employment of approximately 1.7 million people (7.2% of total employment)” (Deloitte, 2010;6). The growth seems to continue since along with many other research results, “PricewaterhouseCoopers anticipates that Turkey’s tourism sector will expand by 12.1% between 2010 and 2013” (Turkish Culture & Tourism London Office, 2010).

Izmir's agricultural and industrial production makes her one of the most important cities of Turkey. The GDP of Izmir has a share of 7.7% in the total GDP of Turkey.. Izmir has a history which dates beyond 8000 years therefore own many unique heritage resources. The city is called “The Aegean Pearl” and was cited as a well suit for city tourism in “Turkey’s Tourism Strategy” Being besides a tourism center, Izmir is an important meeting point of cultural events and expositions with its universities, cuisine, museums, concert halls, cultural and art associations, annual national and international festivals and rich alternative media (Izmir Chamber of Commerce, 2008). Izmir is in excellent destination for special tourism types like cruise, health, medicine, MICE, religion, culture and such due to the unique archeological, cultural, natural and thermal resources the area owns. Thus the potential to attract affluent tourists visiting the area for any of these types seems to be very promising, it is also very important that the reputation and branding is appropriate and proper service and marketing strategies are applied to this special segment, if it wants to be a global brand for affluent market.

Strategically targeting to the cruise tourism segment recently, the city has 50% of its tourists from this luxury segment which provides a good base for the affluent tourism potential development (İZTO, 2011).

As table 1 below indicates Izmir gets only a very little share from Turkish tourism demand, which is very contradictory given to the resources it owns. The only way it can improve, seems to appeal niche markets like affluent market or alternative tourism segments, so it can increase its share.

Table 1- The distribution of international tourism arrivals among the important tourism destinations of Turkey

	2009	2010	10 / 09 (%) change
Antalya	8 260 399	9.246.814	11,94
Istanbul	7 510 470	6.928.867	-7,74
Izmir	1 056 792	1.155.830	9,37
Mugla	2 820 298	2.973.886	5,45
Kusadasi (by sea)	615.102	529.722	-13,88
Other	6.814.053	7.797.085	14,43
Turkey Total	27.077.114	28.632.204	5,74

Resource: Turkish Tourism Investors Association (TYD), Tourism Statistics, available at: <http://www.ttyd.org.tr/tr/page.aspx?id=1633>

LITERATURE REVIEW

According to ILTM (International Luxury Travel Market) the top 3% of tourists spend 20% of total tourism expenditure which makes this group a very profitable segment with an increasing growth rate (Ikkos, 2003). This segment requires special effort since affluent segment is different than the other segments for the marketer in almost all the aspects from the strategies applicable and efficient. The affluent travel market consists of rich in other terms with high disposable income level tourists have a great potential for development and growth rate and tourism marketers are beginning to realize the great opportunity the affluent tourism market presents.

As there are many definitions for luxury like wealth, affluence, etc. there are many words that are interchangeably used for luxury tourism like high-end tourism, affluent tourism, wealthy tourists' segment or very simply put rich tourists segment, though all refer to the same thing since this segment is distinguished by price and personalized service thus requesting; high quality services, high quality accommodations, top quality aesthetics, very special activities and personalized amenities (Sezer, 2010:24). Increasingly, the segment customers are expecting personalized packages, more fine-dining, day spas, massages, excursions in style and in small groups even in remote and impoverished destinations. Tailored marketing and customization from beginning to the end of the service process seems to be the ways to market affluent travel segment.

In order to effectively reach affluent customers, it's necessary for a marketer to realize the levels of different wealth segments and have a clear picture of the profile of the unique affluent prospects segment. Thus, affluent tourism segments' characteristics may be summarized as (Savaş, 2011; Gordon, 2003; Chaudari; Luxury Travel 360, 2010; Oechsli, 2005:41)

- Purchase drivers are being unique, differentiation from the crowd and personalized service.
- They are easily attracted to art objects and things that are rare.
- Most of them have consultants, advisors and secretaries who sometimes make the purchasing decision for them
- There is more dominance of wants over needs for this segment (Sheth, 2007:10)
- They are seeking a sensible, experiential vacation and exclusivity. They want comfort, but also the opportunity to taste and live the local culture.
- Affluent travel consumers like to be acknowledged by special marketers (smarter, more sophisticated and so on. They prefer personalized and confidential services.
- Affluent consumers find word-of-mouth and referrals from friends and colleagues extremely important when making buying decisions.
- They are also very unhappy when they are faced with poor service quality, inefficiency and inconvenience, technical deficiency, manipulation, deceit or neglect during the sales and purchase process.
- They are more free independent travelers who seek qualitative travel
- Affluent travelers associate luxury as quality and service but not with price. According to a recent American Express Platinum Survey nearly 80% of luxury consumers surveyed agreed with the statement, "an important part of my enjoyment of a luxury experience is how well the service personnel treat me and the extra service they provide. " (Ferry, 2007)

It is obvious that the drivers and motivators for affluent market are quite different than the other segments, which makes it important for affluent travel marketers to understand and keep up with them for successful and repeat sales. In addition to understanding the segments characteristics, it is also vital to keep up with the trends that are followed by this group. Some of the trends of affluent tourism segment are stated below (Ikkos, 2003; Vora, 2007; Escalera, 2008; Luxury Link Exclusive, 2010)

- The dominant drivers of luxury spending going forward will be authentic experience and social conscience. If the future of luxury will be defined by value, experience and social conscience. The results of the research conducted between mass market yacht customers and the affluent yacht customers showed that the second group wants “state-of-the-art customized yacht and the key-words taken from affluent yacht segment are: lifestyle, emotions, pleasure, luxury, indulgence, entertainment, social settings, precious spare time, individualism, getting away from the crowds” (Vora, 2008).
- Affluent market is becoming more focused to value in the travel packages bought which requires appropriate pricing, appropriate with the goods and services purchased
- Sustainable environment, eco-awareness, organic and slow food and being sensitive to local cultures are becoming more and more important for affluent market. More and more luxury hotels are starting their green programs in order to meet this demand.
- Consumer buying behavior, geography, AIO and enthusiasm seems to make up the new definition of affluent markets.
- Family travel is demanded even in business trips.
- Creative and innovative travel packages are getting the upmost attention.
- Health, well-being and looking good are the increasing travel motivators which give rise to spas, health and medical travel and wellness services.
- Culture is becoming an important component of any travel package. In the future, “hotels will become houses of culture, with in-house museums, curators, artists as interior designers, and stepped up marketing efforts that embrace culture” (Escalera K.W., 2008)
- The affluent are looking for unique experiences more and more since luxury is being redefined as unique and personal experiences because consumers are overloaded with products.
- Special consultancy for travel organization, concierge services are rising on demand. For example, Fisher Travel, a members-only travel concierge based in New York City, costs \$250,000 just to join, and another \$10,000 a year in fees and has a waiting line for the potential customers who wants to join.
- The results of a LUX Trends survey of 70 international hotels which form part of the Small Luxury Hotels of the World brand. among the wealthy hotel guests show that “they hate rip-off prices, being disturbed, being identified by staff as exceptionally rich, having to wait for anything, and hearing the word ‘no’ in response to their special requests. Their preferences include inconspicuous service and having their favourite foods, drinks and other indulgencies remembered and anticipated by the hotel.” (Mills, 2004).

Success criteria for affluent marketing

Taking into consideration the characteristics and the trends of the affluent travel segment, the suggestions stated below seem appropriate strategies for affluent tourism marketers (KnowledgeWharton, 2008; Luxury marketing Newsletter, 2005, Stanley, 1997; Khanna & Mansharamani)

- It seems that global service standards are vital to delivering the highest quality guest experience. Maintaining global brand characteristics and standardization, offering a memorable guest experience that is consistent in quality are vital criteria for success while it is also important to understand the guest’s origin and show respect for their social traditions and customs.
- Pull marketing is appropriate by showing the affluent market segment how the travel surface will contribute to their personal life as a reward
- They want to feel unique and special: Personalization of products and services helps to provide these benefits. It is important to create value for the affluent tourism market by offering convenience, personalized attention, exclusivity etc. therefore with affluent segment emphasizing uniqueness in the communication message, using ‘limited editions’ or ‘only for select audience’ strategies are useful.
- It seems that environmentally sustainable, culturally-sensitive, local and authentic initiatives are becoming very important therefore the marketer should use them.
- Adding extra and special amenities and offers to the service specific for this segment and communicating these to them by the help of knowledgeable sales experts is recommended.
- Invested in creating a destination those particular customers are excited about
- Coming to visit and spending time at, that not only sells goods and services but also expertise.
- While marketing to affluent customers, it's important to understand that there are all levels of wealth, therefore it is vital to know the targeted affluent prospects characteristics and wants.

6P model for the Luxury buyers is introduced by Jeff Winsper mentioning that these 6 criteria are very important for the affluent segment thus the marketers should be careful in applications taking into account that

different affluent consumers respond better to different combinations of these six dimensions that are stated below (Winsper, 2007):

1. People — Tourism is people business and people are looking for strong personal relationships that differentiate the service communication and delivery from the others.
2. Product — Luxury products and services should have six key characteristics: quality, heritage, integrity, price, scarcity and non-utility.
3. Passion — Passionate consumers share their passion which marketers call as WOM advertising.
4. Pleasure — Pleasure derived from luxury consumption comes from the unique experience appealing to personal senses and emotions.
5. Purpose — Luxury customers give different levels of importance of pleasure vs. goal of travel purchase. Marketers need to be prepared for all possible combinations.
6. Price — Price is compared against value gained with the purchase and though the affluent tourist seems to spend a lot still they usually tend to spend rationally.

IZMIR AS AN AFFLUENT TOURISM DESTINATION

Methodology

In this study interview technique is preferred. The interview questions are open ended and semi-structured and interviews were held face to face where the population of the study consisted of 15 people who are sales managers and hotel managers of 4 and 5 star hotels in Izmir. The important part of this research is the interviewees were selected according to their competency and experience in assessing “Luxury hotels in Izmir” as “marketing to the affluent tourist segment”. The titles concerning the interviewees are sales managers or general managers of 4 and 5 star hotels operating in Izmir. The questions directed to the interviewees were as follows;

- Do you think Izmir as a destination that has a potential for affluent tourism targeted to luxury travel consumers? Why?
- Do you agree that Izmir as a destination should target affluent tourism segment that consists luxury travel consumers? Why?
- Do you think Izmir can benefit its cultural heritage and make the best use of it? If not, why?
- How do you evaluate your hotel’s marketing strategies and promotional goals for the affluent travel segment? Please provide information about your marketing efforts for this segment.
- According to your expertise what are the service requirements for the affluent travel segment?
- According to your expertise what could be the reasons for the hotels failure in marketing to the affluent travel segment?

Results and Findings

All the respondents (15) have answered most of the questions and as far as it is seen the majority of the respondents agree upon some topics but disagree on the others. When the major and mostly repeated codes are taken into account, the findings may be summarized as below;

1. Question is: “Do you think Izmir as a destination that has a potential for affluent tourism targeted to luxury travel consumers? Why?”

40 % (39.9%) of the respondents believe that Izmir does not have a potential for affluent tourism and travel market. Although there is a discrepancy on this questions replies, all the respondents agreed that Alacati / Cesme is already an established popular brand in surfing and is becoming more and more popular by the affluent tourism segment.

According to the replies of not having the potential, the reasons they stated differ. The reasons for the lack of potential were stated as:

- a. inefficient number and variety of creative pull attractions, events and amenities,
- b. Izmir still not being a popular brand
- c. Izmir brand giving confused and mixed messages
- d. Izmir just having luxury hotels but lacking the fine dine F&B establishments, social structure, and the special clubs that the affluent segment would ask for.

On the contrary, 60% (59.9%) of the respondents agree that Izmir indeed has a huge potential for affluent tourism and travel market. The reasons stated were; suitable climate, geographical location, position the unique heritage, cultural and thermal resources the city has, the culinary richness and the opportunities for religious tourism it has. One of the respondents mentioned that “The thermal resources of the city and the health tourism potential is so unique that it is impossible for affluent market segment to be indifferent to it”. Also it was stated that the big shopping centers with global luxury brands shops and newly built huge convention complex are also pull factors for this group. Two respondents mentioned the yacht tourism of

Izmir will directly impact affluent segment and will also increase it. The Konak pier marina investment is a project that supports their idea, and when it is finished the demand for Izmir will grow from the affluent tourism segment.

2. Question is “Do you agree that Izmir as a destination should target affluent tourism segment that consists luxury travel consumers? Why?”

In parallel with the first question’s replies, 40 % (39.9%) of the respondents believe that Izmir should not target affluent tourism and travel market since it does not have the resources for potential and also lacks the qualified staff to serve this special segment. And within the same manner, 60% (59.9%) of the respondents stated that Izmir indeed should target affluent tourism and travel market with the support of serious branding efforts and with the golf tourism, sports tourism and new marina investment projects. Three respondents mentioned that new luxury hotels especially designed for health and wellness tourism will increase the demand for Izmir. Three respondents mentioned the importance of direct flights to and from the destination since affluent segment never uses charters or connecting flights.

3. Question is “How do you evaluate your hotel’s marketing strategies and promotional goals for the affluent travel segment? Please provide information about your marketing efforts for this segment.”

Only 26.4% of the respondents (4 out of 15) stated that their hotels though very limited promote and provide special marketing strategies for affluent group. Their hotels have luxury rooms, executive floors and luxury services for affluent tourists but they mentioned that the service offerings are limited and should be extended. Also there are no specific marketing campaigns aimed to this special group which is a mistake one of them mentioned. The hotels targeted affluent segment comes to Izmir for yachting and health/spa/wellness purposes and uses the related services / products provided.

One of the respondents mentioned that “affluent tourism and travel market promotion and marketing is too much for a hotel do alone, the regional government bodies and DMO’s should organize and act to it.”

4. Question is “According to your expertise what are the service requirements for the affluent travel segment?” The responds focused on the topics of ; quality service, branding of Izmir, constant professional training, qualified staff who are fluent in foreign language for this special segment. All the respondents agreed that;
 - a. quality in hotels, restaurants and activities provided,
 - b. having qualified staff,
 - c. training and education and
 - d. branding are the most important factors to be successful in affluent marketing.

One of the respondents mentioned that specific services should be provided to this segment by the help of successful benchmarking examples. Another one mentioned training for the taxi drivers, shop owners and all the people who contact this group is a must.

5. Question is “According to your expertise what could be the reasons for the hotels failure in marketing to the affluent travel segment?”

All the responds mentioned that the first step is branding and regional organization and promotion of Izmir to the affluent marketing segment with the help of convention bureaus, national government offices and DMO’s. a hotel alone cannot be successful if the destination is not well designed and communicated to the affluent market. Other than that, 40% stated that they have no experience or information about affluent marketing strategies therefore do not know the reasons for failure. 60% of the respondents stated that the major reasons for the failure could be; lack of qualified staff, improper advertising campaigns and messages, missing the luxury concept in the service as a whole, lack of supporting sub sectors and lack of joint venture and/or co-marketing efforts targeted to affluent segment.

CONCLUSION

The findings indicated that affluent tourism might be a suitable tourism sub sector for Izmir but there are many steps to be taken, since the city lacks many of the necessary conditions. It was also understood that many Izmir hoteliers are reluctant to perform individual marketing strategies to affluent segment since they mentioned that before individual hotels and tourism establishments marketing efforts are conducted, there needs to be a regional planning and implementation for the affluent tourism market where governmental bodies, convention bureaus and DMO’s work together for proper branding and appropriate positioning of Izmir. Improvement of high quality establishments, providing attractive events and increasing the number

and variety of direct international flights were also suggested to increase Izmir's affluent tourism market potential.

There were many stated strong pull factors. Main ones stated were: suitable climate, geographical location, the unique heritage, cultural and thermal resources the city has, the culinary richness, the opportunities for religious tourism it has the big shopping centers with shops selling global luxury brands and. New investments like marina and convention complex.

The important service and marketing characteristics for the affluent tourism market were stated as; quality service and attractions, branding of Izmir, constant professional training and having qualified staff who are fluent in foreign language for this special segment. Also, yacht tourists and health/spa/wellness tourists seems to be the proper affluent sub sector segments that Izmir mat target within this respect.

LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

As with any research, this study has some limitations. First, time limit was a main constraint for the data gathering process leading to a limited number of sample for the analysis. This research was intended to be just a pilot and preliminary study. Also, it is recommended to apply a qualitative research on the same topic and research question, which may give another angle for decision, strategies and may aid further conclusions of researchers.

Even though there were some limitations in this study, it had high potential value in providing a foundation for future research. There are several opportunities to extend this study and the following are the recommendations that can be considered for future research.

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MOBILE AIRLINE SERVICES

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ABSTRACT

This paper aims to demonstrate the current status and potential of mobile services in the airline business. Mobile airline services, such as booking, check-in, boarding pass, gatecaller, flight information and lost baggage information, have been increasingly used over the last years. A typology of mobile services, the airline companies that deliver these services and indicative references for each kind of service, are presented in this work. The growth in the use of mobile airline services is verified through the findings of a research in progress, conducted among Greek students at under and postgraduate level. Even though only booking and check-in are already supported through mobile phones in the Greek airline industry, the respondents in our survey identified the high importance of most of the aforementioned mobile services. According to their views, there is also a need for upgrading the existing services in the Greek market. As in many other businesses, the delivery of continuously improving mobile services in airlines seems to have significant benefits for both enterprises and customers.

Key Words: mobile services, airlines, mobile service typology

INTRODUCTION

The mobile Web offers new personalized services to consumers on their mobile devices-phones, PDAs and laptop computers. This requires the development of mobile applications, allowing for secure access to Web services. The following work is an analysis of mobile services used by airlines around the world, trying to demonstrate their potential in the airline industry. It presents the main findings of a research in progress conducted among under and postgraduate students, concerning their thoughts about the introduction of mobile services to the Greek airlines. The quality of mobile airline services is a matter of high importance. Therefore, a low-quality or an excellent service has a strong impact on its users, creating strong feelings about the company, its staff and services. In recent years, the airlines in their efforts to facilitate a user, have adopted the use of mobile phones and devices for some basic services. The mobile services provided include services through messages (SMS) and the Internet (WAP), the possibility of ticket reservation and check-in, and the receipt of information about flights and lost baggage.

MOBILE SERVICE TYPOLOGY

Mobile services constitute a very important step in the development and progress of the airline industry. More specifically, the services provided in recent years by foreign airlines are: mobile booking, mobile boarding pass, gatecaller, flight information service and lost baggage information service. These services, since their introduction until today, offer a very competitive advantage to the companies using them, attracting more and more customers. The Table 1 below summarizes the mobile airline services, giving their interpretation, the airlines that use them and some indicative references.

Table 1. Mobile airline services

MOBILE SERVICES	AIRLINE COMPANIES	LITERATURE REVIEW
<p>MOBILE BOOKING a goal shared by both mobile phone companies and airlines, giving them a competitive advantage</p>	<p>Lufthansa Group, Qantas Airlines, Emirates Airlines, Singapore Airlines, Turkish Airlines, Southwest Airlines, Aeroflot, Easyjet, Ryanair, Hawaiian Airlines, Malaysia Airlines, Delta Airlines</p>	<p>Burmistrov (2010) – mobile air ticket booking; Herman Rao Chung- Hwa, Robin Chen Yih-Fam, Chang Di- Fa, Chen Ming-Feng (2001) - iMobile: a proxy-based platform for mobile services; IATA (2008)</p>
<p>MOBILE CHECK IN three phases before boarding the plane: check-in (a seat on the plane is given, a boarding card, and the number of his flight gateway), security control and boarding pass verification at the gate, final control entering the plane</p>	<p>Malaysia Airlines, Lufthansa Group, Qantas Airlines, Turkish Airlines, Delta Airlines, Southwest Airlines</p>	<p>Bouchard, Hemon, Gagnon, Gravel, Munger (2008) – mobile telephones as boarding passes; Herman Rao Chung- Hwa, Robin Chen Yih- Fam, Chang Di- Fa, Chen Ming- Feng (2001) - iMobile: a proxy-based platform for mobile services; IATA (2008) – mobiles enabling paperless travel; Wei, Ozok (2005) - web-based mobile airline ticketing model with usability features; Travel trade gazette (2004); IATA (2008)</p>
<p>GATECALLER works according to an internal basis, location-based platform, it provides an automatic observer with continuous and modern tracking system and allows staff to contact the departure gate and the traveller in case he might miss his flight</p>	<p>Copenhagen Airport</p>	<p>Hansen, Alapetite, Andersen, Malmborg, Thommesen (2009) - location-based services and privacy in airports (SPOPOS)</p>
<p>FLIGHT INFORMATION SERVICE a context-aware system which uses specific framework to provide relevant information and services to users, such as instructions to the nearest available parking, instructions and time required for the departure gate, a map of their immediate vicinity, updates on progress of unaccompanied minors arriving</p>	<p>Lufthansa Group, Southwest Airlines, Emirates Airlines, Malaysia Airlines</p>	<p>Freivalde, Lace (2008) - Improvement of passenger flow management in an airport terminal; Goto, Kambayashi (2002) - a new passenger support system using mobile database access; Leung, Lee Ka, Chung (2006) - application development for portable maintenance aid; Toye, Madhavapeddy, Sharp, Scott, Blackwell, Upton (2004) - camera- phones to interact with context-aware mobile services</p>

<p>LOST BAGGAGE INFORMATION SERVICE</p> <p>through the RFID technology it is possible to locate lost luggage and send the data and the location to the traveller's device</p>	<p>Turkish Airlines, Malaysia Airlines</p>	<p>DeVries (2008) – RFID for effective baggage tracking; Ehrman et al. (2010) – mobile portal for RFID luggage handling; NTT data (2004) - Handling Service Using RFID; Wyld, Jones, Totten (2005) - RFID and airline customer service</p>
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RESEARCH

This research focuses on Greek students' reaction to the introduction of mobile services to the Greek airline industry. At these critical times, it is very important to facilitate passengers to travel in order to maintain the use of online services. The objective was to investigate the preparedness of the Greek students against mobile services delivered by the Greek airlines, and their intention to use them. The students who participated in our survey were asked about all the mobile services widely used by major airlines in the world (according to IATA's data). Based on Ghandour and Buhalis's research and the literature study that was developed above, the questionnaire was drawn up in order to examine the use of mobile services in the Greek airline industry. The first part of the questionnaire consisted of close-ended questions with multiple choices about the demographic characteristics of the students. The second part examined issues concerning the current and future use of mobile airline services. Finally, the third part of the questionnaire aimed at investigating the significance of mobile services using the Likert scale. The sample comprised 209 randomly selected students at under and postgraduate level. The time period of the survey was a month and the statistical analysis of the findings was carried out using SPSS 15.0. It should be mentioned that the research is still in progress; this is why a rather small sample was used compared to the target population of this research.

RESULTS

Based on the research conducted, several conclusions can be drawn regarding the current and future use of the aforementioned mobile services. It can be concluded that Greek students are able to accept the introduction of mobile services in the area of airlines. More and more people consider the introduction of these services as important and believe that they can effectively replace the traditional way of delivering airline services. Moreover, the existing mobile services (mobile check-in, mobile booking) have already been supported in the Greek airline industry, although they have not been widely used. The respondents in this survey seem to have different opinions concerning the rest of the services. Regarding flight and lost baggage information service, the students stressed their importance and the desire to use them at a high rate. However, concerning gatecaller, the respondents were negative to the necessity of its usage. In summary, it should be mentioned that Greek students seek for new services in the area of airlines, while they also want the renewal and upgrading of the existing services. More specifically, as seen in Table 2, the desire to use mobile services in the Greek airline industry reaches an average percentage of 65%. The percentage of using mobile booking is 75.1%, while the respective percentage of using gatecaller and flight information service is 62.2%. Finally, the percentage for the desire to use lost baggage information service is 61.2%.

Table 2. Desire to use mobile airline services

DESIRE TO USE MOBILE BOOKING OVER CONVENTIONAL

		Frequently	Percent	Valid Percent	Cumulative Percent
Valid	yes	157	75,1	75,1	75,1
	no	52	24,9	24,9	100,0
	Total	209	100,0	100,0	

DESIRE TO USE THE GATECALLER

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	130	62,2	62,2	62,2
	no	79	37,9	37,9	100,0
	Total	209	100,0	100,0	

DESIRE TO USE THE FLIGHT INFORMATION SERVICE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	130	62,2	62,2	62,2
	no	79	37,8	37,8	100,0
	Total	209	100,0	100,0	

DESIRE TO USE THE LOST BAGGAGE INFORMATION SERVICE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	129	61,2	61,2	61,2
	no	81	38,8	38,8	100,0
	Total	209	100,0	100,0	

CONCLUSIONS

This work dealt with the issue of mobile services in the area of airlines and examined in detail some interesting aspects and characteristics of these services. It presented the mobile airline services which are currently delivered by foreign airlines (booking, check-in, boarding pass, gatecaller (system SPOPOS), flight information service, and lost baggage information service). The 20 largest airlines were studied according to the official list of IATA and were allocated on the basis of mobile services available to their customers. It should however be noted, that the lack of research work on the response and the receptivity of mobile services in the airline industry became the principal limitation of the work; hence, the current research is still in progress. The research was based on a survey of acceptability and usage of mobile services in the tourism sector in general (Ghandour and Buhalis, 2004). To conclude, this study was a first attempt to investigate the readiness of Greek students concerning the use of mobile airline services. It would be interesting to further explore the issue of acceptance and usage of mobile airline services to other categories of consumers. Also, this survey could be repeated in the future to see if there will be any changes in the preferences of students for specific mobile airline services. Finally, one could study how the importance of mobile services is related to the economic rewards of the respondents to evaluate the factors that primarily affect the use of mobile services in the area of airlines.

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THE CHARACTERISTICS OF THERMAL TOURISM SUPPLY ANALYSIS OF SERVICE QUALITY AND GUEST LOYALTY

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Key Words: Thermal Tourism, Service Quality, Guest Loyalty, SERVQUAL

INTRODUCTION AND LITERATURE REVIEW

Thermal tourism may be defined as the provision of health facilities utilising the natural resources of the country, in particular mineral water and climate. In other words it is the tourism activity made for specific medical reasons (Norman and Derret). Thermal tourism supply characteristics differs from other tourism types. Thermal tourism supply requires professional equipment, treatment center and professional staff furthermore accomodation facilities. Despite the growing amount of published research about service quality and loyalty, there has been little evidence to support service quality and loyalty relationship in thermal tourism. This study explores the relationship between service quality and loyalty in thermal tourism.

In service sector several researchers have focused on the relationship between service quality, customer satisfaction and customer loyalty. Related with the findings there is a positive relationship between service quality and customer satisfaction (Quin, Prybutok, 2009; Sureschander et al., 2003). Moreover, several studies supported the positive relationship between service quality and customer loyalty (Fen, Lian, 2010; Akbar, Parvez, 2009).

Service quality can be defined as “the difference between consumers' expectations and their perceptions of the service they actually received” (Parasuraman et al., 1985). Service quality reflects customers' views of the service provided (Kang et al., 2004). Parasuraman et al. (1988) created SERVQUAL scale to measure service quality. SERVQUAL scale reveals that service quality is a relative model resolves the gap among consumers' expectations and their perceptions. Dimensions of service quality is tangibility, reliability, responsiveness, assurance and empathy influence satisfaction (Prybutok, 2009) and repeated purchasing behavior (Ganesh et al., 2000). These dimensions may also be defined more broadly as follows: Tangibles; physical facilities, equipment and appearance of personnel, reliability; ability to perform the promised service dependably and accurately, responsiveness; willingness to help customers and provide prompt service, assurance; knowledge and courtesy of employees and their ability to convey trust and confidence , and empathy; caring, individualized attention (Parasuraman et al., 1988).

According to Lee and Sohn (2004), the customers have loyalty when they have strong preference and repeat purchases. Oliver (1999) defines brand loyalty as “a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior.” Despite the growing amount of published research about satisfaction and loyalty, the relation between them is not well specified. According to Oliver (1999), there are six possible associations of satisfaction and loyalty specified. According to the first specification satisfaction and loyalty are the same manifestations of the same concept, for the second satisfaction is a core concept for the loyalty, without which loyalty can not exist. For the third , satisfaction is an ingredient of loyalty but only one of its components. For the fourth satisfaction and simple loyalty is a component of ultimate loyalty. For the fifth fraction of satisfaction is found in loyalty and is a fraction of loyalty. Finally for the sixth satisfaction is a beginning transitioning sequence that culminates in a separate loyalty state.

Customers perceived high service quality cause positive behavioral intentions. On the other hand, perceived low service quality tend to create adverse behavioral intentions like complain to service providers, negative word of mouth and switch (Olorunniwo, Hsu, 2006). Zeithaml et al. (1996) stated that satisfied and loyal customers recommend the services to other people like family, friends and other relatives. They inform the others by spreading good news and bad news. Word of mouth is a frequently used behavioral habit between customers.

In the service industry customer to employee relationship influence development of customer loyalty (Guenzi and Pelloni 2004). Guenzi and Pelloni (2004) stated that strong customer-to-employee relationship affect customer loyalty by both positively and negatively. On the positive side of the effect increased customer satisfaction and behavioral loyalty influence firm's success. Moreover, strong relationship among employees and customers reduce customers to follow the other customers who dissatisfied and switch to other firm. The negative side of the strong customer-to-employee relationship reflects that if employee leaves the firm in this case customer may switch the firm and follow the employee. According to Qin and Prybutok (2009) maintaining a strong and reliable customer relationship and responding to customer requests and complaints may be helpful to increase service quality. In tourism industry related with characteristics of service tourists involve with the service experience. The more positive the customer's experience, the more likely he or she is willing to reuse the service (Burton et al., 2003). Zeithaml and Bitner (2000) stated that the existence of interpersonal relationships among customers could improve customer loyalty to a service firm.

Customer satisfaction may be important, but it cannot explain all the variance of customer loyalty (Shen 2003). According to some studies trust is an essential factor to develop customers' loyalty to a firm (Akber and Parez, 2009, Corbitt et al., 2003; Singh and Sirdeshmukh, 2000; Morgan and Hunt, 1994). Akbar and Parez (2009) stated trust and customer satisfaction are positively related to customer loyalty. In their research they found that customer satisfaction is an important intermediary between perceived service quality and customer loyalty. Lin and Wang (2006) discussed the affects of between customer loyalty, trust, perceived value, habit, customer satisfaction to loyalty. The results indicated that customer loyalty is affected by perceived value, trust, habit, and customer satisfaction; customer satisfaction was found to play a crucial intervening role in the relationship of perceived value and trust to loyalty.

METHODOLOGY

The sample of this study is tourists stay in city center hotels with treatment centers which are located near thermal centers. There are two hotels which locates in Izmir city center with treatment center and thermal center facilities. Because of one of the hotels has opened its treatment center and thermal center facilities soon there were no accommodating guests with this purpose. So data have been gathered from one hotel with the permission of thermal and treatment center manager. In this study, during the research period between December 2010 - January 2011 , 50 tourists participated in this study. 48 questionnaires were fully completed to use of the collected questionnaires, the response rate was 95%.

The questionnaire consisted of three main sections; the first section was designed to measure service quality perceptions of the thermal tourists. The modified SERVQUAL questionnaire (Parasuraman et al., 1985, 1988; Zeithaml et al., 1996) was adapted related with our research area which is hotel and treatment center. The second part of the questionnaire was designed to measure guest loyalty of the thermal tourists. Guest loyalty questionnaire is adapted from Lin (2005) that is modified from Skogland et al. (2004). The third part questionnaire includes questions relating to demographic data (nationality, gender, annual income etc.) about tourists. In this study 4 points Likert scale (SERVQUAL and customer loyalty) is used to measure all of the variables. Validity of the modified SERVQUAL and customer loyalty 4 points Likert scale has tested by Lin (2005) both with the highly acceptable scores between $\alpha=0.70-0.80$ (Lin, 2005). SPSS 17.0 was used for data analysis.

DISCUSSION AND FINDINGS

According to socio-demographic data of the participants 66,7% of them are women and 33,3% of them are men. All of the participants who stays in the hotel for thermal tourism and treatment purposes are Turkish. Considering age the most of the participants are between 45-54 age groups. This is followed by 55-64 and 65 and above age groups. Because it is health tourism participants are expected to belong these age groups. Regarding frequency analysis income data two major groups are pointed among participants. These groups are annual income with 10.000-14.9999 TL (16,7%) and annual income with 40.000 and above TL (16,7%). In the education part it seems that the main education level is high school. 52% of the participants are graduated from high school.

This study aims to research the relationship between service quality and customer loyalty. Therefore the hypothesis of the study is *Hypothesis 1*: Customers' perceived service quality has a positive effect on customer loyalty. Service quality is independent variable and customer loyalty is dependent variable.

Statements in the questionnaire are evaluated following with "I strongly agree, agree, disagree and strongly disagree". The reliability of the data was tested by reliability statistics. According to Reliability Statistics (Table 1) Cronbach's Alpha was 0.904. This indicates that reliability of the statements in the questionnaire is very high

(Nunnally, 1978; Kalaycı et al., 2005). Kolmogorov-Smirnov test shows that data cannot be able to measure by parametric tests because normality test's result was under 5%. Therefore, non-parametric tests are needed to be applied (Kalaycı et al., 2005).

Table 1
Reliability Analysis

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,904	,912	27

Service quality and customer loyalty was measured with descriptive statistics analysis (mean, standard deviation). Furthermore the researchers investigated if socio-demographic characteristics influence the service quality perception and customer loyalty among participations in the hotel. Hence, Mann – Whitney U and Kruskal Wallis non-parametric tests were applied. It is known that if the variables that measures the dimensions are known there is no need to apply factor analysis (Akgul, Cevik, 2005). In this circumstance, factor analysis hasn't applied in this study.

This study aims to research the relationship between service quality and customer loyalty. Therefore the hypothesis of the study is *H1*: Customers' perceived service quality has a positive effect on customer loyalty. According to Correlation Analysis (Table 2) between service quality and customer loyalty results indicate that there is a strong relationship between service quality and customer loyalty (sig. 0,62). This indicates that customers' perceived service quality has a positive effect on customer loyalty (sig. 0,62). Thus, *H1*; is accepted, *H0* rejected. The SERVQUAL tangibles dimension demonstrated strong positive relationships with the customer loyalty dimensions of repeat patronage intention, price insensitivity and word of mouth.

Table 2
Correlation Analysis

		Customer Loyalty	Service Quality
Customer Loyalty	Pearson Correlation	1	,628**
	Sig. (2-tailed)		,000
	N	48	48
Service Quality	Pearson Correlation	,628**	1
	Sig. (2-tailed)	,000	
	N	48	48

Table 3 reflects Descriptive Statistics. The hotel customers' highest service quality perception ranking (mean=3.35) is related to the reliability dimension consistent with the findings of Yılmaz (2009). Reliability dimension includes 5 items such as the hotel keeps its promise of doing things on time, if you have a problem the hotel enthusiastically shows the willingness to solve it right away, the hotel service is dependable, the hotel provides services as promised and the hotel maintains accurate records. Reliability is followed by responsiveness perception score (mean=3.29) and assurance with the ranking (mean=3.28). Responsiveness dimension includes hotel employees are able to tell you exactly when services will be performed, hotel patrons are able to expect prompt services, hotel employees are willing to help guests and even if busy, hotel employees are available to meet your needs. Assurance dimension guests are able to trust hotel employees, I feel safe in your dealing with hotel employees, hotel employees are polite at all times, hotel employees have sufficient support from the hotel to do jobs well. Empathy dimension has the lowest ranking (mean=3.01) which consists of the hotel provides you with individual attention, the hotel employees provide you with individual attention, hotel employees understand your specific needs, the hotel has your best interest at heart, the hotel has operating hours convenient to you. Tangibles dimension comprises the hotel has up to date equipment, the hotel has virtually appealing facilities, hotel employees are well dressed and appear neat, the hotel's appearance is as it should be. Tangibles dimensions' mean score is 3.12.

A part of the customer loyalty scale word of mouth behavior have the lowest ranking (mean=2.57). I would highly recommend the hotel to my friends and family and I am likely to make negative comments about the hotel to my friends and family. The other dimensions are price insensitivity (if the hotel were to raise the price

of my stay, I would still continue to be a guest of the hotel) and repeat patronage intention (I consider myself to be a loyal guest of the hotel, in the near future I intend to use this hotel more often, as long as I travel to this area I do not foresee myself switching to a different hotel). Price insensitivity dimension's mean is 3.02 and repeat patronage dimension's mean is 2.83.

Table 3
Descriptive Statistics

	N	M	Std. Deviation
Tangibles	48	3,12	0,48
Reliability	48	3,35	0,43
Responsiveness	48	3,29	0,50
Assurance	48	3,28	0,42
Empathy	48	3,01	0,51
Repeat Patronage Intention	48	2,83	0,41
Price Insensitivity	48	3,02	0,58
Word of Mouth	48	2,57	0,39

As well, researchers examined the relationship between service quality dimensions and customer loyalty related with gender differences. Mann-Whitney U Test indicates that gender is not a significant variable affects perception of service quality and customer loyalty. All of the dimensions' Asymp. Sig. values are higher than 0.05. In addition, researchers checked the relationship between service quality dimensions and customer loyalty related with annual income and education. Kruskal Wallis H Test's Asymp. Sig values are higher than 0.05 this reflects that dimension do not differentiate related to annual income and education.

CONCLUSION AND MANAGERIAL IMPLICATIONS

In this study there has been an attempt to investigate the relationship between perceived service quality and customer loyalty in thermal tourism. This study contributes to the literature in the sense that examining perceived service quality and guest loyalty in thermal tourism. It is clear from this research that the perceived service quality has a positive effect on guest loyalty. First, the frequency statistics were applied in order to identify the socio demographic data of the participants. Second, the reliability of the scale and correlation analysis was examined. . Reliability Statistics signified that reliability of the statements in the questionnaire was very high. Related to correlation analysis customers' perceived service quality has a positive effect on customer loyalty. Finally, descriptive statistics, Mann-Whitney U Test and Kruskal Wallis non-parametric tests were applied to data. In this study Mann-Whitney U and Kruskal Wallis H tests indicated that gender, annual income and age are not significant variables have an effect on perception of service quality and customer loyalty.

From a managerial point of view the study's results points out the importance of service quality in thermal hotels with treatment facilities. Thermal hotel and treatment center manager and employees may incorporate some strategies to meet customers' desired service levels and to prevent problems. Furthermore, it would be beneficial for them to consider that dealing effectively with dissatisfied customers, solving problems and responding to customers' willingness and complaints will increase guest loyalty. The improvements on service quality may lead to a more favorable attitudes and intentions towards the service providers and an increase on guest loyalty.

LIMITATIONS AND FURTHER RESEARCH

The main limitation of the study is sample size. The sample size of this study is relatively small because of the seasonality characteristics of tourism. The information that is given by the hotel winter season is the lowest season for tourists staying in the hotel for thermal and treatment purposes. The number of customers differentiates by the season. The study can be carry on comparatively in peak and low seasons. Besides, some foreign tourists who are Scandinavian usually stay in the hotel in spring for treatment and benefit thermal facilities. Taking into consideration this factor, the hotel's thermal and treatment centers' service quality according to different nationalities and cultural groups may be analyzed for the future research. Culture influences human beings' perceptions and service quality measurement relates with perceptions of tourists, so it can be expected different outcomes regarding cultural differences

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AIR THE ANGER: INVESTIGATING ONLINE COMPLAINTS ON LUXURY HOTELS

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ABSTRACT

Customers who share dissatisfying experiences and disseminate negative word-of-mouth have been a big problem for companies who under-deliver. This problem is of a more major concern today with the aid of technology and the speed of internet. However, despite the continuously increasing importance comparatively little has been written on how guests use internet to share their experiences. Keeping these in mind, this study aims to investigate the complaints posted, by guests of five-star hotels in Kuala Lumpur, Malaysia, to TripAdvisor. The findings highlight some important measures that hoteliers can use as guidelines to further improve their service offerings.

Key Words: Online complaints, luxury hotels, TripAdvisor, Malaysia.

INTRODUCTION

Ever increasing customer expectations force companies to focus their efforts on not only providing exceptional services with value for money but also doing it better than competitors. In attempt to do so, targeting 'absolute zero defect' is a rigid and unrealistic target (Hart, Heskett and Sasser, 1990). As Zemke and Bell (2000) highlighted in the quest to provide high-quality, cutting-edge, customer-pleasing services, mistakes - service failures - do happen through no fault of the customer or service provider. Moreover, growing awareness of consumerism and its concomitant consequence of consumer complaints have made it challenging for competing companies to acquire and retain a pool of loyal and profitable customers (Kotler, Bowen and Makens, 2010). What distinguish the few successful companies from the rest are their own efforts to reach out to their customers and hear their complaints (Hennig-Thurau, Gwinner, Walsh and Gremler, 2004).

Doing this may not be as simple as it sounds. Previous research indicates that customers are reluctant to complain and only a very low percentage of them complain (Ekiz and Arasli, 2007). Results of a large scale consumer behavior research indicate that 85 percent of all participants took no action even though they were dissatisfied with the service they received (TARP, 1999). Similarly Plymire (1991) claimed that businesses are never hearing from 96 percent of their unhappy customers. The situation is somewhat changed with the introduction of a better, faster, easier and less costly medium of communication - internet. Internet minimize barriers of time and place required for complaining, eliminated psychological cost (embarrassment) and became an ideal outlet of venting out the customer/guest frustration when received a dissatisfying service/product (Harrison-Walker, 2001; Sea, Enghagen, and Khullar, 2004). Particularly, with the aid of ever advancing technology and the speed of internet, a negative experience posted on an internet blog or website could be propagated to millions overnight (Pan and Fesenmaier, 2006). Furthermore, these damaging comments stay on the web almost eternally, possibly cementing the pessimistic image of the company's reputation (Harris, Mohr and Bernhardt, 2006).

Feedback and review platforms are two recently emerged and mostly preferred outlets of posting comments and sharing experience (Smyth, Wu and Greene, 2010). Keeping in mind that service companies' offerings are less tangible and therefore highly dependent on the perceived image and reputation, they are at a higher risk than traditional product companies (Ip, Lee and Law, 2010). This is especially true for the hotel industry, whose customers' decision-making are chiefly based on reviews received from previous guests. In fact, the literature has suggested that potential guests rely on online feedback to a great extent when considering their choice of accommodation (Sea et al., 2004). However, despite the continuously increasing number of published work on

the use of internet in hospitality literature, comparatively little has been written on how guests use internet to share their experiences (Hennig-Thurau et al., 2004; Zaugg, 2007). More specifically, there is a dearth of knowledge on how accommodation guests broadcast their dissatisfying purchase experiences on the internet (Au, Law and Buhalis, 2010a; 2010b). Given the importance of negative word of mouth and growing number of hotel customers who leave their complaints on the web, this study aims to investigate the complaints posted by guests who have stayed at five-star hotels in Kuala Lumpur, Malaysia.

The findings are based on a two-phase study. The first phase involves a qualitative study of 90 complaint scripts posted on one of the largest and most popular travel review websites (www.tripadvisor.com) for Kuala Lumpur hotels. These scripts are read and re-read and recurring themes are coded as constructs. Phase two follows with a quantitative analysis of these constructs - this consists of a frequency test and descriptive analyses of the statements provided by guests. The findings highlight some important measures that hoteliers can use as guidelines to further improve their service offerings. In addition, the findings provide valuable insights for the management of luxury hotels worldwide to better manage their guests' expectations. Finally, this study provides future researchers with a new framework for accessing dissatisfaction constructs and allows a closer examination of the mechanics of these influences on the accommodation market and its demands.

BRIEF LITERATURE REVIEW

As hard as they try, even the best service companies cannot eliminate mistakes and problems (Karatepe and Ekiz, 2004). These mistakes, problems or service failures are performances that fall below customers' expectations (Hoffman and Bateson, 2006). Once this happens companies first need to be aware of the situation via some form of customer feedback (Zemke and Anderson, 2007) then take corrective action to fix the problem(s) - service recovery (Zaugg, 2007). Failure of doing so may cause considerable losses, if not bankruptcy, in today's business environment (Zemke and Bell, 2000).

The importance of receiving complaints, particularly for the tourism and hospitality companies is well-established in the related literature (Smyth et al., 2010). Yet, the majority of dissatisfied tourists are just walking away and never coming back (Zemke and Bell, 2000). To prevent this from happening, it is imperative for managers in tourism and hospitality industry to learn receive feedback from their guests (Au and Ekiz, 2009). For this reason, service companies in general, hotels in particular have been increasingly encouraging their customers/guests to voice their complaints directly to them (Holloway and Beatty, 2003). However, due to the high cost of presenting complaints' to service providers and/or to other potential complaint processors, most of the unhappy customers chose not to raise their voices (Kotler et al., 2010). Complaining in-person and at the spot requires additional effort and investment, such as 'time' spent filling in a feedback/complaint form or talking to front office manager of a hotel (Ekiz, 2009). Also, it requires 'financial investment', in form of the need for going back to hotel to present your case, or 'psychological burden', such as embarrassment (Zeithaml et al., 2006).

Internet helps unhappy customers to overcome these problems. Given that it creates faster and better communication (Au and Ekiz, 2009), forms immensely large audience (Holloway and Beatty, 2003), and it reduces time and costs associated with voicing out the problem significantly (Hennig-Thurau et al., 2004). Moreover, by using blog and/or travel review websites dissatisfied guests can get the problem out of their chests in a private and unanimous manner (Au et al., 2010a). Due to these advantages of internet and corresponding benefits of online complaining, travel review websites like Tripadvisor became exceedingly popular (Au et al., 2010b; Vasquez, 2011). Besides, relevant literature suggests that consumers of service industries - specifically hospitality industry - tend to rely on the comments posted on feedback and review platforms (Harris et al., 2006). Indeed, the literature has suggested that potential guests rely on online feedback to a great extent when considering their choices of accommodation (Vasquez, 2011). However, despite the constantly increasing number of published work on the use of internet in hospitality literature, relatively little has been written on how guests use online review websites as an ideal outlet for sharing their experiences (Hoffman and Bateson, 2006; Smyth et al., 2010).

Accommodation is one of the main components of the tourists' holiday experience and anything that go wrong with this experience has the potential to ruin the whole experience (Kotler et al., 2010). In this sense, the importance of hospitality establishments in general and luxury hotels in particular is well documented (Heung and Lam, 2003). The case of luxury hotels in Malaysia is not so different. In other words, they are vitally important in Malaysian hospitality industry and Malaysian economy (Economic Planning Unit, 2009). More precisely, earning from tourism and hospitality industry contributed to the expansion of the Malaysian economy with an average of 9.5% for the last 10 years (Economic Planning Unit, 2009). Poon and Low (2005) noted that the growth of the industry has significantly contributed to growth in other related activities, such as food and beverage, entertainment and shopping in Malaysia. According to Malaysia Tourism Promotion Board (2010) a total of 61,363,396 hotel guests were hosted in 2009, corresponding 60.9% occupancy rate. Hotels and

restaurants alone provided employment for 1.7 million people, equivalent to 16% of the total employment in 2009 (Economic Planning Unit, 2010). Given the importance of luxury hotels, this paper aims to study the complaints posted by luxury hotel guests in Kuala Lumpur, the capital city and the most visited tourist destination in Malaysia (Malaysia Tourism Promotion Board, 2010). Studying guest complaints is considered to be extremely important in avoiding same and/or similar failure incidences (Zemke and Bell, 2000), improving the service quality level (Zeithaml, Bitner and Gremler, 2006) and ensuring the revisit intention and creation of positive word of mouth referral (Ekiz and Arasli, 2007; Holloway and Beatty, 2003).

METHODOLOGY

The dataset for this paper included hotel reviews that were collected from the popular travel review website, TripAdvisor (www.tripadvisor.com), from November 2010 to January 2011. TripAdvisor.com was selected because it is the largest and most popular websites for travel destinations and accommodation reviews (Law, 2006). Increasing number of potential hotel visitors seek advice and assistance from TripAdvisor before making their hotel selection decision (Au et al., 2010a). TripAdvisor indexes almost all the hotels in a particular destination and publishes reviews written by guests who stayed in hotels and voluntarily share their positive and/or negative experiences without expecting any kind of financial benefit (TripAdvisor, 2010).

Luxury hotels in Kuala Lumpur were selected in this study. There were a total of 146 hotels in Kuala Lumpur, stored in its database. Hotel rating was the main criterion employed to identify the hotels. More specifically, all hotels rated 4 and 5 star by Trip Advisor were selected for this study - there were 45 (TripAdvisor, 2010, <http://www.tripadvisor.com/HACSearch?geo=298570&q=Kuala+Lumpur%2C+Malaysia>). Consistent with the definition of Malaysian Tourism Board, in this study luxury hotel are considered to be the ones with 4 or 5 stars. TripAdvisor sorts hotels by popularity, price, and class and ranks them by using the rating given by its members from the lowest labeled as 'terrible' to the highest - 'excellent'. As a screening process this research studied hotels only with at least 10 'poor' and/or 'terrible' reviews written in English. This reduced the number of hotels to from 45 to 32. A total of 320 individual valid scripts - 10 scripts from each hotel - composed of reviews/complaints on 32 luxury hotels were thus collected and analyzed. This methodology and selection criteria are consistent with Au et al.'s (2010a; 2010b) recent research conducted on Hong Kong hotels.

The study employed a qualitative data analysis. As Mason (2002, p.148) suggested, data was read "literally, interpretively and reflexively". Data was first read literally in order to assess whether there were particular words and expressions that the respondents tended to use when they posted their complaints online. A thematic analysis was used in order to identify emergent themes (Patton, 1990), which were explored and discussed in relation to the existing literature on complaining behavior as well as the aims of the study. Thematic analysis was chosen due to the fact that "it offers an accessible and theoretically flexible approach to analyzing qualitative data" (Braun and Clarke, 2006, p. 77). The six phases of analysis (familiarizing oneself with the data, generating initial codes, searching for themes, reviewing themes, defining and naming themes, producing the report) outlined by Braun and Clarke (2006) was used to guide data analysis.

FINDINGS, DISCUSSION AND CONCLUSION

Not all 320 guests provided full demographic details but an analysis of the posted reviews provide some information on the type of guests staying at luxury hotels in Kuala Lumpur. Analysis of the demographic details revealed that the guests -stayed in luxury hotels, experienced problems and shared their experiences - are between the ages of 25-49 (49.3%), mostly females (31.2%), are Australian or British (19.1% and 17.2% respectively) and had traveled with their partners/spouses (36.5%).

Analysis of the 320 scripts produced a total of 1453 different incidents. Results of the thematic analysis (Braun and Clarke, 2006) produced 54 different themes out of this large pool of complaint incidents. A frequency analysis conducted to rank these 54 themes in terms of how frequently they are stated. Some of the extracted themes and their frequency are as follows; 'rooms' (277 times), 'arrogant and/or clueless staff' (219 times), 'failure to respond' (180 times), 'poor delivery' (91 times), 'cleanliness' (84 times), 'amenities/utilities' (79 times), 'billing' (77 times) and so on. Due to the page limitation only the top two themes are explained and discussed in detail. The following section provides review of these two themes as well as links them to the existing literature. This section is followed by conclusion and implication section, which provides a road map for the hotel managers.

Room for Improvement

Accommodation and food and beverage are the two core components of hospitality industry. Even though, the supplementing services - such as entertainment and facilities, - like dry cleaner, improve the main offering and creates convenience, guests mainly pay for the core service - accommodation in guest rooms (Kotler et al., 2010). Kandampully (2002) and Ekiz (2009) argued that not only the provision of the initial service, in this case

selling of rooms but also the recovery of any failure that occur during this transaction has fundamental outcomes on guests' post purchase behavior. Results of the thematic analysis supported this argument. Rooms as the setting of the accommodation services received the highest number of complaints from the luxury hotel guests. This finding is consistent with past studies on complaining behavior in the hospitality industry in general (Au et al., 2010a; Ekiz, 2009) and Malaysian hospitality industry in particular (Poon and Low, 2005). Typical complaints in this theme included; broken, old and poor quality of room facilities such as television, air-conditioning unit and kettle; dirty and smelly rooms, dirty linen and towels, uncomfortable beds; limited television channels; inadequate supply of extra pillows and blankets and inadequate supply of toiletries. There were 277 statements protesting against bad rooms and room facilities and the following are some examples of these protests:

"We booked and paid for a club room and were shown to a room with broken air conditioner" (TH7)

"There was a serious problem with the wiring in the living room – the TV and lights went off, there was an awful burning smell" (HKL4)

"The first room was old, dirty carpet and stained bath and unacceptable for a hotel that boasts that they are the best in town...the second room was the same...we called the reception to be showed a third room and there the carpet was even more dirty and there was pubic hair in the old stained bath tub!" (SKL2)

"Whenever we had a shower, water leaked out and the bathroom floor ended up being soaked (RC5)

"The latest in-room technology consisted of an old CRT television, the broadband was incredibly slow and the lamp in our room made a scary buzzing noise every time it was turned on" (PHR1)

Having fundamental problems in rooms as the top theme indicates a serious problem in Malaysian luxury hotels. Some interviewees stated that although hotels are categorized as luxury hotels - due to the number of stars they are awarded with - they still have major points to improve. More specifically, the electronic equipment in rooms must be fully operational and should not cause any problem during the usage. This is consistent with what Zeithaml et al.'s (2006) highlighting in their book. Hotel managers, especially housekeeping managers, should pay extra attention on the cleanliness of the room, adequate provision of the amenities, and regular inspection of the guest rooms. These would help the staff to point out the possible problems even before they are experienced by the guests (Ekiz and Arasli, 2007). Hoteliers should also consider updating their utilities by following the latest possible technology. Especially, having 'high-tech gadgets', such as game and entertainment center, self check-out systems and so on will minimize the possible problems as well as enhance the overall experience of Generation Y hotel guests (Buhalis, 1998).

Bad Apples

Complaints due to the bad attitude, misbehavior and lack of knowledge, skill and passion of hotels staff found to be the second most frequently reported guest complaints in luxury hotels in Kuala Lumpur. Perhaps one of the more interesting findings is that majority of the complaints revealed that there are arrogant and incompetent staff in Malaysian luxury hotels. A total of 219 complaints regarding to the not-so-well performing hotel staff - 'bad apples' - were noted. 141 of these criticized the hotels because of the arrogance of the staff members. In particular, the term "rude" was also used by many to describe the staff, and more particularly front line staff. One guest (HKL4) sums it all with, *"The staff (especially the frontline staff) makes you feel like you are a guest who has overstayed his welcome"*. What is more disturbing is the revelation that guests found the staff in luxury hotels incompetent, inexperienced and clueless. The following statements illustrate the gravity of the problem:-

"I told the bell boy that we had booked 1 king and 2 singles and does he expect me to sleep with my 13 year old son. He was oblivious to this and couldn't see anything wrong with that and just said there was a fridge and microwave....20 minutes later the bell boy came back and said excitedly we were being put in the corporate room...we were deposited into a room exactly like the original but with a far superior room" (BTS10)

"The housekeeping operator was rude and agitated when we called, she picked up the phone asked, 'what do you want now?' I was taken aback. When I tried to feedback to the Duty Manager, she gave me her name and challenged me to complain." (RB9)

"The staffs are very rude and disorganized... I had several instances that I ask them a question and they walk away without a smile, greeting...The bar staff ignore you for hours and chatting to their friends and laughing (they obviously are not there to work)...the breakfast staff are just like walking ants...it's just annoying to watch them wander around with no objective. They forget to serve tea/coffee if you don't ask them." (BW1)

"Worst was that one day housekeeping came into the room despite my having a "do not disturb" sign outside..." (ZAS5)

Hospitality industry being ‘people business’ - served by people to people - considered to have additional challenges in creating satisfaction and revisit intention in every episode. In fact, the inseparability characteristics (hotel staff and guest must be present at the same time in the same place) or the simultaneous production and consumption of its services increases the possibilities of failure (Colgate and Norris, 2001). Importance of staff delivering the hospitality services makes the industry different than any other. In same vein, Dawson, Abbott and Shoemaker (in press. p. xx) very recently noted that “...it is the manner in which the hospitality employee provides the service as opposed to the service itself-which is critical to the customer’s overall enjoyment of the product or ‘experience’ being purchased”. Moreover, relationship between front-line hospitality staff and the guest greatly influences customer satisfaction and loyalty (Kotler et al., 2010). In the light of this argument, the findings of the analysis indicating that the luxury hotels are suffering from the service failures caused by inexperience, unprofessional, misbehaving staff becomes very worrisome. As can be seen from the few sample statements the guests are extremely dissatisfied with the poor mannered and/or incapable staff. Although, these problems would still be unacceptable but would be easier to digest in budget hotels - considering their limited resources and knowhow (Zweig, 1986). One would think that luxury hotels would have rigorous recruitment systems and strict training in place with regards to human resource (Ekiz, 2009) that would prevent these kinds of fundamental problems from occurring. Above results suggests that hotel managers should routinely engage in activities to identify and select individuals who are likely to enjoy serving (Dawson et al., in press). To do so, not only candidates with guest service experience should be given priority in hiring but also once they are in they should be trained on the guest contact/relations and service recovery techniques (Ekiz and Arasli, 2007).

The findings of this paper should be considered in the light of the following limitations. This paper only focused on the luxury hotels. Inclusion of other hotels can provide a more realistic and wider perspective to the study. Hotels with 10 or more complaints written in English are used in this research, future studies may lower the minimum number of complaints requirements as well as consider analyzing comments made in other languages. Finally, investigating the complaints surely provides valuable guidelines for the hoteliers to modify/change and update their service offerings. However, future studies may consider investigating the guest complements as another set of essential guidelines, this time providing benchmarking ideas.

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EXPLOITING SOCIAL MEDIA FOR CRISIS MANAGEMENT IN TOURISM & HOSPITALITY: FINDINGS FROM GREECE

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INTRODUCTION AND AIM OF THE STUDY

The vulnerability of the tourism industry to many types of risks (e.g. economical, physical, environmental, political, societal) is widely recognised. To that end, effective crisis management is a practice of strategic importance and necessity to any tourism firm, for getting prepared to address any risk/threat as well as minimise and manage the impacts of the crisis during the event and after the event (Blake & Sinclair, 2003). Nowadays, social media and web 2.0 technologies (such as blogs, wikis, social networking sites, and media sharing) are increasingly being used as tools for mobilizing crisis-related communication and multiple stakeholder collaboration (e.g. citizens, policy makers, rescue teams, police forces, etc). As a result, an increasing number of stakeholders are currently using social media for managing the different stages that crisis management entails such as emergency preparation, warning, response and recovery efforts (Palen and Liu, 2007; Palen et al., 2007; Hughes et al., 2008; Liu et al., 2008; Vieweg et al., 2008). However, there is no study so far examining the use of social media by tourism and hospitality firms for crisis management purposes.

In this vein, this study aims to investigate both the current use as well as the tourism industry professionals' perceptions of the importance of using social media for managing the different phases of crisis management. To address this aim, the study first reviews the related literature for identifying the ways in which social media use can be integrated and incorporated into crisis management in the tourism industry. At a second stage an online survey has been conducted for investigating the current use of social media for crisis management purposes by Greek tourism and hospitality professionals. The Greek tourism industry was selected as an appropriate context for collecting empirical data, because several types of crises have hit the Greek tourism destination, such as forest fires, public demonstrations, economic recessions, political unrest, cruiseships sinking etc. As a result of these crises, a plethora of discussions and multimedia content has been created and shared through social media, which has affected Greek tourism firms and the latter had to respond and manage it. In this vein, as crisis management and social media has been a very topical and hot issue in the Greek tourism industry during the last five years, this study aimed to investigate whether the lessons learned and the discussions emerging from the previous crises have made the Greek tourism industry to adopt a more strategic and tactical approach in its use of social media for crisis management. Findings provide several practical and theoretical implications to many stakeholders, such as tourism policy makers and tourism professionals as well as the tourism researchers.

INDICATIVE BRIEF LITERATURE REVIEW

Previous studies have shown how social media and web 2.0 technologies can be exploited by firms and organisations for managing all the stages of crisis management, namely mitigation, preparedness, response and recovery (Palen and Liu, 2007; Palen et al., 2007; Hughes et al., 2008; Liu et al., 2008; Vieweg et al., 2008).

Studies have also shown how social media can be used for expanding the number and type of stakeholders that can get engaged and help in crisis management (e.g. Vieweg et al, 2008; Liu et al, 2008).

Disaster and crisis situations are non-routine events that result in a host of non-routine behaviors and new social arrangements, including self-organization by members of the public, in response to emergent needs (Farnham et al, 2006; Kendra et al, 2006; Stallings, R. & Quarantelli, 1985; Tierney et al, 2001; Vieweg et al, 2008). Traditionally and historically, events demonstrate how people in crisis situations are motivated to help others, offer support, and ameliorate the severity of the crisis in remarkable and innovative ways (Aguirre et al, 1995; Palen & Liu, 2007; Sutton et al, 2008). Modern disaster and crisis situations reveal such social behavior of citizens towards crises to be extending to online settings. The use of social networking and media sites, blogs, photosharing and similar forums allow people around the world to participate in the processes of crisis management (Hughes et al. 2008; Liu et al, 2008; Palen et al., 2007; Sutton et al, 2008; Vieweg et al, 2008) by providing a medium of assistance and social support. Indeed, Palen & Vieweg (2008) defined as widescale interaction the potential and opportunities afforded by social media and web 2.0 tools to enable citizens and communities of citizens to engage in a broad, immediate, and varied participation supporting crisis management. Palen & Vieweg (2008) identified the following types of online widescale behaviour demonstrated by citizens: sensemaking (sharing, collection and creation of information about the crisis for understanding what has

happened and how the situation should be managed); alliance and networking amongst citizens for learning, instruction and/or guidance; empathy demonstrations and psychological support to victims and their relatives and friends; caretaking; guidance and instruction.

Indeed, social media have empowered all citizens to participate in crisis management even if they are located far away from the event. Specifically, citizens are actively participating online in crisis management by not only *searching* for relevant information but also by *providing* and *organizing* information related to the event to help affected communities from across geographical boundaries (Palen and Liu, 2007).

METHODOLOGY

An online questionnaire was developed for measuring and comparing the current use with the perceptions of Greek tourism professionals about the importance of social media for crisis management towards the following dimensions: a) the use and integration of social media in firm's operations for managing the different stages of crisis management; and b) the use of social media for engaging and increasing the participation of citizens, their social networks and other stakeholders (such as policy makers and emergency rescue teams) in crisis management.

The impact of the following contextual factors was considered for investigating the current use and perceptions of tourism and hospitality professionals about the importance of social media in crisis management: the type and size/scale of the crisis event.

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EFFECT OF ACCULTURATION ON RESPONSES TO SERVICE FAILURE/ RECOVERY: EVIDENCE FROM FOCUS GROUP INTERVIEWS IN BEIJING, CHINA

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ABSTRACT

Given services' inherent characteristics, service failures are to some extent inevitable, and together with negative evaluations by customers of service provider attempts at service recovery directly result in significant losses for service firms (Smith & Bolton, 1998). Thus, increasing attention is being paid to the development of effective service recovery strategies (Sparks & McColl-Kennedy, 1998). As service failures and subsequent recovery involve social exchanges between people an understanding of the influence of culture is critical to implementing effective recovery strategies. Only recently have researchers begun to assess the impact of culture on service evaluations. For example, Becker and colleagues (1999) found that customers of different cultures evaluate service quality differently while Liu and associates (2001) pointed to consumers exhibiting different complaint behavior in hospitality settings. There is also evidence of cultural differences in perceptions of service failure and recovery (Magnini & Ford, 2004), as well as justice perceptions in complaint handling (Mattila & Patterson, 2004). Several studies have focused on Chinese customers and their reactions in service failure situations. Some studies (Liu et al., 2001, Magnini & Ford, 2004) claimed that Chinese customers have similar responses to service failures as their Western counterparts. This is in stark contrast to studies, that based on Hofstede's (1980) work, found significant differences between Western and Asian consumers (Hui & Au, 2001; Lee & Sparks, 2007; Mattila & Patterson, 2004).

However, of the few studies focusing on Chinese customers in service failure situations, none has considered potential differences between Chinese who have and those who have not been exposed to another culture for a prolonged period of time, that is, no study to date has investigated the effect of acculturation on Chinese customers in a service failure context. This research draws on acculturation theory to identify potential differences in responses between Chinese consumers who have lived for extended periods in Western cultures and those who have not. In doing so, it explores the impact of culture beyond the prevalent Western/Asian consumer differentiation.

Four focus groups were conducted in Beijing in November 2009. The number of focus group participants ranged from 7 to 12. Two focus groups comprised Chinese informants who had lived for extended periods in Western countries (with varying levels of acculturation) while the other two focus groups comprised Chinese informants who had traveled but not lived outside Mainland China. Participants were recruited through local universities, and tourism and hotel businesses, based on pre-selected criteria. Focus groups were videotaped, transcribed and translated from Putonghua into English for data analysis in NVivo. Findings from the focus groups provide insights into Chinese consumers' responses to service failure events in hotel settings, highlighting differences in perceptions of service failures experienced in China versus abroad, those involving Chinese versus Western staff, and single versus chain hotels. Theoretical and practical implications of study findings are discussed.

Key Words: acculturation, service failure and recovery, hotels

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DEVELOPING A STRATEGIC PLANNING METHOD FOR TOURISM COMPANIES BASED ON CUSTOMER SATISFACTION

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ABSTRACT

The target of this article is the knowledge of the expectations and satisfaction of tourism consumers as an instrument for a strategic planning. The method has a causal approach, before-after, and was applied to a group of Uruguayan tourists who were going to the Middle East. The result was the creation of 13 macro-dimensions to evaluate tourism services. Twenty six micro-dimensions were selected to build the instrument. A competitive position matrix was developed based on the differences between evaluations of the service received and the expectations. The proposed matrix yielded seven competitive positions. Then, we suggest four sets of loyalty strategies.

Key Words: customer satisfaction, marketing strategy, tourism companies

INTRODUCTION

Countries can greatly benefit from tourism as a wealth and job generator. The sector depends on cycles, fads and competition. The growth rate of the tourism sector in the world was 6.7% in 2010, which substantiates the recovery tendency started in 2009 (World Tourism Organization, 2011) and surpasses previous estimates. In developing countries, the growth rate was 8% that same year (World Tourism Organization, 2011). Among the main outbound tourism markets in terms of spending abroad, the emerging economies are still stimulating the growth: China (+17%), Russian Federation (+26%), Saudi Arabia (+28%) and Brazil (52%).

This development scenario and the resulting need for companies in the tourism sector to intensify their competitive capacity demands a set of marketing strategies specially designed for the peculiarities this sector assumes. This reality justifies the goal of this study, which is to conceive a method of strategic analysis based on consumer satisfaction. Therefore, the study herein shall propose a method of analysis and development of marketing strategies to increase the rationality and efficiency of the marketing decision making process in the tourism sector. This work's specific goals are to create the quality dimensions that will comprise the strategic method to analyze satisfaction; identify expectations regarding touristic services; measure the evaluation of the service received; and to create a competitive position matrix based on service evaluation. This analysis will result in a set of marketing strategies. The next steps of this article will be to present the theoretical reference, the method developed and the results of this work. Finally, it will offer a set of marketing strategies founded upon the previous analysis.

THEORETICAL BACKGROUND

The literature will be examined in four steps. First, tourism will be discussed according to frameworks and definitions. Then, aspects regarding consumer satisfaction will be presented. The third step will deal with service quality, and finally, there will be a discussion about marketing strategies designed to assure loyalty.

Concept and Definition of Tourism

The conceptualization of tourism has created controversies (Hunt & Layne, 1991), whose source lies in the several fields that study it or in the point of view of the ideological streams that explain it. The controversies regarding the concept of tourism involve the way it is perceived: as merely a service or as something that adds value, or also something harmful to society. One can also understand the different meanings of the term based on the area of knowledge that explains them or in the viewpoints of different ideological streams.

Other viewpoints have either focused on the etymological study of the word *Tour* or on the concept of idleness. Studies related to the word *Tour* indicate that it has an English origin, having first appeared in 1670, probably as a Gallicism deriving from the French word *tour*, which means a round trip, back to the starting point (Fúster, 1991). Nevertheless, Houlot (1961) indicates that the term has a Hebrew origin, since it is used in the Bible (chapter XII, verse 17), where it seems the ancient Hebrew version of *tour* or *tur* meant going on a reconnaissance or exploring journey, which implies a return to the starting point, therefore being similar to the

English connotation. Idleness can be described as something temporal and regarded as a period of time that is not used to make one's living, that is, the available time left after the requirements of work, nourishment and housework have been met.

Concepts of Satisfaction and Dissatisfaction

According to Cronin et al. (2000), customer satisfaction has attracted a lot of attention in the literature dedicated to this area due to its potential influence over the behavior of consumers and their retention. Consumer Satisfaction (CS) has been defined in several forms, from cognitive or affective approaches to others that indicate the specific or accumulative character of the transaction (Hoest & Knie-Andersen, 2004). Howard and Sheth (1969) define it as buyers' cognitive state of being served adequately or inadequately after they have worked for it. Oliver (1981) argues that CS can be better understood as an assessment of the surprise related to the experience of purchasing and/or consuming a product or service, and suggests an integration of the theories related to perceptual judgment and emotional answers. Tse and Wilton (1988) define CS as the consumer's response to the discrepancy between previous expectations (or some other predefined rule) and the current performance of a product (service) after consumption. Howard and Sheth (1969) claim that satisfaction and dissatisfaction are the ends of a scale where there is an intermediate point of neutrality that corresponds to a state which is neither satisfied nor dissatisfied. This way, the term satisfaction will be employed as positive or negative satisfaction.

Satisfaction is affected by three antecedents (Anderson, Fornell, & Lehmann, 1994). They are the perceived quality, the price (perceived value) and expectations. According to Fornell et al. (1996), two elements help evaluate the quality perceived: the customization level of a company's offer and the credibility of this offer in relation to non-existing flaws. The perceived value is the second antecedent of CS (Anderson, et al., 1994), and the quality in connection with the price has a direct impact on CS (Fornell, et al., 1996; Voss, Parasuraman, & Grewal, 1998), and when the result is not predictable, the price is used to form performance expectations.

Measuring Satisfaction

Some authors suggest that evaluating satisfaction be done by means of objective or subjective measurements. Objective measurements can be carried out by monitoring complaints (for a review, refer to Singh, 1998), returns for new purchases, or brand loyalty (Bloemer & Polesz, 1989). Subjective measurements, on the other hand, use measuring scales that deal with the attributes in connection with the product or service consumed (Oliver, 1980, 1981; Tse & Wilton, 1988).

Monitoring complaints and their respective solutions may become a strategy to keep customers (Ettore, 1994) or the key of a quality strategy (Lovelock, 1994), although little is known about the response actions taken by organizations (Goodwin & Ross, 1992). According to Morgan and Hunt (1994), solving customers' problems is linked to service reliability, being particularly significant in loyal consumers (Kelley & Davis, 1994), and the results can be improved if the problem-solving process includes an additional benefit (Conton & Murray, 1996). Reliability is an important factor in the development of a relationship strategy. Westbrook (1980) suggests the use of the seven-point D-T scale (Delighted-Terrible), used to evaluate life, by adapting it to the consumer satisfaction study. The author shows that this scale is more valid than the simple "satisfied-not satisfied" bipolar scale. Despite the advantages presented, the author has only tested and used this scale with one single item, which does not necessarily indicate that its performance is higher in multi-item scales.

Market Actions to Obtain Loyalty

According to Hoffman and Bateson (2002), there are several new programs geared toward increasing customer retention and loyalty. Among them: frequency marketing, relationship marketing, post marketing, service warranties and management of turnover. Frequency marketing puts together data compilation, communication, customer recognition and rewards to establish lasting relations. Simply put, it is a way of increasing the number of current customers (Barlow, 1990).

Relationship Marketing highlights the importance of retaining customers as well as focusing on quality (Christopher, Payne, & Ballantyn, 1991). In the relationship market, the customer is seen in a broad picture, where it is taken into account all the groups that take part in the process of delivering a product or service to markets. The focus of post marketing is customer loyalty, using data base techniques, satisfaction measurements, formal communication programs and development of an organizational culture to maintain a relationship after the first purchase (Vavra, 1992). Service warranties reduce the risk perceived by customers, because they help them overcome their concern by providing a higher value (Hart, Schlesinger, & Maher, 1992). Managing the turnover is a systematic process to retain customers, and consists of monitoring the reasons for the turnover and constantly improving the system of rendering services (Rechheld & Sasser, 1990).

While Hoffman and Bateson (2002) systemize the actions to achieve loyalty into axes that organize them around programs, Lehu (1999) enlightens the techniques used to maintain a lasting relationship between the company and its customers. The techniques proposed by the author comprise actions such as sponsorship, newsletter, information letter, customer club, electronic couponing, cross-selling, Internet listing, merchandising, toll-free phone number, gifts, customer service, Internet site and member card.

METHOD

The strategic analysis method of consumer satisfaction adopted in this study consists of four phases (Mello Moyano, 1999). The phases are as follows: identifying quality dimensions, identifying expectations, evaluating the level of service received, and strategic analysis. The strategic analysis will lead to marketing actions designed for tourism companies, a subject that will be the theme of the next section of this work. Each phase of the strategic analysis method will be discussed below.

PHASE 1: Identifying Quality Dimensions (before the trip)

The instrument used to identify quality dimensions is the Critical Incident (Flanagan, 1954), where respondents are asked to indicate positive and negative examples of previous trips, if any. In case they do not have that experience, they are asked to indicate positive things they expect in connection with the trip and negative things they do not expect to happen. The phase ends with a selection of micro-dimensions of quality and the construction of scales to be used in the subsequent phases.

PHASE 2: Identifying Expectations (before the trip)

Second phase interviewees were asked to identify the level of expectations in three categories: desired, predicted and minimum. The identification required 10-point scales, where 10 represents the highest value.

PHASE 3: Evaluating the level of service received (after the trip)

Second phase interviewees were asked to evaluate the service received after the trip, in the micro-dimensions used in the previous phase.

PHASE 4: Strategic Analysis

The strategic analysis was developed by applying a seven-category Competitive Position Matrix (Mello Moyano, 1999). After comparing the service received with the expectations (ideal, predicted and minimum) in each of the dimensions previously created, the micro-dimensions were categorized according to three measurements. These measurements are called a) SMM - Service Minimum Measurement; b) SPM - Service Predicted Measurement; c) SIM - Service Ideal Measurement. Each measurement is calculated by means of the following equations:

The relative levels of perceptions and expectations determine the competitive position of a company from the point of view of service quality.

The SMM reflects the minimum level expected by customers, where a negative result means the company has a “crisis”, and if the result shows evenness, it reflects a “competitive disadvantage”.

The SPM reflects the adequacy of a service to the expectations predicted by consumers, and the results of evenness reflect a position of light competitive advantage.

The SIM indicates service superiority towards the desired level and can have two categories: when positive, “customer loyalty”, and when even, a “competitive advantage”.

The Matrix too considers two transition categories. The first, when SIM and SPM are even, and the second, in case SPM and SMM are even.

Characterizing the Sample

The sample consisted of 133 tourists who traveled from Uruguay to the Middle East (Egypt, Israel and Turkey), hiring the services of a tour agency. Of the 133 cases surveyed, 27% are male and 73% are female. Regarding their education, 48% have not finished high school, and 52% have college degrees. In relation to interviewees' age, the average is 63.9 years old; 20% ranging from 40 to 59 years old; 80% are 60 or older.

RESULTS

Identifying Quality Dimensions

The quality dimensions were identified through the critical incident instrument. Eighty-nine micro-dimensions were identified in groups of 13 macro-dimensions according to the similarities of respective themes. After an analysis done by three judges, 26 micro-dimensions were selected.

Strategic Analysis

The strategic analysis was developed based on the tests between the evaluations of the service received and the expectations. After the identifications of similarities and differences among the answers, a Competitive Position Matrix was built, where variables are categorized in seven levels, as per test results. What follows are the analyses carried out.

Expectations VS. Evaluation of Service Received

This chapter will present the results of the tests done to identify possible differences between the evaluation of the service received and the expectations in their three levels: ideal, predicted and minimum.

An analysis of our results indicates that of the 26 dimensions (table omitted) of service evaluated by respondents, four do not show significant differences between the service received and the ideal expectations. In 18, the difference is significant to the level of 1%. In the remaining four dimensions, that difference is significant to the level of 5%. In the 22 dimensions where the difference was statistically significant, the ideal expectations surpassed the service received.

With regards to the difference between the service received and the predicted expectations, one can observe that in 18 of the dimensions evaluated there are no differences. Of the eight pairs where there are significant differences, five hit the level of 5%, and another three, the level of 1%. In two of the pairs where the difference is significant, the evaluation of the service received was better than the service predicted.

A comparison between the service received and the minimum expectations consumers had before the trip showed that in 14 of the 26 dimensions evaluated there was no significant difference. In 12 of the remaining dimensions, 10 had significant results, to the level of 1%, and two to the level of 5%. In 11 of the 12 pairs that presented statistically significant differences, the service received was better than the minimum expectation consumers had before the trip.

Competitive Position Matrix

Based on the statements thereupon, it is possible to infer that the evaluation of the service received in relation to the expectations reached the following results, as per the competitive position matrix (Figure 1).

Two dimensions reached an ideal level, with a null Service Ideal Measurement (SIM, perceived service minus ideal expectation), thus indicating a competitive advantage for the service supplier company. Another two dimensions are in a transition phase, for SIM and the Service Predicted Measurement (SPM, perceived service minus predicted expectation) were equal, placing them halfway between a full competitive advantage and a light competitive advantage.

Seven of the evaluated dimensions fall into the condition of light competitive advantage, with a null SPM, for the service received was considered equal to the predicted expectation. Placed in a transition phase, with equal SPM and Service Minimum Measurement (SMM, perceived service minus minimum expectation), we have nine of the dimensions evaluated by consumers, which indicates a condition between light competitive advantage and competitive disadvantage. Five of the dimensions where the SMM is null represent a competitive disadvantage for the company, because the consumer evaluated the perceived service just like the minimum expectations. Finally, one of the dimensions represents a condition of crisis for the service supplier company, because respondents considered it inferior to the minimum expectations, therefore with a negative SMM. This condition includes the time spent at airports, considered long by respondents.

Figure 1
Competitive Position Matrix

EXPEC-TATIONS	SERVICE RECEIVED	SERVICE MEASUREMENTS	POSITION
IDEAL	SUPERIOR TO IDEAL	SIM = POSITIVE SPM =POSITIVE SMM =POSITIVE	CUSTOMER LOYALTY
	EQUAL TO IDEAL	SIM = NULL SPM =POSITIVE SMM =POSITIVE	COMPETITIVE ADVANTAGE
TRANSITION	EQUAL TO IDEAL AND PREDICTED	SIM = NULL SPM =NULL SMM =POSITIVE	TRANSITION 1
PREDIC-TED	EQUAL TO PREDICTED	SIM= NEGATIVE SPM =NULL SMM =POSITIVE	LIGHT COMPETITIVE ADVANTAGE
TRANSITION	EQUAL TO PREDICTED AND MINIMUM	SIM= NEGATIVE SPM =NULL SMM =NULL	TRANSITION 2
MINIMUM	EQUAL TO MINIMUM	SIM=NEGATIVE SPM =NEGATIVE SMM =NULL	COMPETITIVE DIS-ADVANTAGE
	INFERIOR TO MINIMUM	SIM= NEGATIVE SPM =NEGATIVE SMM=NEGATIVE	CRISES

Source: Survey carried out by the authors.

Competitive Positions and Marketing Strategies

Based on the competitive positions described in the previous section, four sets of loyalty strategies were devised (Figure 2). Each set was attributed to the several competitive positions, according to their particularities and requirements in terms of marketing strategy application. Therefore, attributing loyalty strategies took into consideration how critical each competitive condition was. These strategies were categorized into four groups as follows: Sales, No Interaction Communication, Benefits and Communication With Interaction. Strategies denominated Sales (S) are designed to stimulate repurchase. No Interaction Communication (NIC) strategies are supposed to provide consumers with updated information on the company and its products, this way indirectly stimulating sales. Benefits (B) will reward customers for their lasting relationship with the company. Communication With Interaction (CWI) strategies aim at establishing a direct communication channel with consumers for a correct use of products and services.

Figure 2
Competitive Position Matrix and Loyalty Strategies

EXPEC- TATIONS	Need to Convince	Attitude	Competitive Advantage	Loyalty Strategies			
				B	S	CWI	NIC
IDEAL	Little	positive	Customer Loyalty	X			
			Competitive advantage	X			
TRANSITION			Transition 1	X	X	X	
PREDICTED	More or less	More or less	Light competitive advantage	X	X	X	
TRANSITION	A lot	negative	Transition 2		X	X	X
MINIMUM			Competitive disadvantage		X	X	X
			Crises		X	X	X

Source: Survey carried out by the authors.

The strategies consist of marketing actions, developed according to what was explained in the theoretical review. Sales strategies include the following actions: sponsorship, cross-selling and merchandising. No Interaction Communication: newsletter, Internet listings, consumer magazines, Internet site and push technologies. The Benefits strategy consists of the following actions: customer clubs, electronic couponing, gifts and member cards. Finally, Communication With Interaction involves the following actions: toll-free number, customer service and after-sales service.

The loyalty strategies and the respective marketing actions presented above were distributed among all of the competitive positions described in Figure 1 (Competitive Position Matrix). The strategies were assigned according to the severity of each competitive position.

CONCLUSIONS

The results presented in this study allow to increase the productivity and rationality of the decision making process in marketing. We can underline that the contributions to professionals whose companies work in connection with tourism services are as follows: the first contribution is adding the consumers' perspective to the formation of a marketing strategy. In this method, consumers' perceptions, expectations and evaluations assume a guiding character, and are the source of the marketing strategy proposal. The second contribution is the use of an experimental project with a "before" measurement that makes it possible to know the expectations prior to the trip. This treatment allows decision-makers to plan a service that will be supplied in a more adequate form and in a way that will meet consumers' requirements. The third contribution refers to the development of a competitive position matrix as well as the indicators that are used in its formation. This matrix will guide tour managers through the process of selecting marketing strategies, supplying an analysis framework and allowing the improvement of the rationality in the process. The fourth contribution is the development of a set of strategies and respective marketing actions, assigned to each of the competitive positions of the matrix according to severity.

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CULTURAL CONTEXT AND SERVICE QUALITY: A STUDY OF INTERCULTURAL COMPETENCE IN THE THAI TOURISM INDUSTRY

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ABSTRACT

This study, using data from senior Tourism and Hospitality managers, begins a series investigating the characteristics of intercultural competence and intercultural interactions in the Thai tourism industry. It assesses the usefulness of a well-known intercultural construct, Trompenaars' 'dilemmas of culture', in explaining these. The study employs an interpretive, inductive, qualitative research methodology, using semi-structured interviews and non-participant observations. This investigation is a pioneering academic, as opposed to anecdotal, examination of the area and has serious implications for international Tourism and Hospitality management and training.

Key Words: intercultural competence, tourism, communication, relationships, dilemmas.

INTRODUCTION

This study, the first in a series, is a pioneering academic examination of intercultural competence in the tourism industry in Thailand and assesses the applicability of a renowned theoretical approach. It is a valuable guide to identifying intercultural management and training issues. Later studies will focus on customers and frontline staff.

The study examines intercultural competence and associated concepts, employing an interpretive qualitative research methodology with a sample of senior management personnel to answer these research questions:

1. What are the characteristics of intercultural competence and intercultural interactions in the Thai tourism industry, as reported by senior managers?
2. How well does Trompenaars' notion of 'cultural dilemmas' explain intercultural interactions in the Thai tourism industry?

The research's objectives are 1) describe the theoretical context of intercultural competence; 2) investigate intercultural interactions in the Thai tourism industry; 3) assess the usefulness of Trompenaars' 'cultural dilemmas' concept; 4) provide guidance on intercultural management and training issues in the industry.

Significant findings and the usefulness of "cultural dilemmas" in explaining these are discussed and future research opportunities identified.

LITERATURE REVIEW

The field of intercultural competence is populated by a baffling array of terms and overlapping conceptual descriptions. This study uses the term intercultural, the study of distinct cultures in interaction and not cross-cultural, the comparative investigation of different cultures. In positioning this research academically, the relevant theoretical fields can be categorized as intercultural communication competence, intercultural competence, intercultural competence and tourism and hospitality and intercultural competence and management.

Intercultural communication competence

Studies of intercultural communication competence emphasize traits, perceptions, behaviors or the culture-specific (Lustig and Koester, 1993). For example, approaches include uncertainty reduction strategies (Gudykunst, 1994), non-verbal communication (Anderson, 1994), identity maintenance (Ting-Toomey et al., 2004) knowledge, skills and motivation (Wiseman, 2001) and many more (Cegala, 1984; Hammer, 1987; Kim, 1993). Others emphasize interactional and relational aspects (Imahori and Lanigan, 1989) while Chen and Starosta (1999) stress affect and social relaxation in intercultural dealings.

Intercultural competence

Trait, interactional and developmental approaches predominate in studies of intercultural competence. Fantini, Arias-Galicia and Guay (2001) define intercultural competence as "multiple abilities that allow one to interact effectively and appropriately across cultures." Kohls (1996) adds humor and ability to accept failure. Other notable trait or ability oriented studies include Fantini (2000) and Samovar and Porter (2001). Pusch (2004) and Lustig and Koester (2003) stress the importance of the milieu, context and interactional aspects of intercultural competence. Developmental and process approaches include increasing awareness, knowledge and skill

(Pederson, 1994), ‘intercultural transformation’ (Kim and Rubin, 1992) and movement from ethnocentric to ethnorelative (Bennet, 1993; Fennes and Hapgood, 1997)—all stressing the capacity to change one’s internal frame of reference. Other process approaches are reconciling cultural differences (Trompenaars and Hampden-Turner, 2001), “global people skills” (Gundling, 2003) and “global literacy” (Rosen, et al., 2000).

Regarding second language proficiency in intercultural competence, some (Gudykunst, 1994) ignore it while others promote it (Lambert, 1994; Gannon, 2008; Bryman, 1997; Piller, 2007). Roberts et al. (2005) report that the most so-called cultural misunderstandings are due to language difficulties.

Criticisms of the field include confusing terminology, non predictivity, ethnocentrism and definitions which are overlapping, too general or simply disorganized listings (Piller, 2007; Holden, 2001; Jacob, 2004).

Intercultural competence and Tourism and Hospitality

The multi-billion dollar international tourism industry yields an incalculable number of intercultural interactions each year. Notable studies in this important area deal with intercultural competence and adaptation (Hottola, 2004), sustainable tourism and customer satisfaction (Shapero, 2006; Tse, E. C-Y. and Ho, S-C. (2009); Samovar and Porter, 2001). Gannon (2008) laments that neither business nor educational institutions fully appreciate the importance of intercultural competence and that this will negatively impact the industry’s future. Baum and Devine (2008) note that an “employee’s ability to be productive depends on the level of cultural awareness learning/training received.”

Intercultural competence and Management

Intercultural management is concerned with the effective functioning of diverse groups of people in organizations (Jacob, 2004). Hofstede (1980), arguing for culturally appropriate management styles, introduced ‘dimensions of culture’. Wong (1991) stresses the similarities, not differences, between international managers. Bartlett and Ghoshal (1989) state that international management must integrate diversity by understanding the cultures of their target markets and of the locations in which they operate.

Trompenaars (1993, 2001)’s studies of managing diversity cover intercultural relationships, reconciling cultural dilemmas and patterns of organizational culture and structure. His ‘dilemmas of culture’ are: 1. Communitarianism vs. individualism, (group vs. individual), 2. Universalism vs. particularism (rules vs. relationships), 3. Neutral vs. emotional (how and what feelings are expressed), 4. Diffuse vs. specific (range of involvement we have with each other), 5. Achievement vs. ascription (how status is accorded), 6. Time (sequential vs. synchronic and orientation to the past, present and future) and 7. Environment: (internal vs. external locus of control).

Criticisms of his model include too many exceptional cases (Jacob, 2004), too general, cultural stereotyping, equating nationality with culture (Holden, 2001) and that it is not predictive (Cray et al., 1998). Despite these cautions, the ‘cultural dilemmas’ concept remains one of the most widely referred to in intercultural studies and international management. Even Jacob (2004) calls him a “luminary in the field”.

METHODOLOGY

A qualitative interpretivist approach, using an inductive method, is appropriate for this study with a small sample, aiming to access deeply embedded data about interactions and understand the issues and meanings respondents attach to them (Daymon and Holloway, 2002; Bryman and Bell, 2007; Bryman, 2004). Research questions and objectives are given in the Introduction. The sample was five senior tourism and hospitality managers selected for their expertise and international experience. Data was collected using semi-structured interviews and non-participant observations (Daymon and Holloway, 2002; Crouch and Housden, 1996; Chisnall, 2001). Content analysis and a reiterative multi-step coding technique were applied to the data, enabling accurate sorting and analysis (Bryman and Bell, 2007). For validity, the study incorporated multiple research methods, participant validation, detailed records and highly experienced, knowledgeable participants, familiar with the research area (Bryman, 2004). For reliability, the investigation incorporated one set of interview questions to enable response consistency checks across interviews and observations, systematic coding and data collection and a research diary (Bryman, 2004; Krippendorff, 2004).

Research was limited by time and resources, due to more than full time teaching loads and no research funding, which restricted sample size and diversity, though this was adequate. All respondents gave informed consent before the study. Sensitive commercial and personal data was closely guarded and all information, including names, from the interviews and observations is confidential.

FINDINGS

Analysis of 113 data items yielded seven major themes. (*Restrictions on paper's length necessitate findings being presented without narrative—which is available, if required*)

1. *Positive feedback from and experience of customers*: interactions, honesty, attitude to work, duty managers' efficiency and ability to work calmly under pressure. 2. *Friendliness and the power of the "smile"*: friendliness, smiling behaviors, gracefulness, courtesy, empathy, masking of negative feelings, spontaneity, relevance of Buddhism, skepticism re: genuineness and different meanings of Thai smile. 3. *Proactivity and Initiative*: lack of proactivity and initiative, need for clear structure, inflexible adherence to procedures, lack of ambition, reluctance to work outside Bangkok; uncertainty behaviors, e.g. getting the manager, freezing, hiding, smiling and ignoring; possible causes: education system, culture and status, attachment to family and home, insularity and even, a lack of common sense. Mentioned were overcoming this through financial reward and empowerment, banning "mai dai" ("it cannot be done"). 4. *Management, responsibility and accountability*: cooperative, hard working, motivated, very loyal, responding well to training, unwilling to enter senior management, satisfied with supervisor level, wanting the protection of a senior manager, fear of accountability, in this respect different to other employees in Asia and the region, loss of face and staff evaluation, use of humiliation for change, wanting participation in decision-making but reluctant to accept consequences, seeing positions as a life tenure, staying too long; foreign manager's intercultural competence crucial: relationship development, encouraging cultural observances, judgments about status and flexibility. 5. *Communication*: fear of complaining, 'kill the messenger', avoiding confrontation, difficulties obtaining full information about problems or complaints, staff not telling management the full story. 6. *Status*: differential treatment of guests, hi-so lo-so, status relations among staff, phi-nong (superior-subordinate, senior-junior), ethnicity - treatment of Westerners, Indians and Arabs, status of job, company brand loyalty. 7. *Relationships*: Relationship and trust building, relationship management, 'screwing over,' group and family loyalty, cronyism, company as family, astute observers of relationships.

DISCUSSION AND CONCLUSION

This section applies Trompenaars (1993, 2001) notion of dilemmas of culture to the findings, considers other theoretical explanations and assesses the concept's usefulness in this study.

1. Positive feedback from and experience of customers: This finding is not surprising as these are staff in some of the best hotels in South East Asia. Thais strongly value ascribed status (Trompenaars, 1993) so, consequently, high paying guests are treated with deference and respect. Trompenaars' particularism complements ascribed status as lower rank persons (staff) go to great lengths to assist and relate positively to these particular customers. Communitarianism and the framing of the organization as a family (Trompenaars, 2001) reinforce the welcoming attitudes of staff. Alternative explanations could include Shapero (2006)'s and Baum and Devine (2008)'s notion that intercultural competence increases customer satisfaction. Are the staff highly interculturally competent or do they simply appear to be so for cultural reasons? Given the importance of the particular situation and context in intercultural competence (Pusch, 2004; Lustig and Koester, 2003), high customer satisfaction may reflect that these staff in these hotels, interacting with these particular guests, display significant intercultural competence *in this situation*. Or is it that particularism, communitarianism and ascribed status predispose these staff to appear to be interculturally competent with these guests in this situation? This latter explanation is underscored by a respondent's view that the finding was due to staff's personal qualities and staff selection (R5: respondent 5).

2. Friendliness and the power of the "smile": Findings 1 and 2 are interrelated as positive customer feedback is affected by the friendliness of the staff and the famous Thai smile (R1). Incompetence is also masked by these attributes (R2, R5). Trompenaars' ascribed status explains much of this behavior as lower rank individuals display positive emotions, facial expressions, etc. to higher rank and avoid negative display. The dilemma of affective vs. neutral, dictates the amount and type of feeling that can be displayed in a particular culture. To preserve communitarian harmonious relationships, the display of negative emotions is suppressed and positive feelings and smiles encouraged.

All respondents were aware of the variations in the Thai smile (R4), with one reporting five types (R2). However, a respondent's comment that "It's amazing what we get away with" (R2) leads to a consideration of the iconic smile as an interculturally competent marketing behavior. The zone of tolerance is widened if the customer perceives service failure as due to a cultural misunderstanding (Warden et al., 2003). Furthermore, recovery behavior after service failure is crucial (Warden et al., 2003). In this study, where there was a delay or error, staff's smiling behavior was observed to increase as would the number of staff smiling. This behavior appeared to influence customers to be patient and accepting. Intentional or not, the Thai smile smoothly shifts incompetence into the realm of intercultural misunderstanding.

3. Proactivity and initiative: Communitarians do not value proactivity and initiative as highly as their individualistic managers. In an ascribed status setting, it is expected that externally (locus of control) focused staff will follow the boss's orders without criticism or expecting delegation. Rigid adherence to procedures (R1, 2, 3, 4, 5) reflects the perceived centralization of power (ascribed status) and the dilemma, relating to nature, whereby staff recognize their locus of control (e.g. the procedures) as external. However, freezing, hiding and ignoring behaviors are best accounted for by Hofstede (1997)'s uncertainty avoidance. Furthermore, communitarianism, attachment to family and friends, with uncertainty avoidance explain unwillingness to travel to work in outside settings.

4. Management, responsibility and accountability: Trompenaars' communitarianism accounts for reluctance to assume senior management responsibility and accountability (R 2, 3, 4, 5) as these are strongly individualistic notions. Status aspirations are fulfilled by their current positions or achieving supervisor level where accountability can be pushed upwards. Furthermore, the 'boss' must often be the bearer of unwelcome news which disturbs communitarian harmony. Problems with staff evaluation are explained by the dilemma of diverse vs. specific, where the personal and the public (professional) are not distinct, as noted by Trompenaars. Criticism is avoided and, when received, taken personally with consequent loss of face or perceived social regard. Staff immobility and 'staying too long' (R4, R5) are reinforced by communitarianism and ascribed status which underlie the model of the organization as a family. Here loyalty is more important than current performance. In addition, Trompenaars' indicates that cultures with a long time orientation perceive past loyalty and effectiveness as relevant to current evaluations and decisions about staff. Participation in decision-making but reluctance to take consequent responsibility reflects an unreconciled cultural dilemma within communitarianism vs. individualism or an incomplete intercultural competence transformation (Kim and Rubin, 1992). Here we have staff who perceive their participation, not as individualistic with consequent accountability, but as communitarian, demonstrating unity and togetherness.

The finding that senior managers' intercultural competence is crucial for effectiveness is supported by much of the literature (e.g. Gannon, 2008, Baum and Devine, 2008) and by Trompenaars' multicultural management.

5. Communication: In a high context culture, most of the message is not 'spelt out' in words but in context, or not at all, whereas in low context cultures (respondents are from Northern Europe and North America), the focus is on words and precision (Hofstede, 1997; Trompenaars, 1993). Consequently, much information is not communicated to or not understood by low context actors. The tendency to 'shoot the messenger,' the bearer of bad news (R2, R4), is explained by staff's communitarian concern to maintain harmony and balance in relationships and work affairs. Communitarianism, together with the neutral vs. affective dilemma, which determines what feelings may or may not be expressed or provoked, accounts for why problems are often not reported and, when they are, the communicator is censured. Staff's reluctance to express negative feelings, reflecting the neutral vs. affective dimension, extends to the communication of negative news (R5).

6. Status: Norms around ascribed status permeate Thai culture and behavior. Phi-nong washes through inter-staff relationships and interactions with customers (R1, R2). If the guest is hi-so (high status), they receive more attentive service than lo-so (R2). Staff's favoring Western customers above Indians and Arabs (R2, R5) reflects not simply prejudice but also the status ascribed to certain groups by the surrounding culture. On the other hand, the very high status of the employer's brand elicits considerable effort, motivation and pride from staff.

7. Relationships: Relationship development is a core intercultural competency. Reflecting high communitarianism and particularism, strong relationships are a cornerstone of the society and crucial in the local business culture, with Thais preferring informal and personal relationship-based communication (Holmes and Tangtongtavy, 1997). Reflecting their own intercultural competence, all respondents commented on this feature and the dire consequences of not being able to establish strong relationships.

The staff are astute observers of relationships and communication (R1, R3, R4), displaying high emotional intelligence (Mayer and Salovey, 1993) and are impressive relationship managers (Sammapan, 1996), a core competency in a particularist culture. This is best illustrated in situations where personnel who are not accepted (e.g. Thais returning from overseas trying to change things, interculturally incompetent foreign staff) are controlled, changed or ejected through relationship management. "They get really 'screwed over'" (R2). The importance of relationship management and building empathy and trust are well accounted for by Trompenaars' notion of particularism, i.e. the particular persons and relationships are more important than the rules and operations.

Summary: Although dilemmas of culture do explain the study's findings reasonably well, the categorizations are very general, e.g. are relationship harmony best explained by this dilemma or that one and how do they interact? There are usually other explanations possible for all the findings. In regard to the research questions,

the study successfully 1) describes characteristics of intercultural competence and intercultural interactions in the Thai tourism industry as reported by senior managers and assesses 2) how well Trompenaars' notion of 'cultural dilemmas' explains intercultural interactions in the Thai tourism industry. The study found that, as a way of explaining intercultural interactions in the Thai tourism industry, Trompenaars' dilemmas of culture are adequate but inexact.

Other significant findings are the overarching power of ascribed status, communitarianism and high context, staff's astute use of relationship management and the value of the iconic Thai smile as a marketing behavior.

AREAS FOR FUTURE RESEARCH

Similar research is planned with customers and staff. Among future opportunities, study is required to clearly specify how cultural dilemmas can be more effectively reconciled, e.g. staff's reluctance to move into senior management. Another interesting research topic might be the behavioral and marketing aspects of the 'smile.'

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THE STRATEGIC MANAGEMENT PROCESS AND THE INNOVATIVE CAPACITY OF THE SPANISH HOTEL INDUSTRY

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ABSTRACT

This paper analyses the relationships between certain determinants in the strategic management process on innovation in hotel organisations in Spain, as well as the influence of the level of innovation on competitive advantage and organisational performance. The theoretical positioning is based on the resource and capability-based approach, within the field of strategic management. An analysis of major hotel chains operating in Spain has shown that certain factors (namely twenty dimensions) of the strategic management process impact on the level of innovation positively, as well as a proper management of innovation influences organizational results, also positively.

Key Words: innovation, tourism, hospitality sector, Strategic Management

INTRODUCTION

The study of the relationship between innovation and strategic management is a field of research in which the business world - both academic and practical - is taking a growing interest. Furthermore, the importance that innovation represents for companies in a state of constant change is undeniable. Since the second half of the 1990s, innovation has become one of the most promising fields of study in terms of explaining competitive differences between companies. As a result, innovation as a strategic capability has been vindicated as the main source of competitive advantage and a device for achieving higher revenue.

The theoretical positioning in the present study is based on a resource and capability-based approach within the field of strategic management. On this basis, innovation stands out as a key strategic capability that is generated by activating a series of resources; its management is thus a fundamental element in developing dynamic capabilities conducive to obtaining competitive advantages (Teece et al., 1997; Eisenhardt and Martin, 2000; Zollo and Winter, 2002). In the relationship to innovation, the benchmark approach in the literature is the dynamic capabilities approach; the study examines the theoretical perspectives that influence its characterisation and establishes contact points with other approaches within the resource and capability-based theory, in order to form a common basis of study for designing a model and its subsequent testing in an empirical study.

In the tourism industry and the hotel subsector in this case, innovation plays a key role in the production of knowledge and a firm's capability to absorb it, so that it can be used to improve productive efficiency and the product's ultimate competitiveness. In the case of Spain as a tourism product, it is a world-renowned destination whose economy is heavily dependent on tourism services; thus, it is the ideal setting in which to apply this research.

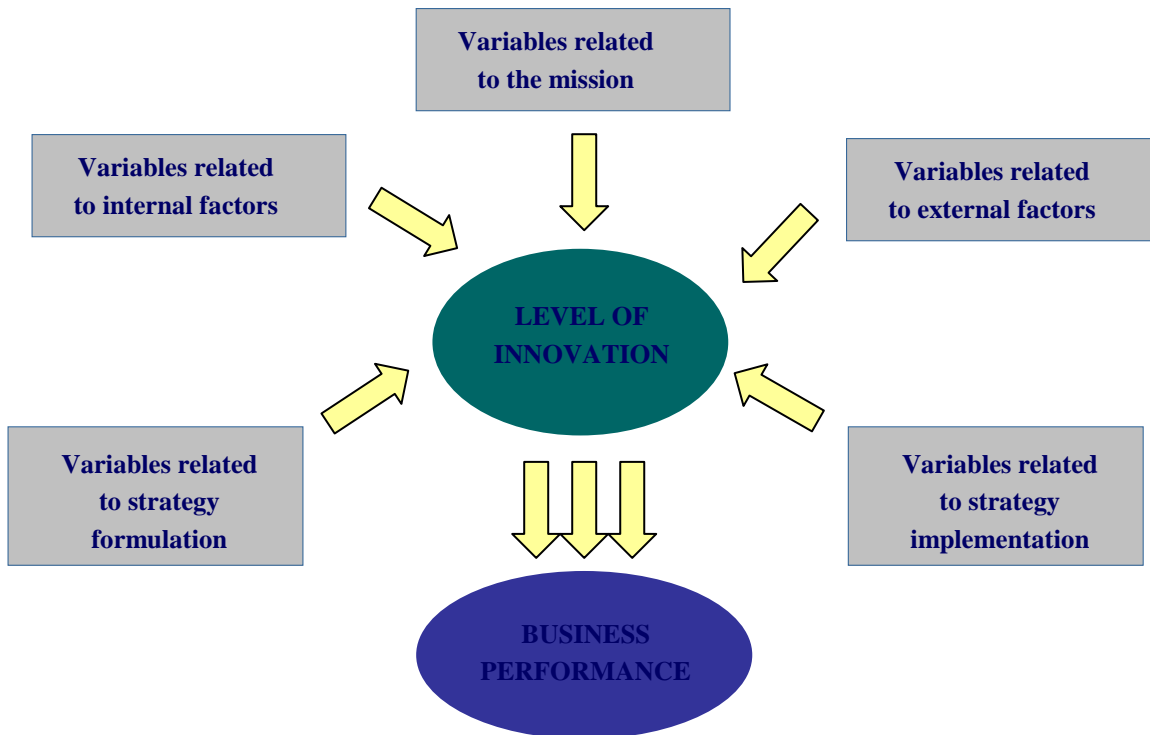
This study focuses on ascertaining the extent to which certain determinants in the strategic management process affect the level of innovation. Therefore, a model was created for this study that was tested along with a series of hypotheses in an empirical study of managers from the top Spanish and foreign hotel chains operating in the country, ranked according to turnover.

CONCEPTUAL FRAMEWORK, DEVELOPMENT OF THE RESEARCH MODEL AND HYPOTHESES

The system of diagnosis, formulation, planning and control entails tasks that depend on the management team, which is known to be a fundamental factor in creating the capability for innovation (Drucker, 1989). Innovation requires leadership and an internal management that mobilises both tangible and intangible resources; it coordinates and drives them. In this regard, several studies have highlighted the importance of the innovation strategy as a coherent plan for developing, acquiring and deploying resources and capabilities in order to achieve and sustain better results (Lefebvre et al., 1993; Zahra and George, 2002; Orfila et al., 2005; Hjalager, 2010).

Based on the literature and considering this study's context, the model presented in Figure 1 has been proposed, which describes the entire process that may be followed in innovation decisions -by companies in the Spanish hotel sector, in this case- in accordance with the phases or stages of a company's strategic management model. Its first stage is the company's identity (purpose or mission), continue with internal and external factors and conclude with the formulation of strategies and their implementation.

Figure 1.
Analysis model for determinants of the level of innovation and their impact on business performance



To construct each of these variables, a number of different authors and their contributions to this field of research were analysed. This theoretical study gave rise to twenty dimensions or factors to be analysed, that have allowed testing the model in the empirical part of this study through the corresponding hypotheses. Table 1 shows a list of the factors which were adapted to the characteristics of our model.

Therefore, the analysis and construction of the model and its respective constructs, supported by the literature, provided all the arguments needed to formulate the hypotheses, which paved the way to achieving the objective of determining the extent to which determinants in the strategic management process influence the level of innovation and their impact on hotel companies' performance.

Table 1.
Constructs for analysis of the conceptual model

Mission	
A firm bet for innovation in an organisation's mission and values	
Internal factors	
Influence on the level of innovation of certain internal factors	
A corporate structure that facilitates innovation	An innovation-oriented culture
Corporate support for creativity	Adoption of measures to overcome barriers to innovation
Adoption of appropriability measures	
External factors	
Influence on the level of innovation of certain external factors	
Competitive rivalry	Suppliers' bargaining power
Degree of customer satisfaction and loyalty	Bargaining power of substitute products
The dimensions of complexity and dynamism of the environment	The degree of active government commitment
Strategy formulation	
Influence on the level of innovation in the adoption of certain strategies	
Competitive strategies: competing through seeking cost leadership	Competitive strategies: committing to a differentiation strategy
Competitive strategies: adopting a segmentation strategy	Internationalisation as a growth strategy
Strategy implementation	
Degree of influence on the level of innovation of certain factors of implementation strategies	
Degree of development of quality management	Degree of sophistication in information systems
Objectives of increased productivity	
The level of innovation and its impact on business performance	
Degree of influence on business performance of the level of innovation	

RESEARCH DESIGN AND RESULTS

The population universe in this study consisted in senior management from the top 150 Spanish and foreign hotel chains operating in Spain ranked in order of revenue. Data was collected in October and November 2009 from a survey of directors from the top 150 Spanish and international hotel chains in the country ranked in order of revenue. The questionnaire was completed by 48 executives in these hotel chains, which represents a response rate of 32%. No significant differences between the composition of the population and the sample were found, as observed in other studies on innovation or tourism analysed in the literature: Jacob et al. (2003), Galende (2006), and Ottenbacher (2007).

The properties of the metrics used were analysed before proceeding with the different analyses that led to the tests of each hypothesis. This ensured each variable's capacity to measure the concept it represented. In this case, the scale reliability and validity properties were re-analysed. The questionnaire used to do so consist in 104 items measured on a Likert scale from 1-7 which were divided into six sections with 20 factors or dimensions to be analysed.

Therefore, in relation to the reliability analysis of each construct, the value of Cronbach's alpha was more than 0.80 in all factors, together with the high communalities or proportion of variance they had in common with the construct; this ensured the scales' reliability. In relation to the convergent validity analysis - which indicates whether the different items used to measure the concept actually correlate with each other - the magnitude of the factor loading, which was not only greater than 0.4 (Hair et al., 1998) but greater 0.6 in all cases, ensures this validity. Lastly, with respect to discriminant validity, the grouping of items in each factor corresponding to the innovation variables related to strategy implementation ensured the unidimensionality of the different constructs', confirming each one's unequivocal capacity to measure the intended concept.

Once the reliability and validity of the scale items were obtained, an analysis was conducted to test the hypotheses considered. To do so, Pearson's r test was used to determine the existence of correlation, as

described below. Overall, at the global level, none of the six hypotheses proposed were rejected; the only correlation that could not be demonstrated was concerning one of the external factors, in the dimension related to the environment. Table 3 shows the summary of the results of these correlations, with the global sign given for each hypothesis and the sign for each factor or dimension that belongs to each section in the strategic management model as well as the support or rejection obtained.

Table 3.
Summary of the tests of hypotheses

Hypothesis	Result (sign)	Support obtained
H1: The explicit inclusion of innovation in an organisation's mission and values has a positive impact on the level of innovation.	Global (+), positive	Positive test
H2: Certain internal factors have a positive impact on the level of innovation.	Global (+), positive - Business structure (+), positive - Culture (+), positive - Creativity (+), positive - Barriers to innovation (+), positive - Appropriability (+), positive	Positive test (*)
H3: Certain external factors have a positive impact on the level of innovation.	Global (+), positive - Competitor rivalry (+), positive - Supplier power (+), positive - Customer satisfaction (+), positive - Dynamic environment (-), negative - Government (+), positive	Positive test (**)
H4: Formulating competitive and growth strategies has a positive impact on the level of innovation.	Global (+), positive - Cost leader (+), positive - Differentiation (+), positive - Segmentation (+), positive - Internationalisation (+), positive	Positive test (***)
H5: Implementing strategies has a positive impact on the level of innovation.	Global (+), positive - Quality management (+), positive - Information systems (+), positive - Productivity (+), positive	Positive test (****)
H6: The level of innovation, driven by the explicit management thereof, has a positive impact on business performance.	Global (+), positive	Positive test

(*)The highest positive coefficients were showed by the following variables: adoption of appropriability measures, innovation-oriented culture and business structure that facilitates innovation.

(**) Competitive rivalry gave the highest positive correlation. The correlations between level of innovation and the environment dimensions of complexity and dynamism are not statistically positive.

(***) The highest correlation coefficients are given by cost leadership and differentiation strategies.

(****) Quality management is the item witch correlates the most with the level of innovation.

REGRESSION ANALYSIS TO TEST THE MODEL AS A WHOLE

After the hypotheses of each dimension studied individually were tested, we attempted to find and analyse these variables together, in keeping with the model that shows the correlation between factors in the different phases of the strategic management process and their impact on the level of innovation in the Spanish hotel sector. To do so, a multiple linear regression analysis was used. After verifying the validity of the different metrics and the reliability of the scales in the study of the individual hypotheses and verifying that they comply with the assumption of linearity and normality, the proposed model was tested through a multiple linear regression analysis.

Table 4.
Results of the regression analysis of the determinants of innovation in the hotel sector

Variables	Innovation Level	
	Coefficient β	Sig.
Constant	1.417	0.000
Mission	0.124	0.083
Internal Factors	0.234	0.041
External Factors	-0.447	0.035
Formulation Strategy	0.481	0.015
Implementation Strategy	0.589	0.000
F	15.012	
R ²	0.623	
<i>p</i>	0.000	

As for the quality of the regression model, i.e., the degree of fit (similarity) between the predictions of the regression equation and corporate level of innovation, we must look to the corrected R². Accordingly, the five independent variables in the analysis taken together explain 62.3% of the variance of the dependent variable (corrected R² = 0.623). The F statistic tests the null hypothesis that the R² population value (multiple correlation coefficient) is zero and therefore, it allowed us to decide whether there is a significant linear correlation between the dependent variable and all the independent variables considered or taken together. In this case, this statistic gave a value of 15.012, having been assigned a critical (sig.) level of less than 0.05, indicating that a significant linear correlation does indeed exist. These results enable us to support the model that correlates the factors in the various phases of the strategic management process with the level of innovation in the Spanish hotel sector.

In light of the results, it is possible to affirm that the dependent variable used to measure the level of innovation in hotel companies operating in Spain was explained satisfactorily and globally by the independent variables introduced in the model. Therefore, the proposed regression verifies the correlation between the independent variables taken together and the dependent variable, so that taking into account the quality of the regression model, i.e., the degree of fit, the five independent variables in the analysis taken together (the five phases of the strategic management process) explain 62.3% of the variance of the dependent variable (level or degree of innovation).

CONTRIBUTIONS OF THE RESEARCH

Major implications, both practical and academic, for the study of innovation, can be drawn from the results obtained in this study. From a practical standpoint, the main conclusions are related to the way in which the hotel industry should manage innovation so that it has a positive impact on competitive advantage. The results of this study show that hotel directors clearly distinguish the strategic value of innovation as a critical factor in competing and understand that among other benefits, it establishes entry barriers, allows product differentiation, ensures a competitive pricing policy, affects customers' and suppliers' bargaining power, helps build a good brand image and secures customer loyalty.

If tourism enterprises wish to ensure their survival in the medium and long term they need to innovate, i.e. obtain new products, use new processes (or improve existing features), innovate with new organisational systems and create new ways to market services (Douglas and Ryman, 2003). Innovation must be planned carefully and above all, perhaps as the main conclusion of our study, innovation must be treated as a strategy in itself, a strategy for competing and thus a growth strategy.

From a methodological point of view, a methodology has been proposed to measure the various determinants of the level of innovation from which a number of highly differentiated dimensions were obtained; this methodology allowed us to examine the impact of innovation on business results. In this sense, this study may be of interest to directors of hotel chains in our country, since a detailed view of many factors that are part of innovation management is offered by both the theoretical research and its empirical analysis; the latter offers conclusions on what competing managers provide in relation to these multiple factors, which interact with innovation and directly affect business performance and the achievement of competitive advantages.

Hence, hotel directors must be involved in managing innovation and ensuring that it pervades all corporate policies. Furthermore, directors must take into account the potential that cooperating with other firms, administrations, research centres and universities represents to the development of innovation. Since innovation originates in knowledge, tourism firms - and hotels - must have an absorptive capability for information that is relevant in their scientific and technological arena and market to enrich them within their own context.

This paper has focused on clarifying the degree to which the determinants of the strategic management process (mission, internal factors, external factors, strategy formulation, and strategy implementation) affect the level of innovation, as well as determining the impact of the level of innovation as a strategy for generating business results. Overall, the findings show how consistency between the determination of an innovative trajectory and its integration into different phases of hotel chains' strategic plans can be an inductor of competitive advantage.

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SURVIVAL STRATEGIES: A NEW ZEALAND HOSPITALITY HABITUAL ENTREPRENEUR

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ABSTRACT

The purpose of this paper is to report the findings of case study research conducted in Auckland, New Zealand in 2010. This research examined the motivators prompting a habitual entrepreneur to engage within new venture start ups within the vibrant hospitality industry. This paper focuses on explaining how and why an entrepreneur within the highly competitive hospitality industry seeks business expansion via habitual entrepreneurship during economic recession. The research involves in-depth interviews of a successful hospitality habitual entrepreneur. This paper reports on the New Zealand entrepreneur's personal and business profile, motivations that prompt entrepreneurship, business management strategies and the wider factors affecting his success. This study provides insights into the characteristics and behaviours of habitual entrepreneurs within a New Zealand hospitality context. Therefore, this paper contributes to entrepreneurship literature by demystifying New Zealand's unique and innovative mindset the 'number eight wire' mentality.

Key Words: hospitality entrepreneurship, habitual entrepreneur, entrepreneurial characteristics, New Zealand.

INTRODUCTION

Despite the growing interest in entrepreneurship and entrepreneurs, few studies have examined habitual (multiple) entrepreneurship. MacMillan (1986) points out the importance of understanding habitual entrepreneurship in order to learn about general entrepreneurship. Pasanen (2003) believes that habitual entrepreneurship can enhance the understanding of the behaviours of small businesses and small business owners, as well as assisting policy and decision makers. New Zealand, unlike 'older' countries, holds a history of pioneer entrepreneurship that has a contemporary application. New Zealand's historic entrepreneurial practices are exemplified within New Zealand's current reputation for inventiveness, commonly associated with the 'number eight wire mentality'. This characteristic is unique New Zealand, and holds current application with entrepreneurship generally and habitual entrepreneurship specifically. The purpose of this paper is to report the key findings of a New Zealand hospitality habitual entrepreneur case study. It focuses on illuminating a view of a habitual hospitality entrepreneur's experience in New Zealand by incorporating New Zealander's renowned inventiveness that is associated with the country's early pioneer culture of necessity. The case study also extends the current literature on hospitality entrepreneurship by presenting a unique New Zealand perspective. The paper begins by presenting a review of literature on entrepreneurship, habitual entrepreneurs and the New Zealand hospitality entrepreneurial context. It then reports the research methods for the case study. The findings of the interviews are discussed thereafter as well as the conclusions. Finally the implications and recommendations of the study are presented.

LITERATURE REVIEW

Habitual entrepreneurs

Habitual entrepreneurs are considered as multiple business starters who set up or participate in the start-up of another company after having started a first business enterprise (Donckle, Dupont, & Michel, 1987, p. 48). According to Hall (1995, p. 220), there are two types of habitual entrepreneurs. They are serial entrepreneurs who own one business after another but effectively only one business at a time and portfolio entrepreneurs who own more than one business at a time. Serial entrepreneurs are driven by the excitement generated with the process of "the pre-launch and set-up" (Allen, 2006, p. 15) phase of a business but soon tire of the mundane operational aspects of it. Hyytinen and Ilmakunnas (2006, p. 1) state that "serial entrepreneurs are repeat business starters who in the past have sold or closed down a business which they at least partly ran and owned and who currently run another, possibly new business which they at least partly own". Research into habitual entrepreneurs indicates that serial entrepreneurs have been found to be more concerned with personal

development and the pursuit of an idea for a product. On the other hand, portfolio entrepreneurs tend to emphasise a need for financial security (Ucsbasaran, Wright, & Westhead, 2003). Some authors also observed that motivations of habitual entrepreneurs seem to change between the first and subsequent venture. For example, the desire to work independently was identified as a motivation for the first venture start-up and remained as the most frequently mentioned motivation for subsequent businesses. Contrastingly, financial motivation was emphasized especially in the case of first ventures (Anokhin, Grichnik, & Hisrich, 2008). These research findings have provided a framework for the New Zealand hospitality entrepreneur study in terms of motivations for becoming habitual entrepreneur and factors influencing the success of an entrepreneur.

Hospitality entrepreneurs

The commercial reality of hospitality's profit motive is a tantalising option for an entrepreneur with hospitality business interests. In many ways entrepreneurship and hospitality are symbiotic concepts because many entrepreneurs may be automatically attuned to the hospitality dynamic. This claim is congruent to Sarasvathy, Simon and Laves' (1998) position that entrepreneurs tend to consider the humanistic elements within their business discourse and this can be considered as a congruent concept to hospitality itself.

New Zealand's hospitality history has been encapsulated by Brien (2003) who positions hospitality within a framework of economic constraint and conservative social mind-set. For example, it was not until the "9th of October 1967" (Brien, 2003, p. 173) that hotel bars were allowed to remain open until 10pm. Subsequent changes to the Sale of Liquor Act (1996) have further amended drinking hours. Now it is possible to drink alcohol in licensed premises' at almost any time. Similarly, there has been rapid change and growth within food business operations. Bailey and Earle (1999) note that during the 1960-1961 period Auckland had 94 unlicensed restaurants and only two ethnic restaurants. This is in stark contrast to their later findings for 1975, when Auckland could boast 160 unlicensed restaurants, 57 licensed (a total of 217 restaurants), with 38 ethnic restaurants. In 1986, they noted further increases; 168 unlicensed restaurants, 203 licensed restaurants (total 560 restaurants) with 113 ethnic eateries. Congruent to the rapid rise in restaurant dining, there was a simultaneous increase in fast food outlets. In August 1971, Kentucky Fried Chicken (KFC) opened its first New Zealand outlet in Royal Oak, Auckland. In September 1974, Pizza Hut was launched in New Lynn, Auckland, and in Wellington in June 1976, and McDonald's opened their first fast food outlet in Porirua (Brailsford, 2003). Hospitality growth was also reflected in the Restaurant Association of New Zealand statistics finding that fish and chips, ethnic food, hamburger, chicken takeaway and pizza takeaway generated \$860 million in annual sales: representing a 36% growth rate from the 2005-2006 period. This paper posits that hospitality, particularly food and beverage, offers unique opportunities for entrepreneurial participation within a contemporary industry that maximises and extends an entrepreneur's creative/competitive spirit and business acumen within a diverse and growing marketplace.

The New Zealand Pioneer Entrepreneurs

New Zealand's business entrepreneurs have little realisation of the colourful history that has provided New Zealand's current economic stability, relative to lesser developed economies (Hunter, 2007). This stability, although recently tinged with recession, reflects the historical opportunity realisation of the early settler entrepreneurs. New Zealand's early entrepreneurs (1880-1930) gained business success not within short-term rags to riches scenarios, but rather by maximising "human and social capital" (Hunter, 2007, p. 236), that maximised trust and used New Zealand's geographic isolation as a barrier to competition entry in a determined 'never say die' mindset. The New Zealand pioneer entrepreneur was not simply someone who had a talent for ingenuity. Doing things with very little, or 'making do', was obviously a characteristic of a settler society, but for the entrepreneur such a mentality was not an end in itself" (Hunter, 2007, p. 237). As Casson (2003, p. 337) asserts "the demand for entrepreneurs depends upon the pace of change in the economy. The faster the change occurs the greater will be the demand and the higher the reward to the entrepreneur".

METHODS

A single case study method was employed in this research to explore the characteristics of a New Zealand hospitality entrepreneur and identify factors influencing the operation of a habitual entrepreneur. The main objectives of the research were to identify the habitual entrepreneur's personal and business features; to identify motivations for being an entrepreneur; to explore business strategies that the hospitality entrepreneur adopted and find out factors that may affect the operation of multiple ventures. Qualitative in-depth interviews were conducted with a habitual hospitality entrepreneur based in Auckland, New Zealand in September 2010. Luke Dallow was selected as the case study participant based on the criteria that he owns multiple hospitality businesses and he has been continuously engaged in opening and devising new hospitality enterprises. Luke's entrepreneurial activity sets him apart from others within the hospitality industry as being the most entrepreneurial business person engaged in hospitality in Auckland. This research focused on examining Luke's entrepreneurial mindset and motivators which inspired his entrepreneurial behaviours. Prior to the data collection, a Participant Information Sheet and Consent Form were communicated to the interviewee to explain the purpose of the research and participant's right to withdraw from the research. Four personal interviews were

conducted with Luke using semi-structured questions to solicit a multi-layered depth of research knowledge. The questions were derived from several issues that arose in literature on habitual entrepreneurship. All interviews were conducted at Luke's office at his convenience. Each of the pre-arranged interviews was completed within 60 to 90 minutes. The interviewee was given the opportunity to reflect on, expand and add to any issues which arose during the interviews. The participant's responses were digitally recorded, notated and fully transcribed. The qualitative responses were coded and analysed using pattern identification and categorization of themes that emerged.

RESULTS AND DISCUSSION

Participant profile

The interviewee, Luke Dallow, is a 38 year old hospitality business owner who was born and raised in New Zealand. Luke is the managing director for Chapel Bar & Bistro, Sale St and Radio Ponsonby 107-7 FM. Sale St was the 2009 Lewisham Awards winner for 'Best Style & Ambience Emerging' and the 'Supreme Overall Winner', 'Best Bar' and 'Best New Redeveloped Bar/Restaurant' for 2009 Hospitality Association Awards for Excellence. As a neighbourhood bar in Auckland, Chapel Bar & Bistro was the Winner of Excellence in Training and Staff Development of the 2007 Hospitality Association New Zealand Awards and the Winner Best Bar 2010 of the Hospitality Association New Zealand Awards for Excellence. Luke prides himself in believing that hospitality is more than looking after people, it is about experience and emotion. According to Luke, *'the emotions business is all about how people are looked after, their reactions of getting a product and service and looking at the general ambience of the business'*.

Luke has been working in the hospitality sector for over 20 years. He started at the bottom washing dishes, and progressed by working as a waiter, supervisor, manager and then gaining employment with an international training provider to a multiple business owner. Luke's key products are food and beverage, his businesses catering to the middle to upper end of the local market in Auckland. Currently he employs 102 staff members within his businesses. Family influence and role models have played an important role in Luke's personal development and determination for success. He is of a European/Maori heritage; the youngest of seven children. Five of his siblings own their own business mainly in the building trade or landscaping sectors. Luke's father was a manager for a furniture company and he learned from his father his own work ethic. Luke's mother started working when he was twelve, by packing shelves in a supermarket then moving to real estate sales. It was Luke's mother who encouraged Luke to find his first hospitality job.

Motivations for being an entrepreneur

Luke was always excited by the restaurant and hotel industry from a young age. When he was asked what motivated him to become an entrepreneur, Luke described:

"My first business was Salsa. It was a pizza/wine bar on Richmond. The reason I bought Salsa was I wanted to have time for my own because I had a small child but did not eventuate because it was so busy. I always wanted to have a small business like Salsa. It was a small stepping stone for my own business ethics and I could have a small business without making a huge mistake. I had Salsa for two years then I bought Malt which is a big bar which I had for two years. I've always wanted to have a fish and chip shop, so I bought a fish and chip shop after Malt was sold. I sold it after six weeks that was a very tough business but it made me look at a business as a business opportunity and not an emotional one".

Luke considered that selling the business was a learning curve and good experience which offered him the opportunity to buy another business the Anglesea Grill which is now renamed as Chapel Bar. As Luke put it *"in eight to ten weeks' time it was working and I changed the concept to the Luke Dallow brand. Five years later I have still got it and it's still growing every year"*. These changes exemplify a typical habitual entrepreneur's passion to undertake another business enterprise. Luke's entrepreneurial behaviour was also influenced by role models. When asked what external factors influenced his decision in business development, Luke noted:

"My mother said my father always wanted to get his own business but he had a family and that sort of held him back. But it inspired me. I looked at the man who owned Dad's company and looked up to him. My father died when I was 20, I decided then that by the age of 30, I wanted to own my own restaurant. My parents mixed up with people who were quite high up I had an inspiration to those people."

Luke's entrepreneurial spirit is reflected in his personality development. He became involved in a pipe band at a very young age when everyone else was 28-30 years of age or older. In that adult environment, Luke found that he could talk to anyone. It gave him the confidence to talk to older people. Luke was inspired by his soccer coach who was a hero figure. He always *"admires the people who put the hard yards"*.

Business strategies

As a habitual entrepreneur, Luke faces many challenges in order to sustain his advantage in the competitive

hospitality industry. One of the strategies to enhance this positioning was Luke's decision to identify opportunity and to act on customer feedback. Luke considered *"people motivated me to be an entrepreneur. Policy-making is how my people want things and I deliver to them. I can smell it and I can make it happen. It is about motivating your staff and motivating your customers to come back, you have got to challenge your mind."* Luke also emphasized the importance of staff training. He believed that training is a personal investment that he needs to make in order to benefit his businesses. Luke believes that 90% of his staff need to go on a hospitality-based service and management course and when they come back *"they go wow and they see changes in themselves"*. Staff training for Luke is obviously more than training; it is about investing in his staff's professional and personal development. In terms of business planning, Luke focused on making short-term plans such as a three-month business plan, a six month business plan and then to roll into an 18 month business plan. Luke suggested:

"I do shift, I think if you have a five year business plan it is not relevant because things keep changing. In this business, your short business plan is shorter than two years".

Networking was considered as a useful tool for Luke's entrepreneurial operation. Over the years, Luke has been involved with the Restaurant Association of New Zealand and he makes a conscious effort to visit them at least every three months. He believes that *"it is very important to find out what's happening in the industry and the community. It's the people within the community that makes it work or not"*. Luke was on the Board of Trustees looking after finance for his local school. He was also involved in the community newspaper. To survive in a competitive environment, an entrepreneur faces the challenge of rapid development in information technology. Luke uses Facebook for his business networking and communications with customers. For example, there are about 2000 people on the company's Facebook site. Luke's community work and his business practice reflect his wider philosophy of the self audit. To be effective Luke suggests that *"You have to look at yourself; you've got to look at your weaknesses. That is something I had to do in the past three years. Every day is a different day and hospitality changes everyday. Everyday in entrepreneurship is a fresh start"*.

Factors influencing habitual entrepreneurial behaviours

There are various factors that can affect the behaviour and performance of a habitual entrepreneur. Luke's entrepreneurial experience has shown how formal education can influence the process of becoming an entrepreneur. According to Luke, *"education is a nice little rounding. It rounds off the entrepreneur; rounded me off, a good background in accountancy and marketing but I didn't finish it. Education links to research. Rubbing shoulders with people I studied with as well education is a part of it, it is not a necessity"*. Luke also pointed out the importance of using entrepreneurship in practice. He remarked *"entrepreneurship finds you rather than you find it. An entrepreneur has a gut feeling. My education background has affected me. I like employing practical skills i.e. the accountancy practice and economics learning on my feet in the small businesses such as Salsa and Malt"*.

In terms of the motivation for setting up subsequent business venture, Luke expressed that *"boredom motivated me higher and higher, the addiction, and the excitement of the setup. Entrepreneurship is bit like a drug addiction. I keep on working on the layers of the business. I want to provide a fantastic experience for all those people everyday; set standards and I try to make the customer experience better and better"*.

As a habitual entrepreneur, Luke preferred running multiple businesses concurrently to having one business. He explained: *"I enjoyed having a maximum of three businesses on the go at a time. It keeps my brain ticking and they are totally different. They are related in a way but they are totally separate. They are like children all part of the mix but they have different personality; they inspire you and motivate you in different ways. Chapel is social; Sale Street is a bit more sophisticated easy-going; Radio Penonby is about communication and for the community; I need inspiration and competition and the radio station as well"*. These remarks again show Luke's entrepreneurial passion and desire for continuous improvement in his business operation.

One of the objectives of the research was to find out how functional skills and general competencies can enhance entrepreneurial success. Luke believes that an entrepreneur's functional skills in managing finance, human resources, marketing operations and information technology are fundamental for business survival. Luke proposes the following:

"You got to have a good understanding of accounts to know who your debtors and to know who your creditors are. You need to know these things and if not in detail you need to know a broad spectrum. You don't want to micromanage your accounts, you got to manage finance, human resource. Hopefully you employ the right people and they have the traits you have. Marketing and branding are about growing the business the Luke Dallow brand. You have to keep pushing it all the time promote yourself and with some great events. Marketing is a big thing as well information technology; that is more social media. Social media is big in hospitality. I use technology with rosters...you can become efficient through information technology".

The success of a habitual entrepreneur is also closely linked to the management of general competencies in negotiating, idea generation, motivating employees, and developing business relationships. According to Luke, “you can write down ideas but you just need to do it now, and if opportunity comes you just need to do these things and there’s where I am good at doing”. At Chapel Bar and Bistro, incentive was given to promote staff performance. Luke uses the following strategy “I give them a turnover incentive, it’s weekly. They can physically see it. The other one’s timeframe (for profit share) was too long; they need to see the results quickly”. He expanded his social network through participation at seminars such as speaking at Pride Auckland which he considered as his biggest achievement. He is also involved with the Young Entrepreneurs Society. Luke said that it is “great to be asked to be part of them, rubbing shoulders with the right people getting recognition which is great for my age. I can help the industry and give it a direction, that’s what I look at with the entrepreneur group. I’ve got good ideas as a self-marketer, a good brand that is what I could add to that group and also I could add a practical entrepreneurship and not necessarily from theory but from an on the go entrepreneur”.

As a habitual entrepreneur, Luke attributes his success to his propensity to take risks and his self-confidence. He believed that “financial risks give you drive as well. I don’t mind borrowing loads of money because it is my incentive to do well that motivates me to pay them back to get the job done. I don’t do things for the reward. I do it because I want to do it, and I want to excel. The reward will come after that. Luke stresses the value of self-confidence claiming that “I know what I am doing, that is self-confidence. Often people think you’re arrogant but it’s not. You need to be confident in your own ability. Walking into a room stand tall and be proud of what you’ve done. I have failed and put my hands up and moved on that sort of happened with the fish and chip shop”. Through the interviews, Luke reflected the pioneer nature of entrepreneurship. According to Luke, “there is a survival experience in entrepreneurship a pioneer in that you have to innovate; you have to be self-reliant, many of those things that pioneers would have been. No one was there to help you there is always someone there to knock you down. Yet, to achieve the shift to develop this you have to create this put on the market and it works with a bit of DIY (do it yourself). Do it with my own hands/practical things in entrepreneurship, with all the number eight wire mentality”. He noticed the spirit and pioneer at a young age when he worked at the Hard Rock Café and saw the opportunity to excel.

CONCLUSIONS AND IMPLICATIONS

This study focused on examining the New Zealand hospitality habitual entrepreneur, and gaining direct input through qualitative interviews. The findings indicate that the hospitality habitual entrepreneur is influenced by his family up-bring and wider social environment. The habitual entrepreneur shares the personal quality of self-confidence, determination and perseverance in reaching business goals. Role models and mentors have played an important role in the entrepreneur’s personal and professional development. Similar to other entrepreneurial research findings, the New Zealand hospitality entrepreneur considered practical learning as important as formal education. Social networking and information technology are recognised as powerful tools for marketing and venture management that provided this habitual entrepreneur a considerable point of difference to his competitors. Factors such as functional skills and general competency of the entrepreneur can ultimately affect the sustainable operation of the hospitality venture. The research findings reveal that personality is one of the main drivers for innovative thinking and entrepreneurial development. This hospitality entrepreneur case study has contributed to the literature in terms of motivations for becoming a habitual entrepreneur and the factors influencing the successful creation and development of entrepreneurial organisations within a New Zealand context. It also provides insight for potential hospitality entrepreneurs in ideas generation. Although a single case study generates overwhelmingly amounts of rich and thick data, this information is contextually bound and therefore transferability may be limited. More rigorous research can be undertaken in the future with larger population targeting a wider tourism and hospitality enterprises to yield more conclusive findings.

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SHOULD HOSPITALITY AND TOURISM COMPANIES TRUST ON ICT OUTSOURCING?

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ABSTRACT

The purpose of this study is to review the literature on theories of vendor retention in information and communication technologies (ICT) outsourcing. It seeks to explore the literature on the theoretical foundation of factors influencing vendor retention for ICT outsourcing in general and hospitality and tourism industries specifically. The conceptual framework of factors for vendor retention includes ICT outsourcing and trust. The theoretical foundations and literature review include trust in vendor factors (perceptions of trustworthiness, trust modes, service quality, risks, and perception of strategic alliance), relationship quality factor and vendor retention factor. The paper proposes a conceptual framework of factors affecting vendor retention. Using actual data, researchers can empirically test relationships among the factors in this framework and identify possible future research areas for each factor.

Key Words: Information and communication technology, outsourcing, trust in vendor, vendor retention, tourism, hospitality

INTRODUCTION

In the last three decades, information and communication technologies (ICTs) have radically changed many industries. For hospitality and tourism industries, the positive impacts of the ICTs on businesses more effective uses of distribution channels and disintermediation (Carroll and Siguaw, 2003; Dale, 2003; O'Connor and Frew, 2004). ICTs have become more prominent in the management and operation of the organizations due to the rapid advances in technology. A high level of expertise is required in order to maintain complex information systems internally (Maleki and Anand, 2008).

Many companies perceive outsourcing as a good method to achieve a higher value through increasing their interior core capability and as a cost saving measure. Parallel to the increase of global competition and the reduction of the life cycle of business processes, most leading companies begin to adopt business processes outsourcing, by outsourcing the whole or part of their business processes to external service providers and focusing on their essential business, in order to enhance their core competencies (Kim, So and Lee, 2007).

The goal of this research is to develop a conceptual framework of factors affecting vendor retention in ICT outsourcing. This would provide a roadmap for future research which could utilize multivariate statistics to analyze empirical studies, and identify possible research directions in the fields of hospitality and tourism.

CONCEPTUAL FRAMEWORK

“Outsourcing” is generally being known as utilizing the services of outside companies in order to perform duties that have been typically performed internally (Gilley et al., 2004). The reliance on outsourcing in the means of providing information technology (IT) services has been growing steadily over the past decade (Bahli and Rivard, 2003).

Pervasive adoption has made information technology outsourcing (ITO) a growing multi-billion dollar industry (Dibbern et al, 2004). The market seems like maturing in the recent years. Suppliers’ offerings are expanding through utilizing increased technological advancements resulting with the separation of managerial, deliverance,

and operational functions within the organizations. Furthermore, the concept of “offshore outsourcing” attracts increased attention; the level of ITO activity seems set to grow even larger (Cullen et al., 2008).

Many researchers agree that for hospitality and tourism organizations, similar to some other industries, it is very difficult to manage their own information systems (IS) (Feldman, 2000; Donoghue, 2001). Acknowledging the importance of aligning IT/IS plans with corporate strategies, managers become concerned with how to best deploy this critical resource. Many of them resort to outsourcing either to access cutting edge technology and skills, or to share risks of new technology with the third parties. Many tourism companies today are becoming increasingly aware of the potential distribution, promotional and interactive marketing advantages that a Web presence offers (Louvieris et al., 2001), and outsourcing is perceived as an option to establish and develop their on-line services (Sourenkova and Louvieris, 2005).

Researchers also mention that outsourcing improves the efficiency within the organizations along with the benefits of saving money, offering an access to professional expertise, and allowing companies to focus on their core competencies (Elmuti, 2003; Gilley et al., 2004; Hormozi et al., 2003). By simplifying and streamlining processes, the inventory-carrying costs would be lowered, together with trimming staff, reducing the need for capital assets. Moreover, the flexibility and response times would improve, investment costs would fall, and new economies of scale would be created. By utilizing outsourcing companies, businesses would not only shift aggravations to third parties but also they would potentially improve the overall quality since outsourced services are performed by vendors that dedicate their knowledge and resources to specific outsourced functions (Leeman and Reynolds, 2008). In order to achieve the expectations and accomplishments of an outsourcing relationship, every organization must trust the outsourcing vendor (Söderström and Lennerholt, 2006).

A substantial body of research has identified “trust” as a determining factor in business relations and social interaction. Such findings suggest that relationship strength is made up of trust and that relationship commitment influences the outcomes of strategic decisions (Hausman, 2001). In addition, culture, integrated with values, trust, and commitment, is vital to success in business-to-business dealings and provides companies with potential advantages that can be useful in maintaining and developing relationships (Leeman and Reynolds, 2008).

Trust is an important factor in client relationships and among the key factors that have been identified as influencing trust are competence, benevolence, integrity, and effective communication (Wintoro, 2005). Trust is so important to relational exchange that Galletto (1999, p.19) postulates it to be “the cornerstone of the strategic partnership”. This is because relationships characterized by trust are so highly valued that parties will desire to commit themselves to such relationships. Indeed because commitment entails vulnerability, parties will seek only trustworthy partners (Galletto, 1999). “Social Exchange” theory explains this causal relationship through the principle of generalized reciprocity, which holds that “mistrust breeds mistrust and as such would also serve to decrease commitment in the relationship and shift the transaction to one of more direct term exchanges”. Hence, trust is a major determinant of relationship commitment (Fam et al., 2003).

RESEARCH MODEL

At this moment, this study would be considered as an ongoing research at model and scale development phase. Based on the literature review and assessing through the research questions and hypotheses, the below developed research model will be proposed.

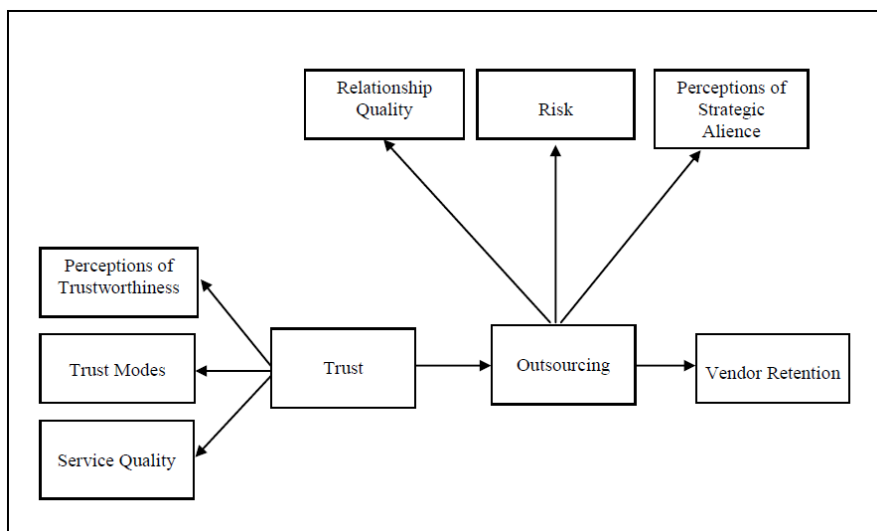


Fig. 1. Research Model

METHOD

As mentioned earlier, this study would be considered as an ongoing research at model and scale development phase. Primary and secondary data will be used for data collection in the research. A questionnaire will be developed as an instrument to collect primary data, and officially realized past tourism related statistical data together with five-star hotels' announced budgetary data will be used as secondary data.

Data will be analyzed by using linear regression models. Since there are multiple and independent inputs and outputs and various latent variables exist, in determining the vendor retention in ICT outsourcing, Structural Equation Modelling (SEM) method will be chosen as the most suitable analysis technique.

The results of this study are expected to bring practical benefits for the practitioners and researchers in the field.

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EQUALITY, NONDISCRIMINATION AND DIVERSITY AT WORK: AN INVESTIGATION OF HR MANAGERS IN FIVE-STAR ISTANBUL HOTELS

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EXTENDED ABSTRACT

In North America and especially in U.S., the equal employment opportunity discourse and the legal enforcement of anti-discrimination of the late twentieth century have long left their place to the discourse of diversity. However, the concepts of diversity and its management are rather new for different social contexts around the world. In addition to that, the literature lacks sufficient amount of studies investigating the evolution of these concepts in different national contexts. Thus, this study aspires to advance this literature by exploring how the simultaneous introduction of workplace equality laws and the concept of diversity, is unfolding in Turkish organizational context. In order to do that, the study uses hospitality industry as its case.

Since 2003, “the principle of equality and nondiscrimination” is inserted as a new chapter to Turkish labor law, prohibiting discrimination with respect to language, race, gender, political opinion, philosophical belief(s), religion, sect or any other similar grounds, and sex. The hallmark of the legislation is its ambiguity. The law does not explicitly require new policies or procedures but instead it sets forth a broad prohibition of “discrimination” without defining the term. As a result, those subject to the law in general do not demonstrate an adherence to it. In addition to that in 2010, SHRM³ released a Global Diversity Readiness Index that ranks and rates 47 countries along 39 separate indicators in five broad categories: National Diversity, Workplace Inclusion, Social Inclusion, Government Inclusion, and Legal Framework [I]. The study also reveals the insufficient legal framework of Turkey with regards to equality and nondiscrimination. Among 47 countries Turkey’s rank for the category of legal framework is 43rd. However, the ambiguity of the legal framework is not the only dimension of diversity that is problematic. In the Workplace Inclusion category Turkey ranks 32nd and in overall evaluation of all five categories, Turkey ranks 39th among 47 countries, indicating a very low level of readiness for diversity.

In order to understand how the concepts of equality, nondiscrimination and diversity evolve in different national contexts, there is a need to grasp the nature of the relation between formal law and organizational diversity efforts. A review of the evolution of equal employment discourse to diversity management in different national contexts shows that legislation matters. Gonzalez (2010) proposes that external environmental demands (i.e. legal) drive diversity change initiatives in organizations. In most national contexts, the enforcement of legal frameworks of equal employment acts as one of the major initiators of the future diversity efforts in organizations by facilitating formal organizational mechanisms that promote equality (see e.g. Kelly and Dobbin, 1998; Klarsfeld, 2009).

In order to understand how this proposed relationship is emerging in Turkey, a self-designed questionnaire with forty-eight questions was developed to evaluate the following dimensions in five-star hotels of Istanbul: (1) the awareness of human resources managers about the current equal employment, anti-discrimination and positive discrimination legislations, (2) the types of responses to these legislations, (3) the level of representation of disadvantaged groups, (4) the awareness of and attitudes towards the concept of workplace diversity and diversity management, (5) the existence of a written or a discursive company policy promoting equal employment, diversity and inclusion, and (6) the existence of any symbolic or substantial organizational

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practices (i.e. any formal human resources mechanisms demonstrating a commitment to equal employment law). The human resources managers of the five star hotels were chosen as subjects since they are in a position to control the nature (homogeneous vs. diverse) of the flow of human resources into and through the organization and the rest of the human resources policies. Their attitude towards equality, discrimination and diversity is expected to be a combination of both personal factors (e.g. stereotypes, prejudices) and organizational factors (e.g. culture, top management attitudes). Five-star hotels, on the other hand, were chosen since there is considerable evidence in organizational literature showing that human resources activities vary with organization size. Compared to the smaller organizations larger organizations tend to have more sophisticated human resources management systems and adopt new practices (i.e. diversity management) more quickly (Jackson and Schuler, 1995)

Throughout the study diversity is understood as a large number of individual attributes that constitute the manner in which people are different from one another (Jackson, Joshi and Erhardt, 2003). However, this definition of diversity is rather broad and diluted to understand the responses of human resources managers to specific disadvantaged employee groups in Turkish context. Therefore, the researchers identified specific attributes in advance. The paper excludes some of the less “consequential” work-relevant diversity categories (i.e. tenure, personality), but includes more controversial and consequential social categories and work categories (i.e. union membership, ethnicity, gender, sexual orientation).

Prior to the field work, the questionnaire was given to three scholars who are familiar with the subject and three human resources managers working in different sectors to ensure clarity of the questions. This evaluation showed that the terms diversity, diversity management, positive discrimination and disadvantaged groups were either interpreted/understood differently by different human resources managers or not understood at all. The situation is believed to be caused by the novelty of the concepts in Turkish context. Therefore, a cover page was included with the questionnaire defining the terms to ensure homogeneous understanding of concepts among respondents. Human resources departments of all sixty-seven five-star hotels were contacted for the study through email or phone. The respond rate was very low at the beginning, but 11 hotels (16%) were reached in a month as a result of snowballing effect.

The quantitative data is supplemented by two different sets of qualitative data for triangulation. The first set of qualitative data is gathered through a content analysis of these hotels’ web pages. The analysis focused on revealing the content of the human resources policies (i.e. recruitment, career development, diversity policy etc.) included in these hotels’ Turkish and international web pages. The second set of qualitative data is composed of narratives (i.e. past events, organizational stories) related to the current situation of equality in these organizations. These narratives were shared by the respondents during the collection of questionnaires in the knowledge that they will be used in the study⁴. This type of methodological triangulation is referred as between-method triangulation (Denzin, 1970), which consists of using multiple methods to collect data. The benefits of using between-method triangulation can include cross-checking for consistency or reliability and providing a clearer understanding of the phenomenon.

As this is an ongoing study that aims to reach to a more representative sample of the population, only the initial quantitative results and a small part of qualitative analysis results are shared here. The results for the initial sample indicates that all hr managers that responded to the questionnaire are aware of the articles in UN Universal Declaration of Human Rights, European Convention for the Protection of Human Rights, Turkish Labor Law, Turkish Union Law and Turkish Disabled Law that are related to equality at work and equal employment opportunity. However, less of them (70%), are aware of the articles in Turkish Penal Code which explain the penalties related to sexual harassment, unfair treatment and discrimination in employment relations. All of the respondents suggest that these laws are necessary and should be enforced. In addition to that all of them claim that the human resources processes in their hotels are arranged according to these laws.

When it comes to the topic of workforce diversity and diversity management, only three of the respondents expressed not being informed about these topics prior to this study. More than 90% respondents believe that they have a diverse workforce. Compatible with that, they also find a diverse workforce better than a homogenous one and workplace inclusion important and beneficial for organizations. The respondents consider management of diversity as a serious business issue and more than 70% of them suggest that they would like the employees to receive trainings on workplace equality, equal employment opportunity and diversity. However, these positive attitudes are not reflected in behavior as only two of the hotels have in-house diversity trainings for their employees and none of the hotels participate in external trainings on diversity.

4 Throughout the paper the narratives are presented in quotations and *italics*.

When asked about the composition of their workforce regarding fifteen social and work categories, all respondents indicated that their workforce is inclusive of both women and men, disabled individuals, individuals with different beliefs, age groups, political opinions, ethnicities, marital status and pregnancy/maternity conditions. More than 80% of them also indicated having employees of different nationalities and with different physical characteristics⁵ (i.e. different hairstyles, tattoos, overweight...etc.). Eight out of nine hotels that have a formal diversity policy include these categories in their formal policies. Therefore, it may be concluded that these eleven categories have emerged as rather less consequential and controversial social categories in this study. However, the qualitative data analysis shows that although there are three exceptions, most of the hr managers “do not plan to hire more disabled individuals than it is enforced by law”.

The more consequential and controversial social categories that emerged from the study are the state of conviction (ex-convicts), union membership, sexual orientation (gays and transsexuals) and the state of being HIV+. 63.6% of the hotels do not employ any ex-convicts. In addition to that, 90.9% of the hr managers indicated that it is impossible for ex-convicts to be employed in their hotel in the future. The results show that although four of the hotels currently have ex-convict employees, they do not plan to employ any ex-convicts in the future. The respondents of these four hotels explained hiring their ex-convict employees before 2008, when the ex-convict employment in private sector was legally enforced by Labor Act No. 4857. However, the law has changed since and the current law only holds public organizations reliable for hiring ex-convicts.

Another consequential category is union membership. More than half of the hotels do not have employees who are union members. However, unlike the case of conviction, all hr managers indicated that individuals with union membership can be employed in the future if they apply. It is important to mention here that the Turkish Union Act No. 2821 forbids private sector organizations to discriminate based on union membership, at any point of employment relationship including hiring.

When it comes to sexual orientation, only two of the respondents stated currently having gay employees and only one of them stated having a transsexual employee. While more than half of the respondents mentioned that gay individuals can be employed in the future if they apply, more than half of the respondents stated that transsexual individuals can never be employed in their hotels.

None of the hotels employ HIV+ individuals and more than 80% of the hr managers indicated that HIV+ individuals can never work in that organization. Only 2 of the hr managers showed a positive attitude towards employing an HIV+ individual in the future. The negative attitude toward employing individuals with contagious diseases is not limited to HIV+; respondents indicated that they also do not hire individuals with hepatitis.

The study also included questions on three major hr activities: hiring, promotion, salary decisions. The questions aimed to understand whether these organizations create equal employment opportunity, prevent possible discrimination and encourage applications from disadvantaged groups during recruitment. The results of these questions show that two main groups, namely transsexuals and ex-convicts, are constantly more prone to inequality and discrimination during organizational hiring and promotion processes.

The initial results of qualitative data analysis reveal two main reasons behind the stigmatization of certain social groups in hotels. The first reason is stereotyping and prejudice (e.g. “*ex-convicts are untrustworthy and can cause security problem*”, “*gay and transsexual individuals can psychologically and physically harass other employees and customers*”, “*people with dreadlocks and piercings are not sanitary*”). One of the hr managers was very honest to admit that he may even be “*homophobic*”. The second reason is related to the often-cited nature of the service industries, which is the face to face interaction between the employee and the customer. This causes hotels to standardize the bodies/appearances, behaviors and emotions of their employees as much as possible in order to eliminate any moment of truth that may be perceived as negative by the customer (e.g. “*as long as they do not reveal themselves, gays and transsexuals can work here*”, “*if they are presentable transsexuals can work here*”, “*earrings, piercings and dreadlocks are not well perceived by our customers*”, “*overweight employees can be repulsive for some customers*”)

The sample size of this study is limited; therefore the results should be interpreted with caution. Still these results are important in demonstrating that in private sector organizations, specifically in hotels, the

⁵ The category of physical characteristics was included in the study since hospitality industry is known to be extremely controlling of the appearances of the employees regarding their outlooks, preferring a standardized bodily display.

representation of certain stigmatized social groups can only be achieved through law enforcement in Turkey. Otherwise, the approach of the hotels regarding equality, discrimination and diversity is majorly determined with the personal attitudes of those with decision making power (i.e. hr managers) towards disadvantaged groups. Diversity management discourse is very new in the country and it is yet not a very strong factor in nourishing inclusion and equality at work by itself. In addition to that, the term is given very different meaning by the hr managers as a result of its novelty. The interpretation of the term depends on various micro and macro variables such as the national context, industry norms, hotel type (international chain vs. local), organizational culture, personal stereotypes and so on. Thus, as a first step legal enforcement is necessary as a booster for workplace equality, however it is not sufficient in the long term to create organizational cultures that celebrate diversity.

This study is important as it is first of its kind that is conducted in Turkish hospitality context. Thus, it forms a baseline for future studies that would continue following the unfolding and evolution of equality and diversity concepts. It is the researchers' observations during the field work that, although the hr managers' responds to the questionnaires display no equality problems regarding *women, individuals with different beliefs, age groups, political opinions, ethnicities, marital status and pregnancy/maternity conditions*, the conditions may be less positive than they depicted. It is possible that by trying to cover a broad number of topics and by including controversial social categories, this study missed to capture a better picture of the above less controversial groups. Therefore, future researchers should consider focusing their studies or using qualitative methods to gather in depth data about the current condition of equality, discrimination and diversity in hospitality industry.

Key words: Equality, Diversity, Inclusion, Hotels, Stereotypes, Turkey

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THE IMPORTANCE OF PROXEMICS IN CROSS-CULTURAL PERSONAL SELLING

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ABSTRACT

One factor that is ignored in personal selling research, but is extremely important is nonverbal communication or in this case, proxemics. Especially in cross-cultural settings, invasion of personal space can be uncomfortable or hostile and withdrawn. This study explores the research of cross-cultural dyads and then develops a pilot study of American students and their spatial preferences by creating ads of sales dyads using these proxemics. Cross-cultural dyads will expand this study in the future.

Key Words: proxemics, personal selling

INTRODUCTION

As more and more business becomes global, it is important to be able to communicate accurately not only to people of the same culture but also to people from different cultures. In the travel and tourism industry, a major aspect of satisfaction is perception of the service. Many hospitality products are similar. Restaurants can have similar menus and decors; many limited service hotels have similar room layouts; and airplanes have similar interiors, schedules, and prices. What distinguishes one from another is the mental image a guest has about the intangible product because service is created at the point of exchange directly from the service provider to the consumer. Therefore, how a buyer feels and what the buyer believes to be true becomes the service product.

It is critical that a salesperson be able to hear the words, but also be able to read the "body language" of the client to determine the impact of the sales pitch. This is particularly relevant to personal selling because the impression a customer has about the salesperson will partially determine whether a purchase is made (Weitz, Castleberry, and Tanner 2004). In service encounters, nearly two-thirds of the meaning in the interaction is conveyed in nonverbal ways such as proxemics (Cruz 2001, Sundaram and Webster 2000, Fatt 1999). When observing a dyad in conversation, a person may be saying "yes," but the body language may be saying "no." The client takes in the verbal and nonverbal communications encountered and makes his/her own judgments about the seller.

PROXEMICS

During the 1960s and 1970s, there was a flurry of empirical studies in psychology and sociology that studied the concept of proxemics and its importance in communication (Evans and Howard 1973; Fisher and Byrne 1976). Hall (1963, 1966) observed that people actively move to keep strangers at a certain distance. In this dance of comfort, friends allow closer distances and strangers need to be farther away. Watson & Graves (1970) defined *proxemics* as "the study of how man structures microspace, how he relates physically to the other person with whom he is interacting, and what is communicated by these physical relationships (p. 971)." This personal space is a linear continuum from very close distances for intimate relationships to farther distances for strangers (Hayduk 1983) For interactions which require cooperation and conversation as in a selling situation, Cook (1970) found that English students required larger distances than Americans.

Hall (1966) hypothesized that space is a factor based on cultural norms. High contact cultures will maintain closer interaction distances than low contact cultures. Thus, when Latinos and Anglos are communicating, Latinos may feel they are too far away and step closer into their culturally established comfort distance. Likewise, the Anglos may step back to their culturally established comfort zone. The effect of this closeness of behavior by Latinos may be viewed as too aggressive or sexual. On the other hand, Latinos may misperceive the leaning back of the Anglos as coldness, disinterest, deception, or uncooperativeness (Waltman and Golen 1993; Cruz 2001). Hall (1963) suggests that foreigners believe that Americans lack involvement because they do not exhibit proper listening behaviors. Especially in the area of personal selling, it is critical that a salesperson not

only be able to hear the words, but also be able to read the "body language" of the client to determine how well the sales call is proceeding (Weitz, Castleberry, and Tanner 2004). This is particularly relevant to personal selling because the impression a customer has about the salesperson will partially determine whether a purchase is made and how the customer perceives the service. Violations of territorial space can create barriers to communication by making the client feel dominated or uncomfortable. Therefore, a seller may create a negative image because he/she is too close to the buyer. Therefore, personal space can become a very important variable when evaluating service encounters and personal selling situations

Researchers have suggested four primary distance zones within which humans operate (Sielski 1979). The closest zone, (intimate space) is from zero to two feet where the most personal interactions take place. First-time meetings between two strangers rarely take place within this zone, except for initial greetings like handshakes. The next zone (personal space) is from two to four feet where most of a person's everyday business and social interactions take place. The distance is considered not too close, but close enough. The third zone (social distance) is from four to twelve feet, which is usually maintained in formal speaking environments. Finally, the public zone is beyond twelve feet. This distance is appropriate before an encounter begins. A person can easily walk away, prohibiting the relationship to be more than that of total strangers. In examining how circumstances change because of distance, studies have shown that one's selective attention to the message is greatest at the middle distance, while at either the close or the far distances, attention shifts more to the physical appearance of the speaker (Albert & Dabbs 1970). These different spatial environments can alter emotional states, and the time spent with another person.

Researchers suggest that a person's gender and persona impact the perception of distance, as well as customer evaluations of the service provider's credibility, friendliness, competence, empathy, courtesy, and trustworthiness (Sundaram & Webster 2000; Fatt 1999). In addition, these kinds of feelings are heightened when a customer feels his/her space has been violated. One study revealed that, as was expected, more distance is usually maintained when one approaches in a negative, hostile manner rather than in a positive, affable manner, or a businesslike, impartial manner (Leventhal et al.1978). Evans and Howard (1973) suggested that the amount of space or "distance" dyads maintained is influenced by gender. For example, men have less of a tolerance to invasion of their personal space than women, which results in more negative impressions toward the stranger as well as more distress and flight responses (Ahmed 1979; Murphy-Berman & Berman 1978). Male-male dyads require more space, possibly because of American society's negative views of men having close physical relationships. In a sales simulation experiment (McElroy & Loudonback 1981), crowding created adverse effects in male-male dyads, but not other dyads. On the other hand, female-female pairs require less personal distance space and may touch, and hug in public without fear of discord. In an intimate relationship, male-female pairs require the least amount of personal space (Sielski 1979). Therefore, depending on the gender of the buyer and seller, different spatial norms may be enacted.

According to Aiello (1987), personality characteristics only correlate consistently to space when they directly impact on the situation. Two such variables are self-perception of power and locus of control. Because a sales encounter is normally controlled by the buyer, this person should have a very confident position in relation to the seller. Therefore, according to Altman and Vinsel (1977) findings, the consumer should allow a closer approach than the norm. By the same token, an indication that the encounter is not going smoothly will be indicated by a larger interpersonal space as the client physically as well as mentally withdraws. This conclusion is based on the studies (O'Neal, et al, 1979; Ugwuegbu & Anusiem, 1982) which indicate that people require more space when they are angered, stressed, or tense. By understanding what the spatial norms are for the client, it will be easier to read when the sales pitch is not effective so that strategic withdrawal or change of tactics can be immediately implemented.

Can spatial distance be used to alter compliance? Are people going to comply with the request to buy if the salesperson invades their space? Buller (1987) studied the predispositions toward communications in reactions to violations. He discovered that violations facilitated compliance consistent with the idea that arousal mediates compliance. In Ernest and Cooper's (1974) study, the question was asked, 'Hey Mister, Do you have any change?' in the condition where the person was asked as they passed directly even with the phone booth. Results were that 75% of the subjects complied, while only 44% helped when they were four feet past the booth. Each of these studies suggests that when closing a sale and looking for compliance, moving closer to the client deliberately to invade his or her personal space would improve the chances for a purchase decision. For a salesperson, these different spatial norms are particularly relevant in terms of the kinds of feelings that are generated when a customer feels his/her space violated. In Leventhal et al's (1978) study, the methodology required direct eye contact for each of the three invaders who were to approach based on: 1) a positive, affable manner, 2) a businesslike, impartial manner, and 3) a negative hostile manner. As was expected, the negative invader was rated more negatively and maintained more distance between than the other two experimenters. The closest distances were linked with the affable manners. All of these variables have been examined for one

eventual objective.

If a salesperson takes these concepts into consideration when selling, will there be a sale? Violations that increased proximity facilitated compliance; consistent with the idea that arousal mediates compliance. Kleck (1970) found that his subjects tended to nod in agreement more often with the confederate who was closer than farther away. Baron, & Bell (1976) discovered that when their confederates actually invaded another's space when requesting assistance in fact that received significantly more help than when they did not intrude. Buller (1987) studied the predispositions toward communications in reactions to violations. He discovered that violations that increased proximity facilitated compliance, consistent with the idea that arousal mediates compliance however only perceptions of attractiveness and similarity were measured.

This study will differ from previous research in two important ways. First, distances were calculated using actual dyads and then the advertisements used these distances. Second, no research has linked the study of proxemics to perceived salesperson personality traits.

OBJECTIVES

This study focuses on the impact of gender, perception of the salesperson, and distance.

This research examines the importance of personal distance in the selling situation. Research has indicated that people feel comfortable at certain distances when talking to another person. Whether this person is a female or male also plays an important role in how comfortable the individuals are in these circumstances. Because a service is only an image formation created by the buyer, this study explores whether uncomfortable distances in dyads change the buyer's perception of the service. Distances that are too close (or take place in the intimate distance range) may make people feel uncomfortable, and perceive a salesperson's *demeanor* as too pushy or anxious. On the other hand, when a buyer feels comfortable at an average personal distance norm, he or she may perceive the salesperson's *personality* as likeable, enthusiastic, honest, and friendly. At a far (or social) distance, the salesperson's *ability* may be perceived as someone who is in control of the situation, professional, confident, convincing, and competent.

The study at hand hypothesizes that the salesperson is the primary "tangible" representation of a service encounter. This image or persona that a salesperson communicates to the customer may transfer to the customer's perception about the satisfaction of the service. As a result, mental impressions become the tangible elements that represent the actual delivery and quality of the service. For example, the red umbrella of an insurance company "tangibilizes" the service. It represents the service by giving the customer a "tangible" idea of what to expect – coverage when bad weather occurs.

METHODS

Selection process: To eliminate certain personality biases that academic disciplines might have in attracting students, all classes at a small, upscale, comprehensive four-year Northeastern university were considered to be the population, and each class had an equal opportunity to be selected to participate in the study. Faculty were asked to give the surveys out during their class time with minimal explanations to bias the results. Each subject received a mixed packet of three advertisements with the same content: different gender dyads, different products, and different distances. The subjects were asked to fill out the questionnaire on their perceptions about the salesperson and whether they believed that they would receive service satisfaction.

Sample: Since age has been a significant factor in proxemics studies, student populations were deemed appropriate as a selected population for study. Because culture has been a major factor in proxemics research, only student data from Caucasians were used. After eliminating non-Caucasians and incomplete questionnaires, 181 subjects participated in the study. Subject ages ranged from 18 (4% of the sample size) to 22 (13% of the sample size) years of age, with 40% of the sample being 21 years of age.

Instrumentation: Three different black and white service advertisements were created to eliminate color as a distracter. The first advertisement was situated outside the front door of a hotel to reflect a bell person, valet, or doorperson talking to a client. The second advertisement was depicted inside the hotel with the salesperson holding up a brochure for the customer to see. Finally, the third advertisement is portrayed as outside on a roof with a seller showing the client a building. In each case, the subjects are standing facing each other with no barriers between them.

For each service, nine variations of the advertisements were created using intimate, personal, and social distances from the literature, and gender dyads of female-female, male-female, and male-male. The same actors were used to create the nine variations, but different actors were used for each of the three services scenarios.

Only Caucasian student actors were used to maintain the same demographic parameters as the sample group.

Instrument: The semantic differential questionnaire was based on a 7-point scale. "I find the salesperson to be . . ." The questions asked the subjects to project themselves into the situation and evaluate the seller in terms of each of the characteristics.

The characteristics were selected from variables the researchers found in the proxemics and sales literature. Then the variables were culled based on what the researchers believed to be an appropriate representation of the particular selling and proxemics scenes. From this process, eleven salesperson characteristics were selected: pushy, friendly, convincing, professional, in-control, confident, honest, likeable, enthusiastic, anxious, and competent.

RESULTS AND DISCUSSION

The eleven salesperson characteristics were analyzed using a factor analysis with varimax rotations. A scree plot indicated only two components were above an eigenvalue of one. These two factors explained 54.35% of the variance. The first factor might be called positive characteristics in that they included friendly, convincing, professional, in control of the situation, self confident, likeable, enthusiastic, and competent. The second factor contained pushy, dishonest, and anxious.

On the not friendly enough/overly friendly, the close position was seen as too friendly for both men and women salespeople 38% and 37% respectively. For the variable too-pushy/too passive, when the female salesperson was too close, she was more likely to be seen as more pushy (49%) than a male salesperson (22%). On the other hand, men salespeople were less convincing (13%) than women (72%) at closer distances. For the unprofessional/professional characteristic, men are seen as a little more professional at close distances (26%) than women (52%). However, women salespeople are seen as having more control (36%) than men (17%) up close. Women are seen more self confident at close spaces (67%) while men are more self confident at far distances (44%). In addition, at the far distance, men seem more honest, more likeable, and more competent while women are more honest and likeable, and competent at close and normal distances.

In assessing these preliminary results, it would seem that women are more effective when they stand closer. This may be due to the fact that men tend to like it when women are "friendlier." In addition, women dyads are more inclined to stand closer to each other when chatting. On the other hand, men may be seen as aggressive when standing too close to other men. Women who are shorter may feel less threatened and more comfortable with a little extra space. These results would indicate consensus with other findings in proxemics.

However, the question of whether proxemics are enough to alter buying behaviors or change perceptions of product satisfaction still need to be explored. Once the full range of the impact proxemics on the personal selling environment is explored for one ethnicity, then the stimuli can be altered with only a change for other cultures.

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THE EFFECTS OF EMOTIONAL LABOR AND PERSON-JOB FIT ON HOTEL EMPLOYEE'S JOB SATISFACTION AND WORK ENGAGEMENT

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ABSTRACT

This study examines the effects of selected individual characteristics on frontline employee work outcomes. Specifically, the study examines the effects of person-job fit and emotional labor on job satisfaction and work engagement. Data for this study were collected from 216 hotel frontline employees in Taiwan. Results suggested that employees with good person-job fit utilize more deep acting method to perform emotional labor. Deep acting and then will lead to higher job satisfaction and work engagement. The study concludes with an outline of the intended direction for future research.

Key Words: human resources management, emotional labor, person-job fit, job satisfaction

INTRODUCTION

More increasingly, front-line employees are encountering demanding, difficult, and oppositional customers. During this interaction, employees are expected to smile, be cheerful and pleasant regardless of their personal feelings or emotions. The job requirement of showing positive and pleasant emotion is called emotional labor, and this labor is a unique and important job characteristic of every hospitality service jobs.

The concept of emotional labor originated with Hochschild (1983) who defined emotional labor as “the management of feeling to create a publicly observable facial and bodily display; emotional labor is sold for a wage and therefore has exchange value” (p. 7). Since then, researchers have attempted to conceptualize and develop this construct. Much of the early research focused on emotional labor in relation to service quality (Rafaeli & Sutton, 1989). Hospitality applications have included case studies on flight attendants (Hochschild, 1983), fast-food employees (Leidner, 1993), wait staff (Paules, 1991; Rose, 2001), and amusement park employees (Van Maanen & Kunda, 1989). These case studies sought to provide a fundamental understanding of how emotions are regulated and managed in response to display rules so that work goals can be achieved. Further empirical development ensued as researchers began using quantitative approaches to explore the dimensions of emotional labor, and its impact on employees' well-being and organizational performance (Grandey, 2000; Liu, Perrew, Hochwarter, & Kacmar, 2004) in non-hospitality service occupations of nurses, bank tellers, and university administrators. Despite some development, there continues to be a dearth of quantitative research on emotional labor, especially in the hospitality academic field (Kim, 2008).

Hochschild's (1983) conceptualization of emotional labor is based on a service acting paradigm which compares service to a “show”, the service employee to the “actor”, the customer to the “audience”, and the work setting to the “stage”. The work place provides the setting and context for the employee to perform for the customer. To act out the desired emotional expression, three acting strategies have been identified: surface acting and deep acting (Hochschild, 1983; Ashforth & Humphrey, 1993).

Surface acting refers to the act of displaying an emotion that is not felt and could involve both suppression of felt emotions and feigning unfeigned emotions (Hennig-Thurau et al., 2006). Surface acting involves employees simulating emotions that are not actually felt, by a change in their outward appearance such as expressions, gestures, voice or tone, in accordance with the required emotions. Deep acting actively invokes thoughts, images, or memories to induce the “right” emotional expression (Hochschild, 1983).

Previous studies have indicated that employees perceive the effects of emotional labor on their job-related behavior differently. Some employees experience more positive effects than the others. Researchers suggest that individual difference, such as personality, may be a crucial antecedent in determining the positive or negative work outcomes for performing emotional labor. As suggested by theories in organizational psychology, an important factor determines how employee experiences the work is the fit between employee's personality and the job characteristics. Employees experience more positive work outcomes when there is a good person-job fit.

This study incorporates person-job fit theory as a major antecedent in building an emotional labor model. This study examined individual-related fit theory (person-job fit), and organizational-related fit theory (person-group fit) as two antecedents that affect how emotional labor is performed, and its associated consequences in terms of job satisfaction and work engagement (figure 1).

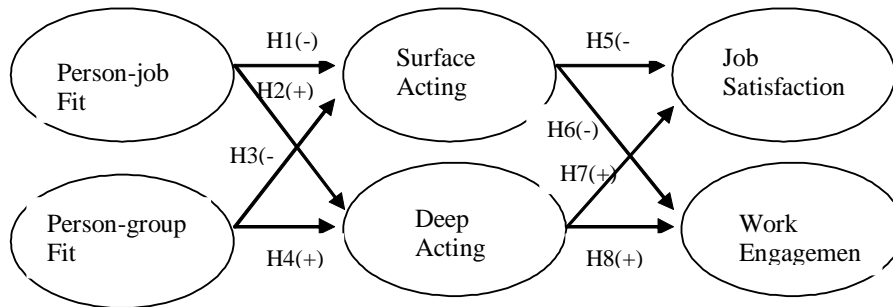


Figure 1. Proposed research model and hypotheses

METHODOLOGY

A questionnaire was used to collect data from hotel employees who worked full-time at customer-contact positions. This study used the 19-item Hospitality Emotional Labor Scale (HELs) to measure emotional labor (Chu & Murrmann, 2006). A six-item scale developed by Cable and DeRue (2002) was used to measure employees' person-job fit. A five-item questionnaire developed by Vogel & Fedman (2009) was used to measure person-group fit. Job satisfaction was measured using items derived from the Job Diagnostic Survey (JDS; Hackman & Oldham, 1975). The Utrecht Work Engagement Scale (UWES) was used to measure work engagement (Schaufeli et al., 2002). The hypotheses were tested using the Amos 4.0 structural equation analysis package with maximum likelihood (ML) method of estimation, in combination with the two-stage process recommended.

A total of 216 questionnaires were collected. The majority of the respondents were females (55.6%) and between 21-30 years old (54.6%). Most of the sample employees worked in the food service area (70.8%) and the marriage was unmarried (89.2%). The empirical testing showed a good internal consistency for both two factors ($\alpha=.74$ for surface acting and $\alpha=.91$ for deep acting).

RESULTS AND CONCLUSIONS

This study first examined the proposed measurement model before proceed to the structural model. During the measurement model, some of the original scale items were dropped from further analyses. The final overall measurement model retains 16 items for the entire model ($X^2=236.67$, CFI=.93; GFI=.88; RMSEA=.083). Additionally, convergent validity was established for all indicators of each construct by comparing each indicator's estimated pattern coefficient with its standard error. The analysis of the structural model resulted in a significant chi-square value of 236.67($p=.346$). After adding three paths suggested by model modification indices, the model fit has improved. The fit indices for modified model provided evidence of a well-fitted model ($X^2 =163.86$, $p=0.00$; CFI=.97; GFI=.92; and RMSEA=.060). The results found that person-job fit and person-group fit has a positive effect on deep acting ($\gamma=0.42$, $\gamma=0.53$), and person-job fit also has a positive effect on surface acting ($\gamma=0.37$). It was found that deep acting has a positive effect on job satisfaction ($\beta=0.67$) and work engagement ($\beta=0.37$) (figure 2).

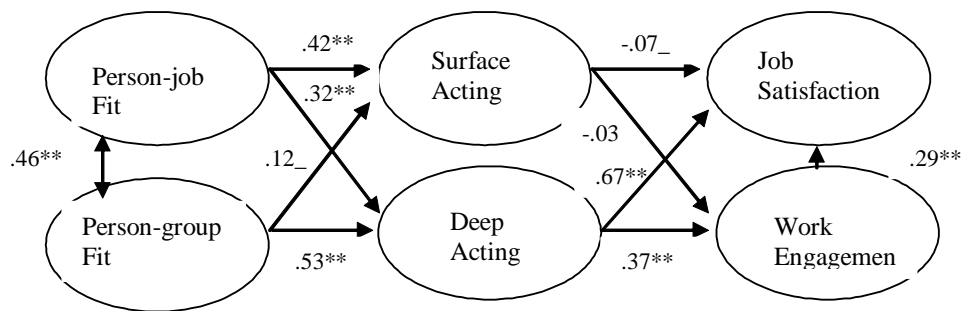


Figure 2. Final model results with ** indicates $p < .001$

The results suggested that deep acting has a positive effect on job satisfaction and work engagement. The results could be used in helping hospitality organizations in developing better selection tools, and strategies that formulating more positive organization culture which would enhance employees' emotional labor presentation as well as increasing service quality.

The limitations of the study primarily revolved around sampling. The samples were taken from various hotels, which had different levels of service quality. Hotels with different ratings made different demands on emotional labor. While a post-hoc analysis of variance found only differences for emotive effort of genuine acting between hotels, these demands may affect the degree of emotional labor that the employees present to their guests. Two-star hotel employees may perform less emotional labor compared to higher-rated star hotel employees. Thus, it is suggested that future researchers compare emotional labor performed by employees from hotels with different ratings.

Hochschild (1983) suggested that there are situational and individual factors that influence the way individuals perform emotional labor. This study was conducted to investigate how individual factors influence employees when enacting emotional labor. Future research may include some situational factors (i.e., the presence of display rules, organizational support) as antecedents of emotional labor, and these preliminary efforts may have to be extended to map out the constructs that determine the types of emotional labor found in different kinds of service jobs.

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THE EFFECT OF LOCATION ON HOTEL MANAGERS' WORK-RELATED LEARNING: AN ISLAND PERSPECTIVE

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ABSTRACT

Practitioners and scholars were of the view that learning would be greater amongst persons who work in more urban than in more rural areas and this would be due to socio-economic factors linked to location. This study explored whether this proposition was true for hotels by examining data collected on the Caribbean island of Jamaica. One hundred and fifty four hotel managers participated in the survey and t-test used to analyze the data. The study found no significant difference in the learning levels of hotel managers that worked in more urban hotels and those that worked in more rural hotels.

Key Words: location, Jamaica, socio-economic factors, management learning

INTRODUCTION

There are practitioners and scholars who believe that there is a relationship between business location and constituents' learning. A focus group discussion revealed that hospitality practitioners, in particular those who work at island destinations, felt the learning levels of managers based in urban areas would be higher than those in more rural areas. Several reasons were cited to justify this proposition. Some felt urban settings had learning advantages which rural settings did not. For example, urban areas offered a greater number and variety of external learning activities that managers could and had been taking advantage of, such as educational programs, seminars, special lectures and other professional development gatherings and these were typically offered by external bodies with significant physical and virtual presence in these areas such as universities, professional associations etc.. Also, others felt urban areas often had a wider, more qualified talent pool from which hotels in these areas would select the brightest and best. In rural areas this pool would be somewhat limited, making it difficult for these hotels to attract managers with high workplace learning tendencies.

The goal of this study was to determine if there was any truth to this proposition by using data collected on the tourism dependent Caribbean island of Jamaica. The study was designed to provide answers to the following three questions. (1) Is there a significant difference in the work-related learning levels of managers who worked in more urban areas versus those in worked in more rural areas? (2) Is there a significant difference in the extent of engagement in learning activities, known to be linked to high levels of hotel managers' work-related learning, between managers who worked at urban hotels versus those who worked at more rural hotels? (3) What factors could explain the findings revealed? (See figure #2)

According to an earlier study conducted by Nicely (2009) using the same data set, two learning activities were linked to high levels of hotel managers' work-related learning: the number of training sessions the managers completed and their number of work experiences. Therefore, when the number of training sessions the managers completed and their number of work experiences increased, so did their individual work-related learning levels. Years of post secondary education, years of work experience and frequency of networking were not found in that 2009 study to be significant determinants of the hotel managers' work-related learning levels (Nicely, 2009). (See figure #1)

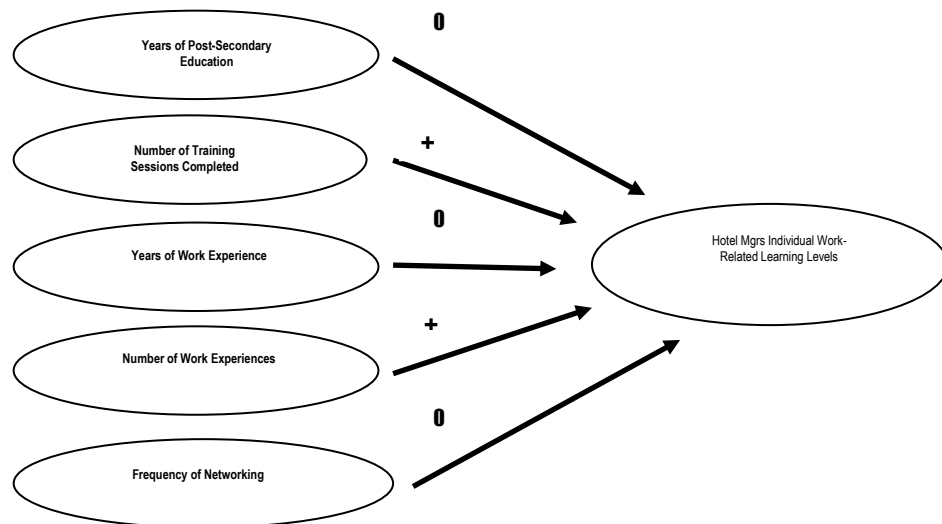


Figure 1: The relationship between hotel managers' engagement in formal and informal learning activities and their individual work-related learning levels (Nicely, 2009).

This study was significant as it revealed location-related factors that could influence hotel managers' individual work-related learning. The study could prove helpful to scholars focused on understanding individual learning in hospitality businesses. Also, by documenting possible location-related determinants of individual learning, industry leaders could take actions to replicate them as a strategy to influencing learning amongst managers across the sector.

The term *work-related learning*, as used within the context of this paper, is the extent to which the hotel manager used of knowledge acquired from his or her education, training, experience, and networking to solve job-related problems and innovate. The discussion begins with a review of related literature on the relationship between location and learning. After which the methodology used to gather and analyze the data was discussed. The findings were then revealed. The paper concluded with recommendations, implications, areas for further research and the limitations of the study.

LITERATURE REVIEW

A few researchers made the connection between location and learning. Tsai, Lin, Chiu, & Joe (2009), whose study examined learning in a high school in Taiwan, found a link between a learner's residential location and his or her learning. Pierce and Delbecq (1977) as well as Capello and Faggian (2005) also implied a possible relationship between a business' location and their learning.

What could be behind this?

Using two location categories, students who lived in the metropolitan city and those who did not, Tsai, Lin, Chiu, & Joe (2009) found that the relationship between the facilitating conditions at a student's school (such as the availability of learning aids like hardware, software and instructors) and the student's learning behavior were moderated by the student's residential location. Citing Howe and McWilliam (2001), the researchers stated that persons who lived in cities with better socio-economic status would experience more growth in their knowledge capabilities than those who did not, placing socio-economic conditions of the location as a key determining factor of individual learning.

Another factor that could be at the heart of the link between location and learning was the possibility of inter-firm mobility. Inter-firm mobility is the movement of labor from one organization to the next and seemed more likely in urban than in rural areas because of the significantly higher concentration of businesses and organizations in cities. Pierce and Delbecq (1977) theorized that stratification, which they described as the degree of status equivalence and the ease of inter-organizational mobility, would be inversely related to innovation initiations. Capello and Faggian (2005) held a slightly different view and posited that inter-firm mobility could actually have a significant positive effect on the innovative performance of an organization as it would create the stage for greater knowledge spillover in firms. Although these two expressions were predominantly organizational perspectives they are important to individual learning as it is through individuals that organizations are able to innovate (Antonacopoulou, 2006; Gephart, Marsick, Van Buren, & Spiro, 1996; Teare, 1997). Therefore, greater inter-firm mobility in cities could lead to greater number of work experiences

amongst managers in these areas, greater cross fertilization of ideas across companies and ultimately greater individual and organizational learning in businesses located in these areas as oppose to more rural areas.

Hence, there could be a significant link between a learner’s location, both residential and job, and his or her learning and this could be moderated by socio-economic factors such as the availability of quality education, training, jobs and social programs in the area.

What is learning?

Learning, whether individual or organizational, was simply change but before change, there must be knowledge generation and meaning making. It is this three-step process that encapsulates learning, the latter often stated and the first two steps usually implied (Barkley & Bianco, 2000; Bower, 1990; Carroll, 1998; Casey, 2005; Clark & Geppert, 2002; Ellerman, 1999; Giesecke & McNeil, 2004; Marsick & Watkins, 2001; Morris, Bessant, & Barnes, 2006; Tannenbaum, 1997). There are numerous factors that could influence hotel managers’ ability to garner knowledge and change. This study examined one such determinant, location.

Some popular sources from which persons typically garner work-related knowledge include formal education, training, experience and networking (Antonacopoulou, 2006; Awoniyi, Griego, & Morgan, 2002; Dominiak, 2006; Jonsson & Elg, 2006; Levitt & March, 1988). Knowledge garnered from these learning activities would then be used to solve problems and to innovate in the workplace (Damanpour, 1991; Mohr, 1969; Pierce & Delbecq, 1977).

Based on the discussions it was proposed that:

H1a: Managers who work at urban hotels would report significantly higher levels of work-related learning than those who work at rural hotels;

H1b: Managers who work at urban hotels would complete significantly more formal training sessions than those who work at rural hotels; and also

H1c: Managers who work at urban hotels would have significantly more number of work experiences than those who work at rural hotels (Figure 2).

The number of training sessions the hotel managers completed and their number of work experiences were determined in a previous study to be significant determinants of hotel managers’ work-related learning levels (Nicely, 2009).

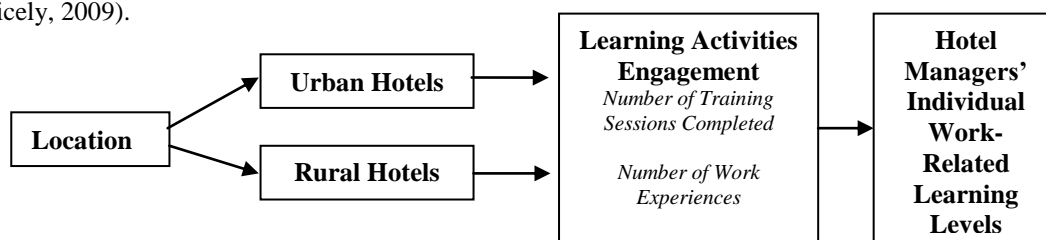


Figure 2: The Study’s Conceptualization

METHODOLOGY

Two modalities were used to collect the study’s data: survey and artifact. For two of the study’s three independent variables, *number of training sessions the managers completed* and *the managers’ number of work experiences*, survey items was used. Survey items were also used to determine the dependent variable, *the managers’ work-related learning*. The study’s mailing list was used to ascertain the independent variable, *the location of the managers’ hotels*, that is, whether it was located in an urban or rural area.

The population used for the study was the general managers, department heads and unit managers of hotels members of a lodging association based in Jamaica. The population was estimated at 783 managers. A census was attempted.

The Survey

Two open-ended items were used to determine the number of training sessions each manager completed between 2005 and summer 2009 and the manager’s number of work experiences, and eight closed-end items used to measure each manager’s work-related learning levels. Of the eight items used to report the managers’ level of work-related learning, four looked at the extent to which the manager applied knowledge acquired from his or her education, training, work experience and networking to solving work-related problems and four looked at the extent to which the manager applied knowledge acquired from the same four learning engagement activities to innovate in the workplace over a six-month period. For each of the eight items a five-point Likert scale ranging from ‘*strongly disagree*’ to ‘*strongly agree*’ was used to report the each manager’s extent of

learning. To ensure the reliability of the learning constructs the items were reviewed by experts for clarity and relevance and Cronbach alpha computed to determine internal consistency. The data was collected in summer 2009.

To determine the extent of each manager's individual work-related learning the mean was determined for the eight learning items. Independent sample t-test was then carried out using the statistical package PASW 18.0

FINDINGS

One hundred and fifty four managers participated in the study, 20% of the population. The desired response rate was 35% for this type of research (Baruch, 1999). Of the 154 managers that participated in the exercise, 61% were female and 39% male. Most of the managers were between the ages 41 and 50 years (26%). Twenty-two percent (22%) were between 20 and 30 years, and 23% between 31 and 40 years. Only 9% of the managers were between 51 and 60 years. Twenty percent (20%) did not indicate their age. Also, most of the hotel managers were departmental heads (55%). Twenty-four percent (24%) were unit heads and 14% general managers.

The learning survey items achieved a Cronbach alpha of 0.86. Therefore, the learning survey items were a reliable measure of the constructs. The desired Cronbach for internal consistency was 0.7. (Gay, Mills, & Airasian, 2006; Hair, Black, Babin, Anderson, & Tatham, 2006; UCLA Academic Technology Services, 2003). Below are the descriptive statistics for the study's constructs (Table 1).

Table 1
Group Statistics

	Location	N	Mean	Std. Deviation	Std. Error Mean
DEPTRAIN	Urban	16	4.25	7.12	1.78
	Rural	11	7.27	8.06	2.43
DEPEXP2	Urban	17	5.18	2.27	0.55
	Rural	11	4.82	2.18	0.66
MGTLEARN	Urban	18	3.53	0.79	0.19
	Rural	12	3.80	0.61	0.18

An independent-samples t-test was conducted to compare the learning levels of the managers who worked at urban hotels versus those who worked at rural hotels. The study found no statistically significant difference in the scores for urban location (M=3.52, SD=0.79) and rural location (M=3.81, SD=0.61) conditions; $t(28) = 2.26$, $p = 0.14$. These results suggested that location did not have a significant effect on the managers' work-related learning levels. Specifically, our results suggested that there was no statistically significant difference in the work-related learning levels of managers who worked at urban hotels versus those who worked at rural hotels. Neither was there any significant difference in the scores for the number of training sessions completed by managers who worked at urban location (M=4.25, SD=7.12) and rural location (M=7.27, SD=8.06) conditions; $t(25) = 1.18$, $p = 0.29$ as well for the number of work experiences for the managers who worked at urban location (M=5.18, SD = 2.27) and rural location (M=4.82, SD=2.18) conditions; $t(26) = 0.03$, $p = 0.88$ and hence all three of the study's hypotheses were not supported.

DISCUSSION

Although the finding showed no difference in the learning levels of managers who worked at urban versus those who worked at rural hotels, it did not deviate entirely from the literature. Capello and Faggian (2005) felt learning benefits, in particular innovation, were likely with greater inter-firm mobility. Tsai, Lin, Chiu, & Joe (2009) also alluded to socio-economic factors linked to location that could impact student learning. Therefore, both studies hinted at greater learning advantages in urban than in rural areas. One explanation why no difference was observed in the learning levels of managers based in urban areas versus those based in rural areas could be that hotels in the rural areas took on characteristics similar to their urban counterparts and this could be a nuance unique to hotel business in island and other destinations. Although the rural hotels in Jamaica were some distance away from the island's capital city of Kingston, where the island's two major universities were based, hotels in remote areas still had access to a significant qualified employment pool of managers nationally and internationally. This was so for two main reasons. First, relocation from the urban to rural areas or from one country to the next was considered a regular part of the life of managers committed to a career in the hotel industry and hotels often had benefits in place to facilitate this. Second, hotels in rural areas in Jamaica were located in five distinct hotel communities and this increased the concentration of qualified potential managers in these remote areas.

Therefore, hotel communities in rural areas produce a number of learning benefits. For one thing it allowed for greater inter-hotel mobility and the cross-fertilization of ideas across the industry. Once a manager leaves one

hotel for employment to another he or she takes knowledge acquired from his or her previous experience to his or her present experience, growing individual knowledge and learning. Also, hotel communities create competition within the area's labor force, motivating managers to continuously improve their learning in order to secure the best jobs in the area.

Another step hotels in rural Jamaica took to mitigate knowledge loss due to location was to invest heavily in training and educational programs, engaging the relevant expertise as needed. This limited their reliance on generic external training products often in abundance in urban areas.

In conclusion, there was no significant difference in the work-related learning levels of managers that worked in urban hotels versus those that worked at hotels in more rural areas. This could be due to the fact that the hotel industry in rural areas had developed ways to replicate learning factors linked to urban locations, such as: by making relocation by managers an acceptable practice throughout the industry; by increasing the concentration of the employment pool through the creation of hotel communities and by personally making a number training and educational programs available to their managers. We therefore recommend that destinations not using these methods consider them as a way of improving the quality of managers in these locations.

Two limitations were identified for this study: a small sample size and the collection of the learning data during a time of national and global economic recession. Both could impact the generalizability and reliability of the data. The next step in location and learning research in hotel business is to look at the impact of location on line staff personnel and the factors that could affect this.

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DO THE GENERATION XER AND MILLENNIAL EMPLOYEES DIFFER ON THE ANTECEDENTS OF PERFORMANCE?

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ABSTRACT

The main aim of this study was to investigate two generations of restaurant service employees' supervisor trustworthiness perceptions as an antecedent of workplace attitudes and outcomes. For that purpose, the investigation was focused on Generation Xers and Millennial restaurant service staff's trust in immediate supervisor, affective commitment and performance related reward satisfaction as precursors of service recovery performance. The present results showed that there were marked differences between the two generational groups in terms of the factors that have an influence on performance. Whereas for Generation Xers trust in supervisor was the primary precursor for performance, for Millennials affective commitment to the organization surpassed all other study variables.

Key Words: Trust in supervisor; Service Recovery Performance; Generational differences; Restaurant service employees; Turkey

INTRODUCTION

One of the recent challenges for the hospitality industry world wide is the changing labor market conditions as Millennials now form a larger proportion of the current employee groups. The frontline positions in the hospitality industry have already been turnover prone and high-end restaurants are not exempt of this. Loss of skilled service employees poses a serious threat to the service quality. As often younger employees fill the openings, with their higher tendency to leave for another employer compared with the older employees (Aksu, 2008) this problem becomes accentuated. There is a growing hospitality literature that points to the attitudinal and behavioral differences between Millennial employees and employees from earlier generational groups (e.g., Chen and Choi, 2008; Gursoy et al., 2008). Nevertheless, Solnet and Hood (2008) proposed that more empirical research is needed to verify the breadth and strength of these differences in various segments of hospitality industry. In fact, Wu and Liang (2009: 592) found that personnel performance directly influences customer satisfaction in luxury restaurants, and the impact of personnel may be at least as much as the experiential value of dining in these restaurants. They further suggested that besides these influences, "the interaction between service employees can create a comprehensive experience environment and service strategy". In other words, the quality of interaction among service employees and between the manager and employee may be consequential in the services rendered. This proposition draws attention to trust in workplace relationships. Trust is believed by many to be a crucial ingredient in workplace interactions (Goris et al., 2003; Schoorman et al., 2007), and trust in supervisor was found to have substantial effects on a number of organizationally important outcomes such as performance in the restaurant settings (e.g., Davis et al., 2000; Inelmen, 2009). Thus, the present investigation has taken up the between manager and employee dimension under scrutiny and investigated whether trust in supervisor is a key variable for two groups: Generation Xer and Millennial service personnel.

Conceptual Background

Quality restaurants are establishments whose sole business is to offer very high standards in all aspects of their operation (Davis B. et al., 2003). Recently, Wu et al. (2009) could empirically show that interactions with service employees carries much larger weight for customer satisfaction, compared to restaurant environment or interactions with other customers. Moreover, in quality restaurants, personalized service, i.e. detailed service planning and if need there be all potential problems being taken care of by the wait-staff, has been perceived to be an integral part of the experience by the customers. Therefore, service recovery function can be regarded to be a vital aspect of performance of the personnel in quality restaurants. Parallel to Boshoff and Allen (2000), service recovery performance is defined here as a non-managerial employee's self rating about his/her abilities to resolve a service failure and to return dissatisfied customers to satisfaction state. To engage in service recovery when needed, generally regarded as an important aspect of frontline performance in quality restaurants, which could demand a well coordinated team work among personnel at all levels. Correspondingly, a trust atmosphere between supervisors and subordinates has been deemed necessary in team work settings (Nyhan, 1999). The expected level of performance could only be secured by frontline employees having a positive work attitude and confidence in the organization being interested his or her welfare. The present study was designed to investigate the potential strength of employees' trust in supervisor as a mediating factor on perceptions regarding performance related reward satisfaction and affective commitment being the primary determinants for predicting frontline employee performance as suggested by Babakus and colleagues' (2003).

Trust is outgrowth of a party's willingness to be vulnerable to the actions of another party (Mayer et al., 1995), but if the risk of experiencing negative consequences for initiative taking is high, it may be best not to act at all. Moreover, leader and subordinate history could also be expected to have repercussions on the subordinates' satisfaction with outcomes and organizational commitment (Meyer et al., 2001). Although satisfaction, commitment, trust and performance were commonly investigated topics, the interrelationships of these variables in non-managerial restaurant employees have been rarely investigated (Hancer and George, 2003), especially in regard to generational differences.

Research in hospitality sector showed that those employees with higher job satisfaction were more likely to deliver exceptional guest service (Arnett et al., 2002). Huang and Van de Vliert (2003) reported that extrinsic factors are strongly related to job satisfaction in the case of frontline employees. In fact, extrinsic factors were treated often independent from intrinsic factors in the literature (Babakus et al., 2002; Hancer and George, 2003). In the quality restaurant industry, innovative behavior and taking initiative can be thought to have much common ground with service recovery performance. Thus, it could be suggested that the higher level of confidence in supervisor can lead employees to become less risk averse and more inclined to intervene actively in service failures.

Another widely studied work attitude has been organizational commitment. The impact of affective dimension of organizational commitment on individual performance and organizational effectiveness has prompted much interest among researchers. The attention in the construct is partly due to the construct's intuitive appeal as a factor affecting employee performance, and partly due to numerous research showing affective commitment indeed having influence on several desired job outcomes, such as citizenship behavior (Meyer et al., 1993), job satisfaction (Wasti, 2003) as well as job performance (Meyer et al., 2002; Riketta, 2002). In a nut shell, positive work experiences leads to more organizational commitment, and the outcome of such commitment often is positive employee behavior.

Generational Differences and Background Information

According to developmental theories, the particular set of historical and cultural conditions that the generations go through results in distinguishing one from the next, so that each generational group has a unique pattern of behavior based on their shared experiences (Hess and Jepsen, 2009; Westerman and Yamamura, 2007). In the same vein, Gursoy et al. (2008) contended that because hospitality employees from the same generation are likely to adopt similar or near similar norms, their work values and attitudes toward work resembles to others from their own generation. Based upon this premise that was purported by several authors (e.g., Chen and Choi, 2008; Smola and Sutton, 2008), it could be argued that the differences in work attitudes of employees stem from the characteristics of the generational groups that they belong to. Generation Xers' formative years were marked by family instabilities, economic downturns and downsizing in the U.S. (Chen and Choi, 2008; Loughlin and Barling, 2001).

It was argued that Millennials are markedly different from the preceding generations on several values and attitudes such as their expectations of self, ambitions, self-confidence levels, willingness to express their opinions and their low tolerance for boredom (Davidson et al. 2010; Solnet and Hood, 2008). Davidson et al. (2010) suggested that Millennials can be expected to demand even higher salaries, flexible working arrangements and more financial leverage than earlier generations. In a study, where they investigated three generations of hospitality employees comparatively, Gursoy et al. (2010) contended that Generation Xers were very self-reliant, expect immediate recognition, and work better in isolation, whereas Millennials believe in team work, but are also independent, self-confident, and highly expressive. In an environment mostly marked by prosperity and globalization in North America, Millennials' view of work was shaped to thrive on challenging work, being addicted to change, skeptical of corporate loyalty, seeking rapid promotion and constant recognition (Chen and Choi, 2008). It is important to note that most research on generational differences mainly originate from the Western countries, whereas the present study focuses on employees of an emerging market, namely the Turkish Generation Xers and Millennials.

The period between 1960 and 1980 was turbulent in Turkey, and was marked by largely state led economy, political activism, economic and social unrest as well as military interventions on democratic process. In such a historic backdrop, personal characteristics of realism, self-reliance, independence and modesty were emphasized commonly, parallel to the other country examples (see Chen and Choi, 2008). The year 1980 was another major turning point in Turkey as a military coup d'état had a lasting impact on organization of the society. When the democratic elections were resumed in 1982, a period of liberalization, privatization, and foreign investment was experienced without much social opposition. In such a historic and economic backdrop, the formative years of the individuals which were born after 1980 in Turkey was thus, more of a world of prosperity, globalization, foreign investment and a time when information technologies became commonplace, much like to the environment described by Loughlin and Barling (2001). There has been much discussion in personal discussions

about generational differences, but academic research on Turkish generational groups is sparse. Only recently a survey by a career website provided evidence that the 18-28 years of age employees' commitment to their companies was much lower than Generation Xers, and this younger group prefers challenging as well as high paying jobs (Radikal, July 25, 2010) much like their North American counterparts. Taken together, the relevant literature suggests that there is reason to expect that the Generation Xers' and Millennials' work values were shaped under distinct environments, and their work attitudes may show significant variation from each other.

METHODOLOGY

Sample

The data for the study was collected in 34 quality restaurants, which were randomly selected from the Ministry of Culture and Tourism's Touristic Restaurants in Istanbul list. Since the administration of the questionnaires required volunteer contribution of the employees, at the second phase the data collection relied on convenience sampling. A vast majority of the respondents were male (92.5 %). Almost half of the respondents were married (45.2 %), tenure in the currently worked restaurant was on the average 43 months (S.D. = 28.5), and 71.8 percent had at least a high school or above education. The respondents' marital status, job tenure, and education level were employed as control variables. Gender was not included to this group of variables due to male dominant nature of the profession, which was represented by the rather low amount of women respondents in the sample (7.4 %) and secondly, a preliminary analysis on all study variables exhibited no significant main effect on this variable ($p > .05$).

After the preliminary analyses, the generated data then was split according to their generational groups, which produced a Generation Xers sub-sample consisting of 120, and the Millennial sub-sample consisting of 108 restaurant service staff. For the generational classification the more or less accepted date boundaries in the literature were employed: 1961-1980 for the Generation Xers, and 1981-1999 period for the Millennials (Gursoy et al., 2008; Loughlin and Barling 2001; Smola and Hood, 2008).

Measures

For the measurement of service recovery performance (SERPER) the scale developed by Boshoff and Allen's (2000) five items scale was employed: "Considering all the things I do, I handle dissatisfied customers quite well. For SERPER, the use of self-report performance scale can be justified on grounds that frontline employees are in the best position to evaluate own performance outcomes, and longitudinal research established that their perceptions typically has substantial overlap with those of the customers (Bernhardt et al., 2000).

For the purposes of the present investigation, performance related reward satisfaction (PERES) was defined as the extent to which rewards within establishment are based on individual performance and satisfaction of employee with allocation of rewards. The three item scale, which was developed for the use in hospitality industry establishments was derived from Klidas et al. (2007), and includes the statements of "The rewards I receive are determined according to my work".

For measuring affective commitment (AFFCOM), the scale that was developed by Meyer et al. (1993) employed in the present investigation. It should be noted that for the purposes of the present investigation, some adaptations like replacing the word "organization" appearing in the original scale items with the phrases "restaurant" or "firm" were made as appropriate.

The Trust in Supervisor (TISU) scale was developed by the present author in an earlier study and tested by an independent study (Göncü, 2006), which reported that the scale's psychometric properties were satisfactory. The scale composed of seven questions which were designed to assess immediate supervisor's trustworthiness, positional power, fairness in performance evaluation, protection and loyalty in the eye of subordinate in the hospitality settings.

For all composite scales in the questionnaire, responses to the statements were elicited on 6 point Likert type span, ranging from 1 (strongly disagree) to 6 (strongly agree). Preliminary analyses showed that the psychometric properties of the scales employed in this investigation, independently conducted for Generation Xers and Millennial sub-samples, were satisfactory (Cronbach's Alpha ranges between .70 and point .80).

RESULTS

The first sets of analyses were the calculation of Pearson correlations among the study variables, separately for Generation Xers and Millennials sub-samples, to investigate the interactions between the variables. The descriptive statistics of the control variables employed in the study, as well as SERPER and the independent variables of the study were presented in Tables 1 and 2, for both generational groups of employees. For

Generation Xers, SERPER was strongly correlated with AFFCOM, PERES and TISU as expected, but there was no significant correlation with any of the control variables. TISU was found to correlate strongly with AFFCOM and PERES, and the respondents' education, whereas job tenure was not significantly correlated with TISU. For this group, PERES was negatively and significantly correlates with job tenure. This finding indicates that the longer the tenure of an employee in the same restaurant, the instances of perceived unfair treatments accumulate to result in this negative relationship between the variables.

Table 1.
Descriptive Statistics and Correlations of the Study Variables for Generation Xers

	Mean	SD	1	2	3	4	5	6
1. Marital St. ¹	0.72	.45						
2. Education ²	10.48	3.06	-.127					
3. Job Tenure ³	57.47	50.77	.245**	-.101				
4. AFFCOM	4.10	1.03	.136	.097	.200			
5. PERES	3.54	1.38	-.068	.231**	-.230*	.369***		
6. TISU	4.31	1.00	.094	.226*	.047	.547***	.558***	
7. SERPER	4.77	1.00	.178	.111	.015	.355***	.307***	.408***

Notes: ¹ Marital Status (0 = Single, 1 = Married), ² Education (in years). ³ Job Tenure in the restaurant (in months). Diagonal provides Cronbach's Alpha reliability coefficients in parentheses for the composite scales. *Correlation is significant at the 0.05 level (2-tailed). ** Correlation is significant at the 0.01 level. *** Correlation is significant at the 0.001 level (2-tailed).

The second set of correlation analyses were conducted on the Millennials sub-sample and they showed somewhat different results compared with the above. For instance, SERPER was not found to be correlated with PERES, indicating that for this group individual pay for performance was not significant in their perceptions regarding their self-rated performance. Moreover, TISU was found to correlate significantly with job tenure in the restaurant, showing a stronger link between the supervisory trust and tenure in comparison with the Generation Xers. Finally, for Millennials PERES was not correlated at all with job tenure in the same restaurant, although this relationship was negative in the case of Generation Xers. This result is likely to be due to significantly lower tenure of Millennials in comparison to Generation Xers.

Table 2.
Descriptive Statistics and Correlations of the Study Variables for Millennials

	Mean	SD	1	2	3	4	5	6
1. Marital St. ¹	0.16	0.37						
2. Education ²	11.17	2.67	-.095					
3. Job Tenure ³	23.91	20.89	.088	.020				
4. AFFCOM	3.99	0.96	.061	.116	.160			
5. PERES	3.61	1.49	-.036	.264**	.010	.298**		
6. TISU	4.39	0.91	.048	.290**	.237*	.355***	.603***	
7. SERPER	4.61	1.03	-.134	.029	.141	.432***	.176	.304**

Notes: ¹ Marital Status (0 = Single, 1 = Married), ² Education (in years). ³ Job Tenure in the restaurant (in months). Diagonal provides Cronbach's Alpha reliability coefficients in parentheses for the composite scales. *Correlation is significant at the 0.05 level (2-tailed). ** Correlation is significant at the 0.01 level. *** Correlation is significant at the 0.001 level (2-tailed).

As a final step, two separate regression analyses for the Generation Xers and Millennials were conducted to reveal the predictive capacity of the included variables for SERPER (see Table 3). For the Generation Xers, TISU was the main factor that predicted the SERPER of the respondents (Beta = .352, p<.01). Although AFFCOM and PERES were strongly correlated with SERPER, TISU has mediated the relationship between these variables and SERPER and appeared to be main predictor variable. The only other variable that was significant in this case was marital status (p<.05), indicating that the married employees were more self-assure about their service recovery capacity. The independent variables that were included to this analysis all together explained a little over a quarter of the variability in Generation Xers' SERPER [$R^2 = .265$; $F(6, 79) = 4.757$, $p < .001$]. Generally speaking, these two variables were effective on employees' perception about their own performance.

The second regression analyses' findings showed 21% of the observed variability in the Millennial service employees' SERPER or own service recovery performance perceptions could be attributable to affective facet of organizational commitment, but no other variable had a significant effect [$R^2 = .210$; $F(6, 61) = 2.698$, $p < .05$]. In other words, TISU was not a key variable for Millennials unlike Generation Xers, who work in the same restaurants like them selves, and more or less under the same conditions. In fact, considering that the affective

dimension of commitment consists of “belonging”, “emotional attachment” and feeling like a “part of the family” issues, it could be suggested that the Millennials was for the large part can be influenced by workplaces which provide them a quasi-family like atmosphere where they have role models, strong personal contact and clear leadership (Gursoy et al., 2008). In this analysis, there appeared no other variable that contributes to the prediction for the Millennials’ SERPER.

Table 3.
Regressions of Service Recovery Performance to Commitment, Satisfaction, and Trust for the Generation Xers and Millennials Sub-samples

Independent Variables	Generation Xers n ₁ =120	Millennials n ₂ =108
Marital Status	.205*	-.165
Education	.028	-.106
Job Tenure	-.066	.143
AFFCOM	.048	.285*
PERES	.116	.034
TISU	.352**	.193
F	4.757***	2.70*
R ²	.265	.210

Note: All regression coefficients are standardized. Marital Status (dummy variable: 0 = Single, 1 = Married). Job Tenure in the restaurant (in months). Education (formal years of education). The figures that were marked * (.05), ** (.01), *** (.001) are significant. Employees’ education was recorded as the formal years of education completed, and tenure was recorded in months to account less or more than a full year at the same hotel. None of the control or the study variables’ results pointed towards a potential multicollienarity problem as all VIFs were below 4.

CONCLUSIONS

Since the Millennials rapidly replace the -now retiring- Baby Boomers, and thus started to constitute a large share of the work-force, the current human resource management practices need to be reconsidered to suit this newer generation. The present results showed that while investigating work values, attitudes and behavior of hospitality employees, generational differences should be taken into account as also suggested by Solnet and Hood (2008), because without this approach, a deeper understanding on these topics may not materialize. Moreover, it could be expected that advances in generational differences to better understand the antecedents of employees’ service performance can find an echo in academic circles and among practitioners alike.

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FACTORS INFLUENCING JOB SATISFACTION OF MANAGERIAL STAFF IN THE NORTHERN CYPRUS TOURISM AND HOSPITALITY INDUSTRY

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ABSTRACT

Recruiting and retaining qualified employees is critical for tourism and hospitality industry because it depends on its human resources to provide quality service to its customers. The main focus is to identify factors influential on managerial staff's job satisfaction, which can affect recruitment and retention efforts. Herzberg's two factor theory is used to examine the intrinsic and extrinsic factors influencing job satisfaction of managers and supervisors. Even though the findings indicated that intrinsic factors were more important; exploratory factor analysis revealed that three factors -work itself, nature of work and interrelationships- influence job satisfaction of managers in the TRNC hospitality industry.

Key Words: Job Satisfaction, Managerial Staff, Recruitment, Retention.

INTRODUCTION

Tourism and hospitality industry is significant for the North Cyprus economy. According to the State Planning Organization, net tourism income in TRNC reached \$383.7 million in 2008, which accounted for 4.5% of the gross domestic product. The tourism industry continued its steady growth with a rate of 5.8% in 2008. In such a significant industry, employees play a crucial role in improving performance of organizations. Various researchers emphasized tourism and hospitality industry's dependence on human resources to provide quality service to its customers (Zeitham et al, 2006). Recruiting and retaining skilled labor have been among the major challenges of tourism and hospitality industries all around the world. Despite the growing importance of tourism and hospitality industry in North Cyprus, the industry yet to effectively tackle the problem of recruiting and retaining qualified employees.

The challenge of tourism and hospitality industry is not only finding qualified employees but also retaining them. Employees who are satisfied with their jobs are more committed to and more enthusiastic about their jobs. This increases service quality and customer satisfaction. Wood (1999) considers recruitment as the most significant problem for hospitality industry. Powell and Wood (1999) argue that this is due in part to the highly labor intensive nature of the industry. Accordingly, there are many studies focusing on barriers to the recruitment and retention of employees in hospitality market (e.g., Baum, 1995, 1996; Choy, 1995; Wood, 1995) but few studies have been conducted for managerial staff. The focus of this research, therefore, is to investigate the factors influential on job satisfaction of tourism managers and supervisors. Given their involvement in the process of recruitment and retention as both employers and employees, they might provide more comprehensive and insightful views than those who view the issues from only a single perspective.

LITERATURE REVIEW

Job satisfaction is dependent on many such factors as recognition, safe, healthy and supporting work environment, and supportive co-workers. Extensive research has identified the relationship between job satisfaction and work-related behaviors such as retention, attitudes toward work, and commitment to the organization (Mau et al., 2008). Satisfied workers are less likely to leave their jobs and are more committed to their organizations than dissatisfied ones (Dawis and Lofquist, 1984). When good employees are hard to find, as it is the case with tourism and hospitality industry in North Cyprus, it is efficient to keep staff. Although organizations may be tempted to use financial incentives to retain employees, research shows that financial incentives alone do not create job satisfaction. Recruitment and retention of supervisors and managers depend highly on the match between job's characteristics and these employees' motivation and job satisfaction (Hjalager and Andersen, 2000; Jameson, 2002; Riley et al., 1988). Accordingly, motivation theories can provide frameworks to understand recruitment and retention of supervisors and managers in the industry. Research on

the topics of work motivation and job satisfaction has been conducted for over 60 years. Many researchers have developed motivational theories that could assist in understanding the recruitment and retention issues of employees (e.g., Herzberg, 1959, 1966; Maslow, 1943). Vroom (1964) defined motivation as an internal force, based on an individual's conscious and unconscious needs that drive him/her to achieve. Therefore, motivation is a need-satisfying process which reveals itself when one's needs are satisfied and motivated individuals exert high levels of effort towards organizational goals (Robbins, 1993).

The two-factor theory by Herzberg et al. (1959) has been extensively used by researchers. The main concept of the theory is the distinction between two groups of factors; motivation factors and hygiene factors. According to the theory, the motivation factors operate only to increase job satisfaction while the hygiene factors operate to decrease job dissatisfaction. According to Herzberg et al., motivation factors are the six "job content" and task-related factors that include achievement, recognition, work itself, responsibility, advancement and possibility of growth. Hygiene factors are "job context" factors. These factors are not directly related to the job itself, but to the conditions that surround doing that job. Those factors include company policy, supervision, and relationship with supervisors, work condition, relationship with peers, salary, personal life, relationship with subordinates, status, and job security.

Researchers have stated that job satisfaction, and consequently recruitment and retention problems are not always about pay or working conditions (Poe, 2003; Riley and Szivas, 2003; Williams and Leppel, 1994). Researchers by testing Herzberg's theory have stated that hygiene factors and motivators have different influence on the job satisfaction and motivation of managerial staff in comparison with non-managerial staff (Rosen, 1963). In general, managerial staff tends to be driven by "motivators" whereas non-managerial staff tends to be driven by "hygiene factors". According to Langan's research (2000), managerial staff focus more on long term benefits (job security), career opportunities (such as training and development) and require greater recognition and challenges. The author argued that skill gaps in the tourism industry are most likely to be caused by a lack of motivation and commitment and this is mostly linked to management failing to provide training and development opportunities to the staff, but is less likely to be related to the level of pay. He concluded that, in order to recruit and retain qualified managerial staff, their "intrinsic needs" (motivators) should be satisfied rather than their "extrinsic needs".

METHODOLOGY

The present research utilized the 20 item Minnesota Satisfaction Questionnaire (MSQ) to measure intrinsic and extrinsic job satisfaction of managers and supervisors in the tourism and hospitality industry in the Turkish Republic of Northern Cyprus (TRNC). The MSQ had 8 extrinsic and 12 intrinsic items. 340 questionnaires in both English and Turkish were distributed to managers and supervisors of all accommodation establishments in the TRNC except those declined to participate or were closed due to various reasons. Respondents were asked to indicate the degree that they agree with 20 items by using five-point Likert scale (where 1 indicated 'Strongly Disagree' and 5 'Strongly Agree').

FINDINGS AND DATA ANALYSIS

Out of 340 questionnaires, 119 were returned indicating a response rate of 35%. 63% of the respondents were males and 37% were females. 22% of the respondents had been employed for less than five years in the industry, 38% had 5-10 years and 50% had more than 10 years of experience in the industry. The item with the lowest mean was an intrinsic factor ("I will be able to work independently") and the item with the highest mean was again an intrinsic factor ("Being able to do things that don't go against my conscience") (Table 1).

As higher scores indicated higher satisfaction with one's job, it is found that respondents were less satisfied with the factors like responsibility, salary, achievement and work itself (Table 1). It is found that there is statistically significant difference between intrinsic ($m=4.06$) and extrinsic ($m=4.02$) factors of satisfaction of managers at the level of 95% ($\alpha=0.05$). In other words, respondents perceived a higher job satisfaction from intrinsic factors than extrinsic factors. The findings supported the literature and the Herzberg theory. Managers and supervisors in the TRNC hospitality industry are more satisfied by intrinsic factors than extrinsic factors.

Table 1
Mean Analysis of Job Satisfaction Factors

MSQ Items	Mean	Std. Deviation
I will be able to keep busy all the time.	3.88	1.109
I will be able to work independently	3.67	1.258
I will be able to do different things from time to time.	3.80	1.202
The chance to be "somebody" in the community	3.95	1.018
The way my boss handles his/her workers	4.14	1.018
The competence of my supervisor in decision making	4.09	1.062
Being able to do things that don't go against my conscience	4.43	.833
The way my job provides for steady employment	4.11	1.051
The chance to do things for other people	4.17	.950
The chance to tell people what to do	4.10	.981
The chance to do something that makes use of my abilities	4.15	1.012
The way company policies are put into practice	4.13	1.015
The pay and amount of work	3.87	1.133
The chances for advancement on this job	4.04	.985
The freedom to use my judgment	4.13	.972
The chance to try my own methods of doing the job	4.08	1.021
The working conditions	3.98	1.070
The way my co-workers get along with each other	4.09	.967
The praise I get for doing a good job	3.89	1.123
The feeling of accomplishment I get from the job	4.22	.955

Table 2
EFA: Factors of Job Satisfaction in North Cyprus

	Component 1	Component 2	Component 3
WORK ITSELF	The way my job provides for steady employment	.513	
	The way company policies are put in to practice	.717	
	The pay and amount of work	.731	
	The chances for advancement on this job	.682	
	The working conditions	.687	
	The praise I get for doing a good job	.746	
	The feeling of accomplishment I get from the job	.729	
NATURE OF WORK	I will be able to keep busy all the time		.638
	I will be able to work independently		.745
	I will be able to do different things from time to time		.760
	The chance to be "somebody" in the community		.592
	The chance to do things for other people		.637
	The chance to tell people what to do		.702
	The chance to do something that makes use of my abilities		.549
	The freedom to use my judgment		.587
	The chance to try my own methods of doing the job		.723
INTER-RELATIONS HIP	The way my boss handles his/her workers		.696
	The competence of my supervisor in decision making		.573
	Being able to do things that don't go against my conscience		.747
	The way my co-workers get along with each other		.466

CONCLUSION

Exploratory Factor Analysis (EFA) was run to see whether 20-item data collected in North Cyprus could be grouped differently. EFA (KMO > .90; $\chi^2=1419.456$, $df= 190$, $sig=.000$) found that items that influence job satisfaction of managers in Northern Cyprus could be grouped into three components. The identified three components were named 'Work Itself' 'Nature of Work' and 'Interrelationship' (Table 2). This grouping indicated a different categorization than the one suggested by Herzberg.

According to managers and supervisors in the tourism and hospitality industry in TRNC, the influential factors on their retention are Work Itself, Achievement, Responsibility, Supervision-technical and Company Policy. Grounded in Herzberg's Motivation Theory, these factors are categorized into extrinsic and intrinsic factors. When intrinsic factors are considered, Work Itself, Achievement and Responsibility are relatively more important to affect the managers retention. The study revealed that managers in the industry, in order to stay in a company, give importance to their tasks, seek opportunity to obtain success and desire freedom to make decisions. When considering extrinsic factors, Supervision-technical and Company Policy are the most influential factors on managers' retention. By Supervision-technical, the managers and supervisors really give importance to their supervisors' or managers' willingness to delegate responsibility. Their superiors' competence and fairness are also found to be important for managers and supervisors. Organizational policies also play a critical role for managers' retention. This study also indicted a three-group categorization of factors influencing job satisfaction of managers in Northern Cyprus hospitality and tourism industry. Organizations in North Cyprus should pay more attention to this categorization rather than the more general one suggested by Herzberg. Work itself, the nature of the work and interrelationship in the workplace appeared to be more important factors for managerial staff.

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MANAGING AND RESEARCHING STAFF TURNOVER IN HOTELS: LESSONS FROM THE LITERATURE

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ABSTRACT

The aim of this study is to review research and discuss the phenomenon of staff turnover generally, its impact and how it has been managed in the hotel industry specifically? As stated by Step Business Builders (2010) "... once businesses determined the future of the workforce, now the workforce determines the future of the business". It might be beyond the scope of this study to capture all the literature on staff turnover hence the focus will be on the last 25 years - how the research has helped to understand this phenomenon and what lessons the hotel/hospitality industry could learn to manage this process? To make an effective analysis some information is drawn from the literature prior to 1990 with a multidisciplinary approach.

INTRODUCTION

The aim of this study is to review research and discuss the phenomenon of staff turnover generally, its impact and management in the hotel industry specifically. As stated by Step Business Builders (2010) "... once businesses determined the future of the workforce, now the workforce determines the future of the business". It is beyond the scope of this study to capture all the literature on staff turnover hence the focus is on that of the last 25 years and how this research has helped to understand this phenomenon? What lessons could the hotel industry learn, to manage this process? To make an effective analysis some information is drawn from the literature prior to 1990 with a multidisciplinary approach.

Staff turnover in the hospitality industry has been well documented over the years (Riley, 1991; Wood, 1992). The issues surrounding the recruitment and retention of workers in hospitality have been linked to the advent of 'replacement'. Authors Denvir and McMahon (1992) defined staff turnover as 'the movement of people into and out of employment within an organisation' (p.143). Relatively staff turnover in the hospitality industry shows to be unacceptably high (Kennedy and Berger, 1994), averaging up to 200 or 300 per cent per annum (Woods, 1992; Tanke, 1990), although substantial variations exist between different establishments. Yang and Wan (2004) note that this issue has been examined within the hospitality-related literature for at-least the past 10 years. Authors such as Birdir (2002); Stalcup and Pearson (2001); Choi, Woods and Murrmann (2000); Teare and O'Hern (2000); Deery and Shaw (1999); Iverson and Deery (1997); Cho, Sumichrast and Olsen (1996); Ohlin and West (1993); Boles, Ross and Johnson (1995); Cantrell and Sarabakhsh (1995) and Hogan (1992) have also examined this issue in various studies published in different academic journals. Studies have shown that high staff turnover rates in the hotel industry are not country specific, but rather seems to be a worldwide phenomenon (Birdir, 2002). Authors such as Bonn and Forbringer (1992) and Iverson and Deery (1997) have stated that one of the most long-term issues in human resources within the tourist sector is the rapid staff turnover in the industry.

The premature turnover of staff within the industry, has been believed, to be a waste of a hotel's sizeable investment in employee development and training (Beckert & Walsh, 1991; Hom & Griffeth, 1995). As noted by Step Business Builders (2010) "... the businesses that don't change the way they train and develop staff... will continue to lose employees, lose customers and lose profits". Denvir and McMahon (1992) have argued that individual hotels experience different levels of labour turnover, thereby confirming the view that staff "... turnover is partly within the control of management, and conflicts with the widespread impression that turnover is high and uniform throughout the industry", and hence, an uncontrollable characteristic of the trade (p. 146). Several authors also note a trend, that very few staff remain in their job for longer than five years at a time (BTR, 1990 (as cited in Nankervis, 1990); Riley, 1991). This significantly contributes to the high replacement costs through high staff turnover levels. Eade (1993) states that people often leave an organisation for a wide variety of reasons that can be unrelated to management.

TURNOVER CULTURE IN THE HOSPITALITY INDUSTRY

According to Iverson and Deery (1997) "... turnover culture is best characterised as the acceptance of turnover as part of the workgroup norm" (p. 71). Throughout the industry, there is the belief held by employees that the turnover culture is a normal part of the industry (Iverson & Deery, 1997). In a study conducted by Price (1994), the author found that the hotel industry tended to "... live with high levels of labour turnover and rely on the external labour market to fill vacancies" (p. 47). This study also coincides with the statement made by Iverson and Deery (1997) that "... the hospitality industry has been characterised in terms of high turnover rates, a part-

time and casual workforce, and an absence of an internal labour market” due to low job security, lack of career progression, low wages and low skill levels (p. 71). The literature has so far identified factors that impact on turnover rates as orientation and socialisation processes, ad hoc recruitment and selection procedures, discrimination at the workplace, training and development opportunities, management styles, organisational commitment, competition and organisational culture, labour shortage, stress and burnout, the seasonal nature of the industry and job dissatisfaction (Kennedy & Berger, 1994; Woods, 1992; Bonn & Forbringer, 1992; Wagner, 1991; Antolik, 1993; Hogan, 1992; Hiemstra, 1990; Conrade, Woods & Ninemeier, 1994; Lee-Ross, 1993; Rowden, 1995; Denvir & McMahon, 1992; Debrah, 1994; Vallen, 1993; Hom & Griffeth, 1995, Price and Clark 2008).

FACTORS THAT IMPACT STAFF TURNOVER

The hotel industry has the highest rate of staff turnover. There are many different factors that impact on the rate of employee turnover. According to Fallon and Rutherford (2010), “ ... hospitality employees in one organisation ranked reasons as the most likely causes for high staff turnover, such as treatment by superiors, amount of work hours, job pressure, scheduling, training, fringe benefit packages, better opportunities elsewhere, and physical demands of the job” (p. 454). Hinkin and Tracey (2000) also point out that high rates of staff turnover is the consequence of poor working environment and poor supervision. In order to decrease the total costs of the operation, most of the hotels pay less attention to employees real profits. In a study conducted by Williams *et al.* (2008), research results of the hotel industry in New Zealand found that there are three pull factors that cause high staff turnover;

1. Age: The young age profile and part time nature of employment are important elements in the hotel industry. This is linked to the rate of staff turnover.
2. Low Unemployment: Opportunities of employment available to people also affects staff turnover.
3. Remuneration: Low pay is a significant issue for the hotel industry (Bull, 1992), which decreases employees job satisfaction directly. Generally, the problem of low pay leads to employees leaving an organisation as soon as they find an opportunity.

ISSUES OF STAFF TURNOVER

High staff turnover also leads to serious issues of low quality of customer service and greater costs for the hotels, through recruitment and training expenditure (Horner & Swarbrooke, 2004). As the quality of service becomes low, customer dissatisfaction is directly influenced. Lockyer (2007) points out, “... staff turnover seems to contribute to a reduction in service quality and a sense of burnout, particularly for front-line supervisors who are constantly involved in ‘fire-fighting’ when their departments are staffed with inexperienced employees” (p.88). The front office employees are like the ‘face’ of a hotel which relates to customer satisfaction, so the inexperienced staff will decrease the customer’s satisfaction thereby decrease the occupancy rates indirectly. In addition, Powell and Wood (1999) state that an important problem is ‘brain drain’. Brain drain occurs when the skills and qualifications gained in one hotel are easily transferable to other hotels. In the modern hotel industry, the senior and skilled employees are very familiar with the hotels operation and business secrets, so the competitive advantage will be decreased if they leave the previous hotel and seek employment in another hotel.

CURRENT STUDY

The main purpose of this study is to focus on the last 25 years and assess how research has helped to understand the phenomenon of staff turnover? And, what lessons the hotel/hospitality industry could learn, to manage this process?

The main objectives of this study include:

- Analyse the literature on staff turnover.
- Assess the impacts of this research on industry practices.
- Examine which major factors play a significant role in staff turnover?
- Identify lessons learnt for future practice and research.

RESULTS

To achieve the objectives and to examine what lessons could be learnt from the past research with regard to staff turnover in hotels, the results are classified as:

What is Staff Turnover?

As previously stated by Denvir and McMahon (1992), staff turnover has been defined as “... the movement of people into and out of employment within an organisation” (p. 143). Therefore, this definition provided by

Denvir and McMahon (1992) leads one to believe that this movement of staff "... into and out of employment" can occur at any time and with regularity within organisations (p. 143). This previous statement is backed up by authors such as Kennedy and Berger, 1994; Woods, 1992 and Tanke, 1990 who have stated in their own articles that staff turnover especially within the hospitality industry has been noted to be unacceptably high, averaging up to 200% or 300% per annum, although variations exist between different establishments throughout the industry. Also, the Chandler Macleod Group state, as do several different studies, that "... 73% of employees are 'ACTIVELY LOOKING' for a new employer" (as cited by Step Business Builders, 2010). Therefore, the issue of staff turnover within any organisation should be actively investigated as to its causes and the reasons behind why employees are 'ACTIVELY' seeking new employment opportunities.

WHAT IMPACTS STAFF TURNOVER?

There are a variety of factors that impact staff turnover. A number of authors, such as Fallon and Rutherford, 2010; Hinkin and Tracey, 2000; Williams et al., 2008; Bull, 1992; Ogbonna and Harris, 2002; Walmaley, 2004; Horner and Swarbrooke, 2004 and Lashley, 2000, Choi (2006) have attempted to identify and discuss the impacts of staff turnover as a phenomenon. The authors, Fallon and Rutherford (2010) have identified issues such as employees' treatment by superiors, the amount of working hours expected, job pressures, scheduling working hours and personal life, training, lack of fringe benefit packages, better opportunities elsewhere, and the physical demands of the job as the most likely factors to impact on staff turnover levels. Meanwhile, a study conducted by Williams et al. (2008) found that in New Zealand's hotel industry three factors that significantly impacted upon staff turnover were; age, low levels of unemployment and remuneration. In the hospitality industry, a major issue is that the employees within the industry are described as having low skill levels and there is a lack of career structure for those employees who are looking to succeed in the industry. Therefore, many businesses find it difficult to attract and retain employees due to the well-known issues existing within the industry as previously stated within this report.

GLOBAL EXAMPLES OF STAFF TURNOVER

When examining global examples of staff turnover, we can see some significant differences based on the staff turnover issues described above in three different markets; UK, Hong Kong and New Zealand. In the UK and New Zealand markets, the staff turnover situations are quite similar. In both countries, employees are avoiding leaving their jobs due to the economic recession. However, in Hong Kong, there is no evidence that staff turnover rates are decreasing, although people living in Hong Kong are willing to change their job if they are not satisfied with their career progression or salary in their current employment. The reasons that have contributed to these differences may come from the different local cultures; however, no evidence was found in the literature to support whether different cultures had an impact on the levels of staff turnover in different countries and regions. However, when examining staff turnover issues in New Zealand, it is noted that there are differences nationwide. The reasons for this are due to the local culture, population and economic development, and people's perceptions of their personal work/life balance. This personal work/life balance has been seen to be an influencing factor in how employees are affected by their working attitudes and their loyalty to their jobs.

THE ROLE OF STAFF TURNOVER ON BUSINESS PROFITABILITY

Staff turnover has been seen to have a significant impact on business profitability. Several authors note that there is an emerging trend of very few staff remaining in their job for longer than five years at a time (BTR, 1990 (as cited in Nankervis, 1990); Riley, 1991). Also, this premature turnover of staff within the industry is a waste of a hotel's sizeable investment in employee development and training (Beckert & Walsh, 1991; Hom & Griffeth, 1995). High staff turnover levels impacts the high replacement costs incurred on businesses. As previously stated "... every time an employee resigns, it costs up to 50% of their annual salary to replace them" (Step Business Builders, 2010). This is a significant amount of money that could have been invested into other areas of the business such as replacing stock, maintenance, refurbishments, marketing and other such activities. Hartman and Yrie (1996) note that, as the hotel industry is a 'labour intensive' industry, the costs associated with staff turnover are more significant than in less labour-intensive industries.

STAFF TURNOVER IN THE HOTEL INDUSTRY

Staff turnover within both the hotel and hospitality industry has been an increasing issue for a number of years. A number of authors, such as Birdir (2002); Stalcup and Pearson (2001); Choi, Woods and Murrmann (2000); Teare and O'Hern (2000); Deery and Shaw (1999); Iverson and Deery (1997); Cho, Sumichrast and Olsen (1996); Ohlin and West (1993); Boles, Ross and Johnson (1995); Cantrell and Sarabakhsh (1995) and Hogan (1992), have attempted to examine this issue and provide some insight into why this issue still exists in both the hotel and hospitality industries. Birdir (2002) describes staff turnover within the hotel industry as one of the most pressing issues, and which must be focused on. As noted by the authors Hartman and Yrie (1996) and Hinkin and Tracey (2000), the turnover rates in the hospitality industry are extremely high in relation to other industries.

DISCUSSION AND CONCLUSIONS

Redford (2005) has suggested five important steps that can help to reduce staff turnover and build a better workforce. Drawing from his study and other literature, this study offers some insights into addressing the issue of staff turnover and makes the following suggestions, as lessons learnt for future practice and research.

Promoting a sense of permanence within the hotel/hospitality industry - This can be achieved by promoting a perception within the organisation of it being one, which values and rewards long-term commitment from its employees. Management within organisations also need to address what their employees are looking for from their job. Offering employees advice on career development and highlighting how this job will cater to their needs, will help employees feel like their personal goals are being achieved and they are more likely to feel satisfied in their workplace. Also making employees aware that the organisation is interested in investing time and money in them, provided they remain committed to their job, will help both the organisation and the employee achieve mutual goals.

Development of career opportunities within the organisation - Having variable career opportunities for all employees within the organisation, can reduce the tendency to move jobs. Employees who find they can positively progress within the organisation and achieve their personal goals are more likely to remain in their jobs longer. Allowing multi-skilling between different departments, training and making other incentive programmes available to employees, will enhance job satisfaction, and continuity in employment.

Provide new employees realistic job preview – The hotels should provide prospective employees a 'realistic job preview' at the recruitment stage in order to reduce the levels of staff resignation within the first six months of their contract (Incomes Data Services, 2008). All employees should be provided with a clear idea of their role including both the good and the bad points and the culture of the company. This can avoid later disappointment. Also, the employers should offer effective induction programmes to new employees by letting the manager expose new staff to the company's culture. Disclosing the good and the bad in the first stage, builds trust, and ensures the right people are recruited for the roles.

Benchmark benefits and pay - Salary will always be an important pull for new recruits and regular pay rises can be a key retention tool. Therefore, employers should improve career development and benchmark the full package or an attractive package that the organisation offers against its competitor's opportunities. In a study conducted by Dickinson and Perry (2002), these authors point out that salary can predict the retention of employees. However, low-salary positions in hospitality can be improved by creating additional benefits which can differentiate the hotel from its competitors. Currently, flexible packages are becoming popular by providing a variety of options for staff. By offering flexible packages, employees can switch the benefits they desire as they reach different stages and their needs change, especially for employees with families. Also, rewards such as extra annual leave and bonuses should be benchmarked. This is a way of rewarding the deserving employees for their good performance and loyalty.

Development of an internal labour market - By developing an internal labour market, and hiring from within, provides an organisation with a continuous supply of trained and qualified employees who are familiar with the organisation and which leads to higher retention rates of employees in any organisation.

Organise social occasions for employees - Form social groups within the organisation, wherein employees can interact. Activities such as outings, or newsletter that inform employees about events and issues within the organisation is important. It creates a sense of belonging and makes employees feel more included and valued by the organisation.

Based on above literature analysis and review, it is identified that staff turnover is not just a management issue stemming from the micro-environment of a company, but it is also affected by macro-environmental factors from outside the organisation such as economic conditions. In New Zealand's domestic market and in the international market, since 2007 the staff turnover rates have slightly dropped due to the economic recession. Employees are not feeling confident in 'actively' seeking a better job. Due to the recession, many companies are controlling the number of new staff being hired in order to help reduce costs. Studying the common phenomenon of staff turnover in the hotel industry, can help understand the turnover issues from both the industry and employee perspective. The outcomes of this study should help the industry develop more efficient management strategies in order to reduce the high turnover rates. However the study might have limitations in terms of making suggestions, by referring to previous research, which may be subjective in nature.

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DOES THE PERCEPTION OF GLASS CEILING CHANGE ACCORDING TO GENDER?

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ABSTRACT

Glass ceiling, from the perspective of women working in hospitality organizations, is a kind of trap between going up and down. Going up can be related to promotion whereas going down, on the very peaceful base, is a way of standing on the same place. But does it really work when men come to field? Or does their coming mean the ring of starting final beat for going home? At a point where there seems the barrier as glass ceiling, there comes two things in mind. First is the patriarchal structure of the society and the second is the gender.

Key Words: Glass Ceiling, Hospitality Organizations, Male and Female Managers, Gender

INTRODUCTION

Globalization, the widest aspect ever on how we look at our nature, has changed our ways of seeing women. Unlike past, people have started to focus on seeing women on a more objective way recently. But that behavior of people turns them into human beings against women or against anything about womankind. Among the huge branches of global economy, there is one sector where there can be seen the most rate of the mentioned subject. That is tourism, obviously. It was one of the most sparkling and developed public and economic facts in the previous century and has increased its importance recently. And in tourism, hospitality sector comes to the agenda with the concept of glass ceiling.

As hospitality is a labor-intensive sector, it is possible to see women intensively. Though women are employed intensively in the tourism sector, it is not possible to see them in managerial positions in this density. The desire of women to enter the work life and hold on this life with their wish to promote is making them face with gender discrimination. This situation directs men to be preferred with no merit. The result increases the concerns about place and importance of women in the work life. With increasing demand for workers and the industrial revolution, women have started their professional life as unskilled employees but their self-development and rise are still not accepted in many societies. One of the most important reasons for this is the ruling of men although women have taken place in every areas of active work life including managerial positions up to now.

In this study; firstly, the place and importance of women in work life and then the concept of glass ceiling are mentioned. Lastly, the survey results applied to male and female managers in hospitality organizations around Muğla are talked over.

WOMEN IN WORK LIFE AND MANAGEMENT

It is very clear for everyone that women have been in the work life for ages. Beyond their hardest job, being a wife and a mother, they have also been contributing to employment with their body, mind, etc. Today's working environment is one of the important factors that determine the place of women in society. Political and economic elements that affect the position of employees are the most important factors in many areas to show the distribution of gender. Because of their position, it was very difficult for women to participate in management decisions and so they were not likely to be effective in those positions. But with the last changes in the process and the political structure of today's women, they play a more active role with greater participation in management mechanism. Women managers are also working now to destroy social prejudice. During this work, women trying to be managers may face some barriers particularly affecting their motivations and psychological issues including job performance. Violence, bad behaviors and psychological sanctions against women in the past period have caused negative impact of women in society. They are now working to show that raising the social status of women in paid work, economic and social life also brings the development of a society.

CONCEPT OF GLASS CEILING

The descriptions of men and women tend to differ dramatically. Men are thought to be strong, objective and active, and women are thought to be weak, emotional and passive (Heilman, 1997). In the light of this patriarchal view, the gender problem bears the concept of glass ceiling. According to a definition, the glass ceiling refers to invisible, generally artificial barriers that prevent qualified women from advancing in their organizations (Knutson and Schmidgall, 1999). For another definition, the invisible barrier that women face while trying to climb the corporate ladder is called as "glass ceiling". This gender problem has occupied managers and policy-makers and the understanding of the processes involved has been a keen area of research for academics in the 20 years since the coining of the phrase by the Wall Street Journal (Ryan and Haslam, 2006).

In this study, this concept will be looked in terms of hospitality sector. Because this sector is presumably one of the leading sectors in employing women in every level. That women in hospitality sector today have a potentially powerful resource is accepted today. The success of women in senior management is due to a particular combination of motivating and enabling factors (Maxwell, 1997). For that reason, it is aimed with this study to look at the gender issue in terms of glass ceiling.

METHOD

The purpose of this study is to test whether the glass ceiling perception of employees in managerial positions of hospitality organizations in Muğla varies according to gender. The reasons to choose gender variable in the study are that the glass ceiling syndrome is associated more with women in literature and that there is a patriarchal structuring in Turkish governmental culture. In this context, gender and the glass ceiling syndrome were examined and the following hypothesis was tested in this study carried out in Turkey.

H₀: According to gender, there is no difference in the perspective of independent variables.

H₁: According to gender, there is a difference in the perspective of independent variables.

To test the hypothesis above, data were collected by applying questionnaire to male and female managers working in four and five-star hotels in the boundaries of Muğla. These data were obtained through face to face interviews with participants by the researchers. Total of 149 participants were included in the study. For data collection, the questionnaire prepared by Anafarta, Sarvan & Yapıcı (2008) and used in the hotels in Antalya has been developed and applied. This questionnaire measures glass ceiling perception in 6 dimensions including "gender discrimination, negative prejudices against women, barriers arising from top management, social life, family life and education".

FINDINGS

The research results are presented in 3 stages. First, the demographic findings; then in the second stage, the arithmetic means of expressions related to glass ceiling perception; and in final stage, the *T*-Test results are demonstrated.

DEMOGRAPHIC FINDINGS

Table 1
Demographic Findings of the Participants

Gender	N	%	Education Level	N	%
Woman	81	54,4	Secondary school	1	0,7
Man	68	45,6	High school	17	11,4
Age	N	%	Associate degree	56	37,6
Between the ages of 21–25	23	15,4	University	70	47,0
Between the ages of 26–30	43	28,9	Post graduate	5	3,4
Between the ages of 31–35	48	32,2	Position in Organization	N	%
Between the ages of 36–40	23	15,4	Executive	18	12,1
Between the ages of 41–45	11	7,4	Mid-level	83	55,7
51 and more	1	0,7	Sub-level	48	32,2
Marital Status	N	%	Experience in Tourism Sector	N	%
Married	80	53,7	5 years or less	24	16,1
Single	68	45,6	Between 6–10 years	53	35,6
Divorced	1	0,7	Between 11–15 years	46	30,9

		Between 16–20 years	19	12,8
		21 years or more	7	4,7

Of the 149 participants who have taken part in the questionnaire, the rate of women is %54,4 and the rate of men is %45,6. As Table 1 illustrates, the most rate in the ages can be seen as “between the ages of 31-35” with 48 participants and then comes “between the ages of 26-30” with 43 participants. “Between the ages of 21-25” and “between the ages of 36-40” have the same rate with 23 participants whereas the smallest rate belongs to “51 and more” with one participant. When it is looked at the marital status, the rate of married ones (80 participants) is more than the singles (68) whereas there is one divorced participant. In terms of education, as shown in Table 1, the highest number belongs to university graduates (70) and then comes the ones with associate degree (56). There are 17 high school graduates whereas there are 5 post graduates. Of the 149 participants who have taken part in the survey, the rate of mid-level position (83) is more than sub-level (48) and executive (18). When the experience of the participants in tourism sector is considered; “between 6-10 years” (53 participants) comes first and then it is possible to see “between 11-15 years” with 46 participants. The ones with experience “between 5 years or less” (24) and “between 16-20 years” (19) follow it whereas the lowest number belongs to ones with experience of “21 years or more” (7).

FINDINGS ON GLASS CEILING PERCEPTION

At this stage of the study, the arithmetic means and standard deviations of dimensions of glass ceiling perception are given.

Table 2
Means and Standard Deviations of Glass Ceiling Perception

	Mean	Standard Deviation
Gender Discrimination	3,09	
Women are exposed to discrimination in issues such as salaries, promotions and premiums.	3,2886	1,16419
Less opportunity for top-level is enabled to women.	2,6577	1,12569
Female managers are not regarded too much by their subordinates.	3,4765	1,08792
Female managers are not regarded too much by their superiors.	3,6040	1,12598
In times of crisis, first female employees are dismissed.	3,4295	1,00844
Women can cope with the challenges of senior management.	2,2483	1,08370
Being a man is a preference to be appointed to management.	2,9463	1,19563
Negative Prejudices Against Women	2,73	
Being a woman is not an obstacle for being a manager.	1,7114	,92485
Female employees strive more to overcome the barriers of career.	2,4362	1,11089
Women are employed in lower positions according to their abilities.	3,1409	1,04636
Female managers do not want to take too much responsibility.	3,6443	1,19726
Barriers Arising from Top Management	2,75	
Demonstrating more performance of women managers than men is effective in being executive.	2,6913	1,10832
Women managers' good relationships with their superiors are effective in promotion.	2,7450	1,12198
To be successful, female managers endeavor more than male managers.	2,8523	1,21018
Male managers have influence in decisions despite females.	3,1745	1,07635
Female managers are as successful as male managers in communication.	1,7248	,86882
Women have difficulty in deciding to transfer in top management.	3,3356	1,11870
Social Life	2,72	
I think women managers do not spend enough time with their families because of work.	2,8188	1,07209
Women managers have to make concessions in their family lives to promote in career life.	2,9262	1,19172
Women managers' social relations developed in business are of great importance for promotion.	2,4295	,90236
Family Life	3,04	
Women managers have difficulty to establish a balance between work and family life.	3,4094	1,22482
Female managers' families support them in their careers.	2,4430	,94713
Being married or having children of women negatively affects their career lives.	3,2752	1,14997
Education	2,42	
The education of women managers has a share of great importance in their careers.	2,2752	,93620

Female managers may promote to the position they deserve with their education.	2,4228	1,00795
In-service training that organizations have given women managers has a great role in being executive.	2,5839	,93071

As shown in Table 2, assessments of managers' glass ceiling perception are higher in gender discrimination (3.09) and family life (3.04) than the other dimensions. However, the size of education (2.42) is lower than the detection level. In negative prejudices against women (2.73), barriers arising from top management (2.75) and social life (2.72) the detected level close to each other.

FINDINGS ON GENDER AND GLASS CEILING PERCEPTION DIFFERENCES

Table 3
T Test Table for Gender Factor

	Gender	N	Mean	Standard Deviation	t	p
Gender Discrimination	Woman	81	3,0582	,59837	-,797	,427
	Man	68	3,1345	,56169		
Negative Prejudices Against Women	Woman	81	2,7037	,50484	-,820	,414
	Man	68	2,7684	,44746		
Barriers Arising from Top Management	Woman	81	2,7922	,63494	,923	,358
	Man	68	2,7083	,43421		
Social Life	Woman	81	2,9383	,81669	3,902	,000**
	Man	68	2,4706	,60740		
Family Life	Woman	81	3,1893	,63670	2,948	,004*
	Man	68	2,8676	,69382		
Education	Woman	81	2,5103	,60802	1,789	,076
	Man	68	2,3284	,62955		

*p<0,05; **p<0,01

The effect of gender factor on the variables was analyzed with T-test and the results are given in Table 3. As shown in the table, in the dimensions of social life and of family life, gender factor indicates a low value which is less than 0.05 at the level of significance. As a result, for the variables of social life and of family life, H₁ hypothesis was accepted.

CONCLUSION AND DISCUSSION

In this study, it was studied whether glass ceiling changes according to gender in the perception of managers of hospitality organizations. As a result, that the perception of glass ceiling showed a significant difference in the dimensions of social life and family life; whereas it did not show difference in the dimensions of education, negative prejudices against women, gender discrimination and obstacles arising from top management has been identified. Among the reasons, as noted in the theoretical study, that the Turkish culture expresses different roles of men and women in social and family life may be thought. In addition, women's more different position than men in the family and their life outside the work as primarily a mother may be effective, too.

Though roles of men and women are perceived quite differently in traditional Turkish culture, women have started to appear more in work life recently. Therefore, women have started to turn towards the role of organization-employee from the role of family-motherhood. Therefore, it is out of question that managers of organizations should think women at work with the roles of work and on equal terms with men at work. Both women employees and human resources departments of organizations have an important role in achieving this balance beyond managers.

When faced with problems in the scope of glass ceiling, women employees in hospitality organizations should struggle to overcome instead of catching up in. In addition, it is suggested to hotel managers and human resources departments to provide more support to women employees and managers trying to be active in the work life. Thus, a lot of psychological obstacles that women may face in the process of the transition to work in Turkey and make them away from their jobs are prevented.

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EMPLOYER SIZE AND WAGE STRUCTURE IN THE SPANISH HOTEL INDUSTRY

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ABSTRACT

Using data from the 2006 Wages Structure Survey (WSS-2006), the diversity of job characteristics and wage gaps in the Spanish hotel industry due to differences in the size of establishments has been studied. To verify the determinants of these differences four hypotheses have been tested: productivity, labour quality, working conditions and internal labour markets. The results have confirmed that larger employers generally pay higher wages for observationally equivalent workers. On the other hand a substantial wage differential remains between large and small establishment even after controlling for observable workers' characteristics and the other determinants of wage equation.

Key Words: Hotel industry, employer size, segmented labour markets, wage gaps, productivity and working conditions.

INTRODUCTION

In this paper, the diversity of job characteristics and wage gaps in the Spanish hotel industry due to differences in the size of establishments has been studied. A labour market in which wages depend on employer size means that the characteristics of the same job differs between firms. A job is described by a vector of variables that includes the wage rate, length of the working week, health risks and risk of injury, the nature of the tasks and characteristics of the workplace (Oi and Idson, 1999). Although size may not be the most suitable measure to identify a specific labour market in the hotel industry, the data indicate significant differences in the nature of the job according to the size of the establishment. This topic has been analysed for different economic sectors and countries (Oi and Idson, 1999; Lallemand and Rycx, 2007), but not, as far as we know, for the hospitality sector.

Spanish hotel establishments vary enormously depending on their category (number of stars) and the tourist market segment they service. This paper only analyzes 2- to 5-star hotels which are those that have increased the number of bed places and new establishments during the last 20 years. 5-star hotels have experienced the greatest growth, followed by 3- and 4-star hotels. These establishments show a clear tourist profile as they are able to host tourist groups via the services of tour operators or other channels. Unlike lower category establishments (ie, 1-star or less), which are mainly run as family businesses and are restricted to the immediate area, these corporate establishments are also large enough to participate in national and international markets. Nevertheless, among hotels with 2 or more stars there are considerable differences in size and working conditions. Thus, the factors that may account for wage differences between hotels, taking into special consideration size, worker characteristics and job characteristics have been analyzed.

Variables related to human capital and gender were included among worker characteristics because in a typical competitive labor market, workers are paid their value of marginal product, so equivalent workers are not expected to face any establishment size-wage differentials. However, as the disposable evidence suggest there is a significant wage premia in favor of worker employed in larger establishments. Thus, our first aim was to establish whether there was a similar positive relationship between employer size and wages in the hotel industry. Our second aim was to account for wage premia earned by workers employed by larger hotels taking into account the specific characteristics of each establishment. Within the limitations of the database used, it has investigated whether larger hotels pay higher wages because: They are more productive, they have a higher quality workforce, they offer better working conditions and incentive payments schemes and there are internal labour markets. Different explanations for wage differentials may lead to different policy implications, so it might be important to determine the source of the employer-wage size differentials.

This paper is organized as follows: Section 2 presents the econometric specifications, data sources and descriptive statistics; Section 3 describes the empirical results; this is followed by the main conclusions and policy implications. Appendix A includes provides definitions for all the variables used in this paper.

SPECIFICATION AND DATA SOURCE

In our theoretical model wage are assume to depend on both worker characteristics and the characteristics of a worker's employer. Our empirical strategy is based on the estimation of the following wage equation: $\ln W_i = \alpha + \beta S_i + \mathbf{HC}_i \delta_k + \mathbf{EC}_{in} \theta_m + \mathbf{CD}_{in} \lambda_n + u_i$, where W_i is the net wage of worker i , S_i is the establishment size log (the exact number of workers within each hotel), \mathbf{HC}_i is a vector of k human capital and gender variables, \mathbf{EC}_i is a vector of m hotel-specific characteristics, \mathbf{CD}_i is a vector of n occupational dummies used as control variables and u_i is a worker-specific error term. In line with Troske (1999), the explanatory variables have been added step-by-step to test the validity of the theoretical explanations. By setting $\theta_m=0$ and $\lambda_n=0$, our equation is Mincer's (1974) well-known human capital earning function that includes the establishment size log as an additional explanatory variable. Our main parameter of interest is β which corresponds to the wage elasticity with respect to establishment size. Based on this equation, the four hypotheses outlined above are tested. The main arguments used to support each hypothesis are outlined below as well as the variables used for their empirical comparison.

Productivity

Oi and Idson (1999) suggest that workers are more productive in larger establishments and therefore ask for higher wages. Thus, the wage premium reflects the greater productivity of workers in larger establishments due to differences in the organization of production, the quality of capital, the amount of employer-specific training or the level of effort required by employers. They also state that firms in the service sectors face a production function that exhibits increasing returns as a consequence of the economies of massed reserves. More clients means that workers have less idle time and hence are more productive in larger establishments (Oi and Idson, 1999). The evaluation of hotel productivity is not an easy task and a large range of productivity ratios can be calculated (Ball, Johnson and Stattery, 1986). Given the limitations mentioned above, the productivity indicator for hotels defined by the Spanish National Institute of Statistics (INE, 1996) has been selected: annual turnover divided by the number of rooms.

Labour quality

The labour quality hypothesis posits that large employers hire higher-quality workers for different reasons (Criscolo, 2000). First, the capital intensity of larger establishments is relatively greater and there is some capital-skills complementarity. The economics of scale and other financial advantages are often mentioned to explain why large employers might invest more in both human and physical capital. Second, according to the efficiency wage model, large establishments face higher monitoring costs, and to reduce these costs they may pay wages that are above the market clearing level to obtain a given quality of labour. The payment of efficiency wages attracts workers with better skills and reduces shirking which in turn reduces the monitoring cost per unit of labour service. Third, the presence of more able entrepreneurs and complementarity between entrepreneurial and workers ability might imply higher worker quality at larger employers. Finally, the larger employers are, usually, more innovative and the use of more advanced technology, induces greater complementarity between workers and, therefore, higher returns to human capital. Given the information available in our database, the labour quality hypothesis was tested by introducing *mean schooling years of workers* in each hotel. However, due to the high proportion of overeducated workers in the hospitality sector (Marchante et al., 2005), the ratio of overeducated workers in each hotel has been introduced as an additional variable.

Working conditions

Prior to the studies by Brown et al. (1990) and Oi and Idson (1999), working conditions were considered to be worse in large organizations. However, both studies provide evidence of better working conditions in larger firms. Nevertheless, wage-size gaps may be the result of sharing rents. High wages may incorporate labor rents that are sustained due to the discriminatory policy of managers who need to pay efficiency wages (Oi and Idson, 1999) and/or the characteristics of collective wage bargaining. In Spain collective wage bargaining occurs at three different levels: the national, the sectoral and/or at the single employer level. According to Plasman et al. (2006), and in contrast to Belgium and Denmark where many single-employer agreements are initiated by the employer, these types of collective agreement in Spain are initiated by work councils or trade union delegations. The average union density is greater in firms with a single-employer than in firms only covered by other types of collective agreement and single-employer agreements are mainly used to obtain higher wages, improve working conditions and compress the wage distribution.

Although the database used does not include the information needed to categorise the hotels according to kind of agreements negotiated, it does provide data on working conditions. To test the hypothesis that large employers offer better working conditions, the following variables were added to our basic model: type of labour contract, the existence of a financial participation scheme (profit sharing) and hotel category (measured by the number of stars). First, workers with a permanent full-time contract earn higher wages in the Spanish hospitality sector; second, the profit-sharing bonus has become more of a fixed sum than a real profit-oriented flexible payment in

Spain. In collective agreements the bonus is treated as an added payment employees always receive, independent of the company's profits (Poutsman, 2001). Finally, the variable number of stars was introduced into our equation to take into account labour satisfaction, depending on the hotel category. According to López-Guzmán et al. (2010), employees in hotels with 4 stars or more are the most satisfied with their work and wages, and perceive greater opportunities for promotion within their company.

Internal labour markets

The dual labour market model of Doeringer and Piore (1971) implies a wage-size effect. Workers employed in the internal labour market are motivated to increase their work-effort in return for higher wages, job security and fringe benefits. Internal labour markets facilitate the evaluation of worker performance, reduce worker turnover among junior workers and decrease the incentives for senior workers to avoid sharing their knowledge with new workers (Criscuolo, 2000). According to Simms et al. (1998), it would expect the existence (or otherwise) of internal labour markets in hotels to be closely related to the chosen managerial control strategies and to be more evident where both the employment relationship and work process have become organized bureaucratically. To identify the presence of internal labour markets two variables have been introduced into our basic model: the existence of upward internal mobility (promotion) and in-house training courses promoted by the management (on-the-job training). Our extensive list of occupations, which groups jobs into functional areas and levels of responsibility — see Campos Soria et al. (2009) — has been used to construct a hierarchical scale according to the mean wage for each occupation using data extracted from the database used in this work.

DATA SOURCE

The data source analysed in this study is the database generated for the research project 1FD97-0858 “Déficit de cualificaciones, productividad y salarios en el sector turístico andaluz” (“Mismatch in education, productivity and wages in the Andalusian tourism sector”) in 2000 (see Marchante et alia, 2005). The present study only used data referring to hotels, after eliminating any information that was incomplete regarding all the variables used. Thus, the final sample included 73 hotels and 1301 workers.

Table 1 Mean values and standard deviations of selected variables by hotel size

	Fewer than 20 workers		From 20 to 89 workers		Greater than 89 workers		(b/a)
	Mean (a)	Standard deviation	Mean	Standard deviation	Mean (b)	Standard deviation	
Employment	13.44	3.11	51.61	18.35	163.15	77.82	12.13
Hourly net wages (€)	6.59	2.82	6.84	2.48	7.66	2.94	1.16
Tenure (years)	4.34	5.28	8.31	8.91	10.23	8.41	2.36
Experience (years)	16.60	10.65	20.43	11.23	22.76	11.70	1.37
Annual turnover divided by number of rooms (€)	15933.70	6443.73	31319.23	27221.64	52156.69	32234.32	3.27
Rooms	48.53	21.51	136.37	86.36	298.35	153.24	6.15
Ratio of workers in each hotel that are overeducated	0.23	0.14	0.18	0.11	0.10	0.08	0.45
Mean years of schooling of workers in the hotel	10.06	1.43	9.97	1.52	9.18	1.53	0.91
Profit	0.31	0.47	0.27	0.45	0.31	0.46	1.00
Permanent full-time contract	0.42	0.50	0.51	0.50	0.47	0.50	1.12
Stars	2.66	0.93	3.50	0.55	4.13	0.81	1.55
Training	0.27	0.45	0.31	0.46	0.65	0.48	2.40
Promotion	0.13	0.33	0.25	0.44	0.27	0.45	2.17
Workers (1301)	96		579		626		
Hotels (73)	14		43		16		

Source: Project 1FD97-0858.

Notes: The data available for this study were taken from a database created in 2000.

See Marchante et al. (2004) for a complete description of the database.

The means and standard deviations of the variables are shown in Table 1 and are classified according to hotel size. Except for the mean years of schooling of workers in hotel, there exist significant differences of mean workers and jobs characteristics between small and large establishments. Workers in hotels with more than 89 workers earn higher wages, have more years of tenure and more likelihood of having a job with a permanent full-time contract. The wage increase in a hotel with over 89 workers compared to establishments with less than 20 employees is 16%. Note that wages are expressed as net wages in the present study. Even though the mean years of schooling of workers in hotels does not change along with hotel size, the ratio of overeducated workers

presents very different results: overeducation affects 23% of the employees in smaller establishments and only 8% in larger establishments.

According to hotel size, significant differences were found in all the characteristics of the establishments except for the variable profit. Larger hotels have higher levels of productivity, generally have more stars, offer more in-house training courses and have more opportunities for promotion.

EMPIRICAL RESULTS

The “cluster” option in the Stata11 SE software package was applied for the estimation; thus, all standard errors have been corrected for heteroskedasticity and for clustering due to possible biases stemming from the use of aggregated variables in an individual wage equation. Several augmented Mincerian earning functions are used—except in equation number 1—by including the observed characteristics of employees and employers as explanatory variables.

Table 2 Individual log wage regressions [Dependent variable Log of hourly net wages (€)]

Variables	Equations					
	Just establishment characteristics (1)	Both workers and establishment characteristics (2)	Including productivity variable (3)	Including labour quality variables (4)	Including working conditions variables (5)	Including internal labour markets variables (6)
Log(establishment size)	0.0972 (4.76)*	0.0674 (2.80)*	0.0554 (3.46)*	0.0670 (3.53)*	0.0550 (3.73)*	0.0599 (3.22)*
Control variables included	Yes	Yes	Yes	Yes	Yes	Yes
Human Capital and gender variables included	No	Yes	Yes	Yes	Yes	Yes
Log (annual turnover/number of rooms)	-	-	0.0270 (2.09)**	-	-	-
Overeducated	-	-	-	-0.1155 (-0.89)	-	-
Mean schooling	-	-	-	0.0195 (2.84)*	-	-
Profit	-	-	-	-	0.0447 (2.04)**	-
Permanent full-time contract	-	-	-	-	0.0717 (4.40)*	-
Number of stars	-	-	-	-	0.0265 (2.34)**	-
On-the-job-training	-	-	-	-	-	0.0383 (1.79)***
Promotion	-	-	-	-	-	0.0512 (3.06)*
Adjusted-R ²	0.2763	0.4458	0.4506	0.4533	0.4691	0.4545
F-Statistic (degrees of freedom)	50.99* (5, 72)	32.41* (15, 72)	34.2* (16, 72)	28.71* (17, 72)	29.49* (18, 72)	30.93* (17, 72)
Number of workers	1301	1301	1301	1301	1301	1301
Number of establishments	73	73	73	73	73	73

Notes: Significant at * 1%, ** 5% and *** 10%; all regressions also include a constant term; all standard errors have been corrected for heteroskedasticity and for the clustered sampling scheme.

In line with Troske (1999), our analysis begins by estimating our model without control variables for the characteristics of the employer and employee; this implies assuming that $\delta_k=0$ and $\theta_m=0$. Without these control variables the wage elasticity with respect to establishment size is very high (0.0972). In equation 2, controls for standard human capital variables and gender are introduced. In this case, the effect of size on wages is reduced by 30.5% and is very similar to the estimates provided by Lallemand et al. (2007) for the the Spanish private sector as a whole using data from the 1995 European Structure of Earnings Survey, suggesting elasticity between wages and establishment size by around 0.07.

Our next step involves including our measure of hotel productivity (equation 3). The results show that workers in more productive hotels earn higher wages, and our main parameter of interest — wage elasticity with respect to establishment size — is reduced to 0.055.

As stated above, in order to investigate the hypothesis that the workforce in large hotels is more skilled, equation 2 has been estimated again, including in the EC_i vector two new variables: mean years of schooling of

all workers in each establishment and the proportion of workers within an establishment who were overeducated (equation 4). The estimated coefficient of mean schooling is positive and significant, indicating that more skilled workers do tend to work together. However controlling for worker skills at the establishment level does not affect the estimated size-wage premia. Another possible explanation for the wage-size gap is that large firms offer different working conditions. This hypothesis has been tested by including three variables in the EC_i vector: profit, permanent full-time contract and number of stars (equation 5). After controlling for these indicators of working conditions, the magnitude of wage elasticity decreases to 0.055. Furthermore, the coefficients estimated for these three variables are statistically significant and positive; that is, larger hotels offer better working conditions, that imply higher wages.

Finally, in equation 6 the hypothesis of the presence of internal labour markets as an alternative explanation for the size-wage premia has been tested. The estimated positive and significant coefficients of on-the-job training (significant at 10%) and promotion (significant at 1%) indicate that the opportunities for inhouse training and the existence of internal mobility are reflected in higher wages. Nevertheless, neither of these variables substantially contributes to explaining the observed size-wage premium. Thus, although the hypotheses explain part of the difference in salaries earned by workers according to the size of the establishment, a sizeable part of the wage premium remains unaccountable. This finding is consistent with that obtained in previous studies (Lallemand et al., 2007; Troske, 1999). In the present study, and given the limitations of the database used, it has only been possible to test each hypothesis individually, following the methodology of Troske (1999). Nevertheless, in the study by Lallemand et al. (2007), even when simultaneously controlling for a wide range of variables — human capital and gender, industry, regions and financial control, collective agreement, working conditions, labour quality and mean tenure — the estimated final value in Spain of wage elasticity in relation to establishment size was 0.045.

CONCLUSIONS

Numerous empirical studies have found that large employers pay higher wages. Nevertheless, to the best of our knowledge, this fact has not been verified for the hotel industry. The present study confirms that this is also the case within the hotel industry. A unique employer-employee matched data set from the hotel industry has been used to examine several possible explanations. Although our results have shown that the hypotheses tested may account for some of the observed cross-sectional variations in workers' wages, in all cases a large and significant employer size-wage premium remains unexplained.

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Appendix: Definition of Variables

	Variable	Definition
Dependent variable	Lhnw	Log of hourly net wages (€)
Independent variables		
<i>Control variables⁶</i>	Managers	1 if managers, professionals and technicians, 0 otherwise
	Office clerks	1 if office clerks, 0 otherwise
	Manual workers	1 if manual workers, 0 otherwise
	Other service workers	1 if other services workers, 0 otherwise
	Restaurant workers	1 if restaurant services workers, 0 otherwise
<i>Human capital and gender</i>	Illiterate	1 if illiterate, 0 otherwise
	Compulsory education	1 if compulsory education, 0 otherwise
	Vocational education I	1 if vocational education I, 0 otherwise
	Vocational education II	1 if vocational education II, 0 otherwise
	Upper secondary schooling	1 if upper secondary schooling, 0 otherwise
	Lower university degree	1 if lower university degree, 0 otherwise
	Higher university degree	1 if higher university degree, 0 otherwise
	Exper	Experience [age-years of schooling-6] (years)
Tenure	Tenure (years)	
Female	1 if female, 0 otherwise	
<i>Productivity</i>	Latpr	Log of annual turnover divided by numbers of rooms
<i>Labour quality</i>	Overeducated	Ratio of workers in each establishment who are overeducated
	Mean schooling ⁷	Mean years of schooling of workers in the hotel
<i>Working conditions</i>	Profit	1 if the firm offers profit sharing to employees, 0 otherwise
	Permanet full time contract	1 if open-ended full-time contract, 0 otherwise
	Stars	Hotel category by number of stars
<i>Internal labour market</i>	Training	1 if the hotel offers on-the-job training
	Promotion	1 if worker has been promoted internally, 0 otherwise

6 The five occupational categories have been established taking as reference those in García Pozo et al. (2011) and grouping the code occupational of the ISCO-88 numbers 421, 422, 51 and 52 in “Other services workers” and the majors groups numbers 6, 7, 8 and 9 in “Manual workers.” The remaining categories have been kept including the same codes of the ISCO-88 that in the work indicated.

7 The years of schooling assigned to each educational level are detailed in Marchante et al (2005).

FACTORS THAT INFLUENCE THE PROMOTION OF HOTEL MANAGERS: STUDY CONDUCTED AT FOUR AND FIVE STAR HOTELS IN TURKEY

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ABSTRACT

The purpose of the study is to investigate the factors predicting the internal promotion decisions to managerial positions of hotel employees working in Turkey. Data was collected through a questionnaire survey conducted in three major cities. The study investigates the importance of four criteria that influence the promotion decisions. These factors are grouped as education, experience, personality and job performance. The study reveals that job performance is the outstanding criteria amongst others that determine the chances for getting promoted to managerial positions.

Key Words: Career development, hotel industry, manager, promotional decisions, Turkey

INTRODUCTION

Along with the changing nature of the work environment, there has been a change in the careers which have become “less predictable, less structured and less safe” (Arnold, 2001) p117). Baruch notes that the major change in the career systems was the change in the employer-employee relationship, namely the psychological contract (Baruch, 2006). In the traditional career system employers used to offer a life time career opportunity for employees and the career paths were clearly defined. However, in the contemporary system employees change multiple organizations and careers. In the new contract rather than providing a secure job, employers provide developmental opportunities for the capable (Baruch, 2006). Back in 1996, Hall has announced this change as “organizational career is dead, protean career is flourishing”. He defined protean career as “a new career contract, driven by the person not the organization, and that will be reinvented by the person from time to time as the person and the environment change” (Hall, 1996).

In the new type of career, much of the responsibility for managing one’s career has shifted to the employee from the employer. This is not to suggest that employers should altogether abandon the organizational career development programs. Orpen (1996) examined the effects of organizational and individual career management on career success of 120 supervisory managers. His findings suggest that that career management should be a joint responsibility between employees and the organization (Orpen, 1996). Baruch defines organizations’ new role in career development as being supportive and providing opportunities for employees to improve their capabilities for future employability (Baruch, 2006).

Literature confirms that individuals that manage their own careers will have higher career success and satisfaction than ones that leave it to the organization. De Vos and Soens have conducted a survey with 289 employees and concluded that displaying a protean career attitude, in which the employee takes control of one’s own career, is antecedent of career success (De Vos & Soens, 2008). Yet in another study 205 white collar employees in Germany were trained for managing their own careers. The study has confirmed that the employees that adopted active career self management behaviors had higher career satisfaction (Raabe, Frese, & Beehr, 2007). These studies and the changes in the work environment suggest that employees will be required to adopt a proactive approach and will need to “show more personal initiative than before” (Frese & Fay, 2001) to career management for further career success.

There are many alternatives to the management tools that can be used for career management and development by organizations. Some of the most utilized and researched tools can be listed as “personal development plans and mentoring” (Arnold, 2001), “performance appraisal for career planning, counseling by manager or human resources department and succession planning” ((Baruch, 2006)p 131 Table 1) and “providing training and skill development opportunities” (Raabe, et al., 2007). The extent to which these tools are utilized and to whom they are applied to may differ among organizations.

Examining the employees’ side for career management and development, scholars list the possible tools as “higher self-knowledge, higher career goal commitment and higher career plan quality”(Raabe, et al., 2007), “identifying their own characteristics, their development needs, trends in future opportunities” ((Arnold, 2001)p

117) and “setting goals, information collection, plans and feedback” (Frese & Fay, 2001). Based on the literature, the steps for career self-management can be summarized as; firstly employees need to be aware of their own capabilities, secondly they need to inquire about the requirements of future career opportunities and lastly if there is a gap they need to attempt to close the gap. The second step of this process requires employees to collect information about future career positions through asking questions like; What are the education requirements, years and type of experience and skills and capabilities required for these positions?, How much value is put on each criteria by organizations? Only after answering these questions and attempting to close the gap between their own capabilities and the requirements of the organizations employees can better position themselves in the job market and attain their desired career success.

Employees in the hospitality industry have long taken the initiative to self-manage their careers. The traditional career structure, in which apprentices entered at the bottom, received much of their training on the job and climbed up the career ladder until reaching the general manager position of a hotel is not much relevant today (Harper, Brown, & Wilson, 2005). Hotels have become examples for displaying weak internal labor markets (ILM). Weak internal labor markets are associated with attributes like “ unspecified hiring standards, multiple ports of entry, no fixed criteria for promotions and transfers and varying pay differentials over time” (Simms, Hales, & Riley, 1988). Lack of career advancement opportunity within the each hotel, combined with the other negative characteristics of the hotel industry such as low-skilled and low paid work, unsocial working hours and low job satisfaction are shown as the reasons for the high turnover rates experienced in the hotel industry (Carbery & Garavan, 2003; Deery & Shaw, 1997), (Davidson, Timo, & Wang, 2010). The transferability of skills from one hotel to the other makes external transfers more easier and it has even become a common practice for ensuring higher positions in the career ladder (Harper, et al., 2005).

High labor turnover has significant direct and indirect costs for businesses. A recent study has reported that the highest tangible effects are on hotel operating costs and profitability (Davidson, et al., 2010). Businesses should not be only concerned for the direct costs of high labor turnover but also for the indirect costs such as the lowering of service quality. This is significant for the hotel industry because finding suitable replacement is not always easily possible as there are skilled labor shortages around the world. Under these circumstances it has become highly important to keep capable employees in the organization.

Despite a pattern of frequent transfers within the hotel industry, there exists “a hybrid model” for career advancement (Ladkin & Riley, 1996). A study conducted in the UK hotel industry by Ladkin and Riley has displayed that hotel managers both looked for opportunities within the organization and also used the external market. There are other studies confirming their findings. Ladkin (2002) found that internal moves were more frequent (54.7%) than external moves (45.3%) in becoming a hotel GM (Ladkin, 2002). Garavan, O'Brien, & Hanlon (2006) examined the career advancement of hotel managers in Ireland and Switzerland. Their findings have shown that managers expect career advancement as a norm in an organization (Garavan, O'Brien, & Hanlon, 2006). Using a sample of 297 non-supervisory employees from Melbourne hotels Jago and Deery tested the strategic importance of ILMs on level of job satisfaction, organizational commitment and employee intention to leave. Among the three ILM elements tested promotional opportunities had the highest correlation with the tested employee attitudes (Jago & Deery, 2004). These studies confirm that providing career advancement opportunities could be used as a strategic tool to retain employees in a hotel. On the other hand Longenecker & Fink (2008) suggest that within the changing nature of today's workplace “managers can be uncertain or even confused as to what criteria are being used to promote managers to higher level positions”.

In summary, based on the literature review of the nature of today's workplace, contemporary career systems, ILMs and labor turnover problem in the hotel industry we may suggest that studying the promotion and career advancement system in the hotel industry can be significant. The results could be illuminating for the future managers that are likely to self-manage their careers and also scholars that are studying careers.

This study aims to describe the promotion decisions to hotel management positions. The central research question, which forms the foundation of the findings, was to explore the criteria that influence the promotion decisions to managerial positions in hotels. The second major question was to explore differences in given importance for criteria among the back-of the house (B-OH) and front-of the house (F-OH) departments of hotels.

THEORETICAL BACKGROUND

Employees acquire and develop skills and capabilities as they move ahead in their careers. Self-career management process may start with the formal and informal educations received, include the traineeships and continue with the part/time and full/time job positions. All the human capital investments made into oneself can work towards building up a career in the hospitality industry. Therefore formal and/or informal education,

traineeships, on-the job trainings, job rotation programs and work experience can be all part of the criteria for evaluating an employee for promoting into a managerial position.

Longenecker & Fink (2008) conducted a survey of 311 managers in the US and aimed to determine the key criteria for management promotional decisions. The study identified the top ten factors influencing promotion decisions. The list included getting desired results/strong performance track record; possessing strong business networks; interpersonal/communication skills; strong knowledge-experience base; demonstrating a strong work ethic; ability to build teams and being a team player; personality, attitude, and ego factors; solving a major problem or getting a “big hit;” demonstrating character, integrity, and trustworthiness; and, preparation and being in the right place at the right time (Longenecker & Fink, 2008).

There are many studies on managers and career development in hospitality industry. Scholars have studied numerous criteria and their effects on career development. Among the commonly studied criteria are education, personality, on the job training, job performance, experience, employee seniority, career track of primary jobs, person’s abilities, expertise, age, knowledge, level of creativity on the job, gender, person’s skills, qualifications to perform and personal growth track record. Riley (1990) analyzed the career movement of UK hotel managers according to age distribution (Riley, 1990). Ladkin (2000) have examined the role of vocational education and food and beverage (F&B) experience in the career development of hotel managers (Ladkin, 2000). Her findings have shown the prevalence of vocational education as a starting point and the importance of (F&B) experience for careers in hospitality industry. Harper, et al. (2005) examined the role of formal qualifications in the career development of hotel general managers (GMs) in Scotland and their findings have supported the importance of formal qualifications. Ladkin (2002) identified the importance of having taken a master’s level course on the way to reach a hotel GM position. Bray (1988) and Worsfold (1989) have related personality characteristics to career success (Bray, 1988; Worsfold, 1989). Nebel, Lee, & Vidakovic (1995) studied the career paths of US Hotel GMs and noted that GMs had acquired significant experience in the hotel industry before being appointed to this position (Nebel, Lee, & Vidakovic, 1995).

The promotion decisions to managerial positions are often given by general managers, owners, divisional heads, directors, human resource managers or a combination of them. It is in the assumption of this research that even if human resource departments are not always the final decision makers in this process they play certain roles in the decision making process and become aware of the criteria. Moreover, they may have more comprehensive knowledge about the promotions in the hotel than a single divisional head/ director.

After reviewing the prior literature on career development in the hospitality industry, four criteria were chosen to be used for exploring the promotion decisions to managerial positions in hotels. Firstly, the respondents were asked to rank the four criteria in importance separately for back-of the house and front-of the house departments. Front desk, F&B and Housekeeping departments are grouped as “Front-of the House Departments” and Finance, Sales and Reservations, Human Resource Management and IT departments are grouped as the “Back-of the House Departments”. They were grouped as such as a result of the assumption that requirements for the operational departments and administrative departments would show differences.

Secondly, the respondents were also asked to rank the different variables of each criteria in importance. These variables were constructed as a result of the literature review and feedback given by industry specialists. The variables used for each criteria were as follows:

Education: Vocational education, two-year program, four year undergraduate degree, a master’s degree, formal education related to tourism, on the job trainings received, certificates received aside from tourism

Experience: Similarity of career path to the position to be promoted to, experience in other hotels related to the position, seniority, international work experience, experience in tourism industry excluding hotels

Personality: Big Five Personality Dimensions (Agreeableness, Conscientiousness, Emotional stability, extraversion, openness to experience)

Job performance: Performance appraisal results, successfully fulfilling the requirements of the job, successfully fulfilling

Thirdly, the respondents were asked to rank the other criteria in importance for promotion decisions. These other criteria included “commitment to business ethics, knowledge of foreign languages, willingness to participate in team work, commitment to organizational culture, age, gender and nepotism.

Fourthly the respondents were asked to indicate who gave the final decisions for promotions. And lastly the respondents were asked if their organization had a formal performance management system.

METHODOLOGY

Data was collected through a questionnaire survey conducted in three major cities in Turkey (Istanbul, Izmir and Ankara). The first part of the questionnaire addressed demographic aspects of the hotels. The second part consisted of questions that brought out the criteria used in decision making process. These set of questions asked to rank in importance the four criteria and second part of the set asked to rate the attributes of each criteria in importance using a scale ranging from totally agree to totally disagree. The last two questions in the questionnaire were open ended questions asking for other contributing factors to promotion decisions. The total number of questions in the survey were 64.

The human resource management departments of the hotels were contacted through phone calls and company visits were made to the departments that were willing to fill out the survey. The surveys were asked to be filled out by either human resource manager or the director of human resources. Short interviews with the human resource managers were conducted after the surveys were completed.

SAMPLE

In total there are 126 city hotels, of which 37 hotels are 5 stars, 89 hotels are 4 stars in three cities. A random sampling of 40 hotels were chosen and contacted in the first place. 37 hotels have accepted to fill out the survey, the results of one hotel arrived late so final sample was 36 hotels (28% of the hotel population in these categories). Among the sample hotels used 53% of them had a five star. And 67% of them were in Istanbul, 22% in Ankara and 11 % in Izmir. An even breakdown existed structurally among international chain, local chain and independent hotels.

FINDINGS

What is the most important criteria for being promoted to a managerial position in four star and five start hotels in Turkey?

The study revealed that according to human resource specialists job performance is the outstanding criteria amongst others that determine the chances for getting promoted to managerial positions. For both back-of the house departments (3,49 mean average) and front-of the departments (3,49 mean average) the factors average was the same. And in terms of importance given job performance was followed by education (B-OH departments 2,60 mean average, F-OH departments 2,70 mean average).

These findings confirm the findings of Longenecker & Fink,(2008) study. It signifies the importance of providing strong business results in today's highly business environment. As a career strategy Longenecker & Fink (2008) advice to clarify what one's job entails, the goals to be attained and the results to be produced. It also signifies to be frequently assessed for job performance so that these can be used as evidence for promotions.

Despite the fact that survey results stressed the importance of job performance, the survey also have unveiled the curtain behind the performance appraisals at hotels in Turkey. Only 44% hotels have reported to have formal performance appraisal processes (Mostly international chain hotels). This result is not much surprising as it confirms with the findings of an another study conducted in the hotel industry. Managerial advancement in hotels has been reported as being frequently unplanned and unsystematic by Deery (1999) (taken from (Garavan, et al., 2006). In this case the employees will need to rely on informal performance appraisals.

Which variables are most important for each criteria?

In terms of differences in given importance to variables of each criteria there were some dissimilarities between the two groups of departments.

In terms of education, *trainings received related to the position* was the most important criteria for the F-OH departments (3,08 mean average). One reason for this could be the belief that operational skills are best taught by the supervisors/managers and by doing on the job. On the other hand the most important aspect of education for B-OH was found to be having a master's degree (the mean of 3,03). Clearly, skills taught at a master's degree such as strategic planning are thought to be significant for careers in finance, sales and human resource management.

In terms of performance surprisingly the least important variable was the performance results for both departments (mean average 3,31 for F-OH and 3,14 for B-OH). This outcome confirms that decision makers value informal evaluation of performance more than the formal performance appraisals.

In terms of experience decision makers give importance to the time spent in the same department (similarity of career path) (mean average 3,03 for F-OH and 3,11 for B-OH) and experience gained in other hotels (mean average 3,06 for F-OH and 3,00 for B-OH) for both departments. This finding shows that before being appointed to managerial position employees should expect to spend some time in the same department. Moreover the experience that is gained in another hotel is also valuable.

In terms of personality criteria, being open to new experiences dimension proves to be an important influence for F-OH departments. This result requires these employees to be very flexible in their personality. Conversely, the results show that conscientiousness is the most important criteria (mean average 3.43) for B-OH departments and extraversion is the least important (mean average 2.64). Supervisors expect B-OH department managers to be highly responsible but necessarily very social. This can have significant implications for individuals who want choose these departments as a career track.

What other criteria is important in promotion decisions?

Among the seven other criteria asked to respondents *commitment to business ethics* was the most important criteria for both departments (91,7% for F-OH and 86,1% for B-OH). This is consistent with the findings of Longenecker & Fink, (2008); in their study business ethics was listed as number five in terms of importance for promotion decisions. It is also confirming to see business ethics as important criteria for the future of the industry. Business ethics was followed by *knowledge of foreign languages* (88,9% for F-OH and 80,6% for B-OH). The knowledge of foreign languages are regarded as significant since Istanbul, Ankara and Izmir receive a lot of foreign tourists.

Who makes the final decision for promotions?

General Managers of the hotels stood out as the final decision makers in the promotion decisions to managerial positions rather than human resource managers or owners. This result shows that employees that wish to be promoted should make themselves more visible to the GM.

LIMITATIONS

The sample size is only representative of 28 % of the hotel population in four star and five star categories. This study used the reporting of human resource specialists for exploring the criteria for promotions. The results are based on their knowledge and perceptions rather than how it really happens. Moreover specialists might be reluctant to choose selection criteria that could be sensitive to legal or diversity issues. For instance nepotism and gender are reported to have very low importance in promotion decisions, whereas higher score were expected.

IMPLICATIONS

The study findings have practical implications for both employees that are going to self-manage their careers, human resource management specialist that want to improve organizational career development tools and tourism management schools. The results suggest formal performance appraisals and on the job trainings to be offered by hotels. It encourages graduates and tourism employees to pursue higher educational degrees for career progression at the back of the house operations. It also supports employees at the front of the house departments to gain experience both within their departments and outside of their organizations. Lastly the importance given to business ethics as important criteria encourages educators to keep business ethics courses as a part of their program.

Special Note: The data was collected as a part of a team project by Bogazici Tourism Administration senior students Merve Akgül, Tuna Arabacı, Feyza Dinç and Murat Türkön during the 2009 Spring Term.

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THE EFFECT OF FIRM RISK ON CEO COMPENSATION LEVEL IN THE US RESTAURANT INDUSTRY

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EXTENDED ABSTRACT

This study examines whether market risk affects compensation contracting in the US restaurant industry. This current study takes its motivation from the principal-agent theory, which states that owners and managers have different goals and incentives. While owners are interested in improving firm value (shareholder value), executives are mostly interested in increasing their own wealth. These conflicting interests thus lead to suboptimal firm performance and compensation contracting decisions. If not solved effectively, these particular suboptimal firm decisions entail long-run value decreasing consequences.

It has been well documented that firm size, firm performance, and corporate governance qualities (including but not limited to board characteristics) are important determinants of CEO compensation (Core, Holthausen and Larcker, 1999). The present study is different from previous studies in certain ways. First, a joint estimation approach to handle the endogeneity issue between compensation and firm performance is used. The joint estimation of compensation and performance equations leads to consistent and reliable system parameters. Using the predicted values of performance proxies from compensation equations, authors derive consistent and unbiased parameters for performance variables. Second, the main interest is on the effect of non-diversifiable risk in determining CEO compensation level and whether market risk indeed matters in CEO compensation contracting. Authors test four main hypotheses. First hypothesis is concerned with whether increased systematic risk induces higher CEO compensation in conjunction with risk-return trade off. This prediction is consistent with pay-performance phenomenon. If markets are efficient, one would expect firms with higher risk exposure to pay higher compensation to their CEOs. Second hypothesis predicts that managers of riskier firms (higher in beta coefficient) are inclined to make suboptimal strategic and financial decisions to hedge against risk and price fluctuations. In return, suboptimal business decisions can be detrimental to the profitability of the firms and damage firm value. Hence, an incentive mechanism is needed to encourage CEOs to take value increasing decisions by considering risk exposures in any particular project. It is expected that compensation committees award a higher proportion of equity-based pay to induce risk taking behavior for CEOs. Hypotheses three and four are concerned with compensation sensitivity to firm performance induced by market risk. Authors' expectation is that CEOs are awarded with a pay premium for increased firm performance as the inherent systematic risk increases for a company. The same analysis is repeated both for accounting and market returns.

Authors find evidence for the first hypothesis that CEO pay level is increasing in the magnitude of market risk. The results suggest that one point increase in the firm risk leads to 17.9 percent increase in the CEO pay level. For the second hypothesis, they find only marginal significance. The risk measure is only significant at the 0.1 level. This finding is consistent with the extant literature that companies align manager compensation with shareholder wealth to prevent conflicting interests. Authors expected that risk would interfere in the pay-performance sensitivity and for riskier firms accounting/stock return performance would lead to a compensation premium. Yet, no support is found for hypotheses three and four. Overall, the results suggest that market risk is an important determinant in establishing CEO compensation level. Also, the results suggest that higher market risk induces a larger proportion of CEO equity-based pay, which is consistent with compensation committees adjust CEO compensation packages accordingly to protect shareholder wealth. Given that equity-based pay is tied to increased stock price performance CEOs will be highly motivated to improve stock price, which also satisfies the owners' expectations. Furthermore, the results suggest that market risk does not affect

compensation sensitivity to firm performance (accounting return and market return). Authors predicted that for firms with high market risk, compensation committees award an additional pay premium on CEO compensation for increasing accounting (roa) and/or market return (stock return). However, no such relationship was observed for any of the performance indicators.

This study attempted to measure the effect of firm risk on CEO compensation level, its role on shaping compensation contracts, and its connection with performance measures in determining CEO pay levels in the US restaurant industry. The findings provide important implications for restaurant companies. In determining their CEOs' compensation levels and compensation structures, restaurant companies should take into consideration their market risk to properly align CEOs' incentives with those of owners.

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IMPACT OF 2008 FINANCIAL CRISIS ON THE HOTEL INDUSTRY IN TURKEY

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EXTENDED ABSTRACT

This study aims to evaluate the impact of the recent global economic crisis/recession on the hotel industry in Turkey. Based on an in-depth literature review (Anderson, 2006; Israeli, 2007; Israeli and Reichel, 2003; Okumus, Altınay and Arasli, 2005; Okumus and Karamustafa, 2005; Ritchie, 2004), a questionnaire was designed. The questionnaire had five sections. The first section included statements related to pre-crisis activities of hotel companies. The second section had statements related to activities during the crisis. The third section included statements about negative and positive impacts of the crisis. The fourth section had statements about long-term positive and negative impacts of the crisis. The final section had open ended questions to allow respondents to freely state their views.

Data was collected from 202 hotels of 3, 4, and 5 star classes in Turkey between 1st March 2009 and 1st January 2010. Of these hotels, 110 were 5 Star, 54 were 4 Star and 38 were 3 Star hotels. Study results suggested that 48% of participating hotels claimed to have predicted a possible economic crisis/recession. During the pre-crisis phase, hotels prepared for a possible crisis by increasing marketing and sales efforts, checking business contacts, revising/refinancing their loans, and collecting their receivables. During the crisis phase, hotels responded to the crisis by working with their business contacts closer, tried to reduce their costs, reviewed credits and receivables, increased marketing and sales efforts and closely monitored their financial condition.

According to the research findings, short-term negative impacts of the crisis were: hotels lowered their rates, faced challenges in collecting receivables and loans, had lower occupancies, and had delays in their investment plans. Positive short-term impacts of the crisis included: reducing costs, identifying managerial problems, and restructuring their organizations. Study results suggested that long term positive impacts of the crisis included improved service quality, increased marketing and sales activities, entering into new markets, new product development and increased use of professional management practices. The long term negative impacts of the crisis were: delays in renovation efforts, loss of some foreign markets, lowering hotels rates and employee turnover.

Overall, study results support the findings of several previous studies (Israeli, 2007; Okumus and Karamustafa, 2005) and provide additional insights in preparing and managing crises in developing countries facing crises and changing dynamics. Although many crises have occurred in Turkey for the last two decades, hotel companies should have been better prepared in responding to crises.

Key Words: crisis, recession, hospitality, hotel, economic crisis and Turkey.

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US URBAN MARKET- ONLINE GLOBAL DISTRIBUTION STUDY

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ABSTRACT

In the hospitality industry today, online global distribution and product pricing are of critical importance in understanding the effectiveness of optimizing revenue management objectives and top line revenue performance. This study investigated the deployed competency of (15) Urban market hotels and their online global distribution performance pertaining to: reach, content, consistency, and price parity. Results indicated a wide range of both competency and inconsistency in price parity and reach across multiple distribution channels.

Key Words: Online-distribution, revenue management, electronic marketing competency

INTRODUCTION

The nature of the hotel online travel distribution model is comprised of inter-relationships and motivations between consumers, travel intermediaries-OTA's, GDS's and airline suppliers (Rizzuto, 2006). Research on the topic of revenue management competency and online global distribution presence is rarely discussed or evaluated. Typically, hotel revenue management effectiveness is measured by many indicators including: revpar, revpar index, occupancy and average rate performance benchmarked to property specific performance against budget and prior year (RLH Corporation, 2010; Hyatt Corporation, 2010). As consumers continue to migrate to online channels, dynamic packaging, product offerings and pricing models take on greater importance. Therefore, measuring the competency of online hotel presence and product pricing is of critical importance in understanding the effectiveness of revenue optimization and actual performance for hotel operators in today's highly competitive economic environment.

LITERATURE REVIEW

Revenue Management

Hotel industry revenue management processes have evolved from the airline industry yield management and software systems found in the eighties towards sophisticated e-commerce models of dynamic revenue management systems of the 21st century (Cross, Higbie and Cross, 2009; Boyd and Bilegan, 2003). Generally, revenue management is defined as the concern with creating and managing service packages to maximize revenue (Chiang, Chen & Xu, 2007). Specifically, within the hospitality industry-full service hotel sector, those service packages consist of sleeping rooms, meeting space and food and beverage outlets. The application of revenue management principles within the hotel industry includes similar characteristics of those found in traditional revenue management processes; perishable products, demand for products, fixed cost overhead, intangible service delivery, and competitive supply forces (Chiang, Chen & Xu, 2007). Various revenue management systems and principles allow hotel operators to change and position prices across multiple distribution channels to maximize profits during conditions of high demand and variable consumer behavioral changes. Both software systems and human capital resources are necessary in order to optimize price positioning and occupied room performance (Kesser, 2010). Price is a key factor in hotel revenue management practices and pricing decisions are based on a broad set of variables including; competition, overall market demand, group business, weekday versus weekend stay patterns, city-wide events and a wide variety of third party commission margins. How hotel revenue manager's view their respective global distribution channels and the frequency in which they monitor those channels can significantly impact overall revenue management performance. Given the wealth of data and advanced technology at their fingertips, revenue managers are searching for better ways to optimize pricing, inventory controls and online global distribution strategies (J. Theilbar, personal communication, December 2010; Elmaghaby and Keskinocak, 2003). Instead of taking the traditional revenue management optimization approach, which is based primarily on demand and availability, revenue managers are shifting towards demand creation and joining forces with the sales and marketing process which is more closely centered on product positioning and pricing strategy (Cross, Higbie & Cross, 2009). Consequently, global distribution channel management and product visibility, consistency, content, media display and price parity take on new levels of importance (Caroll & Sigauw, 2003).

Online Global Distribution

A synergistic relationship between online global distribution (GDS) and revenue management is paramount in achieving effective top-line revenue growth in the hotel industry. In the hotel industry, the online distribution system consists of a network of computer based reservation and technology systems comprised of hotels, third party travel intermediaries, airlines, and travel agencies commonly referred to as the (GDS) global distribution system (Emmer, et.al, 2003). The deployment of effective revenue management strategies within the dynamically changing online global distribution network is fast becoming a significant discipline in hotel and lodging operations management (J, Theilbar, personal communication, December, 2010). Because the inherent characteristics of electronic distribution are linked directly to evolving technology and consumerism, increased levels of investment in systems technology and human resources is required for marketplace survival within the hotel sector. The proliferation of third party travel intermediaries such as Travelocity, Expedia and Hotels.com have forever changed the landscape of the traditional airline-travel agent reservation model of the early eighties. Today, global distribution technology and marketing sophistication is increasing along the realm of dynamic packaging, channel pricing, and pricing optimization based on demand forecasting and consumer driven behavior (Eyefor Travel, 2007). While traditional revenue management systems select rates based on demand predictions, hotel companies are moving towards price optimization modules and software that has a price sensitive modeling process that allows the system to continuously balance rates, occupancy and guest pricing preferences in a way that increases revenue opportunities regardless of demand (Cross, 2009). Airline competition and economic recovery is stimulating overall demand for leisure and business travel, as consumers continue to move and book travel-hotel rooms online, hotel providers and third party intermediaries are reaching out to the end consumer directly through websites and other channels (Rizzuto, 2006).

Research on the topic of hotel competency and online global distribution presence is rarely discussed, competency and evaluation of hotel global distribution presence is lacking. Currently, components of hotel revenue management are evaluated by selected criteria, however, they lack a coherent approach to overall online global distribution presence. Major hotel brands evaluate revenue management performance by measuring the alignment of overall revenue sources to their individual property marketing strategy and sales goals (Chua, 2005). They also measure revenue management effectiveness through the lens of best rate guarantee performance, unique experience packaging, promotional and discount rate fencing, and up-selling modifiers built into their online revenue management strategy (Chua, 2005). Since there exists a gap in the measurement criteria associated with online global distribution, this research proposes and tests hotel online global distribution competency using the following variables: reach, content, consistency and price parity (RCO2P).

METHODOLOGY

The US Urban market hotel sample was broken down into three segment groupings of 5 hotels: (1) luxury (2) upper-upscale, and (3) economy (Table 1). The 15 hotels were monitored over a 90-day period using room rate quotations and ordinal values assigned for each of the RCO2P constructs based on three (3) pre-selected arrival dates. The online presence was compared to the hotel property direct booking site and two third party travel intermediaries using a standard King Bed-non-smoking room type with a one night length of stay. The RCO2P constructs for this study were defined and measured on an ordinal basis as follows:

Reach- This measured a properties representation page sequencing across multiple, relevant travel websites (referrer), where a referrer's relevancy is determined based on their share of unique visitor traffic within the online hotel distribution marketplace. A hotel that scores high in the Reach key performance attribute is one that is represented across multiple online lodging travel intermediaries. With this online customer behavior dynamic in mind, the financial impact of absence on a strong referrer site can unfavorably impact the effectiveness of a hotel's online distribution strategy.

Consistency- This measured a properties ability to represent their hotel with the same presence and marketing message across multiple referrer sites. While the emergence of the internet has cut search costs and improved product options for online customers, it has also exposed suppliers to customer confusion. Customer confusion leads to negative externalities and potential lost business. Hotels who represent themselves across multiple referrer sites with the same presence and marketing message convert a greater share of online booking opportunities. A hotel that scores high in the Consistency key performance attribute is one that distributes the same marketing message and content presentation across multiple online lodging travel intermediaries.

Content- This measured a properties communication and product representation across multiple referrer sites. With diminishing search costs and the improved capability to search online, hotels must stay relevant with their content in order to stimulate Internet users. Stagnant content, particularly photos, represents a barrier to booking for a hotel. Simultaneously, virtual tours, social media interaction and multiple language options, so long as they don't inhibit the site performance (speed), improve a customer's confidence in understanding both what they are booking and the experience they intend to have. A hotel that scores high with the Content key performance

attributes is one whose photo content, graphic content, and social media is current, dynamic and connecting the customer at the point of sale with the expected lodging experience. This performance criteria measures the effectiveness of connecting the written marketing message with the photo imagery, and social media messages of the desired experience. Additionally, Content is measured by customer connection beyond the hotel as part of dynamic packaging capabilities.

Price Parity-This measured a properties pricing consistency across all relevant online distribution platforms. Evaluation of effective pricing within the revenue management discipline has taken on many forms and many interpretations. The Price Parity component of the RCO2P Competency index evaluates a hotel’s ability to distribute the same price point across multiple online distribution sources and its own Front office property specific pricing, alleviating customer confusion, controlling the dynamic nature of variable pricing over time, and the perception pricing of the hotel product relative to its features.

The RCO2P index defines and scores each of the four attributes based on a 0.00 to 1.00 ordinal range. Each of the four attributes were weighted evenly in calculating the aggregate scores. Range scores were defined as follows:

Range 0.0-.50 Situation Critical. The hotel is missing opportunities for customer acquisition and perpetuating a reputation for customer confusion and poor price positioning controls.

Range 0.5-.75 Situation at Risk. The hotel is taking advantage of certain components of effective online distribution but is missing opportunities to differentiate themselves both against their competitive set, as well as online customers. Hotels in this range require corrective action in order to avoid falling onto the accumulation of customer ambivalence over time and lack of reach, content and consistency overall.

Range 0.75-1.0 Situation Optimal. Hotels achieving this RCO2P Competency index are on a progressive level of optimal customer acquisition and retention, continually replenishing their opportunities with a new customer base. The optimal hotel is represented across major referrer sites used by their origin markets and has represented their hotel consistently and relevantly with new brand content and creativity. Hotels in the optimal range attract a high quantity of relevant unique visitor traffic, and usually enjoy full market share or better.

DISCUSSION OF RESULTS

Table 1. Brand, Category and RCO2P Index

HOTEL BRAND	CATEGORY	# OF ROOMS	RCO2P INDEX
TRUMP INTERNATIONAL	LUXURY	339	.537
PARK HYATT	LUXURY	198	.507
PENNINSULA	LUXURY	339	.930
FOUR SEASONS	LUXURY	422	.840
FAIRMONT	LUXURY	682	.700
MONACO	UPPER UPSCALE	192	.690
HYATT REGENCY	UPPER UPSCALE	2138	.900
WESTIN	UPPER UPSCALE	424	.972
MARIOTT	UPPER UPSCALE	1198	.922
HILTON CHICAGO	UPPER UPSCALE	1544	.900
HOLIDAY INN EXPRESS	ECONOMY	175	.911
HAMPTON INN	ECONOMY	230	.571
COMFORT INN	ECONOMY	130	.810
FAIRFIELD INN	ECONOMY	185	.841
LA QUINTA	ECONOMY	241	.875

The RCO2P results in Table 1 indicate an overall competency range of 0.507 to 0.972 for all hotels measured. This indicates a range of online global distribution competency that is situation critical to optimal in performance among the measured properties. Preferential display sequencing emerged as a significant factor in the reach category among all properties. Only six of fifteen properties were measured as optimal in reach effectiveness. The price parity index reflected the most situation critical performance among sampled properties. Five of fifteen hotels or thirty-three percent fall in this range. They were disproportionately found in the luxury sector. The economy sector scored the most optimal rating in price parity with all but one reaching optimal levels. Overall RCO2P index scores were highest among the three traditional brands Westin (Starwood), Marriott, and Hilton scored the highest in price parity performance in combination with reach effectiveness.

The luxury sector performed the lowest in overall RCO2P index with an aggregate score of .700 which falls into the situation at risk range. The upper-upscale and economy RCO2P scoring were similar at .810 and .800 respectively, falling into the optimal performance range. The data indicates most of the properties focus

primarily on their online content providing its customers with diverse information, from local attractions to high quality digital photography-video tours, multiple language options while also maintaining a consistent message across all relevant channels. This study indicated both poor price parity and reach results. This would suggest hotels are not prioritizing the importance of reaching their customers on third party intermediary sites and delivering a consistent and clear price offering to the buying consumer. This may result in continual commoditization of their product. The findings also directly prove the importance of search engine partnerships for organic and sponsored preferential display sequencing in order to achieve maximum reach and display sequencing.

To take advantage of this burgeoning opportunity, the findings of this research indicate hotels should focus on the following three objectives: (1) continue a robust proprietary website possessing rich photo content-video and multi-lingual resources, (2) improved presence with page sequencing in all relevant referrer sites, including search engines, and (3) price parity across all online global distribution channels. By focusing on these three objectives, hotels will be in a position to heighten market share penetration and customer preference while maximizing their revenue management performance.

LIMITATIONS OF STUDY

Like any other study, this study is not free from limitations and challenges. An effective online global distribution strategy incorporates more than just multiple online channels. It would also include call center, brick-and-mortar travel agencies accessing availability through their GDS services, and on-property effectiveness. The RCO2P competency Index can certainly be applied to incorporate these additional distribution areas. For the purposes of this research, only three online channels were in the consideration set.

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THE FEASIBILITY OF PRODUCTION PLANNING AND CONTROL SYSTEMS IN THE FOOD-BEVERAGE UNITS OF LARGE-SCALE ACCOMMODATION MANAGERMENTS (A PRACTICE STUDY)

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ABSTRACT

The insufficiency stemming from the first materials and items that are supplied for large scale hotels, the unqualified and unskilled employees and customers and the last dealars cause problems for food and beverage units. Unqualified first materials and items not only affect quality of production to be produced but also give rise to the negative results in meeting customers' demand and unnecessary labour force. At this point, costs of the units and accordingly management difficulties increase, thus either loss from the profit or profit decreases. Due to these problems, the production loss in food and beverage units comes into being as a significant problem for large scale hotel establishments.

Production planning and control systems are among the methods could be applied in order to eliminate the problems about production and reduce the costs in large scale hotel managements. These possible systems are Optimized Production Technology (OPT), Material Requirement Planning (MRP), Manufacturing Resource Planning (MRP II), Just in Time (JIT) and Enterprise Resources Planning (ERP).

In this study, the factors which occured in the large scale hotel establishments and spoiled the amount and balance of production were examined in the tourism sector's own interiordinamic. Also the measures which were taken about reducing the costs based on the these factors, were investigated. As a result, production planning and control systems' applicable, which was one of the measures taken to prevent the factors which spoiled the amount and balance of production in the food and beverage departments in the large scale hotel enterprises were examined.

Key Words: Stock, Losses of Production, Wastage, Defective Product, Spoiled Product, Scrap, Reducing Cost, OPT, MRP, MRP II, JIT, ERP.

INTRODUCTION

The inadequacies originated from the first substances and materials, which are procured for large-scale hotel managements, from unqualified and unskilled employment, and finally from sellers and buyers have been causing important problems for the food-beverage departments. The first unqualified substance and material have influenced the quality of products to be produced and also brought out unnecessary loss of work-power and probable negative results in the period of meeting customers' needs. In this case, there have been rises in the costs of department and also the management, as a result, it has not only made a loss but there has also been a decrease in the profits. On account of these reasons, the production losses in food-beverage departments have occurred as an important problem for the large-scale hotel managements.

Manufacturing planning and control systems could be considered as practicable methods in order that the problems related to the production can be removed and the costs can be decreased in the large-scale hotel managements. Mentioned systems are Optimized Production Technology (OPT), Material Requirement Planning (MRP), Manufacturing Resource Planning (MRPII), Just in Time (JIT), and Enterprise Resources Planning (ERP).

The Determination of Production Planning and Control Systems in the Enterprises

The large-scale hotel managements, being at the first place, and also the tourism enterprises should analyze their sale and marketing income quite well. In addition, a great importance is attached to be created the required management policies, apart from being analyzed the mistakes well and being minimized the losses of income during obtaining it (Avcikurt, 2005).

One of the policies to be put out by the enterprises is the production policy. To produce the products in the required quality, cost and time takes place among the general targets in respect of the food-beverage units of large-scale hotel managements. The concept of production loss comes to the fore by the way of this approach. According to this, the concept of production loss has been defined as the losses which are exposed without providing the feedback of investment properly and profitably (Coltman, 1991).

The firms making production have been changing their own environments totally in order that the production is seen as a new arm of rivalry. With the aim of coping with the competitive structure of this newly formed environment, the management of the enterprise, which meets the rapid changes, must develop new strategies (Browne, Harhen, Shivnan, 1992)

The food production systems in the large-scale hotel managements and their food-beverage units, just like other enterprises, show differences from the reasons of the structure of managements and the amount to be produced. However, in general, the details which must be paid attention in the food production are in the large numbers and appear in the similar quality for every management. For instance, overcooking and other preparation kinds damage the vitamins, affect the proteins, and influence negatively the taste, color and tissue of food (Kocak, 1999). As a result, more than one variability which is from the structure of management to the general structure of the sector has an influence on the practicing in the food-beverage units of large-scale hotel managements. According to this, some of the production planning and control systems can be practiced in the large-scale hotel managements but some of them cannot. As a result, more than one variability which is from the structure of management to the general structure of the sector has an influence on the practicing in the food-beverage units of large-scale hotel managements. According to this, it's right to say that some of the production planning and control systems can be practised in the large-scale hotel managements but some of them cannot.

The Production Planning and Control Systems

The subject of production planning for the enterprises can be said to realize and have an importance on the similar stages with the control and planning aims of managements. The process of planning and control is taken a matter up together by the managements. The plan is done when a specific need occurs. The activities are laid on according to this plan. By being become the control mechanism as a part of activity, the results are gained. The process is completed with the feedback inside the system approach and the deviations from the plan and by searching their reasons (Celikcapa, 1999). A production system can also be defined as the working harmoniously together the physical elements such as man power, material, and machine (Top, 1996).

Being realized the purposes of enterprise at the same time are generally possible by running harmoniously its various activities such as procurement, production, sale and finance. It clearly reveals to be needed the software of industrial management system which contains the interactions between the departments in a common data base and in an integrated structure in order to be provided the mentioned harmony (<http://www.5mworld.com/mkarsiv/mk8.htm>, the date of connection: September 2010).

The enterprises are required to prefer the two different production kinds in their producing which are the partial production and the mass production. (Browne, Harhen, Shivnan, 2001)

The Partial Production: This is the production of a product which is produced in small parts or of the parts formed at the end of serial processes. Its main characteristic is that the products which are produced by the partial production have a higher standard density than the other products.

The Mass Production: Its main characteristic is to be made a big production differently from some products. In other words, that the production with high volume is spread out the products in few kinds is its main feature. The hard automation or the Detroit automation is the other concepts which are used for mass production.

The production control systems which the enterprises practise to control the production can be generally arranged in the two main groups: the push and the pull system: (<http://www.danismend.com/konular/lojistikyon/>, the date of connection: September 2010).

The Push System: Its production table is a radical system. The table under consideration pushes the production. The forming demand is guessed as directed towards and the bad guesses are tried to be met with overstocking.

The Pull System: It is a system which the demand and production are connected each other. In this system, a process in the qualification of bottleneck or last main assembly line is generally drawn as daily according to the demand.

In other words, the above assembly line or cell is getting information (work order) from central control and other cells are also getting the same work order with the help of Kanban information flowing system. In accordance with this judgment, it can be said that the clearest practices of push system are Material Requirement Planning (MRP) and Manufacturing Resource Planning (MRPII). In this case the pull system will be Just in Time (JIT).

The Concept of Production Management

The effects of production activities on the quality of environment are seen as one of the factors which have an influence on forming the production policies of the enterprises. That they have got a conscious of environment carries important effects on many subjects of production management such as primarily production planning and inventory control. The enterprises which manage to recognize the importance of environment and the relationship between the management of environment and production management will attain the advantage of important rivalry (Yuksel, 2000).

There have been three main criteria of production management. These are performance, cost and time target (Top, 2001). Production planning and control systems and their software such as OPT, MRP, MRP II, JIT and ERP are among the means used to reach the above aims (<http://www.5mworld.com/mkarsiv/mk8.htm>, the date of connection: September 2010). By taking into consideration their feasibility in the food-beverage units of large-scale hotel managements, production planning and control systems are the following:

-Optimized Production Technology (OPT):

Optimized Production Technology (OPT) prepares the work-tables almost optimum by considering priorities and capacity limits for all work-centers in an enterprise (Tanyas, Baksak, 2003). OPT system connects the obtaining of desired increase in production to the hypotheses in classical methods during the progressive process of approach of production management (Acar, 1989).

-Material Requirement Planning (MRP)

MRP is a method that is developed for the coordination of detailed production plans in multi-leveled production systems formed by various products, sub-systems, parts and materials. This system is prepared and run based on the main production programme on which all of production, marketing, purchasing and financial departments come to an agreement (Celikcapa, 1993). MRP is also defined as an information system producing the suggestions of production model table which the managers can basically be evaluated on the point of feasibility and cost (Orlicky, 1972).

-Manufacturing Resource Planning (MRPII)

Because of MRPII system that the production resources are planned in the result of improving MRP system, the automation has been reached in a larger field containing from the purchasing to the planning of capacity, the following and financing of production (Top, 1996). Generally it is accepted as a fact that MRPII systems have some lacks particularly in transforming the planning to the practicing. For this reason, including new approaches, some systems such as JIT and ERP have also been developed to remove the above lacks.

-Just In Time (JIT)

On determining the costs at the beginning stages of production systems, to load the cost to the product is realized by passing of the production process when one of the traditional cost systems is practiced. Besides, the necessity of making changes in production technologies has also been compulsory because the global rivalry is considered as the target as regards of the enterprises. For this reason, the need that the enterprises make continuously quality production with lower cost has risen. JIT system has also been created to meet this above need (Ketz, Campbell, Baxendale, 1991). JIT system, as a system, is established on the continuous flow of the pieces during the process (Black, 1985). The term of Just In Time, with a common definition as a slogan, explains the case that only necessary pieces are produced in a necessary amount, at a necessary quality level, in a needed time and place (Acar, 1999).

- Enterprise Resources Planning (ERP)

Around the world, a new concept of ERP has appeared when the tendency towards establishing companies in their organizational structure is also added into the strong changes and technological developments in the market (<http://www.ifs.com.tr/faq/default.asp>, the date of connection: September 2010). A company which has more than one national or international factory, foundation and depot is able to plan all its resources efficiently and effectively only by the way of ERP system (Hacirustemoglu, Sakrak, 2002).

Thus it could be reached the aims and targets determined by strategically planning studies and it could also be paid attention to the capacity and production features of the enterprise by being used the production and delivering resources.

THE EXTENT OF THE RESEARCH

In this study it has been aimed to determine the feasibility of production and control systems in order to be decreased the costs that the factors damaging the amount and balance of production caused. During production processes in the enterprise, these factors influence the accounting and decreasing of costs.

The Likert Scale of 5 has been used to evaluate the feasibility in the research, which changes between (1)'I completely agree' and (5)'I never agree'. This study, which was made to determine the measurability of production planning and control systems in the food and beverage departments of large scale hotel managements, has been prepared by modeling the studies made about the subjects in the literature.

The practice study for the aim of research has been done in the 4 or 5 star large scale hotel enterprises in the region of Antalya. The reason for choosing Antalya as a pilot region is that the number of enterprises in Antalya is near the total number of enterprises in Turkey. For this reason the enterprises, which the practice has been done, were chosen as the 4 star hotel managements and 5 star hotel managements.

The universe of the research generally forms the 4 and 5 star hotel managements in Turkey. The universe of the study also forms the 4 and 5 star hotel managements in Antalya. A total of 40 managements including chosen 13 of 4 star and 27 of 5 star hotel managements form the model of the research to compare the feasibilities. When the rates of fullness of the managements were examined it was determined that they started to increase in June and the functions of administration in the managements started to be activated in this term. Because of that reason the data of the research gathered in June, 2005.

DATA ANALYSIS OF THE RESEARCH

The questionnaires have been transferred to SPSS program (Statistical Package for Social Sciences, Version 11.5) and research analyses have been completed in this program. The program realizes the analyses in the average of 89 per cent. The statistically tests, which were practiced in the study, are the following:

- The analyzing test of variables belonging to the enterprises, which the practice has been done.
- The determination of arithmetic average of the expression in the main variables.
- The determination of arithmetic average of the main variables.
- The analyzing of reliability (of cronbach alpha values) and correlation of the main variables.
- The test (double side t tests) to reveal the differences of the enterprises which are practicing the production planning and control systems and the ones not practicing.

Table 1: The variables belonging to the enterprises which are practicing

Variables	Frequency	Per cent
The class of enterprise		
4 star	13	32.5
5 star	27	67.5
TOTAL	40	100.0
The ownership of enterprise		
Private enterprise	38	95.0
Foreign partnership	2	5.0
TOTAL	40	100.0
The Possessiveness of enterprise		
Independent hotel management	16	40.0
Chain hotel management	24	60.0
TOTAL	40	100.0
The practicing situation		
Yes	18	45.0
No	22	55.0
TOTAL	40	100.0

Note: The percentages have been taken as the nearest value

The 13 of hotels (32.5%) are 4 star, the 27 of them (67.5%) are 5 star hotel managements. The 38 of hotels (95%) are characterized in private; the 2 of them (5%) are in foreign partnership management. As a characteristic of possessiveness, the 16 of enterprises (40%) are independent; the 24 of them (60%) are chain hotel managements. Finally, the number of enterprises which were stated their practicing in the food and beverage departments with the aim of production planning and control is 18 (45%) and the number of the ones stated not practicing is 22 (55%).

Table 2: Arithmetic average of main variables

	Arithmetic average	Standard error
A- The studies of cost control and analyzing in the enterprise	2.01	0.87
B- The factors which damage the amount and balance of production	1.72	0.81
C- The planning and control systems in production	1.72	0.83
D- Optimize Production Technology and its feasibility	1.69	0.88
E- Material Requirement Planning and its feasibility	1.81	0.93
F- Manufacturing Resources Planning II and its feasibility	1.74	0.95
G- Just in Time and its feasibility	1.81	0.93
H- Enterprise Resources Planning and its feasibility	1.72	0.93
I- Production Planning in general meaning and the feasibility of control systems in tourism sector.	1.73	0.87

Note: The percentages have been taken as the nearest value

In analyzing of main variables, the most important factor in the enterprise is Optimize Production Technology and its feasibility, but the least important factor is the Studies of Cost Control and Analyze. Of production planning and control systems, Optimize Production Technology is the most popular system. It is followed by Enterprise Resource Planning, Manufacturing Resources Planning, Just in Time and Material requirement Planning and their feasibilities respectively.

Table 3: Cronbach Alpha Coefficients of main variables

	N	Cronbach Alfa
A- The studies of cost control and analyzing in the enterprise	40	0.87
B- The factors which damage the amount and balance of production	40	0.81
C- The planning and control systems in production	40	0.83
D- Optimize Production Technology and its feasibility	40	0.88
E- Material Requirement Planning and its feasibility	40	0.93
F- Manufacturing Resources Planning II and its feasibility	40	0.95
G- Just in Time and its feasibility	40	0.93
H- Enterprise Resources Planning and its feasibility	40	0.93
I- Production Planning in general meaning and the feasibility of control systems in tourism sector.	40	0.87

Note: The percentages have been taken as the nearest value

Reliability tests have been implemented in order to determine how the expressions in the main variables are related with the basic factors they are owned. In these reliability tests, no resolution was deduced from the basic factors due to the high coefficients of factor reliability and no material finding which to decrease reliability factors considerably. As seen on Table 3, the coefficients of all resolutions tested are over 70. These values show that the main variables would be evaluated as reliable.

In the test of hypothesis, t tests and correlation analyses have been done to determine the level of meaningfulness and relationship between each main variable's expressions owing to the plenty of expressions in the used scale although there is not any difference in the level of meaningfulness 05 between the enterprises practicing production planning and control systems and the ones not practicing.

According to this, between the enterprises which practice production planning and control system and which do not practice, the evident difference in the main variable called as the studies of cost control and analyzing comes to the fore especially in the following expressions:

- The characteristics of places which the materials are stored,
- Forming accounting control system,
- Determination of the largeness of the portion or the fullness of the glass,
- Keeping the stocks of raw materials,
- The factors which obstruct the studies of cost decreasing,
- Being done cost control by an independent unit or person,
- The practices appearing with cost control,
- Keeping the interval stocks.

According to these results, the difference between the enterprises practicing production planning and control systems and the ones not practicing is determined by especially the studies for preparation related to systems, the practicing fields of systems, the arrangements to be made in the base of education related to systems, production systems in the food and beverage departments and the results from systems. When cost control and

analyzing studies in the enterprises are evaluated, factors determining difference appear especially in the matters of raw material stocks, interval stocks, the conditions for storing, the amount of materials in service, cost control being done by a unit or persons and the practices in the result of control, and factors damaging the activities for cost decreasing. Finally, the feasibility of production planning and control systems into tourism sector is determined on the benefits of system practicing.

CONCLUSION AND SUGGESTIONS

The concept of stock has also importance for the enterprise as well as cost control formed in food and beverage departments by the way of a process. For the departments, as well as the concept of stock, the damaging factors of production amount and balance are also required to consider mainly. Generally the studies to decrease costs for the department are also begun by reported the above factors consisting of loss, defective products, broken products and remnants. Especially in the studies of cost decreasing, the feasibility of production planning and control systems, which are being used in other production sectors, requires that large scale hotel managements work in detail. Besides that; Optimized Production Technology (OPT), Material Requirement Planning (MRP), Production Resources Planning (MRPII), Just In Time Production (JIT) and Enterprise Resource Planning (ERP) can be analyzed as the systems which may effect the cost positively or negatively in case they are used in the production system.

The ultimate benefit of the production planning and control systems which have the same characteristics shall be reducing the organization gaps. Because, in places where much organization gaps are present, problems like excessive stocks, idle capacity, surplus labour force cost, overtime, long production periods, low customer delivery activity will occur. Besides that, in proportion to organization gaps are being reduced, the efficiency of the enterprise will increase. The mentioned results will occur as material costs being reduced, the efficiency of labour force getting increased and overtime/shift being decreased. Likewise in principles of all production planning and control systems, the target of preventing the factors which spoil the production amount and balance and reducing the costs takes part. A cost control system shall be formed in large scale hotels by checking of the factors which spoil the amount and balance of the production by the help of production planning and control systems. As a result, production planning and control systems which reveal the real problems, are suggesting solutions and easy to use are needed in the lodging industry which is getting more complicated day by day. The study is expected to be the basis of new studies like the feasibility of production planning and control systems between the enterprises those apply all inclusive system and those do not, and the enterprises those benefit from external source and those do not.

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DISCOUNTING ROOM RATES: A PRAGMATIC PRICING STRATEGY THAT WORKS

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ABSTRACT

This econometric case study provides an empirical assessment of the relationship between discounting room rates and hotel financial performance. The dynamics of the lodging industry are accounted for through the adoption of an error correction model. Recent research suggests that the use of discounting may not be an effective pricing strategy as it results in increased occupancy at decreased average daily rates (ADR); thereby reducing financial performance. This study generated opposing findings and revealed that discounting may be a practical short-term pricing solution that may compensate for market disequilibria. The study adopts the rational expectations theory to support its findings.

Key Words: Hotels, Discounting, Error Correction Model, Rational Expectations Theory

INTRODUCTION

The central focus of this study is to provide an empirical explanation regarding the efficacy of the managerial expectation formation process as it contributes to the understanding of discounting room rates as a rational strategic phenomenon in the lodging industry. The study assesses the nature of the relationship between discounting hotel room rates and hotel financial performance when considering the non-stationary conditions of a time series data set. The study was rooted in an operational based perspective with regard to the challenges presented by the perishable nature of room night sales. Of critical importance to this study is whether the incremental use of discounting room rates could work to correct for temporal periods of decreased demand and thus increase short-term financial performance.

Literature reveals that, although the lodging industry commonly incorporates discounting as a pricing strategy, recent research implies that high occupancy levels at discounted rates do not necessarily lead to an increase in financial performance (Canina & Enz, 2006; Enz, 2009; Enz & Canina, 2007; 2008; Enz et al., 2009; Enz, et al., 2004). The contrast then between what is practiced and the recommendations from pricing strategy studies has led to debate in lodging literature regarding how discounting of room rates relates to financial performance (Croes et al., 2010; Cross et al., 2009). Most of the available literature that assesses this relationship adopted descriptive statistical analyses to draw an association between the variables from the presupposition of a deterministic marketplace. The results that were produced from such studies are without representation of random fluctuations that may occur between room supply and demand and the effects that those fluctuations may have in the development of future short and long-term relationships between the variables. Thus, the available literature on the relationship between discounting and financial performance has widely focused on the development of normative economic expectations regarding what managers should avoid doing with regards to the application of discounting room rates as a viable pricing strategy.

What seems to emerge, then, as the recommendation for managers is the adoption of an ADR over time as opposed to the use of room rate adjustments that may correspond with the rise and fall of consumer demand over time. This takes the perspective that the market is static rather than dynamic thereby placing restrictive value on a dynamic pricing schedule that uses variable room rate adjustments to compensate for the economics of price change. In adopting a deterministic perspective and normative economic recommendations for lodging managers, one may fail to grasp that a hotel's business cycles are characterized by short-term sales variations that may not be best represented by linear correlative perspectives that may assume static pricing behavior. Assumptions of linearity between room rates and consumption patterns in the lodging industry would presuppose that lodging market conditions remain relatively stable over time. This condition is not a likely characteristic of a dynamic system. Therefore, the recent recommendation to managers regarding the adoption of a constant ADR may reveal a distortion of the stochastic demand patterns of room night sales. This would assume that there is a stable room consumption pattern that generates perpetual market equilibrium (Brown & Dev, 2002).

If the lodging industry were a static system as opposed to a dynamic one, there would be an absence of time horizons that present unfavorable market conditions, there would be no representation of a downward slope for room demand, managers' level of room demand would remain certain, and the hotel may seem to perform optimally throughout the course of the year (Jeffrey et al., 2002). These are not traditional characteristics or qualities of the lodging industry. Therefore, this study endeavors to recognize the difference between long and short-term financial goals of hotel managers. In the short run, managers are concerned with determining the

optimal room price that will sell in current market conditions to avoid a room from remaining vacant while incurring high fixed costs of operation (van der Rest & Harris, 2008). In reference to low demand periods, a short-term hotel management goal may be to compensate for the elastic nature and the excess available room capacity by adjusting the price with the expectation that a price decrease may inversely affect room demand and therefore short run profits.

The expectation formation process of appropriate room rates that coincide with anticipated room demand seems to be fundamental to successful hotel management operations (Pan, 2007). Value of expectation involves how price will affect the firm's future levels of occupancy, revenue, and profit. Because the competitive structure of the lodging industry is mainly induced by the short-term inelasticity of supply, pricing becomes volatile. Consequently, a hotel needs to form expectations of the prices that it is likely to obtain while focusing on probable levels of future demand. The incidence of constrained supply compounded with the perishable nature of the hotel room night product raises the issue of capacity utilization (Finch et al., 1998; Jeffrey et al., 2002; Schwartz & Cohen, 2004; van der Rest & Harris, 2008; Wheaton & Rossof, 1998).

This situation provides incentives for hotel managers to reduce current price with the expectation of higher prices in the future (Finch et al., 1998; Hanks et al., 2002; Schwartz & Cohen, 2004). This managerial activity reduces prices in periods of excess supply and tends to raise prices in periods of excess demand thereby providing a degree of automatic price stabilization and market equilibrium (Avinal, 2004). For these reasons, current supply and demand of hotel rooms will depend both on expected prices and on prices previously projected to prevail in the current market period. A higher expected future price will raise the current price. A higher expectation of pricing today based on the expectations of the past will raise the room rate and hence depress demand thereby decreasing the current price of a room night (Corgel, 2004; Croes et al., 2010). The application of the rational expectations theory may capture this expectation formation process of lodging managers.

Price adjustments in the lodging industry seem to account for the oscillations in the market conditions. This adjustment process over time is the foundation of the dynamic setting that is standard in the industry. In the short run, analyzing the dynamics of room supply and demand is useful under the condition of seasonal shifts (Kalnins, 2006; Schwartz & Cohen, 2004). The seasonal shifts cause a disturbance or shock to the lodging market that may or may not lead to equilibrium stability. Suppliers (hotels), in general, display a delayed response to this disturbance. As hotels strive to operate at full capacity and at optimal financial room rate capacity in accordance with market forces (van der Rest & Harris, 2008), a drop in demand will generate an excess supply of room nights in the short run. To increase demand, adjustments may be made through the pricing system – discounting. Though suppliers will respond after a time lag to recover revenue, they again may not find equilibrium. The question then becomes, what process is suitable for examining market expectations and the relationship between discounting and financial performance in the lodging industry? Based on a review of literature from the disciplines of lodging and economics, the study was guided by the following research questions:

- Q₁: Do the time series under investigation demonstrate persistent trends of the past?
- Q_{1a}: Is there an empirical relationship between hotel room rate discounting and hotel financial performance?
- Q_{1b}: If an empirical relationship exists, does the correlation coefficient carry the expected negative value sign that would indicate an inverse relationship between room rate discounting and hotel financial performance?
- Q₂: Is there a long-term cointegrating relationship between discounting of hotel room rates and hotel financial performance?
- Q₃: Is there a short-term relationship between discounting of hotel room rates and hotel financial performance?
- Q₄: Is the lodging managerial expectation formation process of room rate price setting based on a backward looking model where expected and current room rates are dependent upon past rates charged?

The research questions of this study are concerned with the empirical estimation of the relationship between discounting room rates and financial performance for a midscale hotel property located in the tourist district of Orlando, FL. In order to properly assess the research questions, each variable will be observed at a number of consecutive points in time through implementation of unit root tests, cointegration analysis, and an error correction model. The methodology of this study will examine the long run deviations from the unity relationship between discounting room rates and financial performance as is implied by the rational expectations theory. The data of the two variables, were converted into natural logarithms. The order of integration between the two variables was then tested. Upon determining the cointegration, the study proceeded with the application of an error correction model to determine the adjustment speed between the variables. The results of these tests

bear significant implications for hotel managers in assessing how far actual room rates charged deviate from the expected room rates projected.

The statistical analyses that were used to assess Q_1 included a series of unit root tests in the level form data, the first difference form, and tested for a drift and a time trend. Determining if the presence of a unit root exists in each of the time series variables is necessary in order to determine the stationarity conditions of the data and in order to proceed with a cointegration analysis that is assessed in Q_2 .

Table 1. Unit Root Tests: Discounting Room Rates

Discounting Room Rates	Test Statistic	1% Critical Value	5% Critical Value
ADF Test Results			
Level Form	-1.995	-3.634	-2.952
First Order of Difference	-8.13	-3.641*	-2.955*
PP Test Results			
Level Form	-6.458	-18.356	-13.044
First Order Difference	-47.013	-18.288*	-13.012*

* Indicates that the test statistic is significant at the 1% and 5% levels of significance, ($p < .001$)

Table 2. Unit Root Tests: Hotel Financial Performance

Hotel Financial Performance	Test Statistic	1% Critical Value	5% Critical Value
ADF Test Results			
Level Form	-3.663	-3.636*	-2.952*
First Order of Difference	-8.036	-3.641*	-2.955*
PP Test Results			
Level Form	-21.809	-18.356*	-13.044*
First Order Difference	-44.814	-18.288*	-13.012*

* Indicates that the test statistic is significant at the 1% and 5% levels of significance as observed by the MacKinnon approximate p-value, ($p < .001$)

After determining if the time series data set under investigation demonstrated persistent trends of the past as evidenced by the ADF and PP unit root tests, the study proceeded to address Q_{1a} . This assessment involved the first step of the Engle Granger two-step procedure for cointegration analysis. The variables were regressed in their level form to determine if an empirical relationship existed between the variables. The results of the standard regression analysis did not reveal a statistically significant relationship between the variables ($F_{1, 43}=2.71, p=.108$). Only .06 of the variance in financial performance was explained by discounting room rates. The residuals were also tested for autocorrelation using a Durbin Watson (DW) test. The DW value was relatively low at a .999. A robust regression with a weighted least squares approach was used to improve these values and to manage an extreme outlier in the time series. The coefficient of determination improved to 18% of the variance in the model ($F_{1, 41}=3.96, p \leq .01$) thereby providing evidence that an empirical relationship exists between the variables.

The residuals from the standard regression were then calculated and tested for a unit root in level form data using the ADF and PP unit root tests. The results of the unit root tests for the residuals indicated that the ADF estimated test statistic ($t=-3.765$) exceeds the 1% critical value of -3.634 and the 5% critical value of -2.952 ($p < .001$). The results of the PP unit root test indicate similar findings. Thus, discounting and financial performance are said to be integrated of order one, $I(1)$, and a substantive long-term equilibrium relationship between the two variables exists. However, based on the regressions' values, it would seem that even as the data was rigorously tested for stationarity that the past information compressed within the variables' time series may still be influencing the results that were generated regarding the relationship between the variables. Therefore, an autodistributed lag model (ADL) ($Y = x + x_{t-1} + y_{t-1}$) was used in order to incorporate a combination of each of the variables in the form of residuals to enhance the coefficient of determination. The results of the ADL model are presented in Table 3.

Table 3. ADL Model: Discounting and Hotel Financial Performance ($t-1$)

Variable	Coefficient	t	P> t
Discounting	.7108	1.02	.314
Discounting ($t-1$)	-.2144	-.30	.765
Hotel Financial Performance ($t-1$)	.4867	3.48	0.001
Constant	1.714	3.02	.005

$R^2 = .30$, F statistic = 5.32, DW = 1090

The results from the ADL exhibit that the overall regression model has improved with the introduction of the lagged operator of the variables. A VAR model was then used to determine the vector rank relationship between the variables. The Trace statistic indicated that the maximum amount of cointegrating vectors was one. This means that there is one moving process towards a cointegrating long-term relationship between the variables. The results of the VAR model are presented in Table 4.

Table 4. VAR Model Results

Maximum Rank	Trace R = 0	Trace R = 1	Critical Values Trace (5%)
1	20.3915	1.0717	3.76

* Trace is the likelihood ratio statistic for the number of cointegration vectors. Each equation contains linear trends but not quadratic trending; and parameters for the trends are restricted.

In order to assess the short-term relationship, an error correction model was used. The error correction includes within the regression a calculation for the extent of an adjustment in a given time period to the deviations from the long run equilibrium relationship (Banerjee et al., 1998). The following equation was used to assess the short-term relationship between the variables:

$$\Delta y_t = \alpha_0 + \alpha_1 \Delta x_t + \alpha_2 \mu_{t-1} + \varepsilon_t$$

where α_0 is the constant, $\alpha_1 \Delta x_t$ is the short-term elasticity, μ_{t-1} is the error correction term, and ε_t is the White noise error. The results of the error correction model are as follows.

$$\Delta \text{Financial Performance} = .057 + .98 \Delta \text{Discounting} - .599 \mu_{t-1} + \varepsilon_t$$

(2.00)* (1.98)* (-5.51)*
 * R-square=0.29; F=18.01*; DW= 1.90; Breusch-Godfrey LM test=0.288 (p=0.5912); Breusch-Pagan test = 2.20 (p=.1376); t -values are shown in parentheses; (*) denotes significance at the 5% level.

The results from the error correction model indicated that there is a positive short-term relationship (0.98) between financial performance and discounting, which seems to reveal that discounting is an effective pricing strategy in the short run. The estimated adjustment coefficient for discounting is a -0.599 ($t = -5.51$; $p < 0.001$), and because $d/b < 1$ there is a clear convergence to the mean, or in other words an equilibrium relationship. The adjustment coefficient carries the expected negative value sign that is required to generate a cobweb-pricing pattern. The error correction term is statistically significant suggesting that financial performance adjusts to discounting with one lag; that more than half of the all the discrepancy (60%) between the long and short-term financial performance is corrected for within in one month. From the regression analysis it is noted that in the short run discounting room rates is approximately, .98, the value sign is positive and significant with a t statistic of 1.91. In other words, the effects of discounting room rates dilute from the series almost immediately after the first month (98%) in the hotel property under review. The long run elasticity is approximately .74. This means that the results of the error correction model reveal that in the short-term there is empirical evidence that discounting works to correct for equilibrium deviations.

In order to test the rational expectations theoretical implications of the model the following equation was used:

$$P_t = \frac{d}{b} P_{t-1} + \frac{c-a}{b} \text{ or } P_t = f(P_{t-1})$$

Where the current value of a variable in one time period is expressed as a function of its own past value and some random error (Croes et al., 2010). The unit root that was observed in the discounting variable; the integrated I(1) process that was revealed between the variables; the convergence between discounting and hotel financial performance; and, the equilibrium correcting model verified by the error correction mechanism provides support that managers' expectation formation process coincides with the theoretical premise of the rational expectations theory (Muth, 1961).

The contention of this study represents the lodging industry as a dynamic system that displays cyclical lag times between room supply and consumer demand – in opposition to its characterization as static. The stationarity conditions of the discounting unit root tests reveal this dynamic and non-deterministic representation. The combination of discounting and financial performance possessed an integrated process between themselves that over the long run of time brought the variables close to unity in the form of equilibrium. The transposition from a state of non-stationarity to a position of equilibrium that is evidenced by vector integration between the variables falls within accordance of the expected converging behavior for the variables under the premise of the rational expectations theory. This is a significant finding from this study. Most of the discounting studies in the extant literature neglect the adoption of theoretical frameworks that could allow for one to draw a salient conceptual finding regarding managers' price setting process in the lodging industry. Yet, these studies criticize and recommend avoidance of one of the most well renowned pricing strategies for perishable product inventories in dynamic systems, that is, discounting. The normative recommendation from these studies is completely devoid of a realist approach regarding the financial consequences that are related to the failed movement and consumption of a perishable product inventory.

The recommendation for such a severe industry paradigm shift is only based on descriptive statistical analyses. The results of which should not allow one to draw inferential statistical conclusions regarding the empirical relationship between discounting and financial performance. Therefore, the rational expectations theoretical foundation that was tested in application to the price setting process observed in the lodging industry is supported and recommended from this study for future hospitality researchers. Through use of an econometric case study research design, the major findings of this study imply several concepts: that residuals may be treated as a variable within the model in order to better understand the short run dynamics that may lead to equilibrium correcting room price positions over the long run of time; that discounting room rates works in the short run; and, that managers use a rational price setting strategy to set future room rates. All of the aforementioned concepts fall within accordance of the rational expectations theory. The study concludes that while the constant room rate adjustments observed in the lodging industry may display what appears to be a random structure that deviates from the expected systematic, or stable, financial performance of a hotel over time, the deviations in performance are actually a rhythmic synthesized process of market information from past and current times. Hence, hotel managers appear to be using a backward looking model to forwardly project optimal room rates to match uncertain consumer demand. The empirical assessment employed in this study supports this determination.

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POST-PURCHASE FRANCHISE INTENTIONS: A STUDY OF THE ICE CREAM FRANCHISE SYSTEM IN IRAN

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ABSTRACT

This study focused on the post-purchase intentions experienced by franchisees in the Iranian Ice Cream Franchise sector, the fastest growing segment of franchising in the country. Using a structural equation modeling, the findings supported that system quality, environment, and commitment were three influential factors for franchise purchase intentions. Despite several franchising benefits, unmet needs were evident with respect to support services and marketing as promised by franchisors. These results provide a framework for improving relationship between Iranian franchisors and franchisees in order to attain a more sustainable partnership, as well as provide information for franchisors entering this country.

Key Words: Franchise System, Post-Purchase Intentions, Franchise Relations, Iran.

INTRODUCTION

Franchising plays an important role in many western economies in terms of business expansion, job creation, and development. Despite these benefits, the concept of franchising in Iran, in a modern sense, is in its infancy and requires a renewed interest and attention by all involved including government regulators, businesses, and academics. While franchising has long been a preferred and proven method of expansion by many countries around the world particularly in the U.S., the concept has not yet been thrived in Iran, despite many financial constraints that businesses encounter for expansion.

Iran is sensitively positioned in the Persian Gulf region and enjoys a highly potential consumer market for homegrown and international franchisors, particularly due to the growing number of young and educated population. This fact, coupled with emerging social trends and the rising standards of living, stipulate that new generations will positively respond to features inherent in franchise operations, such as uniformity, predictability, and perceived quality, as well as service provided by franchising companies.

Despite of its novelty, business format franchising is growing in a number of sectors in Iran with ice cream franchising leading this movement as compared to other growing segment, namely restaurant franchising, especially fast food restaurants. This perhaps coincides with Roh and Yoon's (2009) assertion that ice cream franchising is particularly attractive for potential franchisees seeking franchising opportunities due to lower capital investments, less complicated operating procedures, and less significant training requirements by the franchisor as compared to the other segments of franchising.

The goal of this study was to investigate how the franchising phenomenon is proceeding in Iran. Particularly, the Iranian entrepreneurs' perspectives and intentions to enter into a franchise relationship, their expectations, as well as their intentions to remain in the franchise network was examined. As Hing (1999) contends, these intentions have important consequences for franchise system to maintain relationships and grow.

This study is important because the concept is widely overlooked by researchers; the regulatory environment has not yet widely developed to guide internal and external investors; and more importantly, it is imperative that new investors entering this market to have yardsticks to set their expectations and avoid pitfalls.

LITERATURE REVIEW

FRANCHISING

Given many characteristics of franchising (Withane, 1991), Stanworth et al. (2001) and Abdullah et al. (2008) argue that, "a review of the literature reveals two basic defining characteristics that underpin the concept of franchising: (1) bestowing of a "right"; and (2) "cloning" a supposedly "tried-and-tested" product or service". The second concept is the key principle underlying modern "business-format" franchising. The franchisee is typically a small business; the relationship between franchisee and franchisor is close and ongoing; and finally, each franchised outlet business approximates to a clone of the franchisor's piloted "formula for success" (Abdullah et al., 2008).

Among the many types of franchise systems, two general types can be highlighted. These are the trade name franchising, where a contractual channel of distribution is created by the franchisor, and the business-format franchising, where a franchisor grants license to a franchisee to duplicate the franchisor's business concept in another location (Lee, 1999). This article focuses on business format franchising, which "occurs when a firm (the franchisor) sells the right to use its trade name, operating systems, and product specifications to another firm (the franchisee)" (Dada and Watson, 2010).

Two major theories dominate the franchising literature, namely resource scarcity theory and agency theory. As Rubin (1978) explained, resource scarcity theory asserts that firms offer franchises in their early years because they lack managerial expertise and capital needed to grow, asserting that franchising can provide both. The agency theory contends that a firm franchises in order to minimize agency costs through the optimal alignment between outlet managers' incentives and firms' objectives (Harmon and Griffiths, 2008). Additionally, the literature on franchising has been dominated by such dynamics as the motivations for franchising, the benefits for franchisors, and franchise relationships, particularly from the viewpoint of franchisees.

FRANCHISING FROM THE VIEWPOINT OF THE FRANCHISEE

The importance of franchise relationship from the viewpoint of the franchisee has been the focus of many researchers. For example, Harmon and Griffiths (2008) offered a conceptual model, the perceived relationship value. They believed that conceptualization of franchisee relationship value is multidimensional, and can be viewed as a trade-off between franchisee benefits and sacrifices. Accordingly, there are many benefits in joining a franchise system, among them proven business format, franchisor support, and public recognition, all of which have been generally recognized by different researches. For example, Poorani and Smith (1994) suggested that brand recognition and other franchisee-related benefits; contribute to success in service industry. Additional benefits of franchising cited in the literature include: training, established name, greater independence, lower development cost (Peterson and Dant, 1990), national affiliation (Stanworth, 1985), satisfaction, faster development, and proven formula (Knight, 1986).

The distinguishing feature of business format franchises is that the franchisor is expected to provide the franchisee with all the elements necessary to run the business, that is to provide franchisees with the necessary know-how to operate the business, and tender continual support (Watson et al., 2005). As a result, the ongoing relationship is the guiding principle for franchisees perceived relationship-value and thus significantly influencing their post-purchase intentions. On the other side of the coin, franchisees can also significantly contribute to success of franchisor, beyond purely financial attributes. For example, Dada and Watson (2010) argue: "There are several indications in the literature that franchisees are important sources of new ideas for the franchise system." Thus exploring the dynamics of such relationships are of continual interest for researchers and practitioners in the franchising field, particularly in the emerging franchise markets, such as Iran.

POST-PURCHASE INTENTIONS OF FRANCHISEE

The post-purchase intentions of franchisees depend on their level of satisfaction (Hing, 1999). Satisfaction is determined as a result of a comparison between expectations and outcome (Lee, 1999).

In a recent study, investigating franchisee satisfaction, Abdulah et al.,(2008) introduced the schools of thought that significantly contribute to the franchisee satisfaction construct. The first scheme refers to satisfaction as a post-purchase feeling, and the franchisee is seen as someone who has acquired a particular product, for instance an outlet. The second approach considers satisfaction as felt by a member of a distribution system. In the context of franchising, there are several aspects that determine overall satisfaction, and these include the administration of the franchise, the support and service that are provided, and the arrangements of extrinsic rewards (profits) and intrinsic ones (status). Similarly, Hing (1999) applied consumer buying behavior theory to the franchising context and examined the sequence of events that occur in purchasing and operating a franchised outlet. Thus, the subsequent consumer satisfaction is contingent on both pre-purchase consumer expectations and post-purchase product performance. Therefore, the model of franchisee buying behavior proposed by Hing included various post-purchase intentions, dependent on the level of post-purchase franchisee satisfaction. We extended such relationships to include, attitudes toward business, as another important construct in the franchising context when examining post-purchase intentions of Iranian franchisees.

CONSTRUCTS USED IN THE ANALYSIS

There are several factors that appear to be associated with post-purchase intentions in franchise systems that ultimately affect the wellbeing of the franchise. In this research, three main factors were proposed: (1) environment (2) system quality (3) and franchisees characteristics (Fig. 1).

Environment: Consisted of statements that represent general characteristics of the local franchise environment. For example, this would include good local location and extensive local advertising (Falbe and Welsh, 1998). Multiple indicators that were incorporated to measure the environment construct included: marketing, advertising, proven business concept, customer loyalty, and name recognition.

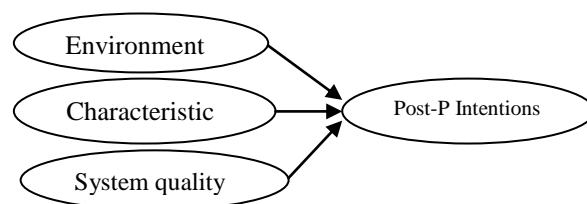
System Quality: Consisted of variables associated with the quality of the business system developed by the franchisor and operated by the franchisee. Examples are franchisor training and support, high quality standards, and efficiency of the operating system (Falbe and Welsh, 1998). Multiple indicators that were used to measure the system quality construct included: operation manual, central purchasing (due to economies of scale), training, pre-opening services, territorial protection, ongoing services (supports), controls, and franchisor financial help.

Franchisee Characteristics: A review on literature revealed a number of indicators pertinent to the franchisee characteristics construct. These indicators included: previous experience, entrepreneurial spirit, age, education, and personal savings.

Post-Purchase Intentions: Post-purchase intentions indicators included: purchasing the franchised outlet again, whether or not franchisees would recommend franchising to others (Hing, 1999), and satisfaction with their business decision.

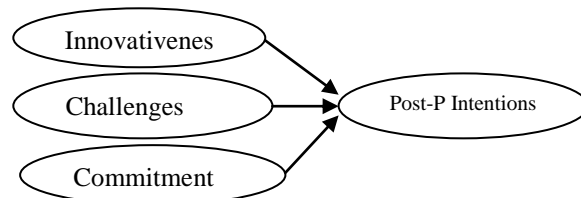
Franchisee Attitudes: The measures for the franchisee attitude toward business dimensions used in the present study were adapted from Jambulingam and Nevin (1998). They defined ATB as the general feeling toward different aspects of the franchised business including: 1) Innovativeness, which reflects a franchisee's tendency to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products and services for the franchise system, 2) Seek Work-Related Challenges: Like many other businesses, a franchised business needs franchisees who seek work related challenges. The authors concur that a positive attitude toward work related challenges is essential for the success of the franchisee (Jambulingam and Nevin, 1998), and, 3) Commitment, which is a psychological state that (a) characterizes the

Fig.1: Model of Post-Purchase Intentions (Model 1)



employee's relationship with the organization and (b) has implications for the decision to continue or discontinue membership in the organization" (Lee, 1999). Parallel to Lee's assertion, Withane (1991) Jambulingam and Nevin believed that personal commitment to the business increases involvement and generates the best effort from the committed franchisee, leading to improved performance (Fig. 2).

Fig.2: Model of Post-Purchase Intentions (Model 2)



RESEARCH METHODOLOGY

The purpose of this study was to examine and analyze the post-purchase intentions of Iranian franchisees. In doing so, first a review of literature was undertaken to ascertain previous work in the field of franchisor-franchisee relationship and franchisees' buying behavior, and delineate a number of related conceptual variables. Using exploratory factor analysis, the factors appeared in order of their probable relative importance in explaining the likelihood of purchasing a franchise. Following investigating the importance of factors in franchising (using both exploratory and confirmatory factor analysis), a model of franchise post purchase intentions was proposed and the hypotheses were developed (Model 1). Finally, Structural equation modeling (SEM) was used to develop and test the model of franchisee post-purchase intentions. SEM is a multivariate technique that examines a series of dependence relationships simultaneously. In addition, SEM is capable of including latent variables such as 'post-purchase intentions,' which are unobserved concepts that are approximated by indicators (Frazer, 2001). Moreover, the three dimensions of franchisees' attitudes toward business (commitment, seek work related challenges, and innovativeness) were analyzed and the effects of the explored factors on post purchase intentions of franchisees were investigated (Model 2). As with the first model, the same process was undertaken for the second model.

DATA GATHERING INSTRUMENT

Since no official database of franchisors was available in Iran, a listing of some businesses, thought to be operating as franchisors, was initially developed. Then, the number of company owned and franchised outlets

were identified. Finally, two similar ice cream franchises were selected as the study population as they showed significant numbers, and growth potential. Data had been collected for the period between July and August and a total of 44 key respondents were surveyed. The primary means of data gathering in this study involved a questionnaire that was constructed following the review of the literature. Furthermore, interviews were undertaken with 25 of the respondents to learn more about the viewpoints of the franchisees in more detail than was possible in the questionnaire survey. In sum, the characteristics of respondents were young and educated franchisees.

A Likert-Scale was used in order to measure the variables. First, franchisees were asked to identify the importance of each item to the franchise decision (ranging from 1= Most Unlikely to 5= Most Likely). Second, the respondents were asked to show the degree of their agreement with items related to attitude toward business (ranging from 1= Strongly Disagree to 4= Strongly Agree). Third, in order to measure the post purchase intentions, three items were developed to tap the aspects of future collaboration (ranging from 1= Most Unlikely to 5= Most Likely).

RELIABILITY AND VALIDITY TEST

The reliability of the factors was estimated by the composite reliability. The interpretation of the resultant coefficient is similar to that of Cronbach's alpha, except that it also takes into account the actual factor loadings rather than assuming that each item is equally weighted in the Composite load determination (Wang & Liao, 2007). The composite reliability for all the factors in both models were above 0.70 (Table 1).

About validity, the questionnaire had been appropriately designed through a comprehensive review of relevant literature. Then, all items from all of the constructs in our study were included in a factor analysis. The results yielded multiple factors with eigenvalues greater than 1 (Dada & Watson, 2010). These factors accounted for 79.60% (environment), 62.79% (system quality), 76.80% (franchisee's characteristics), and 68.49% (post-

purchase intentions) of the total variance. The explained variance of the attitude toward business dimensions (Model 2) was 66.75 and exploratory factor analysis had indicated three constructs. These values provided support for the validity of the measures used in this study.

Table 1
Composite Reliability Values of the Factors

Factor	Composite reliability
Model 1: Environment	0.80
Characteristics	0.72
System quality	0.74
Post-purchase intentions	0.80
Model 2: Challenges	0.80
Commitment	0.72
Post-purchase intentions	2.35

RESULTS

MEASUREMENT AND STRUCTURAL MODELS

The indicators used to measure the theoretical constructs were specified in the measurement models. In this study, the measurement models for all constructs (environment, franchisee characteristics, system quality, and then attitude toward franchised business dimensions) were estimated separately. Additionally, in the case of present study, a first-order and also a second-order confirmatory factor analysis using LISREL 8.5 was conducted to test the measurement models.

Some of the common model-fit measures to assess the models' overall goodness of fit include: the ratio of χ^2 to df, goodness-of-fit index (GFI), and root mean square error of approximation (RMSEA). Recommended values include: $\chi^2/df \leq 3.00$, $GFI \geq 0.90$, $AGFI \geq 0.80$, $RMSEA \leq 0.08$. However, Lee (1999) asserts that many researchers interpret GFI or AGFI scores in the 0.80 to 0.89 ranges as representing reasonable fit; scores of 0.90 or higher are considered evidence of good fit. In this study, a similar set of fit indices was used. Comparison of all fit indices with their corresponding recommended values provided evidence of a good model fit in measurement and structural models.

Based on the results of confirmatory factor analysis (measurement models), those items that had low t-value (below 1.96) were omitted from the further analyses (structural models). Table 2 and Table 3 indicate the results of structural equation modeling (SEM) used for measuring the influence of independent variables on dependent variable (post-purchase intentions).

Table 2
Structural Model 1: Factor loadings, and t values

Construct and item	Factor loading	t value
Environment		
Franchisor's marketing help	1.00	9.27
Franchisor's mass advertising	0.58	4.65
Franchisee's characteristics		
Previous business experience	1.00	9.27
Entrepreneurial spirit	0.53	4.06
System quality		
Central purchasing	0.65	4.52
Training	0.72	6.28
Pre-opening services	0.49	3.27
Territorial protection	0.32	2.05
Ongoing services	0.70	5.06
Controls	0.51	3.41
Post-purchase intentions		
Repurchase	0.59	Fixed
Favorable recommendations	1.00	4.77

Fit indices: ($\chi^2/df=1.29$, GFI=0.80, RMSEA=0.08).

Construct and item	Factor loading	t value
Seek Work-Related Challenges + high risk intensity		
Looking for challenges at work	0.36	2.40
Getting a thrill out of confronting challenges at work	1.26	5.01
Strong tendency to undertake high risk projects	0.46	2.83
Personal Commitment to the Business		
Tendency to work long hours	0.45	2.79
Highly committed to the franchise	0.99	4.90
Post-purchase intentions		
Repurchase	2.49	Fixed
Favorable recommendations	0.23	3.16

Fit indices: ($\chi^2/df=1.02$, GFI=0.94, CFI= 0.98, RMSEA=0.02).

Table 3
Structural Model 2: Factor loadings, and t values

CONCLUSIONS AND LIMITATIONS

This study developed a model that described what factors are influential on post-purchase intentions of franchisees. The study found both system quality and environment to be positively and significantly influential on post-purchase intentions of franchisees. Although the direction of the effect of the 'Franchisee characteristics on "Post-purchase intentions" was significant, it was not positive. It appears that while franchisee characteristics may be important in entering and operating their outlets, other factors play a more crucial role in franchisee post-purchase intentions. With regard to Model 2, the results indicated that only the dimension "commitment" had a significant and positive influence on the franchisee post-purchase intentions.

In addition, the frequency of the responses to interview questions reveals that franchisors must promote the followings: ongoing services especially punctuality on a delivery time (64%), controls in order to protect the system's reputation from poor performers (32%), advertising and marketing plans (32%), and frequency of communication (32%). Some franchisees believed that punctuality on a delivery time affect their profitability. Interestingly, the franchisees of this study felt a strong need for uniformity and integrity throughout their chains. Based on the results, the franchisor should be able to assess all the influential factors to ascertain the level of services provided, and to determine which dimensions need improvement. Without doubt, if franchisees feel a higher degree of satisfaction with the supported factors, they will be more inclined to maintain their franchises. These findings are consistent with recent studies in different countries, such as in Korea (Roh and Yoon, 2009) and Malaysia (Abdullah et al., 2008). Moreover, satisfaction and organizational commitment have invariably been found to correlate positively with one another (Lee, 1999). Provision of more opportunities to franchisees for participation in overall business strategy formulation may enhance franchisees' entrepreneurial spirit and commitment to the organization (Withane, 1991).

Implications of the study are of interest to both franchisees and franchisors. The findings provide franchisors with valuable information for establishing an effective management strategy to improve relationship with franchisees and to manage the franchise network for long-term continuity. As was evident in this study, franchisors did not offer as many support services, advertising and marketing programs as promised or to the degree they promised. Once the franchisor understands the areas where problems are likely to arise, changes can

be implemented to reduce conflict and to overcome franchisees unrealistic expectations, such as guarantees and legal supports. In addition, the findings provide a framework to work from for those companies that are interested to invest in franchising ventures in this growing business practice in Iran.

As for the limitations, this research was confined to an analysis of ice cream franchising in a specific geographic market, in Tehran and immediate vicinity. Thus, the findings may not completely represent the overall climate of the franchise market in Iran. The generalizability of the findings needs to be ensured by additional samples from other franchise segments. Moreover, a larger sample size would have greater potential to achieve the reliability of research objectives. Despite the limitations, the strength of this study was that it specifically focused on homogeneous ice cream franchising, as this type of franchising was noticeably growing. Future research into franchise buying behavior could investigate other possible factors that might exert influence on the dependent variable, which could not be examined in this research.

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THE ROLE OF HUMAN CAPITAL AND COLLABORATION WITH ACADEMIA FOR INNOVATION IN HOSPITALITY SECTOR: THE CASE OF MUGLA

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ABSTRACT

The relevance of human capital and collaboration with academia for innovation in hospitality sector has never been denied, but the empirical evidence for this link is inadequate as far as Turkey is concerned. The aim of this paper is to investigate the effects of human capital and collaboration with academia of hospitality firms on innovation by employing self generated survey data for the province of Mugla, which is one of the most attractive holiday destinations in Turkey. Results of logit and probit econometric estimation indicate that these factors are indeed conducive factors for the innovation performance of hospitality firms.

Key Words: Innovation in Tourism, determinant factors of innovation, human capital, collaboration with academia

INTRODUCTION

As in manufacturing sectors, economic performance, survival and competitiveness of hospitality firms depend on their innovation capabilities and how quickly they adopt new technologies in their management and organizational structure and accommodation and services facilities. The recognized importance of innovation led surge of research and investigated intensively from different perspectives. While, the vast majority of studies focus on manufacturing industries, there is small amount of studies related to innovation in service sector even less so in hospitality sector.

Although innovation in hospitality sector lately attracts scholars in terms of the type of innovation, the determinant factors and the outcome effects of innovation, there is small amount of study which specifically takes into account investment in to human capital and collaboration with the university as determinant factors of innovative activities of hospitality firms. These studies are limited around the world and very scarce in Turkey. As far as we know, there is no study which specifically deals with the relationship between innovation capabilities and investment in to human capital and collaboration with the university of hospitality firms in Turkey.

Given the lack of academic empirical research for the link between innovative behaviors and investment in to human capital and collaboration with the university of hospitality firms in Turkey, this paper intends to contribute the knowledge in this area by employing self-generated data for the district of Mugla which is the second largest tourist attractions (both at national and international tourists) in Turkey. The main purpose of this study is to lay out innovative capabilities of hospitality sector in the district of Mugla and empirically compare and contrast similarities and differences among hospitality firms in terms of innovation capabilities and investment in to human capital and cooperation with the academia. For this purpose, the second section surveys the literature on the role of human capital and collaboration with academia for hospitality firms, while section three summarizes the main findings of the questionnaire. Section four employs logit and probit econometrics models to determine the factors that affect innovation capabilities of hospitality firms. The last section is reserved for concluding remarks.

LITERATURE SURVEY

Innovation studies go back to Schumpeter's (1934) analysis. Since then both theoretical and empirical contributions have been done into innovation studies. Although Schumpeter's analysis was mainly applied to manufacturing sector, and innovation studies are still largely dominated by manufacturing both in terms of the theory and empirical analysis, innovation studies in service sector have also been developed (among others see, Barras, 1986; Sundbo, 1997; Sirilli and Evangelista, 1998; Hughes and Wood, 2000; Drejer 2004; Tamura et al., 2005). Hence innovation approach developed originally for manufacturing sector can still be used to analyze services (Sundbo, 1997; Sirilli and Evangelista, 1998; Hughes and Wood, 2000). However, service and

manufacturing firms differ from each other in terms of i-) the utilization of intellectual property rights and existence of research and development department (Sundbo, 1997, Tamura et al., 2005), ii-) the types of innovation (Sundbo, 1998), iii-) differences in responsiveness to markets, low technology content of service (tourism) sector (Hjalager, 2002; Decelle, 2006) and iv-) non-existence of university-business collaborations in service (tourism) sector (Hjalager, 2002).

Innovation analysis in tourism sector can be analyzed similar to that of service sector. There are several classifications of innovations in tourism sector (for more detailed information see among others Decelle, 2006; Hjalager, 1997; 2002; Jacob and Groizard, 2007). Innovations in tourism can be behavioral and technological or mixture of them. Weiermair (2006) distinguishes three factors behind the innovation in tourism. These are supply or supply-related determinants (for example new technologies requiring development of new skills, services or form of organizations in tourism such as the development of e-tourism, and e-marketing in tourism), demand drivers (social and economic factors such as flexible working time, more income and increased value of holidays) and the level and pace of competition (globalization and deregulation increased competition and lead to process innovation) (p.60).

There is small number of studies which specifically dealt with the innovation in hospitality sector. These studies are mostly concentrated on the type of innovation within the hospitality sector. In these studies process innovations are found to be more important than that of product (Jacob et al., 2003; Blake et al., 2006; Jacob and Groizard, 2007). Product innovations are limited in tourism sector because tourism mainly depends on the natural and manmade attractions of the destination hence limiting the potential for product innovations (Keller, 2006).

In terms of technological area where technological innovations take place, ICT area followed by environmental innovations and security area constitute the largest part in Latin American (Mexico and Dominican Republic) chain (Balearic) hotels (Jacob and Groizard, 2007). This picture is similar to those found for Balearic Islands (Orfila-Sintes et al., 2005) except that a more innovative behavior is found in kitchen and restaurant equipment after ICT area. The use of technologies usually embodied in new machinery, equipment and software is the dominant innovation form in the hospitality sector in Balearic Islands (Orfila-Sintes et al., 2005).

There are several factors which affect innovation behavior of hospitality firms such as proximity and clustering thus facilitating knowledge spillovers. Clustering with returns to scale factors can make region competitive in terms of provision of well educated and trained personnel and infrastructure (Decelle, 2006). The other important factor is the utilization of information and communication technologies in tourism (Keller, 2006). Adaptation of information and communication technology and efficient usage of them are very important factors for the development of tourism sector as well as for the sustainability of medium and small sized firms.

Some others investigated the effects of innovation on hotel performance and found positive relationship (Blake et al., 2006; Orfila-Sintes and Mattsson, 2009) while some others investigated the determinant factors of innovation in hospitality sector. The hotels which use professional management instruments and information technologies (Sundbo et al, 2007) and hotel which develop group and project management skills, and learning culture (Kumar et al., 2007) are more innovative compared to others. Moreover, hotels which belong to chain, under management contract and managed in lease properties are more innovative than hotels operating independently or managed by the owners (Orfila-Sintes et al., 2005; Sundbo et al., 2007). Hotels are found to be more innovative as the tour operators' importance in booking increases (Orfila-Sintes et al., 2005; Sundbo et al., 2007) and the occupancy rate increases (Orfila-Sintes et al., 2005). Further, more than half of non-innovating firms the regime contracted are less-than half board while the costumers of a 53.5% of innovators use a full board or all-inclusive (Orfila-Sintes et al., 2005).

Firm size and innovation behavior is the other researched area within innovation studies in accommodation sector. Firms tend to be more innovative as firm size and/or scale or range of activities increases (Hjalager, 2002; Jacob et al., 2003; Jacob and Groizard, 2007; Sundbo et al., 2007). The average size of the innovators is larger with 3 and 4-5 star hotels being more innovative, and innovative behavior of 1 and 2 star hotels are the use of computer facilities and hardware (Orfila-Sintes et al., 2005).

The level of human capital and investment in to human capital is another key element in innovation capabilities of firms. Employee training for Taiwanese hotel industry (Chun-Yao et al, 2008) and for Germany for independent hotels (Ottenbacher et al., 2006) is found to be one of the important determinant factors for innovation.

Firms age can be another important factor for the innovation performance of firms. However, its effect of innovation is ambiguous. While young firms are expected to be more innovative than their older counterparts due to less resistance to innovative ideas, one can also expect just the opposite relation between the firms' age and innovative behavior. As firms age increases the innovation capabilities increases as well due to firms' learning-by doing and established name and reputation and continues improvements in their facilities (Pires et al., 2008).

INNOVATION IN HOSPITALITY FIRMS IN MUGLA DISTRICT

There is no available data concerning the innovative activities of hospitality firms for Turkey in general and for Mugla in particular. In this study we employ self-generated survey data to investigate the role of human capital and collaboration with academia on innovation capabilities of hospitality firms. All hotels which have stars from 1 to 5 and holiday villages (first and second class) around the Mugla district are the target population and the survey methodology is personnel interview at the hotels. The list of hotels was accessed from tourism office of Mugla district. There are 331 hotels which are categorized by star including holiday villages and 200 hotels were be able to contacted and 137 of them participated with the interview and answered the questionnaire which was previously piloted and revised according to feed back received.

Table 1 presents descriptive statistics of the questionnaire results. According to survey results, 42.34% of hotels are innovative, whereas 57.66% of the hotels are not innovative. Within the innovating firms, higher percentage of firms hires professional manager, have some kind of certifications (these certifications include HACCP, Environmental Management Standards, Service Compliance Certificate, and other certifications), and trained their employees. In terms of average employee, investment and the occupancy rate, innovating firms outperforms the non-innovating firms. Further, innovating firms collaborate with academia more frequently than non-innovating firms. Small-sized firms are dominant in hospitality sector, followed by medium and big-sized firms. Most of the innovating firms are medium sized whereas most of the non-innovating firms are small-sized. According to survey results, innovative activity seems to increase as firm size increases. As far as the age of the firm is concerned, survey results indicate that average age of innovating firms is higher than that of non-innovating firms.

Table 1
Questionnaire Results, Descriptive Statistics

	Innovating Firms (58 - % 42,34)		Non- Innovating Firms (79 - % 57,66)	
	Number	%	Number	%
Professional Manager	54	93,10	6	7,60
Owner	4	6,90	73	92,40
Owner of Certification	55	94,82	28	35,44
Training	55	94,82	16	20,25
Collaboration with academia	18	31,04	1	1,27
Firm Size				
Small (0-49 employee)	8	10,52	68	89,48
Medium (50-249)	42	79,25	11	20,75
Big (250 and more)	8	100	-	-
Total	58	42,34	79	57,66
Average Employee	147,01		30,50	
Average Investment (Percentage Share in Annual Revenue)	21,69		13,26	
Average Yearly Occupancy Rate	81,63		68,73	
Average age	12,47		9,87	

MODEL AND RESULTS

Our model is estimated by logit and probit estimation methods. Our dependent variable takes value of 1 if the firm innovates and 0 otherwise. Four sets of independent variables are of special interest to this study. These are collaboration with academia, firms' size, firms' capital and labor characteristics. Collaboration with academia takes the value 1 if firm collaborates with academia, zero otherwise. Size is measured by the number of employees following Sundbo et al. (2007). To allow the non-linear size effects we also include the size square in our estimation. Capital and labor characteristics include variables such as investment (the share of investment in income), professional management (dummy variable taking one if the hotel is managed by professional manager and zero otherwise), yearly occupancy rate, non-certified (dummy variable taking one if the hotel does not have any certification and zero otherwise), training of employees (dummy variables taking one if training program is utilized and zero otherwise) and continuous variable of age of firm. All variables are expected to have positive impact on the probability of firm's to innovate except for variables of non-certified and age of the firm. Coefficient on non-certified is expected to be negative indicating that if firm does not have any kind of certification, then its probability to innovate decreases. A priori, the effect of age of firm on innovation is not known as argued above. Table 2 presents the estimation results.

Table 2
Logit and Probit Estimation Results

Variables	Logit Coefficients	Probit Coefficients
Investment	0.68*** (0.21)	0.38*** (0.09)
Occupancy Rate	0.83*** (0.21)	0.46*** (0.11)
Non-Certified	-9.61*** (2.25)	-5.49*** (1.31)
Number of Employee	-0.15*** (0.05)	-0.09*** (0.03)
(Number of Employee) ²	0.0003*** (0.0001)	0.0002*** (0.0001)
Training	15.67*** (3.48)	9.04*** (2.09)
Professional Management	11.85*** (2.79)	6.66*** (1.57)
Collaboration with Academia	4.3*** (1.39)	2.34*** (0.79)
The age of firm	-0.58** (0.27)	-0.29*** (0.09)
Constant	-82.18 (21.15)	-45.71 (10.92)
Number of Observation	134	134
Wald chi ² (9)	23.65	31.2
Prob > chi ²	0.0049	0.0003
Pseudo R ²	0.8984	0.8972
Link Test	-0.007	-0.011

Figures in parenthesis are robust standard errors

*, **, *** refer significance level at 10%, 5%, and 1% respectively.

Estimation results are consistent with the expectations and all coefficients are significant at conventional levels. Wald tests indicate that both regressions are significant as a whole and Pseudo R² is respectively high indicating that our models have a good predictive power. We also performed a test whether there is any misspecification in our model and Link test indicates that there is no misspecification in our model.

Estimation results indicate that as firms' investment and capacity utilization increase, the probability of innovation increases as well. Firms who allocate budget to new investments (such as new technologies and equipment, or update old technologies and equipment) have higher probability to innovate. Further, as occupancy rate increases, the probability to innovate increases as well. This finding is similar to that of Orfila-Sintes et al. (2005). Firms which hire professional manager are more inclined to innovate. Professional management is very important in the introduction of innovation as suggested by our study and others (Sundbo et al. 2007; Kumar et al., 2007).

If firm does not have any certification its probability to innovate decreases compared to other firms which have any kind of certification. Hotels with any certifications are more inclined to innovate since they have to invest and adopt new procedures and requirements and while doing this, their probability to innovate increases. In the literature that we were able to reach, we could not find any study that specifically take certification into account

while investigating the innovative behaviors of accommodation sector. So it is not possible to compare our results with any other study.

Coefficient on training is positive and significant. Firms who trained their employees are more likely to innovate than others. Our finding is similar to that of Orfila-Sintes and Mattson (2007) and Chun-Yao et al (2008). Collaboration with academia is found to have positive impact on innovation probabilities of firms. We could not compare our results with any other study since we could not find any empirical investigation which specifically takes into account the effect of collaboration with academia on innovation performance of firms.

We find significant coefficients on size and size squared. As size increases the probability to innovate decreases, however once the threshold is achieved then increase in size increases the probability of innovation. Sign on coefficients on size square indicates that probability to innovate increases once the economies of scale is achieved. There is an indication that economies of scale might exist in accommodation sector. Our findings indicate that there is a U-shape relationship between innovation probability and firm size.

As far as we know there is no study in the tourism literature that specifically takes into account non-linearities in innovation with respect to size hence we could not compare our results with any other study in the tourism literature. However, in other studies it is found that larger firms are more innovative than the small ones (Hjalager, 2002; Jacob et al., 2003; Jacob and Groizard, 2007; Sundbo et al., 2007).

Our empirical findings indicate that as firms get older, the probability to innovate decreases. This result is confirmed by both models. This finding suggest that aged firms may show resistance to innovation or unable to change their managerial positions or renew facilities according to more demanding environment. More research is needed in this area.

CONCLUDING REMARKS

With the increasing competition around the globe, innovation become at the center of attention. Firms and enterprises should be aware of the potentials for innovation such as new business models, additional investment for not only renewal of the existing equipment but also new equipment and installations. Weiermair (2006) claims that the challenge for the future in tourism sector is “to provide increased value for money either through innovation-driven changes in production and marketing processes that reduce costs or product changes that offer more varied tourism experiences for quality conscious customers”.

Innovation-oriented tourism policy is needed to have sustainable growth for the economy as a whole and for the tourism firms. These policies in hospitality sector should aim to promote first the quality of education. The problem in tourism sector is that it usually attracts staff with little or no industry-relevant training with a high labor turnover at a low salaries and non-standard working conditions, and there is not widespread dedicated career system in the traditional sense in tourism sector (Hjalager, 2002). To overcome these problems, investment in human capital in tourism sector is severely needed. As Blake et al. (2006) suggest government policy for training can overcome the problem of underinvestment of human capital by businesses. Second collaboration with academia should be promoted. Since competition and co-operation goes hand in hand in tourism sector, government support is needed. Without co-operation with the state and other firms it is hard to build destination image leading fragmented structure which would be barrier to innovation process (Keller, 2006).

Sundbo et al. (2007) claim that larger firms are able to employ people with more education thus increasing the possibility of innovation. They suggest that policy makers should give more importance to education and managerial professionalism in tourism industry and promote the use of IT in tourist industry. They claim that “destination building based on large-scale tourism firms may sustain innovative and thus competitive tourist destinations.” (p.104).

Our findings suggest that increasing innovative activity of firms can involve several policy actions. These are i) investment in both human and physical capital, ii) promotion of collaboration with academia, professional management and ownership of certification by firms, iii) taking measures to increase capacity utilization of firms and iv) promotion of larger firms so that economies of scale can be achieved.

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THE VALUE OF DIVERSITY TRAINING IN THE HOSPITALITY WORKPLACE

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ABSTRACT

This study tested a corresponding four-antecedent model of the value of diversity training. Results indicated that ethnic-minority managers do not value diversity training significantly more highly than their white counterparts do; similarly, we found little difference between genders on the four indicators of diversity-training efficacy. The findings illustrate that the managers generally experienced positive results from diversity training and recognize the importance of such training for the betterment of their organizations. It is particularly provocative to consider that 18.38% of the respondents had not received diversity training yet still perceived it as creating value for their organizations.

Key Words: Diversity, Training, Regression

INTRODUCTION

In the 1980s, few human resource departments recognized diversity as an important topic to be addressed by their companies. In today's world, however, companies that fail to implement diversity initiatives may find themselves at a competitive disadvantage, not to mention being vulnerable to legal action. Diversity is especially important in hospitality and other service industry segments, because restaurants and hotels employ women and minorities in great numbers. In addition, the hospitality industry does business with customers from around the world so success depends on understanding diverse customer sensibilities. Appropriate sensitivity to diversity-related issues helps hospitality firms provide enhanced customer service and higher levels of guest satisfaction.

There is a mountain of literature on diversity but very little empirical research targeting the validity and effectiveness of diversity initiatives. Thus, this paper examines diversity training in the hospitality industry by surveying midlevel managers of hotels in the United States. In particular, we explore several aspects of diversity training to determine its effectiveness and to measure whether perceptions of such training vary across ethnic populations. In addition, we investigate which employee groups in hotels should be prioritized as recipients of diversity training.

LITERATURE REVIEW

Diversity management is crucial in the hospitality industry. The US Bureau of Labor Statistics (2006) found that, of the 23.8 million service workers in the US, 84.6% are non-white and 74.4% are women. This creates a huge need for quality diversity management in service industries such as hospitality, and these statistics take into account only race and gender as opposed to other demographics such as sexual orientation, age, or disability. Furthermore, US population trends point inevitably to greater ethnic and other forms of diversity in the future. A commonly cited source of this demographic change is Workforce 2000 (Johnson & Packer, 1987), which postulates a growing population of non-traditional workers across all industries. It is therefore imperative that hospitality managers seek to improve service offerings to guests from a diversity of backgrounds if they hope to remain competitive.

Evidence suggests that diversity management initiatives should account for more than just racial or gender/sexuality diversity. It should include culture, education, lifestyle, and experiences as well (Lattimer, 1998). Diversity provides benefits ranging from a greater capacity to meet customer needs to improved decision making to cost reduction associated with turnover and lawsuits to increased productivity to quality improvements to enhanced creativity and innovation (Groschl, 1999). Diversity programs do not always create these benefits immediately, however. Watson, Kumar, and Michaelsen (1993) found that, initially, diverse work groups stumble before they become effective. In their comparison of ethnically homogeneous and heterogeneous groups, they found that homogeneous groups experienced greater effectiveness than heterogeneous groups at first, but that eventually both types were equally effective. Also, according to Lattimer (1998), older studies such as Moss-Kanter (1983), Cox, Lobel, and McLeod (1991), and Nemeth (1986) show

that work group diversity produces a greater multiplicity of ideas, creates more solutions to problems, and improves discussion processes.

Rynes & Rosen (1995) used a subjective and holistic approach when they studied perceived training success. Their subjective measure was supported by previous research documenting the lack of behavioral or systems evaluations in training research (Burke & Day, 1986; Ralps & Stephan, 1986; & Saari et al., 1988). Their holistic measure was not, however, supported by empirical research, due to the lack thereof, though they observed that holistic ratings have sometimes been found to be more inclusive and useful than multi-faceted summations (Scarpello & Campbell, 1983). Additionally, it may be helpful to study performance ratings using a so-called 360-degree approach that examines such ratings from multiple organizational levels: "ratings from different organizational levels provide different, relatively unique perspectives" (Borman 1997, p. 312). Thus, examining the validity of training evaluations may be more effective when using a method that involves multiple supervisory and non-supervisory levels.

In a recent study by McKay et al. (2007), researchers studied retention rate as an indicator of diversity perceptions in the workplace. They compared Black, Hispanic, and White responses to examine organizational commitment and retention rates. They found that, among all groups, diversity climate perceptions were significantly and positively related to retention rates across racial groups. This shows that if managers feel committed to a company that values diversity, they are more likely to value diversity themselves and are more likely to stay with their current companies for a longer period of time. Brown, Cober, Keeping, and Levy (2006) also looked at racial tolerance and reactions to diversity information in their study of job advertisements. Similarly, they found that racial tolerance was significantly related to organizational perceptions and pursuit intentions when strong diversity values were communicated through a job advertisement.

In a study of minority executives in journalism, Rivas-Rodriguez, Subervi-Velez, Bramlett-Solomon, and Heider (2004) studied the perceived value of promoting minorities to executive positions. They found that minority journalists, regardless of ethnicity, occupation, or years in the business, believe that minorities in executive positions provide several key value points. Minority journalists cite racial sensitivity on the part of minority managers and the way that minorities in a company are generally portrayed and viewed as areas where minority executives could have a positive influence on company culture, according to other minority journalists.

These studies suggest that managers in today's culture value diversity. We see in the McKay et al. (2007) study that managers remain with companies that emphasize diversity. The study concluded that a company culture that values diversity makes managers feel more comfortable in their positions and subsequently keeps them with the company longer. Additionally, the Brown et al. (2006) study illustrates that new applicants are attracted to companies that project diversity as an important value. We can then draw a connection between these results and say that, not only do managers remain with companies that value diversity, they seek out such companies when looking for new positions. There is very little research on the value managers attribute to diversity training. However, it can be inferred that, if diversity benefits a company, and if managers themselves seek it in the companies they work for, then managers value diversity training, which would ideally increase the amount and appreciation of diversity in a company. Additionally, researchers such as Iverson (2000) studied the state of diversity effectiveness, specifically in hospitality fields. Iverson found that "managers must respect the cultural beliefs and needs of employees and truly value diversity in the workforce. Strategies that can lead to a diversity-literate management staff include diversity-awareness training and the hiring of managers and top executives who reflect variety in gender, race, and ethnicity" (Iverson, 2000, p. 38).

Sawyer, Strauss, and Yan (2005) examined individual value structure and diversity attitudes as well as the moderating factors of age, gender, race, and religiosity and found that these moderators influence a company's diversity value structure. They used the Schwartz Value Survey, which measures four attributes: openness to change versus conservation, and self-transcendence versus self-enhancement. In the case of white versus non-white participants, they found that white participants who ranked highly in self-enhancement (hedonism, self-interest) were associated with lower universal diversity orientation and lesser comfort with difference. On the other hand, non-whites' self-enhancement scores were not associated with a difference in universal diversity orientation but were associated, albeit less significantly, with lesser comfort with difference. As such, they postulated that "It may be that non-whites who score high on self-enhancement exhibit more positive UDO (universal diversity orientation) attitudes overall than their white counterparts, while feeling uncomfortable with difference, similar to their white counterparts" (Sawyer et al., 2005, p. 515).

Additionally, the McKay et al. (2007) retention rate study illustrates that there are differences among racial group perceptions of organizational commitment and thus retention rate. Through their study of black, Hispanic, and white respondents, they found that "diversity climate perceptions accounted for 15%, 7%, 7%, and 4% of the variance in turnover intentions for Blacks, white men, white women, and Hispanics, respectively" (McKay et al, 2007, p. 53). Especially for black managers, then, diversity climate appears twice as likely to correlate

with retention, compared with the perceptions of white managers. Interestingly, they found that Hispanic managers had a slightly lower variance compared with that of white managers. However, minorities more generally exhibited higher variance in turnover intentions than non-minorities did.

Intuitively, most would expect minority and non-minority managers to perceive the value of diversity measures differently. As we have seen in the research from Sawyer et al. (2005), these two groups do not share the same attitudes regarding diversity. Additionally, Geddes and Konrad (2003) suggested that employees react differentially to performance evaluations of and from people from other backgrounds. Iverson's (2000) study focused on minority managers' perceptions of diversity climates. She found that minority managers often feel that they must work harder than majority managers must to achieve the same rewards, but that they still are not compensated equally. As such, she suggests that minority employees be invested in and be given the opportunity to develop and grow in a company.

We have seen, then, that minority and majority employees rarely share the same perceptions of interactions at work and minorities often feel that they lack access to the same resources and opportunities as their white counterparts. Therefore, we posit the following two hypotheses:

- H₁: Ethnic minority managers perceive diversity training to be more valuable than non-minority managers do.
- H₂: Gender minority managers perceive diversity training to be more valuable than non-minority managers do.

Diversity training has a proven record of benefiting firms but only if it is suited to the needs of the organization. Broadly speaking, diversity training enhances a company's moral standing and provides value to all its personnel (Peceri, 1994; Thomas, 1990). In addition to increasing market share, enhancing competitiveness, policies, and organizational structure, and bolstering recruitment and retention of employees, diversity training can contribute to the personal development of employees and improve their interpersonal communication (Nemetz & Christensen, 1996), while also enhancing their managerial competencies (Rice, 1994). In short, diversity training creates value for an organization.

Effective dispute resolution and promotion of fairness and equality can also result from diligent diversity training (Overmyer-Day, 1995), which is especially important for managers, their peers, and their subordinates in the workplace. Additionally, bias reduction (Dovidio, 1993) and a sense of appreciation of cultural differences (Brady, 1996) are also very important in dealing with both staff and customers. In the context of a hotel, diversity training is important for both managerial and non-managerial workers. For example, diversity training can insure a hospitable work environment for non-managerial employees (Noe & Ford, 1992), which is especially important for an organization such as a hotel that employs a diverse workforce and deals with a diverse customer base on a regular basis. Thus, diversity training for workers who deal with customers, such as front desk clerks, concierges, and guest services representatives, can improve customer service immensely.

However, the exorbitant cost of diversity training can prevent hospitality organizations from making it readily available to all employees. As far back as 17 years ago an average diversity trainer cost \$2,000 per day, with expert and high-in-demand consultants earning four to five times more (MacDonald, 1993). Either directly or indirectly, about 10 billion dollars per year has been spent on preparing firms for multicultural staffs or marketplaces (Lubove, 1997). Because of the enormous cost associated with diversity training, hospitality organizations often offer it only on a voluntary basis. Also, hotel managers are often the only employees in a hotel to receive diversity training despite its relative importance for subordinates.

According to Dutton and Ashford (1993), top management perceptions are critical determinants of organizational policies and practices. In particular, it appears that only corporate executives can initiate diversity training successfully. In this regard, corporate-level workers should undertake diversity training themselves so that they understand its implications for and benefits to their organizations. Similarly, mandatory attendance by top managers is important so that they can appropriately model the desired training outcomes and reinforce them when exhibited by others (Wiggenhorn, 1990). Organizations have limited resources and few can afford to spend profligately on diversity training. This suggests that analyzing the perceived importance of diversity training on the part of functionally distinct organizational constituencies in creating value for a hotel merits empirical study. This would help organizations to prioritize the recipients of diversity training. In that respect, it is important to understand the perceptions of managers regarding which groups (managers, peers, subordinates, or corporate executives) contribute significant value to an organization following diversity training. We therefore propose the following hypotheses:

- H₃: Managers perceive themselves as creating value for their organizations following diversity training.
- H₄: Managers perceive their peers as creating value for their organizations following diversity training.
- H₅: Managers perceive their subordinates as creating value for their organizations following diversity training.

H₆: Managers perceive corporate-level workers as creating value for their organizations following diversity training.

These hypotheses also lead to the following causal model (Figure 1):

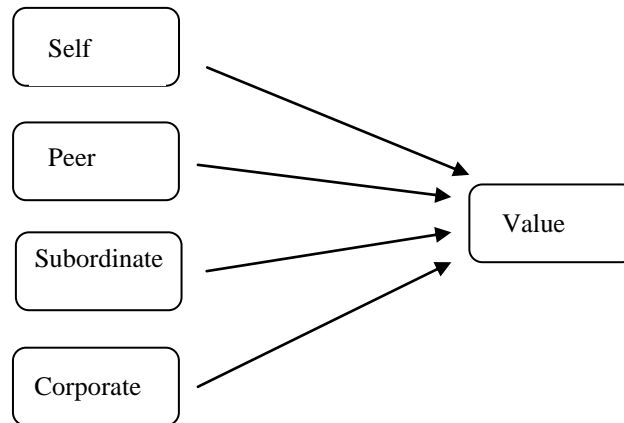


Figure 1: Proposed Causal Model

METHODOLOGY

Survey packets were mailed to 2,000 US hotels that were randomly selected from the American Hotel and Lodging Association directory. The survey packets were addressed to general managers of the properties and arrived with instructions to distribute each of the seven surveys to department heads. Respondents were asked to consider any formal training within their organizations that pertained to diversity management. A 5-point Likert scale was used to measure respondents' reactions to 26 items pertaining to their experiences with diversity training and diversity management. Responses were scaled from "strongly disagree" to "strongly agree," with a "non-applicable" option. Additionally, a demographic section elicited information regarding ethnicity and gender.

Questions were focused to call forth responses at two levels of granularity, as it were: value judgments about diversity training in general (industry-level items, as in "Diversity is a top issue for the hospitality industry today") and evaluations of diversity training as experienced and indicated by performance or profitability (firm-level items, as in "Job performance overall improved after my employees experienced diversity training"). The questions in the survey were randomly sorted in five sub-sections: corporate-level analysis (perception of how a respondent's company feels about diversity, diversity training, and the impact of diversity training on the company), peer-level analysis (perception of how a respondent's peers reacted to diversity training), self analysis (perception of how a respondent reacted to diversity training), subordinate analysis (perception of how a respondent's subordinates reacted to diversity training), and value-judgment analysis (perception of a respondent's feelings toward diversity in general). The survey was piloted in two undergraduate classes at a university in the northwestern US to test for validity and reliability. The original survey contained 38 questions in addition to the demographic questions. After the pilot test, 12 invalid questions were removed to improve survey reliability. Also, it should be noted that 5 of the 26 questions (part 1) on the final survey were reverse coded.

Specific survey questions were not tested by other researchers before this survey was conducted. Although reliability was measured through the pilot test, validity cannot be assured due to the previously untested nature of the survey. However, we followed Borman (1997) in taking a 360-degree approach in testing for corporate, peer, self, and subordinate effects, as well as eliciting value judgments about diversity perspectives. Additionally, the Rynes and Rosen (1995) method of subjective and holistic questions was used as indicated, for example, by items such as "In general, I see diversity training as being beneficial."

Responses were grouped in accordance with the five sub-sections and group scores were summated by category. Responses were also coded into four categories: white men, white women, non-white men, and non-white women.

RESULTS

A total of 242 responses were received from 96 hotels, yielding a response rate of 4.8%. While the response rate was low, this was likely due to the complexity of the survey distribution within properties. Moreover,

subsequent tests for non-response bias (executed through random calls to non-respondents) suggested no basis for concern that respondents were not representative. Out of 234 respondents who indicated their gender, 135 (57.7%) were male, and 99 (42.3%) were female. Of the respondents who indicated their ethnicity, 191 (78.9%) were white, and 51 (21.1%) were non-white. In terms of reliability, all subsets produced acceptable alpha values.

Regarding the first hypothesis, which posits that ethnic minority managers perceive diversity training to be more valuable than do their non-minority counterparts, *t*-test results yielded higher means for minority (non-white) hospitality managers but none of the differences in means is statistically significant. The second *t*-test is carried out to compare means between male and female hospitality managers. Results yielded higher means for female managers than for male managers in four of the five categories: corporate, self, subordinate, and peer. On the other hand, responses of male hospitality managers show higher means only for the value category. However, as in the ethnic minority *t*-test results, none of the differences in means is statistically significant. Thus, hypothesis 2 is not supported, as it cannot be concluded that gender-minority managers value diversity more than their counterparts do. To test hypotheses 3-6 as well as the suggested model, we performed a series of linear regressions on the data. Only the Corporate and Self categories were perceived to contribute significantly to value. Thus, hospitality managers appear to perceive that corporate-level employees as well as themselves contribute significantly in creating value for their organizations through diversity training. Thus, hypotheses 3 and 6 are confirmed.

DISCUSSION

Results showed that minority managers (neither ethnic nor gender) do not value diversity training more highly than non-minority managers do. Most of the respondents who completed this survey had received some form of diversity training. Perhaps managers who did not complete diversity training were not interested in taking the survey. Even if some of these had taken the survey, they would likely have chosen N/A responses since most of the questions would have seemed irrelevant to them. Managers who had experienced diversity training appear to appreciate the importance of such training. Also, hospitality workplaces, especially hotels, are hugely diverse work environments, where not only workers but also guests represent a broad spectrum of ethnic, gender-identity, cultural, and other characteristics. Workers in such environments tend to appreciate diversity because of their increased level of interactions with diverse populations. Studies in the past have shown that minority managers value diversity more than non-minority managers do, but, as shown in this study, when measured in the hospitality workplace the difference between these perceptions of value is statistically insignificant.

Regression analysis showed that hospitality managers perceive corporate-level employees as contributing significantly to value creation in their organizations through diversity training. Corporate-level employees operate, of course, at the top of their organizational charts. They *initiate* diversity training in their organizations. Often corporate executives can foresee how much diversity training their organizations need, and they are likely to know how much funding is available to be allocated to diversity training. In this regard, it is apparent that hospitality managers realize the importance of training corporate-level employees to address diversity-related issues. Hospitality managers work under corporate-level employees, which makes diversity training an important benchmark by which managers can gauge how they are treated by their superiors, especially insofar as a firm's effectiveness in addressing diversity-related issues affects a manager's ability to manage personnel and customer relations. Hospitality managers are therefore likely to benefit most from diversity training that is adopted by corporate-level employees. Moreover, hotel companies often manage several hotel properties, and corporate-level employees oversee all those properties and decide which ones need diversity training. Corporate-level employees who receive diversity training are therefore better able to bring harmony throughout an organization, across its several properties. These factors help to explain why hypothesis H₆ was supported by the data.

Regression analysis also revealed that hospitality managers do not perceive their peers as significantly contributing to value creation following diversity training, even though they think that diversity training enables they themselves to do so. While we cannot explain this apparently self-centered bias, it is possible that this bias prevents them from perceiving the value in diversity training for people at their organizational level while judging it valuable for their superiors and subordinates. In the literature review, we discussed the importance of diversity to the functioning of work groups. As such, since managers perceive there to be generally beneficial consequences of diversity training at the corporate level, there is an opportunity for human resource departments to train managers to appreciate peer reactions to diversity training.

Setting aside the asymmetry in virtue of which managers perceive their organizations as benefiting from their own diversity training but not from diversity training provided to their peers, let us focus on the finding that hospitality managers perceive that when they undergo diversity training they are able to create value for their organizations. If managers have experienced positive results through diversity training, and have recognized the

importance of diversity training for themselves for the betterment of their organizations, it is safe to conclude that diversity training is perceived as a significant success factor by managers in the hospitality workplace. It is interesting to note that respondents reacted most positively when asked whether diversity training made them better managers and least positively when asked whether their own job performance improved after diversity training. This finding provides an interesting paradox because these are very similar questions, implying that being a “better manager” encompasses more than simply job performance. It may also indicate that diversity is not a significant factor in job performance evaluations. It is also noteworthy that 43 of the 234 respondents in this category designated all questions as “non-applicable.” This indicates that as many as 18.38% of respondents had not received diversity training that would have contributed to their skills as a manager.

In the Subordinate category, respondents provided the most positive responses to the item linking employees’ diversity training to improving guest satisfaction. They provided the least positive responses to the item linking diversity training to improvement in employee job performance. Perhaps managers see themselves as managing diversity well while faulting their subordinates for not implementing diversity initiatives effectively or properly. Such apparent in-group bias may explain why managers rate themselves, their peer members at the same supervisory power-level, more highly than they rate their subordinates. Regression analysis revealed that hospitality managers do not perceive their subordinates as adding value to their organizations through diversity training. As previously mentioned, the decision to undergo diversity training involves considerable expense, which might be reflected in the managers’ perceptions. Moreover, subordinates are charged with managing other workers, and in this regard it might be argued that diversity training is not as important for subordinates as it is for managers and corporate-level employees. However, subordinates in hospitality organizations interact with customers more often and more intimately than other employees do. In this regard, the results suggest that managers have little concern with the benefits of diversity training regarding interactions with a diverse customer base.

In terms of value, respondents answered the reverse-coded question suggesting that workforce diversity is unnecessary most positively, while responding least positively to the suggestion that time spent working on diversity issues is worth the effort. The theme linking these questions was examining general opinions hospitality managers held regarding diversity. As these value items were rated more highly than were items in categories regarding actual job performance and experience, it would seem that managers find the subject of diversity to be important but are dissatisfied with how companies are currently addressing it. Thus, a gap is seen between the perceived value and the perceived effectiveness of diversity training. This should be encouraging to human resource departments who are looking to improve their diversity training. Managers already value diversity, so firms should concentrate their diversity-related efforts to creating diversity programs and initiatives that improve how managers and employees alike work together in diverse organizations.

CONCLUSION

Discrimination in the workplace will remain a major issue as long as self-interest and in-group biases exist and firms who fail to eliminate it face legal action. Diversity training seems to offer several advantages as well as some disadvantages. To be effective, diversity training should target the right people at the right time and be provided with sufficient resources to achieve its objectives. Because of the enormous cost associated with diversity training, it is almost impossible for organizations to implement diversity training for all employees. The present study indicates that hotel managers value diversity training and suggests the need for organizations to understand how to prioritize various organizational levels for such training. Successful diversity training seems to depend on recognizing the needs of an organization, planning effectively, and allocating resources appropriately.

References (Available on request)

**ETHICAL PERCEPTIONS AND IDEOLOGIES: A COMPARATIVE STUDY BETWEEN STUDENTS,
GRADUATES AND MANAGERS**

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ABSTRACT

This study investigates the perceptions about the importance of ethics and social responsibility and ethical orientations of tourism students, graduates and managers in the tourism industry in Turkey. One-way ANOVA and regression analyses are applied to data collected from 166 students, 87 graduates of a well-known hotel school in Turkey and 138 managers. Results indicate that students, graduates and managers significantly differ with respect to their perceptions on the importance of ethics and social responsibility and ethical orientations.

Key words: ethics; moral philosophies; students; graduates; managers; Turkey.

ATA FELLOWS: A MULTILATERAL UNIVERSITY CONSORTIUM TO STRENGTHEN TOURISM EDUCATION, RESEARCH AND INDUSTRY OUTREACH

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ABSTRACT

Tourism as an influential ambassador to champion cultural understanding and respect, goodwill and peace among different cultures and nations has been espoused by several tourism academia, the United Nations and the United Nations World Tourism Organization. In fact, the ultimate endorsement was offered earlier by Mahatma Gandhi who attributed travel to be ‘the language of peace’. The prospect to promote cultural understanding, mutual respect and peace via travel and tourism is a monumental opportunity to strengthen cross-border relations in troubled regions such as Caucasus, particularly the dialogue between Turkey and Armenia whose relations have been strained by a number of historical and political issues. Tourism research, education and service partnerships between Turkey and Armenia can facilitate the normalization of relations between the two nations. This project, fully funded by the US Embassy in Ankara, Turkey, aims collaboration between tourism academia and practitioners in both countries to research, educate and train in tourism by bringing together resources related to sustainable regional tourism development for both countries. To that end, a Multilateral University Consortium to Strength Tourism Education, Research and Industry Outreach was formulated and branded as American Turkish and Armenian Fellows (ATA Fellows). The partnership is led by the University of Florida, U.S.A. along with Dokuz Eylul University, Turkey, and Armenian State University of Economics, Armenia. To achieve the proposed objectives, several activities are proposed to take place over a three-year period. Having completed several activities, ATA Fellows have already accumulated several success stories and developed a roadmap for future activities to provide a blueprint for the publics of these countries, as well as others in the Caucasus and other regions of similar characteristics. Goals and objectives, previous activities and accomplishments as well as future plans are provided.

Key Words: Tourism, peace, benefits of tourism, Embassy of the United States, Turkey, Armenia.

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INTRODUCTION

It is commonly accepted that tourism development assists overall development through its contribution in sales, profits, jobs, tax revenues, income, and foreign exchange; diversifying the sources of export earnings, helping in balance of payments, stimulating economic development, encouraging entrepreneurship and small businesses development and attracting foreign direct investment (FDI) (Brown, 1998; Douglas, Douglas, & Derret, 2001; Eadington & Redman, 1991; Fridgen, 1996; Gartner, 1996; Gawler Visitor Information Centre, 2011; Pearce, 1995; Stynes, 1999). It is also believed that travel and tourism has the potential to create a

heightened awareness about environmental and socio-cultural issues; movement of mass number of people to other places and cultures generally believed to create a better appreciation of cultures, heritage, religion, and societies which is believed to further promote tolerance, mutual understanding and respect, goodwill and peace (Fridgen, 1996; Gartner, 1996; Var, Brayley, & Korzay, 1989a, 1989b). Tourism as an influential ambassador to champion cultural understanding, goodwill and peace among different cultures and nations has been espoused by the tourism academia, United Nations and the UN World Tourism Organization. In fact, the ultimate endorsement was offered earlier by Mahatma Gandhi who attributed travel to be 'the language of peace'.

The prospect to promote cultural understanding, mutual respect and peace via travel and tourism is a monumental opportunity to strengthen dialogue, especially in regions and among neighboring countries that have historically been at odds. Regions such as the Caucasus with rich natural, cultural and heritage resources are in dire need of stimulating regional development, yet hampered by several issues and obstacles in political, sociocultural and physical in nature. As one of the pillars supporting the World in Greek mythology, the Caucasus includes a vast region of valuable resources shared by many small and diverse states and nationalities. Hence, the region has remained in infantile state in economic development due to being historically one of the most violent regions on earth because of the interethnic conflicts, wars, and safety/security issues, ironically reminding the Greek mythology that Prometheus was chained in the Caucasus by Zeus as punishment for presenting man with 'the gift of fire'. The two of the Caucasus states, Turkey and Armenia provide formidable challenges for the regional development between not only themselves but also surrounding states due to lack of normal relations and dialogue between the two nations who harbor and transfer down the generations a number of debilitating historical and political issues.

Although relations between the two countries are burdened by a long history of conflict, Turkey did recognize the state of Armenia soon after its independence in 1991. However, currently there is still no formal diplomatic relationship between the two states. Given the longstanding and relatively negative attitude between the two neighbors, there have been numerous mediation attempts by regional nations as well as the U.S. to normalize relations. Also, non-governmental entities (e.g., Eurasia Foundation, for more information, see <http://www.eurasia.org/programs/>) have led initiatives (e.g., Armenia-Turkey Cross-Border Dialogue and Cooperation Program) to contribute to the normalization of relations by strengthening the capacities of non-government, local government and business sectors to develop and maintain cross-border partnerships. All attempts especially those influenced by numerous nations led to fruition on October 10, 2009 as an official agreement to establish mutual diplomatic recognition was signed. This was a historic moment and a first major step towards normalization which is still a road less-traveled. Given the thaw in relations between Turkey and Armenia, there is an immense economic opportunity for trade, investment, and commerce. Additionally, movement of citizens between the two countries as well as mutual financial investment in tourism infrastructure (e.g., hotels, attractions, etc.) can accelerate the process to harness positive economic and socio-cultural communications and exchange.

Both Turkey and Armenia have distinctive tourism resources - unique natural features, beautiful landscapes, civilizations dating back to 10,000 years, historical and cultural attractions, places of ethnographic interest, and excellent recreational opportunities. However, rapid development has created negative environmental and social impacts in some regions of Turkey (Korzay, 1994; Sezer & Harrison, 1994; Var, 2011). Despite its rich cultural and heritage resources and tourism products; tourism development has largely been concentrated in certain key areas in Turkey (Korzay, 1994; Sezer & Harrison, 1994; Var, 2011), although both the Black Sea Region and Eastern Anatolia have ample amount of cultural and historical resources; their potential for tourism has not been reached yet. Similarly, Armenia, with her rich historical and cultural resources is an open museum of a rich history, and there is much to harness the benefits of tourism with an environmentally and culturally sustainable vision. Overall, sustainable planning methods along with educated and informed decision makers and service providers would diminish negative consequences of tourism and contribute to more sustainable development for both Turkey and Armenia, leading to externalities for the other countries in the region as well.

Table 1
Project Teams and Team Members (ATA Fellows)

University of Florida (UF) USA	Dokuz Eylul University (DEU) Turkey	Armenian State University of Economics (ASUE) Armenia
Faculty	Faculty	Faculty
Dr. Asli Tasci Project Director and PI	Dr. Gurhan Aktas Turkish Director of Project	Dr. Artak Manukyan Armenian Director of Project
Dr. Lori Pennington-Gray UF Curriculum/Education Director	Dr. Ebru Gunlu DEU Curriculum/Education Director	Dr. Armenuhi Burnazyan ASUE Curriculum/Education Director
Administrators	Administrators	Administrators
Dr. Brijesh Thapa	Dr. Burcu Selin Yilmaz	Dr. Samson Davoyan
Dr. Michael Sagas	Dr. Yasemin Arbak	Dr. Armen Ktoyan
Industry/Public Sector	Industry/Private Sector	Industry/Public Sector
Dee Ann McKinney Director of Research for Department of Missouri Tourism	Armin Zerunyan Hilton Country General Manager Turkey, Full Service Hotels	Armen Shahbazyan Business Association Specialist, Advisor for the Competitive Armenian Private Sector (CAPS) Project
Roland Loog Executive Director of Alachua County Visitors and Convention Bureau	Dr. Mustafa Tanyeri Secretary General and Member of Board, Aegean Young Businessmen Association (EGIAD)	Dr. Hasmik Hambardzumyan Faculty, ASUE Main Campus in Yerevan
Tourism Curriculum and Education Consultant		
Dr. Charles W. Lane Lecturer of Tourism at University of Florida		
Tourism Planning and Development Consultant		
Dr. Muzaffer Uysal Professor of Tourism at Virginia Polytechnic University		
Historic Preservation and Community Conservation Consultant		
Prof. Roy Graham FAIA, Fellow US/ICOMOS, Beinecke-Reeves Distinguished Professor and Director of UF College Historic Preservation Program		

Tourism education and research partnerships between Turkey and Armenia can facilitate culturally and environmental sustainable regional tourism development as well as the normalization of relations between the two nations. However, there have been marginal efforts in programs between Turkey and Armenia, especially with the objective of regional tourism development led by United States Agency for International Development (USAID), Academy for Educational Development- Armenia (AED), German Agency for Technical Cooperation (GTZ), and Eurasia Partnership Foundation (EPF). To fill this void, this project proposes collaboration between academia and practitioners in both countries that for research, education and outreach by bringing together resources related to sustainable regional tourism development.

Thus, the purpose of this project is to strengthen tourism education, research and industry outreach within and between Turkey and Armenia by formulating a Multilateral University Consortium between three universities, the University of Florida, the U.S.A. (the lead institution); Dokuz Eylul University, Turkey; and Armenian State University of Economics, Armenia; see Table 1 for the consortium members from each institution. The consortium, also named as American-Turkish-Armenian Fellows (ATA Fellows) aim regional tourism development within a cross-border region of Turkey and Armenia, with the philosophy of sustainable cultural and heritage tourism. ATA Fellows' endeavor of cross-border collaboration of tourism academics and practitioners through research, education and training for sustainable regional tourism development gained financial and logistics support from the Embassy of the United States in Ankara, Turkey, as well as relevant public, non-governmental organizations (NGOs) and private sector authorities in all three countries.

OBJECTIVES, GOALS & EXPECTED OUTCOMES

Four general objectives guide the activities of ATA Fellows: 1) To enable post-secondary institutions in the United States, Turkey and Armenia with similar educational missions to develop and broaden institutional cooperation through exchanges of students, faculty members and administrators for the purposes of study, teaching, research and outreach; 2) to increase understanding between the United States, Turkey and Armenia through cooperation in higher education; 3) to reinforce the impact of other State Department programs,

including Fulbright; and 4) To support the current foreign policy priorities of the Department of State, especially efforts to promote the normalization of relations between Turkey and Armenia and to improve educational outreach to non-elite populations.

Hence, ATA Fellows believe that this is a monumental opportunity to strengthen the dialogue between Turkey and Armenia by using the commonly assumed peace mission of tourism as the springboard, which is supported by the shared cultural and heritage background between the two nations. Visioning, meetings in all three countries, followed by a larger scale meeting open to external participants to share knowledge and experiences gained from the project and eventually student and faculty exchanges are the pillar activities towards achieving these goals. The main outcomes of the planned activities aim to contribute in several ways including sustainable tourism development in the region, increasing cultural and environmental awareness in the region, diversifying the tourism products in the region (extending the triangle of sun, sand and sea to include cultural tourism, wine tourism, faith tourism, event tourism, thermal tourism, winter tourism etc.), branding of the region as a sustainable quality tourism brand, improving the human capital in the region, with a focus on non-elite groups, and ultimately promoting cross-cultural understanding and regional peace.

To realize their potential sustainably, both Turkey and Armenia need to diversify their product mix beyond the traditional hub of key cities. In addition to the negative environmental impacts due to high concentration of visitors in few destinations, it is paramount for visitor dispersals to other regions. More importantly, visitors to other areas would provide an economic boost to the local economies. However, visitors are likely to visit new regions if the destinations have interesting setting attributes and attractions (nature or built). There is an immense opportunity to develop, package, and promote rural and regional destinations with a focus on cultural and heritage tourism in Turkey and Armenia, both of which have rich tangible and intangible cultural heritage assets.

One such potential exists at Ani, a ruined and uninhabited medieval city-site situated in the Turkish province of Kars, beside the border with Armenia. The potential to develop series of projects can create coherent, sustainable cultural tourism initiatives at both national and transnational dimensions. Culturally and environmentally sustainable tourism initiatives, research coupled with education and service can enhance the brand image of these countries as well as the Caucasus Region due to the great impact of all of these factors in boosting destination brand image (Tasci & Denizci, 2009; Denizci & Tasci, 2010). Sustainable tourism development leads to cultural and environmental preservation and enhancement at the regional level since it involves multiple cultures and societies, which consequently require culturally sensitive tourism training in the region. Education and research for determining and disseminating the important knowledge about cultural assets, similarities and differences in the region is utmost important in such an endeavor of sustainable quality tourism brand development. Also, tourism growth is dependent on a number of factors, notably, developing a qualified, trained and skilled labor force. For sustainable quality tourism for both Turkey and Armenia, investment in human capital is a necessity. Besides, cross-border cooperation on regional routes for such type of tourism can be the basis for exchange of expertise, personnel, information, strategies as well as goods and services. Through this initiative, Caucasus may set foot in transferring from a small and troubled region in pieces, to a sustainably tourism brand and ultimately a prosperous region in peace.

It is important to highlight that this partnership is mutually beneficial for UF, DEU and ASEU. More importantly, it is expected that this partnership will continue beyond the project given the creation of a tourism community of practice and research initiatives in the region. Collaborative research projects will acknowledge the funding agency and project in any publications or professional presentations. The project team will also coordinate with the funding agency to highlight and promote successful private-public partnerships based on this project. Also, it is expected that the enhanced capacity in research among faculty will be a major instrument to get other universities involved in research and training in the region.

ACCOMPLISHMENTS & FUTURE DIRECTION

Based on the strengths of the members, ATA Fellows delegated tasks among members to achieve a synergy for this 21-member team. Besides, they developed multilevel communication channels including the popular social media such as Yahoo! Groups and Facebook, to achieve effective and efficient communication among the team of 21 members from diverse backgrounds. The first visioning workshop took place on the University of Florida Campus, in Gainesville, Florida, USA. By the end of this meeting, project partners built relationships not only among themselves but also with diverse stakeholders who were involved in several productive activities organized by the UF team. Existing curriculums and areas to update in each institution were reviewed; funding opportunities for Turkish and Armenian faculty were discussed; creative public and private sector and academy collaborations were identified; research needs for further action and an action plan to satisfy these needs were defined. The trip was sealed with a great level of cross-cultural understanding between the project partners, the

outcomes of the activities exceeding expectations for all partners. By the time of the conference, the second trip to Turkey will be accomplished. Thus the results will be shared with the conference attendees to set an example for further similar projects to provide more evidence for the commonly assumed peace mission of tourism.

The project information dissemination includes verbal, print, non-print and new media (e.g., Internet). A website is set up during the first year of the project (<http://hnp.ufl.edu/trsm/ctrd/atafellows/>) and will be continually updated; the project website as well as the website of the Eric Friedheim Tourism Institute at the Department of Tourism Recreation and Sport Management at UF (www.uftourism.com) will continually highlight developments of this endeavor for more news about this endeavor. In the Spring of 2012, a larger scale meeting (workshop or symposium depending on the financial abilities) is planned to focus on issues concerned with achieving environmental, social and economic sustainability of tourism for regional development with a multi-disciplinary approach to foster greater understanding and collaboration between social science experts, tourism scholars, practitioners, government officials, policy makers, relevant international and local organizations, NGOs, institutions, experts, authorities, local communities and other stakeholders from the USA, Turkey, Armenia, as well as other countries in the Caucasus and other regions. The meeting will provide attendees a platform to discuss and address the issues related to education, research, and industry outreach within the general framework of sustainable tourism for regional development in the cross-border region, including best practices, success stories, cases, potentials/ opportunities/ issues/challenges. Through these activities and information clearinghouses, ATA Fellows seek sharing with the academic and practitioner community the holistic philosophy that has been energizing them:

“It isn’t enough to talk about peace. One must believe in it.
And it isn’t enough to believe in it. One must work at it”
Eleanor Roosevelt.

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STUDENTS' KEY COMPETENCES IN THE HOSPITALITY MANAGEMENT PROGRAMS IN TAIWAN

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ABSTRACT

The importance of graduates' key competencies in hospitality management education has been increasingly highlighted in recent years. The purpose of this paper is to develop a set of key competencies for students in departments of hospitality management. For the above purpose, a fuzzy Delphi method was employed and carried out. Based on educators' views on the key competences needed for the graduates' career development in the hospitality industry, a profile of competence indicators are revised and 16 sub-indicators are selected finally.

Key Words: key competences, hospitality management students, fuzzy Delphi

INTRODUCTION

The importance of identifying the key competencies in hospitality management education has been increasingly highlighted by the hospitality industry and educators (Kay & Russette, 2000; Ogbeide, 2009; Peddle, 2000; Walo, 2001). Especially, key competencies are essential and helpful when educators conduct and design their curriculum. Due to a great emphasis on the employability recently that students should be equipped with key competencies needed when they graduate from the hospitality programs, there is a need to identify the educators' views on key competencies in the hospitality education.

REVIEW OF THE LITERATURE FOR COMPETENCY IN THE HOSPITALITY INDUSTRY

A number of relevant literatures can be found. For example, the importance of general management knowledge and skills was conducted by Ashley et al. (1995) and they suggested the top 10 competency categories such as people skills, creative-thinking ability, financial skill, communication skills (for both written and oral presentations), developing a service orientation, total quality management, problem-identification and problem-solving skills, listening skills, and individual and system-wide computer skills. Breiter and Clements (1995) stated that people skills, leadership, service orientation, oral communication, listening skills, teamwork, employee relations, problem identification and problem solving, adapting to change, creative thinking ability, employee training and development, written communication, quality management, individual and systemwide computer skills, and financial skills are important competencies that should be cultivated by the hospitality management curricula for the 21st century.

Moreover, Yorke & Knight (2006) indicated three aspects of employability skills that should be taken into the hospitality management curriculum, as follows: 1. personal qualities, including malleable self-theory, self-awareness, self-confidence, independence, emotional intelligence, adaptability, stress tolerance, initiative, willingness to learn, reflectiveness; 2. core skills, made of reading effectiveness, numeracy, information retrieval, language skills, self-management, critical analysis, creativity, listening, written communication, oral presentations, explaining, global awareness; 3. process skills, composing computer literacy, commercial awareness, political sensitivity, ability to work cross-culturally, ethical sensitivity, prioritizing, planning, applying subject understanding, acting morally, coping with complexity, problem solving, influencing, arguing for and/or justifying a point of view or a course of action, resolving conflict, decision making, negotiating, team work.

Besides, Kay & Russette (2000) identified that hospitality managers' job-related competencies, most essential competencies fall under the leadership and interpersonal skills which coincide with Breiter & Clements (1996) study identifying the human relations skills, are clearly important success in hospitality industry. Customer centered leadership skills as a core essential competency, which coincides with the Okeiyi, Finley & Postel (1994) study suggesting that customer relations are a critical competency. Employee-centered leadership

competencies were essential to F&B managers. Essential technical, administrative and conceptual creative competencies were essential for all hospitality managers. Kriegl (2000) also indicated the top five importance of international management skill as cultural sensitivity, interpersonal skills, managerial flexibility, adaptive leadership, and international motivation. Therefore, educators should consider adding or enhancing courses in organizational behavior, training, leadership, relationship management, and supervision.

In addition to the above literatures, Pool & Sewell (2007) have examined the key to employability in order to develop a practical model of graduate employability. Another relevant study is by Chung, K. Y. (2000) to look at hotel management curriculum reform based on required competencies of hotel employees and career success in the hotel industry. Yorke & Knight (2006) have explored how to embed employability into the curriculum. It is also worth to note Horng & Wang's study (2003) which is concerned competency analysis profile of F&B managers of international tourist hotel in Taiwan.

Based on the literature reviewed, a profile of indicators on key competences, composed of 3 dimensions, 8 indicators and 24 sub-indicators was designed by the authors.

METHODOLOGY

For the purpose of this study, a fuzzy Delphi method was adopted for the following consideration. The Delphi method was first founded by Norman, C. Dalkey (1969). However, the conventional Delphi method cannot converge very well. Moreover, high survey frequencies always result in high costs. Thus, Ishikawa et al. (1993) utilized fuzzy sets theory in the Delphi method to eliminate these two shortcomings, obtaining answers to fuzzy Delphi survey in the form of an interval, like [2, 4] , instead of a single value, like [3] . Ishikawa et al., (1993) investigated the differences among the max-min Delphi method, fuzzy Delphi method via fuzzy integration (Kuo, 1998).

In terms of research process, firstly, a structured questionnaire of a profile of indicators on key competences, composed of 3 dimensions, 8 indicators and 24 sub-indicators was designed by the authors based on results of literature review. A survey of experts, made of 7 educators in the hospitality education programs at technical colleges and universities of technology in Taiwan, was conducted. The 3 dimensions, 8 indicators and 24 sub-indicators profile was revised as a profile of 3 dimensions, 7 indicators and 20 sub-indicators.

Secondly, the previous revised profile of indicators on key competencies was employed further as a tool of the fuzzy Delphi survey. The fuzzy Delphi survey was carried out during the period of January 15- February 15, 2011. The results from the returned 10 copies can be shown in Table 1, in which 4 of 20 sub-indicators were deleted and the rest 16 sub-indicators were reserved based on the results from the fuzzy Delphi survey.

Table 1

The profile of indicators on key competences for students in department of hospitality management in technical colleges and universities of technology

Dimensions	Indicators	Sub-Indicators	L	R	T	Reserved or deleted
A-Basic competence	A1-Life literacy	A1-1 life adaptation and further learning	0.420	0.660	0.620	Reserved
		A1-2 literate literacy and professional ethic	0.420	0.660	0.620	Deleted
		A1-3 citizenship literacy and social service	0.418	0.617	0.600	Reserved
	A2-Professional literacy	A2-4 basic professional belief	0.420	0.660	0.620	Reserved
		A2-5 basic professional skill	0.420	0.660	0.620	Reserved
B-Employable competence	B1-Interpersonal relationship	B1-1 ability of working with others	0.419	0.705	0.643	Reserved
		B1-2 interpersonal context	0.420	0.660	0.620	Reserved
	B2-Career planning	B2-3 career attitude	0.420	0.660	0.620	Reserved
		B2-4 career cognition	0.420	0.660	0.620	Reserved
		B2-5 career activity	0.418	0.617	0.600	Reserved
	B3-Professional knowledge and capability	B3-6 capability of scheduling and conducting tasks	0.408	0.611	0.602	Reserved
		B3-7 expression communication and problem solving	0.419	0.705	0.643	Reserved
		B3-8 professional knowledge and its application to practices	0.420	0.660	0.620	Reserved
		B3-9 capability of adapting to change environment	0.420	0.660	0.620	Reserved
C-Competitive competence	C1-Management analysis	C1-1 market analysis and financial management	0.400	0.572	0.586	Deleted
		C1-2 capability of program implementation and analysis	0.408	0.611	0.602	Reserved
		C1-3 human resource management	0.400	0.572	0.586	Deleted
	C2-Excellent and creative capability	C2-4 capability of total quality management	0.400	0.572	0.586	Deleted
		C2-5 capability of creative thinking	0.400	0.572	0.586	Deleted
		C2-6 capability towards excellence	0.408	0.611	0.602	Reserved

FINDINGS AND DISCUSSIONS

Findings from the fuzzy Delphi survey can be discussed below:

First of all, the suitability of original three dimensions in terms of basic, employable and competitive competencies was confirmed, according to the panel. The three dimensions of basic competence, employable competence, and competitive competence can also be employed to lead and design undergraduate curriculum from students' first year to their final years.

Secondly, 4 sub-indicators, as market analysis and financial management, human resource management, capability of total quality management, capability of creative thinking are deleted due to the fact that they are considered less important in comparison with the other 16 sub-indicators, and thus 20 sub-indicators are thus decreased to 16 items, based on the panel. These 16 sub-indicators can be used as a checklist to assess students' learning outcomes in education on the one hand, and to measure employees' performance and their promotion in industry on the other.

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